

Financial Report

FY2015 (April 2015 – March 2016)

Duskin Co., Ltd.

May 24, 2016



Cautionary Statements

- These materials contain forward-looking statements concerning forecasts, goals, strategies, and other matters related to the Company, including its consolidated subsidiaries.
- These forward-looking statements are based on projections and assumptions made by Duskin Group in light of currently available information. Such statements are subject to the uncertainties inherent in projections and assumptions, and also to unforeseeable changes in future business operations resulting from both internal and external changes, which could cause actual results, performance and achievements to differ materially from those contained in these forward-looking statements.
- The adjustment to segment income includes “inter-segment eliminations” and “corporate expenses” which are presented as “Eliminations/Corporate” in these materials.
- Starting with FY2015, the Company adopted Revised Accounting Standard for Business Combinations (ASBJ Statement No.21, September 13, 2013) and net income is reported as profit attributable to owners of parent. However, net income is used in this report.

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Financial Summary

FY2015 (April 2015 – March 2016)

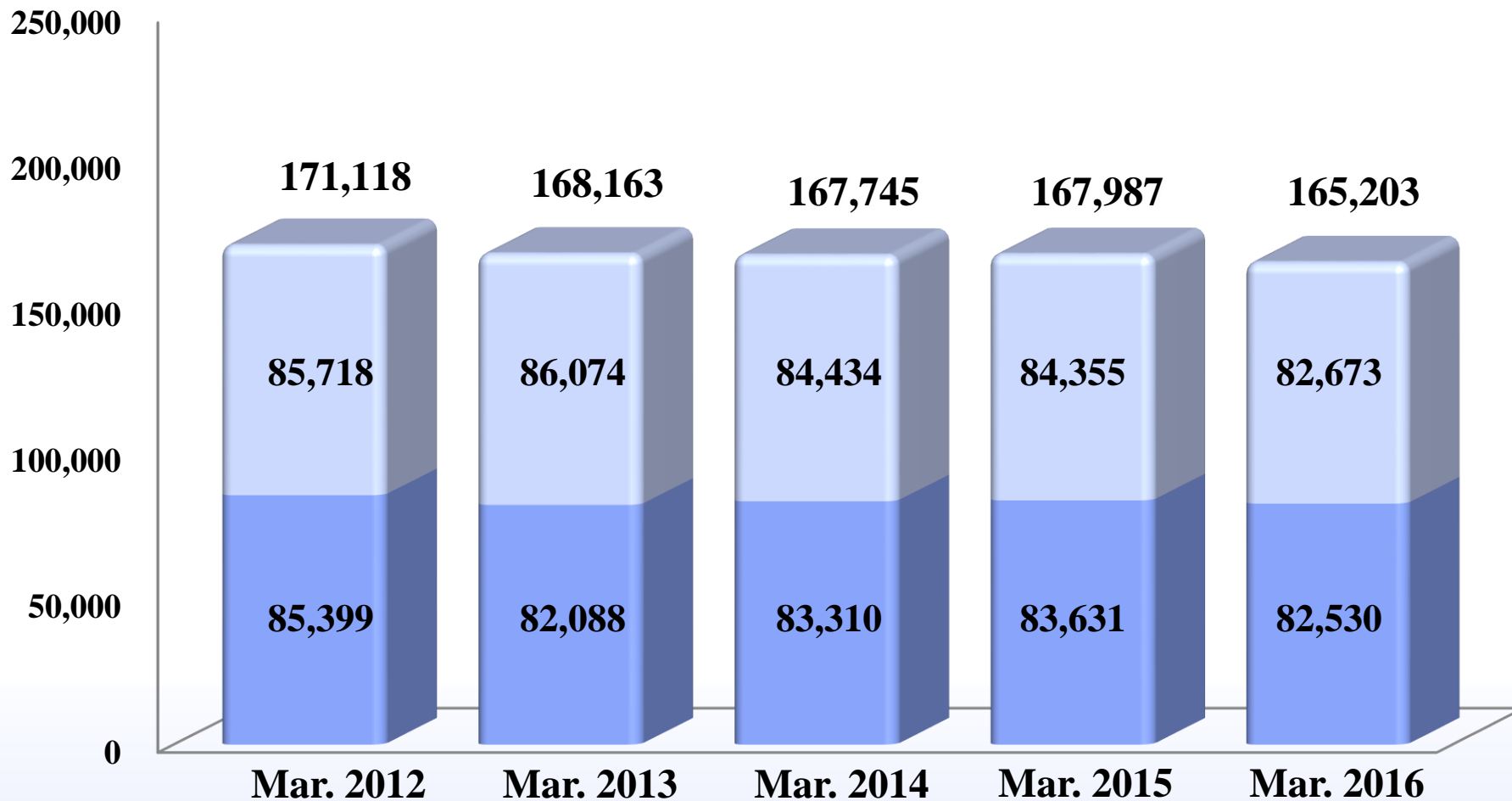
Consolidated Results

(millions of yen)

	FY2014	FY2015	Increase/Decrease	
				Change
Sales	167,987	165,203	-2,783	-1.7%
Operating Income	5,067	5,372	+304	+6.0%
Operating Income on Sales (%)	(3.0%)	(3.3%)	(+0.3)	-
Ordinary Income	7,083	6,707	-375	-5.3%
Ordinary Income on Sales (%)	(4.2%)	(4.1%)	(-0.1)	-
Net Income	3,441	2,983	-457	-13.3%
Net Income on Sales (%)	(2.0%)	(1.8%)	(-0.2)	-

Consolidated Sales

(millions of yen)



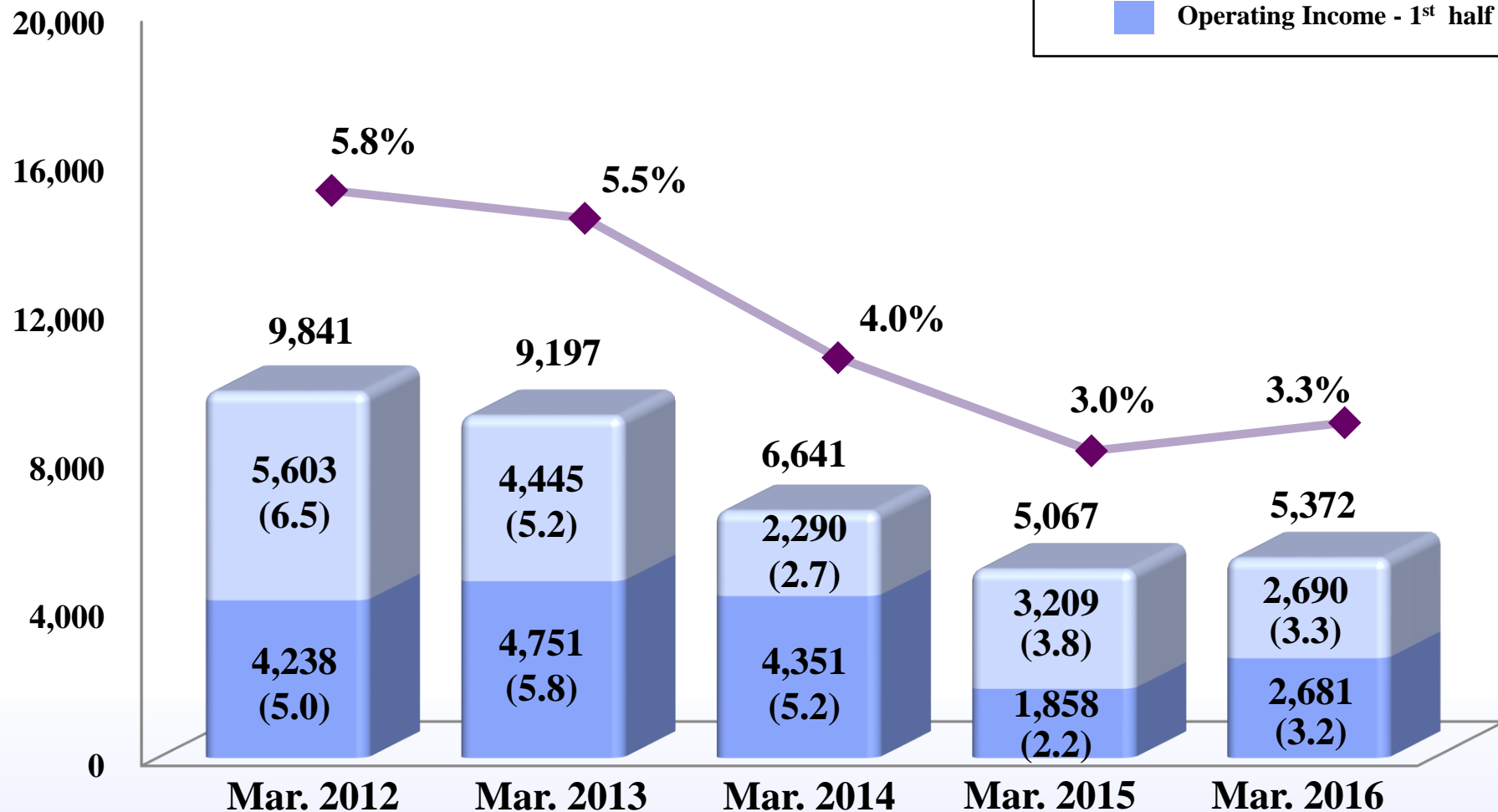
Consolidated Sales

165,203 million yen **2,783 million yen (1.7%) decrease**

Sales by segment	FY2014	FY2015	Increase/Decrease	
				Change
Clean & Care Group	109,009	110,191	+1,181	+1.1%
Food Group	48,289	44,007	-4,281	-8.9%
Other Businesses	10,688	11,004	+316	+3.0%
Total (Consolidated)	167,987	165,203	-2,783	-1.7%

Consolidated Operating Income

(millions of yen)



Consolidated Operating Income

5,372 million yen **304 million yen (6.0%) increase**

« Major factors »

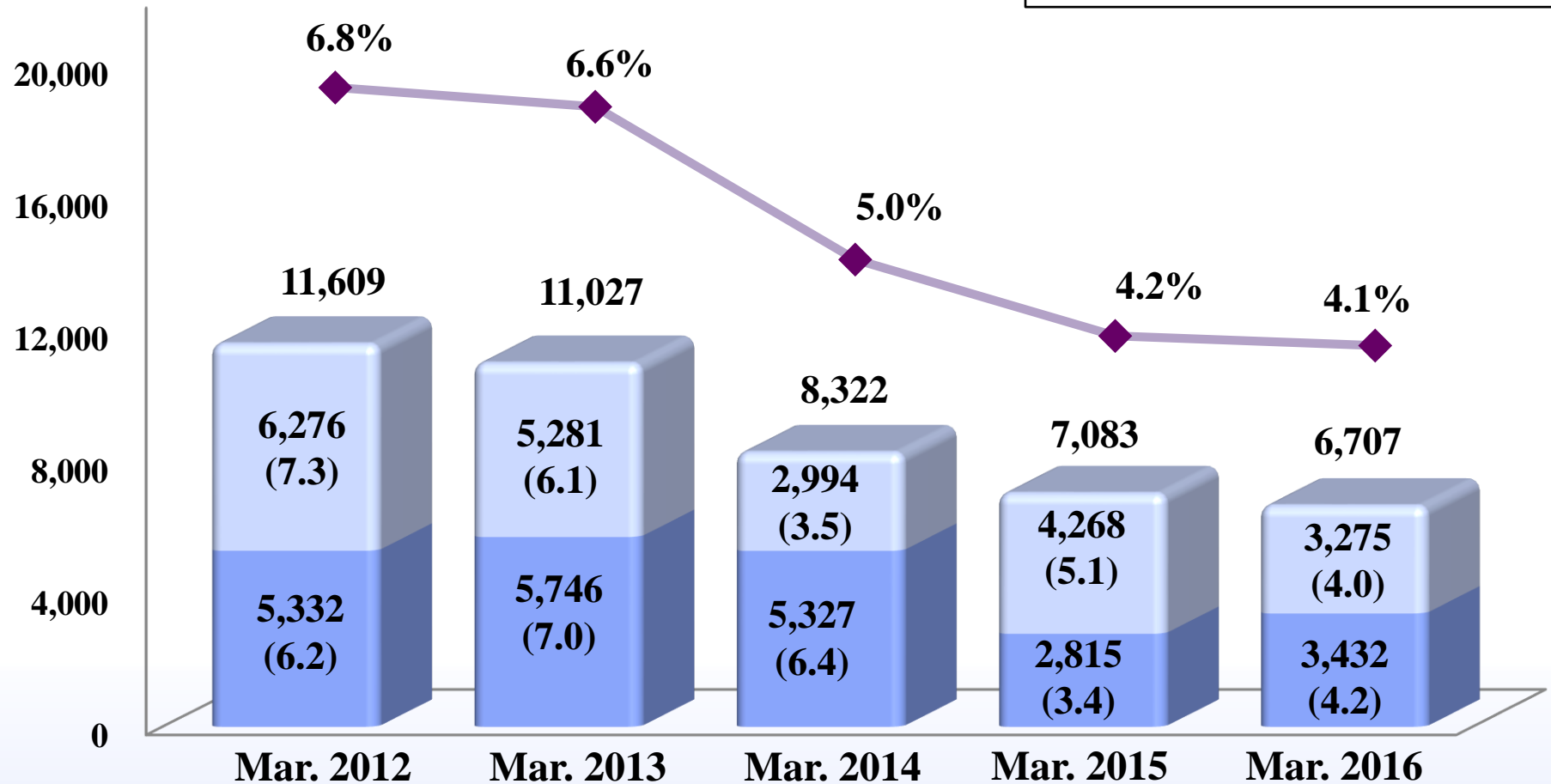
- Clean & Care Group . . . Higher sales & lower cost of Style Cleaner
- Food Group . . . Lower sales at Mister Donut and expenses for openings of other food businesses
- Other Businesses . . . Operating loss due to adjusting entry of goods in transit for the different fiscal year-end of a subsidiary
- Eliminations/Corporate . . . Expenses for Duskin Museum

(millions of yen)

Operating income by segment	FY2014	FY2015	Increase/decrease	
	(Operating income margin)	(Operating income margin)		Change
Clean & Care Group	11,254 (10.3%)	13,001 (11.8%)	+1,746	+15.5% (+1.5%)
Food Group	-201 (-0.4%)	-1,469 (-3.3%)	-1,267	- (-2.9%)
Other Businesses	-87 (-0.8%)	-202 (-1.8%)	-114	- (-1.0%)
Elimination/Corporate	-5,898	-5,957	-59	-
Total (consolidated)	5,067 (3.0%)	5,372 (3.3%)	+304	+6.0 (+0.3%)

Consolidated Ordinary Income

(millions of yen)



Consolidated Ordinary Income

6,707 million yen 375million yen (5.3%) decrease

《 Major Factors 》

① Operating income +300 million yen

② Non-operating loss -700 million yen

➢ **Decrease in interest income** -400 million yen

➢ **Decrease due to redemption of investment securities** -300 million yen

➢ **Others** -000 million yen

Equity in profits of affiliates +130 million yen

Compensation expenses -160 million yen

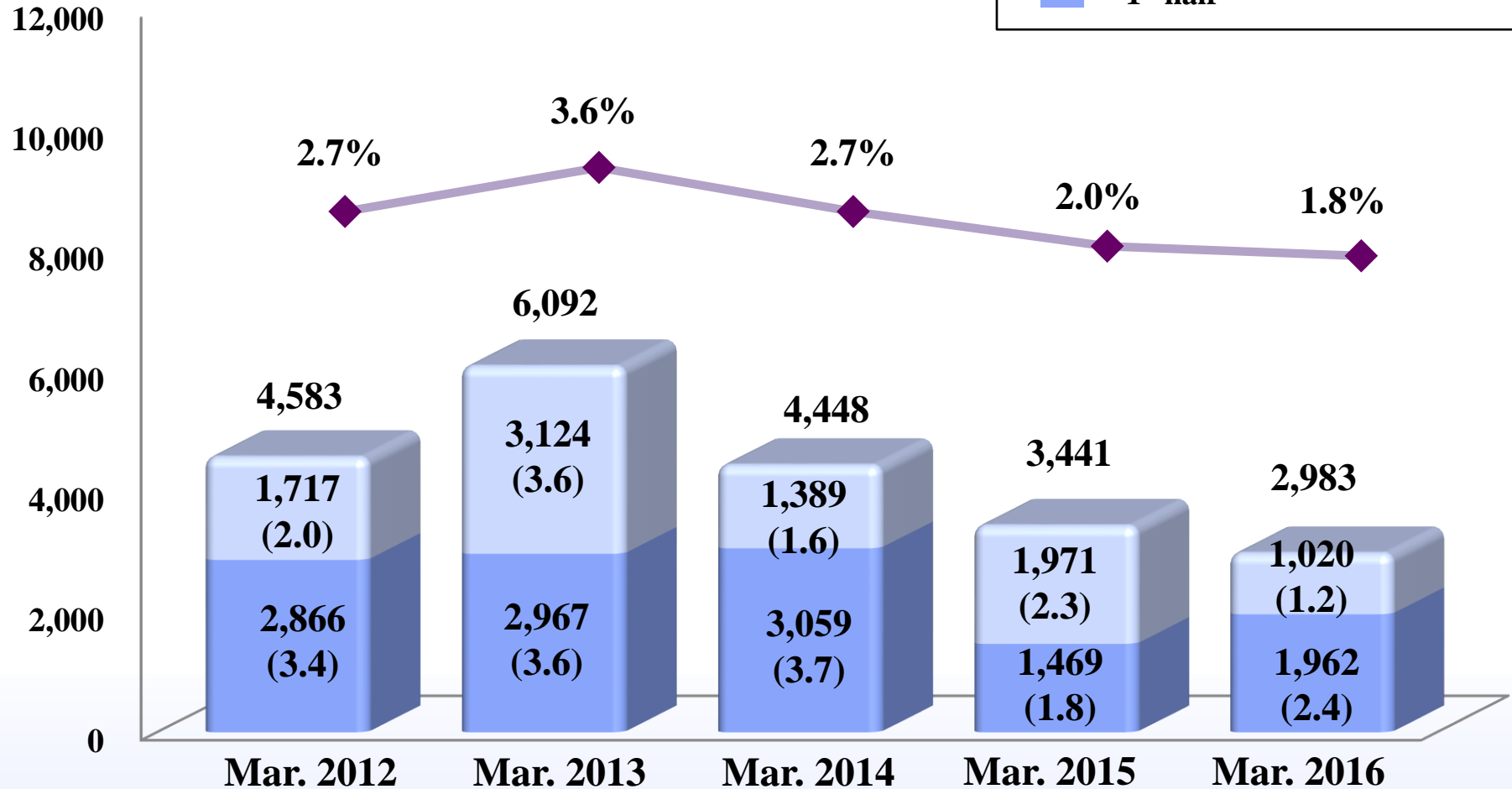
※ Expenses for voluntary recall of cosmetics

Other +300 million yen

*The figures given here show the increase or decrease from the same period of the previous year.

Consolidated Net Income

(millions of yen)



Consolidated Net Income

2,983 million yen **457 million yen (13.3%) decrease**

◀ Major Factors ▶

① Ordinary Income **-400 million yen**

② Extraordinary loss **-800million yen**

➤ **Increase in impairment loss** **-1,100 million yen**

Decline in land prices of company-owned shops

➤ **Liquidation of an affiliated company** **-100 million yen**

Loss on liquidation of Mister Donut Korea

➤ **Increase in sales of investment securities** **+500 million yen**

③ Tax Expenses **+700 million yen (lower expense)**

➤ **Decrease in net income before tax** **+400 million yen**

➤ **Impact of tax rate changes** **-300 million yen**

➤ **Others (Decrease in provision etc.)** **+600 million yen**

*The figures given here show the increase or decrease from the same period of the previous year.

Consolidated Balance Sheet

(millions of yen)

	FY2014 ended Mar. 31, 2015	FY2015 ended Mar. 31, 2016	Increase/ decrease	Major Factors
Current asset	67,727	63,260	-4,467	Cash and deposits -1,800 million yen Securities -2,000 million yen Merchandise and finished goods -500 million yen Deferred tax assets -300 million yen
Property, plant and equipment / Intangible assets	61,117	60,303	-813	Buildings and structures (Net) +1,000 million yen Land -600 million yen Construction in progress -700 million yen
Investments and other assets	69,630	66,758	-2,872	Investment securities -2,800 million yen Deferred tax assets -100 million yen
Total assets	198,475	190,322	-8,153	-
Current and non-current liabilities	43,279	46,673	+3,393	Income taxes payable -1,000 million yen Provision for bonuses -400 million yen Accounts payable-other +100 million yen Guarantee deposit received for rental products -200 million yen Other current liabilities -1,000 million yen Net defined benefit liability +5,400 million yen
Net assets	155,196	143,648	-11,547	Retained earnings -11,200 million yen Treasury stock +1,300 million yen Valuation difference on available-for-sale securities +2,500 million yen Remeasurements of defined benefit plans -3,900 million yen
Total liabilities and net assets	198,475	190,322	-8,153	-
Debt with interests	50	20	-30	

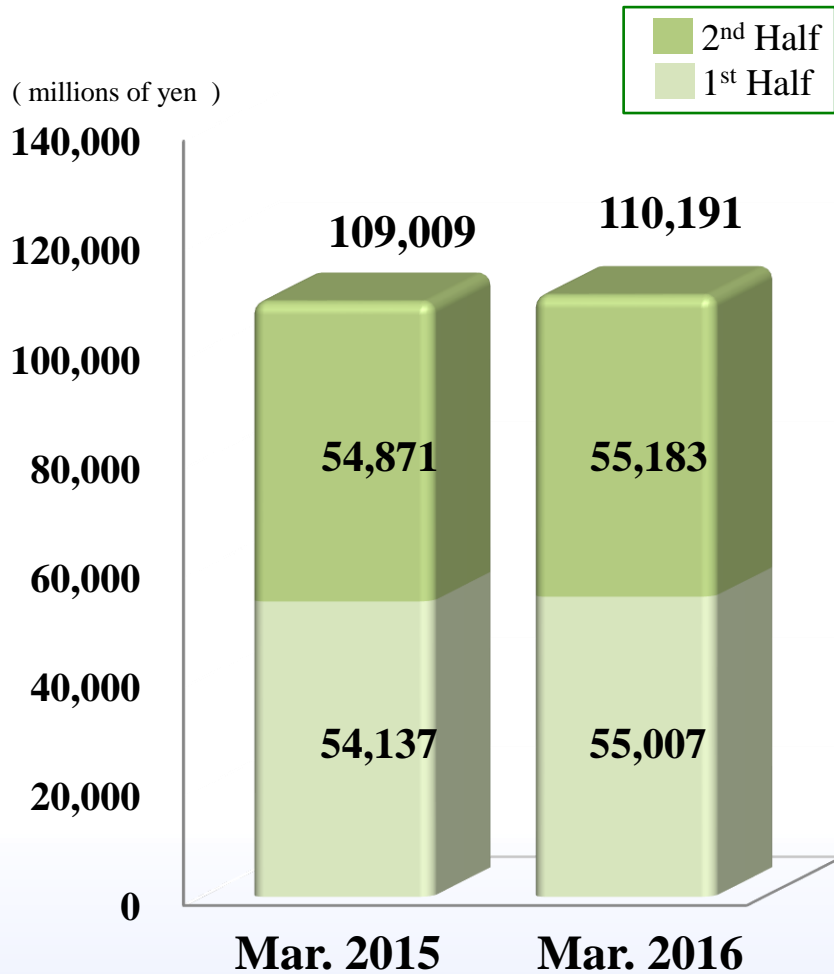
Summary by Business Segment

Highlights by Business Segment

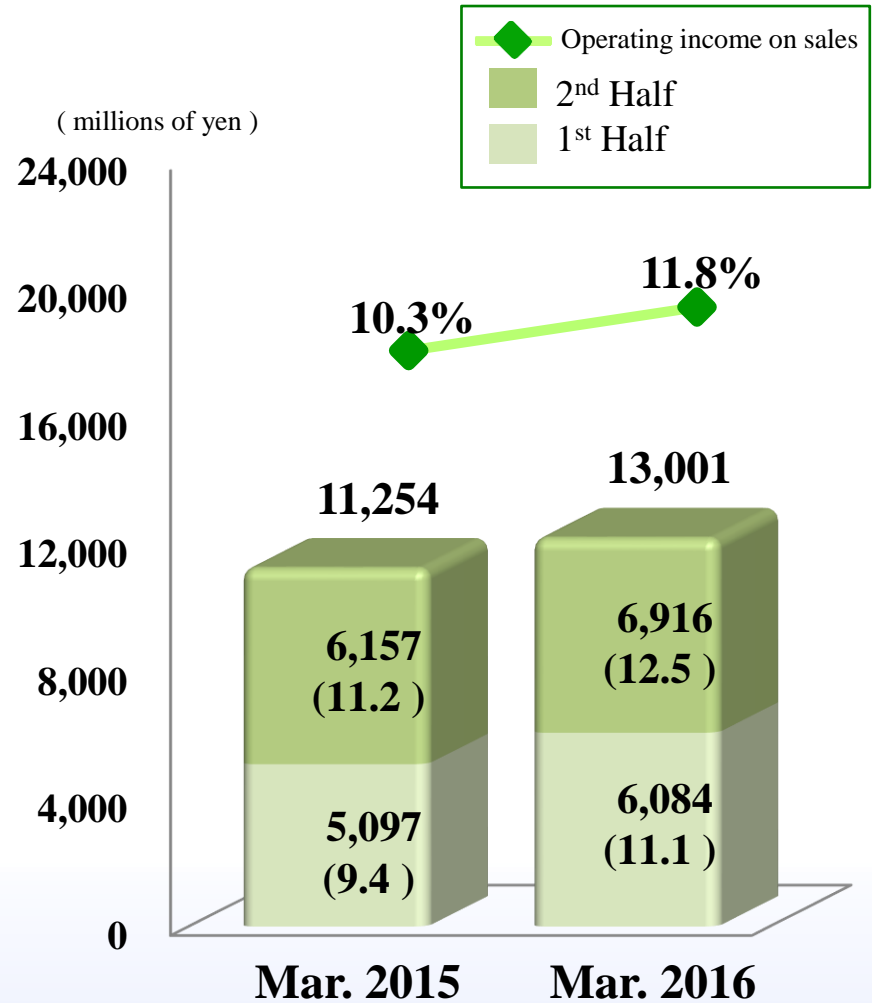
(millions of yen)

		FY 2014		FY 2015		Change	
		Operating income on sales		Operating income on sales		(%)	
Clean & Care Group	Sales	109,009	—	110,191	—	+1,181	+1.1%
	Operating income	11,254	10.3%	13,001	11.8%	+1,746	+15.5% (+1.5)
Food Group	Sales	48,289	—	44,007	—	-4,281	-8.9%
	Operating income	-201	-0.4%	-1,469	-3.3%	-1,267	— (-2.9)
Other Businesses	Sales	10,688	—	11,004	—	+316	+3.0%
	Operating income	-87	-0.8%	-202	-1.8%	-114	— (-1.0)
Eliminations/ Corporate	Operating income	-5,898	—	-5,957	—	-59	—
Consolidated	Sales	167,987	—	165,203	—	-2,783	-1.7%
	Operating income	5,067	3.0%	5,372	3.3%	+304	+6.0% (+0.3)

Sales



Operating Income



Sales

(millions of yen)	FY2014	FY2015	Change	%
Sales by segment	109,009	110,191	+1,181	+1.1

Residential Market

● **Cleaning Basic Three performed well while sales of mop products declined.**

- Dust Control Products Sales -0.8% (1st Half: -0.3% , 2nd Half: -1.3%)
- Mop Products Sales -0.2% (1st Half: -1.4% , 2nd Half: +1.0%)
 - Basic Three (including sales of *LaLa*, *shushu*, and *Style Cleaner*) +12.2%
 - Other handy and floor mops -7.1%
- Filter Products Sales -3.0% (1st Half: -3.1%, 2nd Half: -2.9%)
- Water Products Sales -3.2% (1st Half: -3.9%, 2nd Half: -2.5%)
- Kitchen Sponges Sales +31.3% (1st Half: +103.9%, 2nd Half: -16.2%)

● **Technical services grew steadily.**

- Total customer-level sales +5.7%
 - Professional Cleaning (ServiceMaster) +6.2%
 - Housekeeping Service (Merry Maids) +4.5%
 - Termite Control (Terminix) +8.6%
 - Lawn & Shrub Care (TruGreen) +6.6%

● **Rental of health care equipment (Rent-All) continued to grow.**

- Rent-All
 - Customer-level sales of Health Rent (Rental of health care equipment) +9.2%

Sales

(millions of yen)	FY2014	FY2015	Change	%
Sales by segment	109,009	110,191	+1,181	+1.1

Commercial Market

- **Increase in mat product sales contributed to increase in the total of dust control product sales.**
 - Dust Control Product Sales +0.2% (1st Half: -0.3% , 2nd Half: +0.7%)
 - Mat Product Sales +0.1% (1st Half: -0.6% , 2nd Half: +0.7%)
 - Thin-type dust control/water absorption mats +67.8%
 - Inside mats +38.5%
 - Other mats -3.7%
 - (* Basic mats +0.6%)
- **In technical services, equipment and chemical sales recovered.**
 - Customer-level sales +1.8%
 - ServiceMaster (including Facility Management) +1.4%
 - Pest Control (Terminix) +2.5%
 - Lawn & Shrub Care (TruGreen) +14.8%
 - Sales of cleaning tools & detergents for franchisees +2.6%
- **Event operation and rental service (Rent-All) grew steadily.**
 - Rent-All
 - Customer-level sales of Rent-All (events) +10.4%

Operating Income

(millions of yen)	FY2014	FY2015	Change	%
Sales by segment	11,254	13,001	+1,746	+15.5

1. Gross profit increased due to higher sales
2. Decreased cost for *Style Cleaner*/ heavy fuel oil
3. Expenses for the 50th Anniversary Regional Convention incurred in FY2014

➤ Gross profit increased due to higher sales. +700 million yen

➤ Gross profit increased due to improved cost ratio. +800 million yen

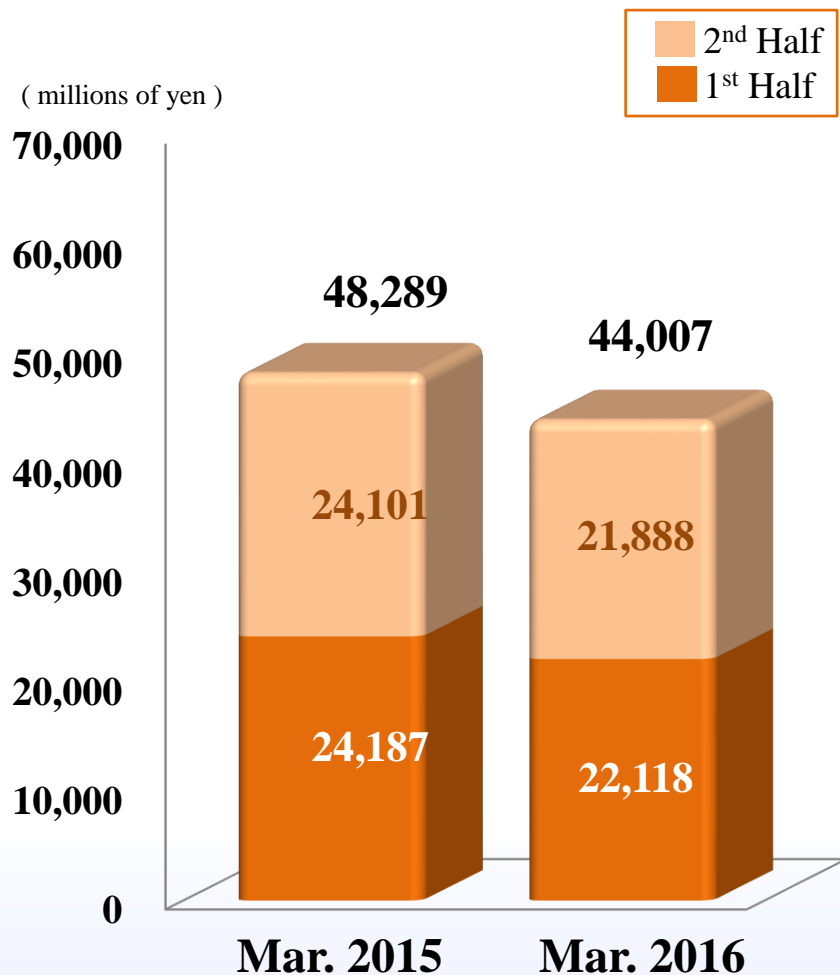
- Lower cost for *Style Cleaner* +400 million yen
- Cost decreased due to lower heavy oil price +200 million yen
- Lower cost for washing plants +200 million yen

➤ Increase in operating income due to lower expenses +200 million yen

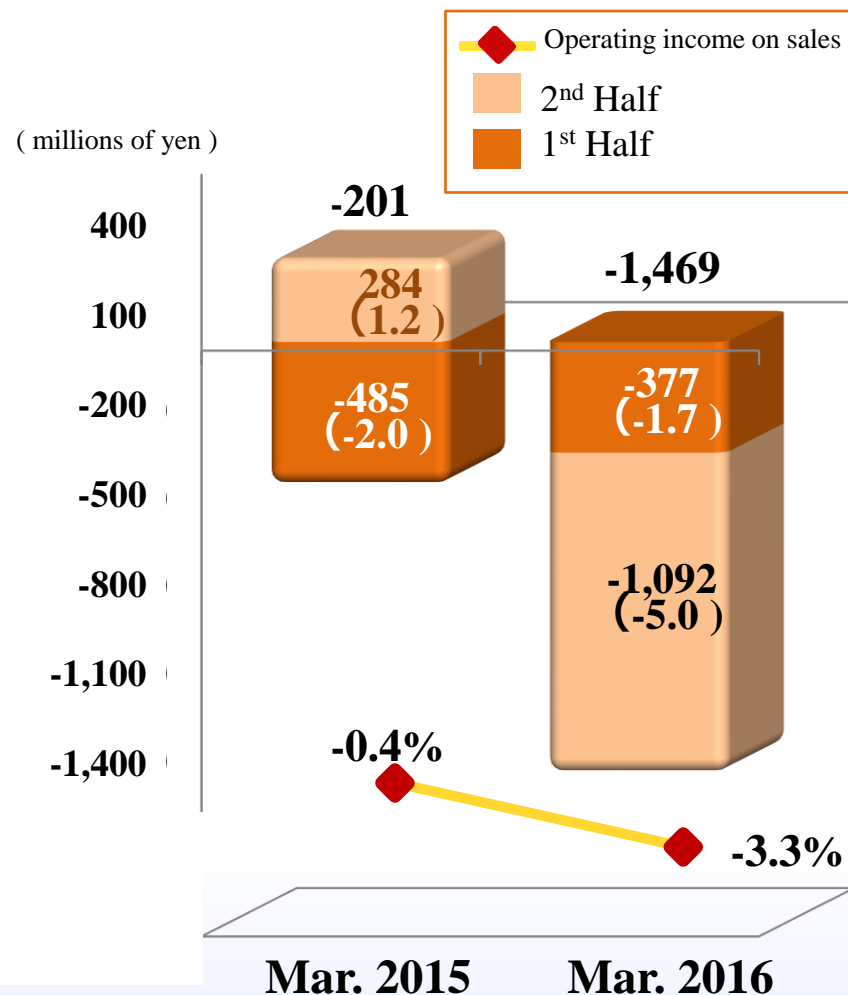
- Expenses for the 50th Anniversary Regional Convention incurred in FY2014 +400 million yen
- Others - 200 million yen

*The figures given here show the increase or decrease from the same period of the previous year.

Sales



Operating Income



Sales

(millions of yen)	FY2014	FY2015	Change	%
Sales by segment	48,289	44,007	-4,281	-8.9

● Mister Donut

✓ Total customer-level sales -10.3% (1st Half: -10.0% , 2nd Half: -10.5%)

➤ New products released during FY2015 did not reach projected sales.

(Actual number of new products sold vs. projection (%))

- 1Q (Brooklyn Merry-Go-Round, Cotton Snow Candy) -10.7%
- 2Q (Mister Summer Donut, Marron Donut) -20.3%
- 3Q (Pon De Chou Donut, Mister Paris-Brest) -33.1%
- 4Q (Crème Brulee Donut, Super Chewy Pon De Ring) +10.0% *Crème Brulee Donut :+29.5%

➤ Decrease in number of business days due to shop closures (Twelve month total) -2.5% (except for MOSDO)

* Change in number of shops

Mar. 2015	Opened	Closed	Change	Mar. 2016
1,316	10	57	-47	1,269

● Other Food Businesses

• **Existing Business** ➤ Customer-level Sales

Katsu & Katsu	+25.1%
Café Du Monde	-6.3%
The Don	-9.0%

• **New Business** ➤ New store openings

Bakery Factory	1 store	(3 stores as of Mar. 31, 2016)
The Chiffon & Spoon	4 stores	(5 stores as of Mar. 31, 2016)
Pie Face	2 stores	(2 stores as of Mar. 31, 2016)

Operating Income

(millions of yen)	FY2014	FY2015	Change	%
Sales by segment	-201	-1,469	-1,267	-

1. Gross profit decreased due to lower sales
2. Improved cost rate due to decreased waste disposal expenses (including valuation loss)
3. Increased expenses due to store openings of new businesses and higher distribution expenses

➤ Decrease in gross profit due to lower sales at Mister Donut -1,400 million yen

➤ Increase in gross profit due to improved cost ratio at Mister Donut +500 million yen

● Decrease in valuation loss on raw materials and waste disposal expenses +500 million yen

➤ Expenses at Mister Donut +000 million yen

● Increase in freight cost -300 million yen

● Other expenses (Labor costs/advertisement expenses, etc.) + 300 million yen

➤ Increase in expenses at other food businesses (new store opening) -400 million yen

● Expenses for opening Bakery Factory, Chiffon & Spoon and Pie Face -400 million yen

*The figures given here show the increase or decrease from the same period of the previous year.

Other Businesses

(millions of yen)	FY2014	FY2015	Change	%
Segment sales	10,688	11,004	+316	+3.0
Operating income by segment	-87	-202	-114	-

Sales of overseas businesses increased because of the acquisition and consolidation of Mister Donut Shanghai.

● Overseas (Consolidated subsidiaries)

- Mister Donut Shanghai became a consolidated subsidiary in July. (Six month of the sales are included in consolidated sales)
- Clean & Care Business in Shanghai and Duskin Hong Kong which procures raw materials and equipment posted higher sales.
- Operating loss due to adjusting entry of goods in transit for the different fiscal year-end of a subsidiary

● Other Businesses

- Duskin Healthcare, a management service business for medical facilities, recorded higher sales and lower income.
- Duskin Kyoeki, a leasing and insurance company, recorded lower sales due to a large account's basic leasing was changed to a re-leasing agreement.

Elimination/corporate

(millions of yen)	FY2014	FY2015	Change	%
Operating income by segment	-5,898	-5,957	-59	-

● Corporate

- Expenses increased mainly due to conversion of the Mister Donut training facility to Duskin Museum (including anti-earthquake reinforcement cost)

Overseas Businesses

➤ Customer-level sales

		Jan. – Dec. 2014	Jan. – Dec. 2015	Change (%)
Clean & Care Businesses	Taiwan (thousands of NTD)	865,656	947,492	+81,835 (+9.5%)
	Shanghai (thousands of CNY)	15,956	18,494	+2,538 (+15.9%)
	South Korea (thousands of KRW)	639,167	997,953	+358,785 (+56.1%)
Mister Donut Businesses	Taiwan (thousands of NTD)	715,824	816,380	+100,556 (+14.0%)
	Shanghai (thousands of CNY)	22,186	22,685	+498 (+2.2%)
	South Korea (millions of KRW)	4,354,447	5,667,582	+1,313,135 (+30.2%)

Forecasts and Actual Results

*Change from forecast announced on January 29, 2016.

(millions of yen)

	Sales	Operating Income	Ordinary Income	Net Income
Forecast (Jan. 29)	165,000	5,300	6,800	3,700
Actual	165,203	5,372	6,707	2,983
Difference (%)	+203 (+0.1)	+72 (+1.4)	-92 (-1.4)	-716 (-19.4)

Sales: Major factors contributing to the difference

▪Clean & Care Group	〔 Dust Control -400 million yen, Rent-All +100 million yen, Others +100 million yen 〕	-200 million yen
▪Food Group	〔 Mister Donut +1,200 million yen, Other Food Businesses -400 million yen 〕	+800 million yen
▪Other Businesses	〔 Overseas Businesses -400 million yen 〕	-400 million yen

Operating Income: Major factors contributing to the difference

▪Clean & Care Group	Lower gross profit due to lower sales in Dust Control Business	-300 million yen	+100 million yen
	Lower cost for washing plants	+200 million yen	
	Policy cost carried forward	+200 million yen	
▪Food Group	Higher gross profit due to higher sales	+100 million yen	+000 million yen
	Higher distribution cost	-100 million yen	
▪Other Businesses	Overseas businesses	-200 million yen	-200 million yen
▪Eliminations/corporate	Lower expenses	+100 million yen	+100 million yen

*The figures given here show the increase or decrease from the same period of the previous year.

FY2015 Forecasts

Consolidated

(millions of yen)

	Sales	Operating Income	Ordinary Income	Net Income
FY2014 Actual	167,987	5,067	7,083	3,441
FY2015 Actual	165,203	5,372	6,707	2,983
FY2016 Forecasts	166,500	4,400	5,500	3,100
Increase/Decrease	+1,296	-972	-1,207	+116
Increase/Decrease (%)	+0.8	-18.1	-18.0	+3.9

Nonconsolidated

(millions of yen)

	Sales	Operating Income	Ordinary Income	Net Income
FY2014 Actual	141,580	3,002	6,167	3,394
FY2015 Actual	138,697	3,593	6,136	1,831
FY2016 Forecasts	138,900	2,400	4,700	2,800
Increase/Decrease	+202	-1,193	-1,436	+968
Increase/Decrease (%)	+0.1	-33.2	-23.4	+52.9

Consolidated Half-year Comparison

(millions of yen)

		Sales	Operating Income	(%)	Ordinary Income	Net Income
1st Half	FY2015 Actual	82,530	2,681	3.2	3,432	1,962
	FY2016 Forecasts	82,800	1,600	1.9	2,100	1,200
	Decrease/Increase	+269	-1,081	-1.3	-1,332	-762
	Decrease/Increase (%)	+0.3	-40.3	-	-38.8	-38.9
2nd Half	FY2015 Actual	82,673	2,690	3.3	3,275	1,020
	FY2016 Forecasts	83,700	2,800	3.3	3,400	1,900
	Decrease/Increase	+1,026	+109	±0.0	+124	+879
	Decrease/Increase (%)	+1.2	+4.1	-	+3.8	+86.1
Full Year	FY2015 Actual	165,203	5,372	3.3	6,707	2,983
	FY2016 Forecasts	166,500	4,400	2.6	5,500	3,100
	Decrease/Increase	+1,296	-972	-0.7	-1,207	+116
	Decrease/Increase (%)	+0.8	-18.1	-	-18.0	+3.9

By Business Segment

(millions of yen)

		FY2014 (operating income margin)		FY2015 (operating income margin)		FY2016 (operating income margin)		Change %	
Clean & Care Group	Sales	109,009	—	110,191	—	112,600	—	+2,409	+2.2%
	Operating Income	11,254	10.3%	13,001	11.8%	12,600	11.2%	-401	-3.1% (-0.6)
Food Group	Sales	48,289	—	44,007	—	42,900	—	-1,107	-2.5%
	Operating Income	-201	-0.4%	-1,469	-3.3%	-1,200	-2.8%	+269	— (+0.5)
Other Businesses	Sales	10,688	—	11,004	—	11,000	—	-5	-0.0%
	Operating Income	-87	-0.8%	-202	-1.8%	-100	-0.9%	+102	— (+0.9)
Eliminations/ Corporate	Operating Income	-5,898	—	-5,957	—	-6,900	—	-942	—
Total (Consolidated)	Sales	167,987	—	165,203	—	166,500	—	+1,296	+0.8%
	Operating Income	5,067	3.0%	5,372	3.3%	4,400	2.6%	-972	-18.1% (-0.7)

FY2016 Forecasts (4)

《Major Factors contributing to sales increase and decrease by business segment》

Clean & Care Group

+2,400 million yen

Dust Control business & technical services

+1,300 million yen

Rent-All

+200 million yen

Health & Beauty

+100 million yen

Subsidiaries acquired from franchisees

+800 million yen

Food Group

-1,100 million yen

Mister Donut business

-2,500 million yen

Other food businesses

+1,400 million yen

Other Businesses

-000 million yen

Overseas consolidated subsidiaries

-200 million yen

Duskin Healthcare Co., Ltd. (Hygiene control services for medical facilities)

+300 million yen

Duskin Kyoeki Co., Ltd. (Leasing and insurance businesses)

-200 million yen

FY2016 Forecasts (5)

《 Major Factors contributing to operating income increase and decrease by business segment 》

Clean & Care Group

-400 million yen

Increased income due to increase in sales	+700 million yen
Increased retirement benefit costs	- 400 million yen
Increased labor costs	-200 million yen
Expenses related to consumption tax hike	- 200 million yen
Others	-300 million yen

Food Group

+300 million yen

Decreased income due to decrease in sales	-400 million yen
Decrease in cost	+1,200 million yen
New businesses	-400 million yen
Increased retirement benefit costs	-200 million yen
Expenses related to consumption tax hike	-100 million yen
Others	+200 million yen

Other Businesses

-900 million yen

Duskin Museum expenses	-200 million yen
Increased retirement benefit obligations	-200 million yen
Expenses related to consumption tax hike	-100 million yen
Others	-400 million yen

Returns to Shareholders

Dividends

Steady and continuous dividend distribution in line with basic policy (40 yen per share/year)

◀ Dividends per share (Actual & Forecasts) ▶

(yen)

	FY2014	FY2015	FY2016 (forecast)
End of 2 nd quarter	20	20	20
Year end	20	20	20
Total (annual)	40	40	40
Total dividends (millions of yen)	2,442	2,221	2,221
Consolidated dividend ratio (%)	71.2	76.7	71.7

*Consolidated dividend ratio is calculated per share.

Repurchase & cancellation of Company stock

Company stock has been repurchased consistently since the stock was first listed in December 2006.

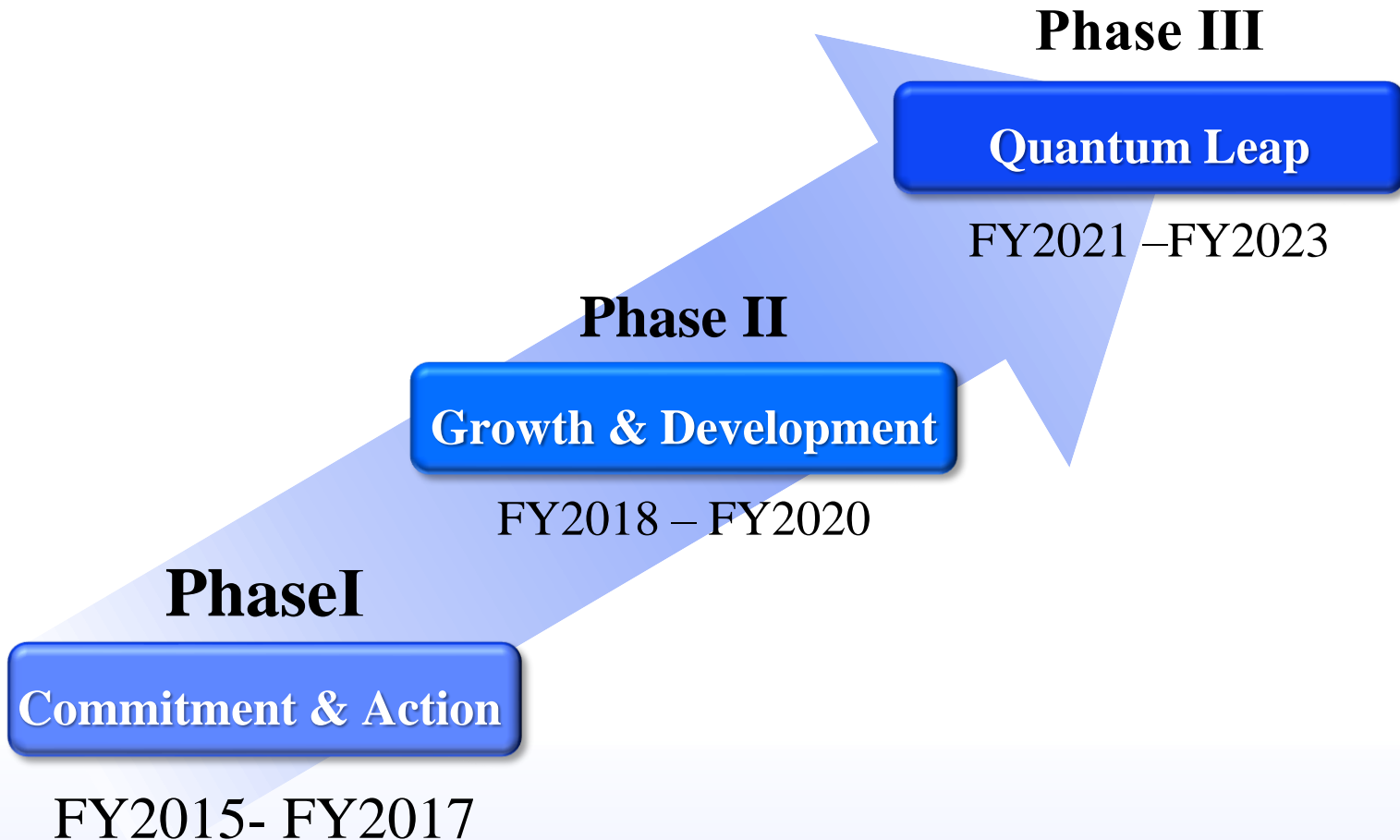
	《 Number of shares repurchased 》	《 Number of shares cancelled 》
■ FY2008	900,000 (1.3%)	
■ FY2009	600,000 (0.9%)	
■ FY2010	1,650,000 (2.4%)	
■ FY2011	300,000 (0.4%)	1,100,000 (1.6%)
■ FY2012	1,203,500 (1.8%)	1,300,000 (2.0%)
■ FY2013	1,500,000 (2.3%)	1,500,000 (2.3%)
■ FY2014	1,030,400 (1.6%)	
■ FY2015	5,000,100 (7.9%)	6,000,000 (9.4%)
Total (since listing)	12,184,000	* 9,900,000
	(Shares of treasury stock as of Mar. 2016)	(Total number of outstanding shares)
	1,948,572	57,494,823

*The percentages shown above are the ratios to the total number of issued shares at the time of each repurchase or cancellation).

*Disposal of treasury stock includes 360,000 shares used for exchanges of stock.

Our initiatives

ONE DUSK!N



ONE DUSK!N

ONLY ONE

One and only franchise system where franchisor and franchisees share our Management Philosophy

NUMBER ONE

The most trusted franchise office in the community

ALL FOR ONE

All business units and services join to respond to the needs of our customers

Phase I: Commitment & Action

Financial goals

(billions of yen)

	FY2015 Actual	FY2016 Goal	FY2017 Goal
Consolidated sales	165.2	166.5	173.0 ※
Consolidated operating income	5.3	4.4	6.0 ※

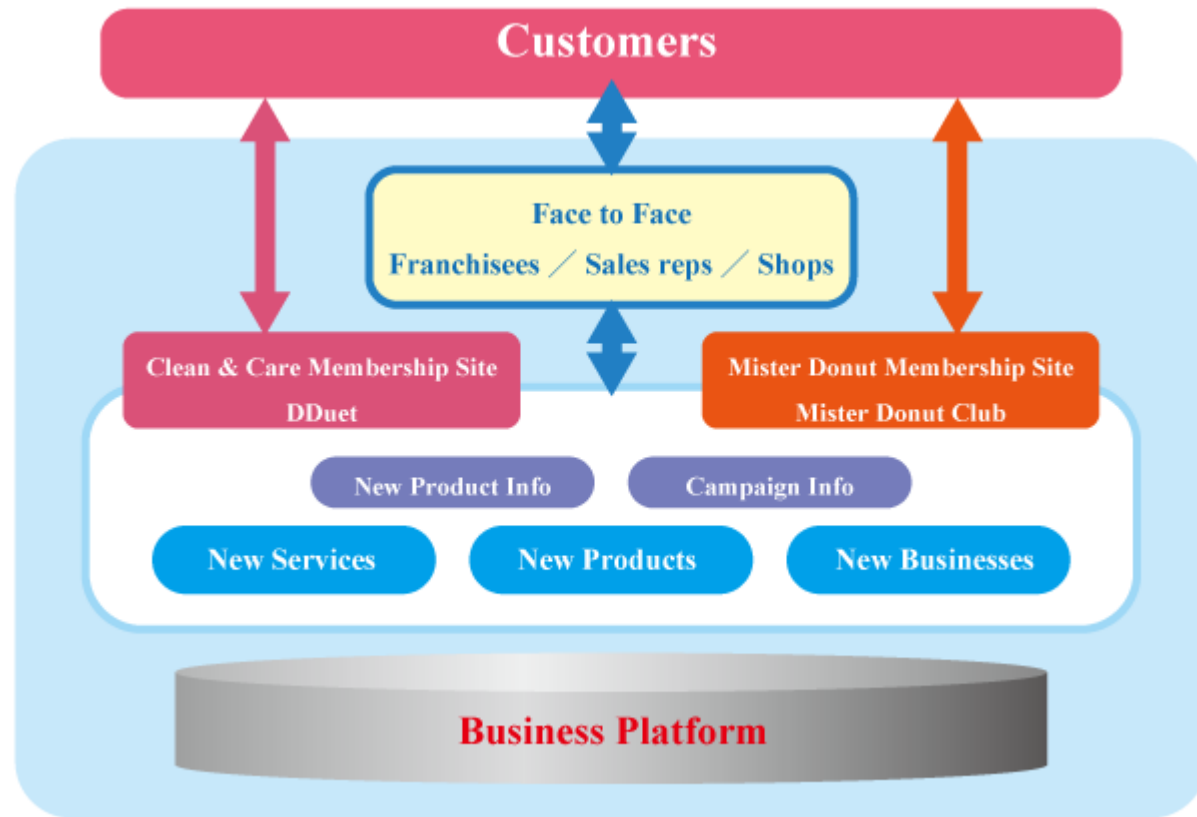
*Revision announced on March 24, 2016.

Phase I: Commitment & Action

■ Develop business model

Develop business platform and review business model

Improve marketing capabilities



Basic Policy

	Business model development	Develop business platform
New growth	Home Service	Diversify customer contact points
	Business Service	Comprehensive hygiene management services
	Life Care Service	Develop market focusing on senior citizens' needs
	Mister Donut	Develop new type shops for different types of locations
	Food Service	Develop new concept/format shops in new categories
	Overseas business development	Shop development concentrating on strategically focused areas in China and Southeast Asia
	New businesses	New businesses promoted through M&A, capital & business alliance, and introduction of overseas brands
	Structure reform	5% reduction of cost, pursue optimal cost efficiency

■ Clean & Care Group → Made progress as planned

- Introduced Membership website, DDuet to reinforce customer contacts
- Introduced “Return by Post Service” for used rental items
- Improved Hygiene Management Service

■ Food Group → Revised the plan

- Mister Donut

Insufficient promotion, Closed underperforming shops

Delayed renovation for new concept shops

- Opened Katsu & Katsu restaurants, Pie Face and the Chiffon & Spoon shops, but their openings were delayed because of the delay in selecting locations.

■ Structure reform → 1.1% cost reduction

- Reviewed cost from procurement of raw materials
- Review expenses at all segments

■ Home Service

Build systems to respond to diversifying customers' needs

Make services available through both channels with/without franchisees

Increase members of Membership site DDuet

(in thousands)	FY2015 Actual	FY2016 Goal	FY2017 Goal
Members	250	540	850



Rolled out nationwide Return by Post Service to return used rental items

	FY2015 Actual	FY2016 Goal	FY2017 Goal
Customers	6,516	14,000	22,000



Train sales representatives to offer all products and services by using tablet PCs.

	FY2015 Actual	FY2016 Goal	FY2017 Goal
Sales representatives	128	3,000	4,500



■ Business Service

Respond to growing needs for sanitary management

Develop hygiene management specialists and enhance sales capabilities

Develop Hygiene Master with sanitary management expertise

	FY2015 Actual	FY2016 Goal	FY2017 Goal
Hygiene Masters	314	500	1,000



Enhance sales activities with a focus on sanitary management designed for national accounts

(millions of yen)	FY2015 Actual	FY2016 Goal	FY2017 Goal
Sales*	7,245	7,460	7,610



*Customer-level sales of National Accounts

■ Life Care Service

Develop market focusing on senior citizens' needs

① Seniors in good health



② Seniors who need assistance



③ Seniors who need care



Sales approach
(Existing products and services + additional value)

Watch over service

Consultation service counter
(Wako-shi, Saitama)

New service development to assist
seniors' daily living

Home Instead

Health Rent



**Cross sectional
initiatives**



**New
service/business
development**



**Reinforce existing
businesses**

■ Mister Donut

New openings & renovation to meet different motivations of visiting the shops and different conditions/environments for their locations.

V/21 type shop	FY2015 Actual (No. of shops)	FY2016 Goal (No. of shops)	FY2017 Goal (No. of shops)
 Road side/In-line shop	11	151	287
 Food court	2	38	86
Total	13	189	373

■ Mister Donut

Change to donut shops appealing to customers' five senses

Existing shops



Shop image

New shops



Open kitchen-
Customers can see how donuts are made.



Products & display



Products and display-
Fun to watch and choose from



■ Mister Donut Revised plan for sub-brand shops

	Sub-brands		
Shop type	 <p>Donut Cafe</p>	 <p>Premium Cafe</p>	 <p>Donut Express</p>
Category	Donut café with a focus on eat-in service	High-end cafe	Donut take-out shops
Revision	Plan discontinued after review	Plan discontinued after review	Without on-site kitchen Satellite stores of existing stores

■ Food Service

Discover and develop food businesses that provide new values

Name	FY2015 Actual (No. of units)	FY2016 Goal (No. of units)	FY2017 Goal (No. of units)
Total	68	81	114
Katsu & Katsu	12	16	24
The Chiffon & Spoon	5	13	23
Pie Face	2	5	15
ICE DE LION*	1	2	6
Bakery Factory	3	4	5
Café Du Monde	14	11	11
The Don	31	30	30



*Unit store

■ Overseas Business Development

Establish Duskin and Mister Donut brands

Clean & Care Businesses → Establish business model in Shanghai
Mister Donut Businesses → Open more shops in South East Asia

No. of shops		Dec. 2015 Actual	Dec. 2016 Goal	Dec. 2017 Goal
Clean & Care		24	26	28
Mister Donut	Shops	1,809	1,855	1,892
	Locations at convenience stores	1,702	2,840	3,968
	Total	3,511	4,695	5,860

*Period: January - December

Growth Strategy

Develop new businesses by making use of M&A as well as by introducing overseas brands in Japan.

■ M&A

- Daily life support service
- Sanitary management & support
- Food service

■ Introducing overseas brands in Japan

- Businesses that we can expect synergic effects with existing businesses

**Results : Introduced Pie Face from Australia
Two shops opened during FY2015**



■ Structure Reform

Continue fundamental review of cost structure

Reallocate resources to investments necessary for improving customer satisfaction

Optimize production, distribution and procurement operations and cost efficiency

- Optimize efficiency of distribution at all segments
- Reduce cost and total inventory
- Global procurement, multiple procurement

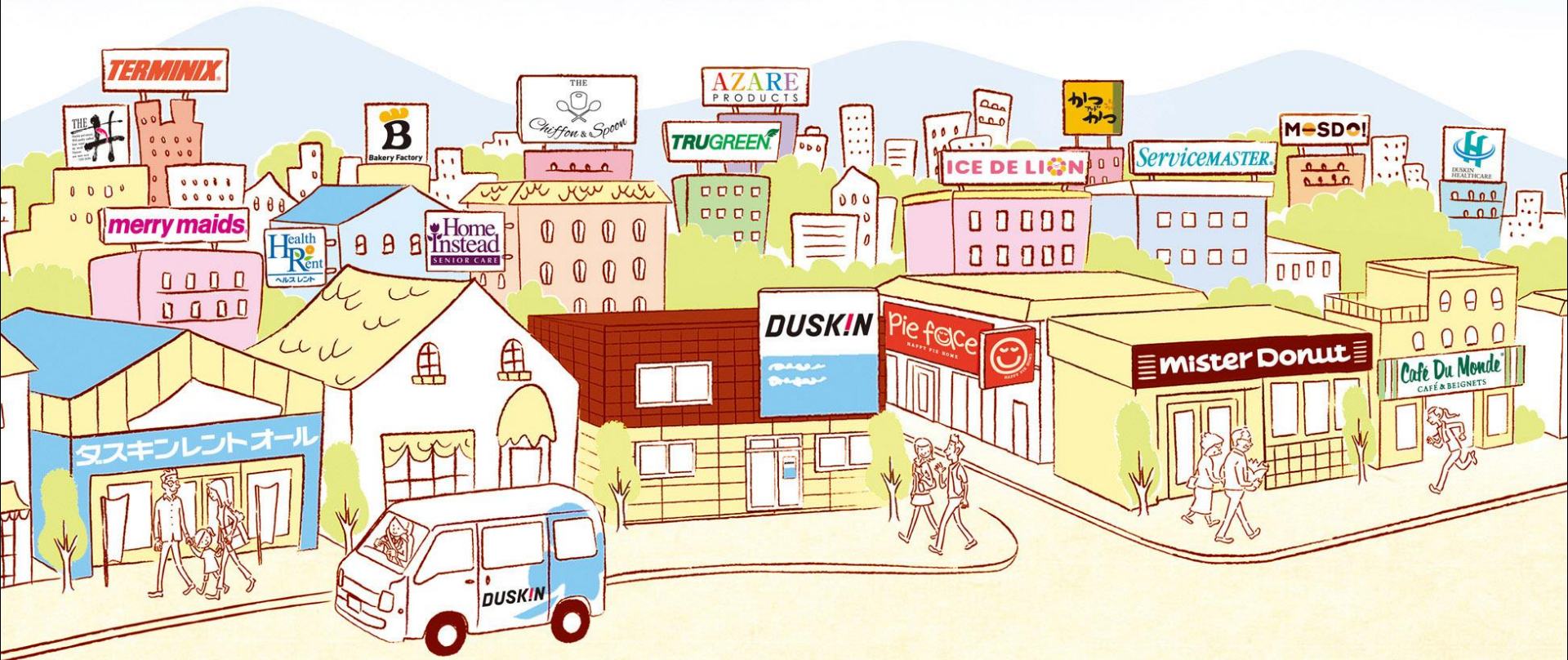
Reduce information system development & operation expenses

- Strict return on investment and calculating effects
- Review information system-related expenses

(%)	FY2015 Actual	FY2016 Goal	FY2017 Goal
Cost reduction rate	-1.1	-3.0	-5.0

*FY2016 and 2017 goals are based on the FY2014 results on the nonconsolidated basis.

Duskin,
as the world's most considerate service provider,
aims to create a new societal culture where
the focus is on contributing to
people's lifestyles, comfort and happiness.



Reference

Non-consolidated

(millions of yen)

	FY2014	FY2015	Change	
				%
Sales	141,580	138,697	-2,883	-2.0
Operating Income	3,002	3,593	+591	+19.7
Operating income on sales (%)	(2.1%)	(2.6%)	(+0.5)	-
Ordinary Income	6,167	6,136	-30	-0.5
Ordinary income on sales (%)	(4.4%)	(4.4%)	(+0.1)	-
Net Income	3,394	1,831	-1,562	-46.0
Net income on sales (%)	(2.4%)	(1.3%)	(-1.1)	-

Business Summary by Segment

Clean & Care Group

*Sales include rental sales, sales of goods and services, royalty (no royalty charged for periodic rental businesses), and sales at company-owned units.

Direct Selling

Home Service (Residential Market)

Rental service through periodic visits

Dust Control	• • •	Mops, mats, etc.
Air Clean	• • •	Air-purifiers
Water Clean	• • •	Water-purifiers

Care Services (Technical services)

ServiceMaster	• • •	Professional cleaning
Merry Maids	• • •	Housekeeping
Terminix	• • •	Pest control & prevention
TruGreen	• • •	Tree, shrub, lawn care

Drink Service • • • Bottled water delivery

Health & Beauty • • • Cosmetics & health food

Home Instead • • • Senior care service

Business Service (Commercial Market)

Rental service through periodic visits

Dust Control	• • •	Mops, mats, etc.
Clean Service	• • •	Bathroom products
Air Clean	• • •	Air-purifiers
Water Clean	• • •	Water-purifiers
Wipeful Service	• • •	Wiper cloth

Care Services (Technical services)

ServiceMaster	• • •	Professional cleaning
Terminix	• • •	Pest control & prevention
TruGreen	• • •	Tree, shrub, lawn care

Uniform Service • • • Leasing, sales and cleaning

Drink Service • • • Office coffee service

In-store sales

Rent-All • • • Event planning/operation & rental of daily items Health Rent • • • Rental of assisted living equipment

Food Group

*Sales include sales of ingredients to franchisees, royalty, and sales at company-owned units.

Mister Donut • • Handmade donut shop

MOSDO • • • Collaborated shop with MOS BURGER

Katsu & Katsu • Pork cutlet

Café Du Monde • Café au lait & beignet

Bakery Factory • Suburban type large-scale bakery shop

ICE DE LION • • Ice cream specialty store

The Chiffon & Spoon • Chiffon cake

The Don • • • • • Donburi restaurant

Shiki Gokan • • • • • Ohitsu Gozen restaurant

Pie Face • • • • • Pie specialty store
(Shop open on October 27, 2015)

Other Business

Duskin Healthcare

Hospital management service

Duskin Kyoeki

Leasing business, insurance services

Overseas businesses

Dust Control

Mister Donut

Duskin Hong Kong Co., Ltd.

Customer-Level Sales (CLS)

CLS by Business

*Sales of overseas businesses indicated here are the total sales from January to December.

(millions of yen)

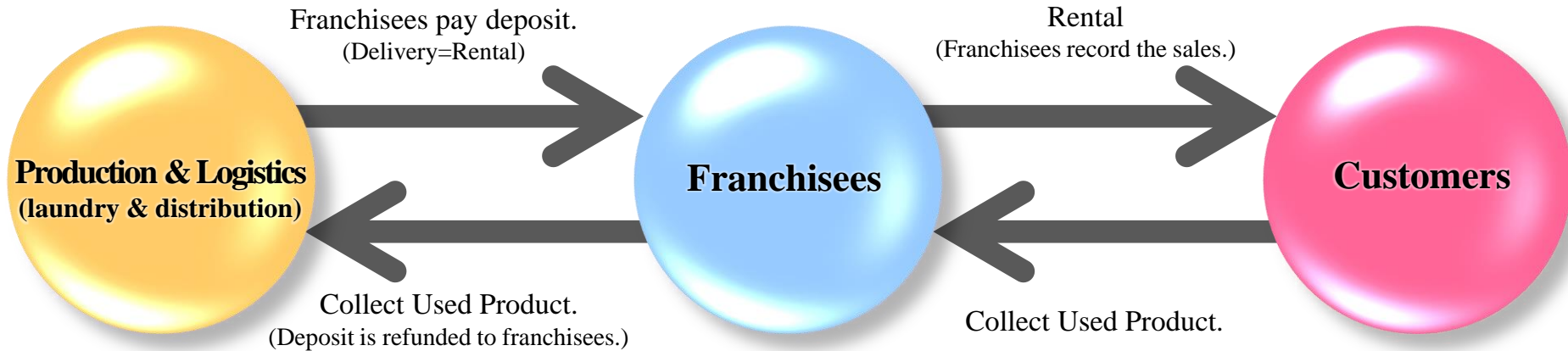
	FY2014	FY2015	Increase/ Decrease	Changes(%)
Clean & Care Group	270,390	274,005	+3,615	+1.3%
Dust Control (Domestic) Home Service (Residential)	97,723	96,513	-1,210	-1.2%
Business Service (Commercial)	96,109	96,026	-83	-0.1%
Care Services (Technical services)	45,818	47,775	+1,957	+4.3%
(ServiceMaster)	(26,022)	(27,062)	(+1,041)	+4.0%
(Merry Maids)	(9,999)	(10,460)	(+461)	+4.6%
(Terminix)	(7,559)	(7,855)	(+295)	+3.9%
(TruGreen)	(2,237)	(2,395)	(+158)	+7.1%
Health & Beauty	2,773	2,721	-52	-1.9%
Azare Products	3,007	3,749	+741	+24.6%
Home Instead	2,083	2,185	+101	+4.9%
Rent-All	18,555	20,402	+1,847	+10.0%
Uniform Service	2,968	3,150	+181	+6.1%
Drink Service	1,349	1,481	+132	+9.8%
Food Group	105,631	95,549	-10,081	-9.5%
Mister Donut (Domestic)	102,012	91,430	-10,595	-10.4%
Food Chain	2,061	2,700	+639	+31.0%
The Don	1,558	1,418	-140	-9.0%
Other Businesses	25,539	25,295	-243	-1.0%
Dust Control (Overseas)	3,663	3,923	+259	+7.1%
Mister Donut (Overseas)	14,736	14,206	-530	-3.6%
Duskin Healthcare	7,138	7,165	+27	+0.4%
Total	401,561	394,850	-6,710	-1.7%

Food Chain (in FY 2014): MOSDO, Café Du Monde, Katsu & Katsu, Bakery Factory, ICE DE LION, and The Chiffon & Spoon

Food Chain (in FY 2015): MOSDO, Café Du Monde, Katsu & Katsu, Bakery Factory, ICE DE LION, The Chiffon & Spoon, and Pie Face

Rental of mops and mats

Based on the idea to fully recycle the products through repeated use until the end of their useable life.



Company owned & subsidiary plants:	13
Franchised plants:	32
Total Plants:	45

Company owned & subsidiary units:	81
Franchised Units:	1,900
Operation Units:	2,000

Sales representatives:	68,500
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Residential customers:	5.2 million
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Commercial customers:	1.22 million
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Strength 1: Production, logistics and distribution system that covers the nation

Competition is minimal in this business field. To establish this recycle-oriented business model to cover the nation, a large investment is required to build the laundry plant system, to purchase materials for rental products, and to create a nationwide sales organization.

Strength 2: Strong customer-base

A large customer base that facilitates face-to-face sales activities and includes extensive relationships between sales staff members and loyal residential customers.