

Six-month Period Ended Sept. 30, 2017
Financial Report

Duskin Co., Ltd.

November 15, 2017



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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Six-month Period Ended Sept. 30, 2017

Financial Summary

Consolidated Results

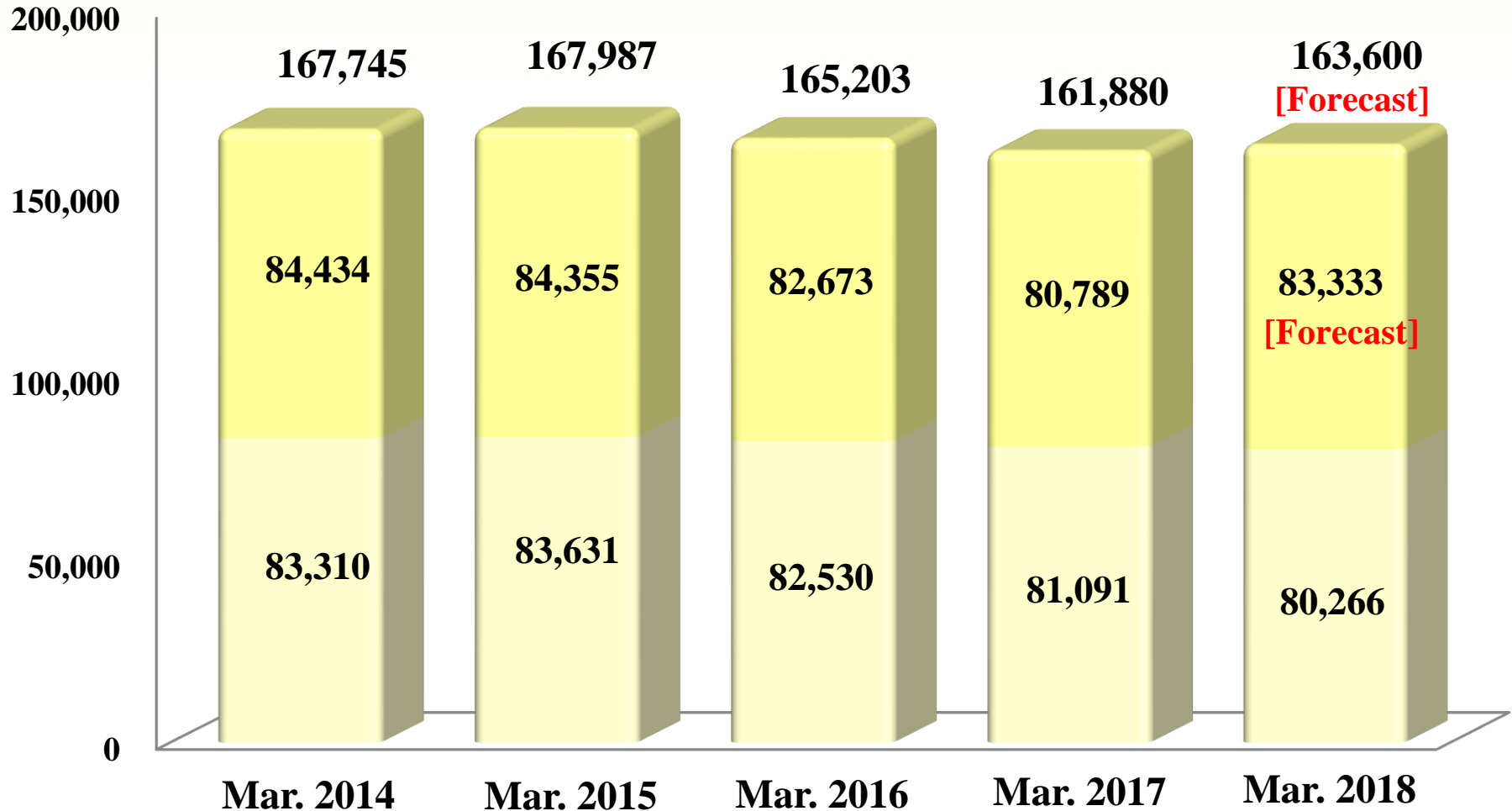
(millions of yen)

	FY2016 1st Half ended Sept. 30, 2016	FY2017 1st Half ended Sept. 30, 2017	Change		Reference FY2016 ended Mar. 31, 2017
				%	
Sales	81,091	80,266	-824	-1.0	161,880
Operating Income	2,514	4,349	+1,835	+73.0	6,069
Operating Margin (%)	(3.1%)	(5.4%)	(+2.3)	—	(3.7%)
Ordinary Income	3,406	5,244	+1,838	+54.0	7,554
Ordinary Income Margin (%)	(4.2%)	(6.5%)	(+2.3)	—	(4.7%)
Net Income	2,105	3,570	+1,464	+69.6	4,318
Net Income Margin (%)	(2.6%)	(4.4%)	(+1.8)	—	(2.7%)

Consolidated Sales

Sales - 2nd half
Sales - 1st half

(millions of yen)



Sales Summary (2)

Consolidated Sales

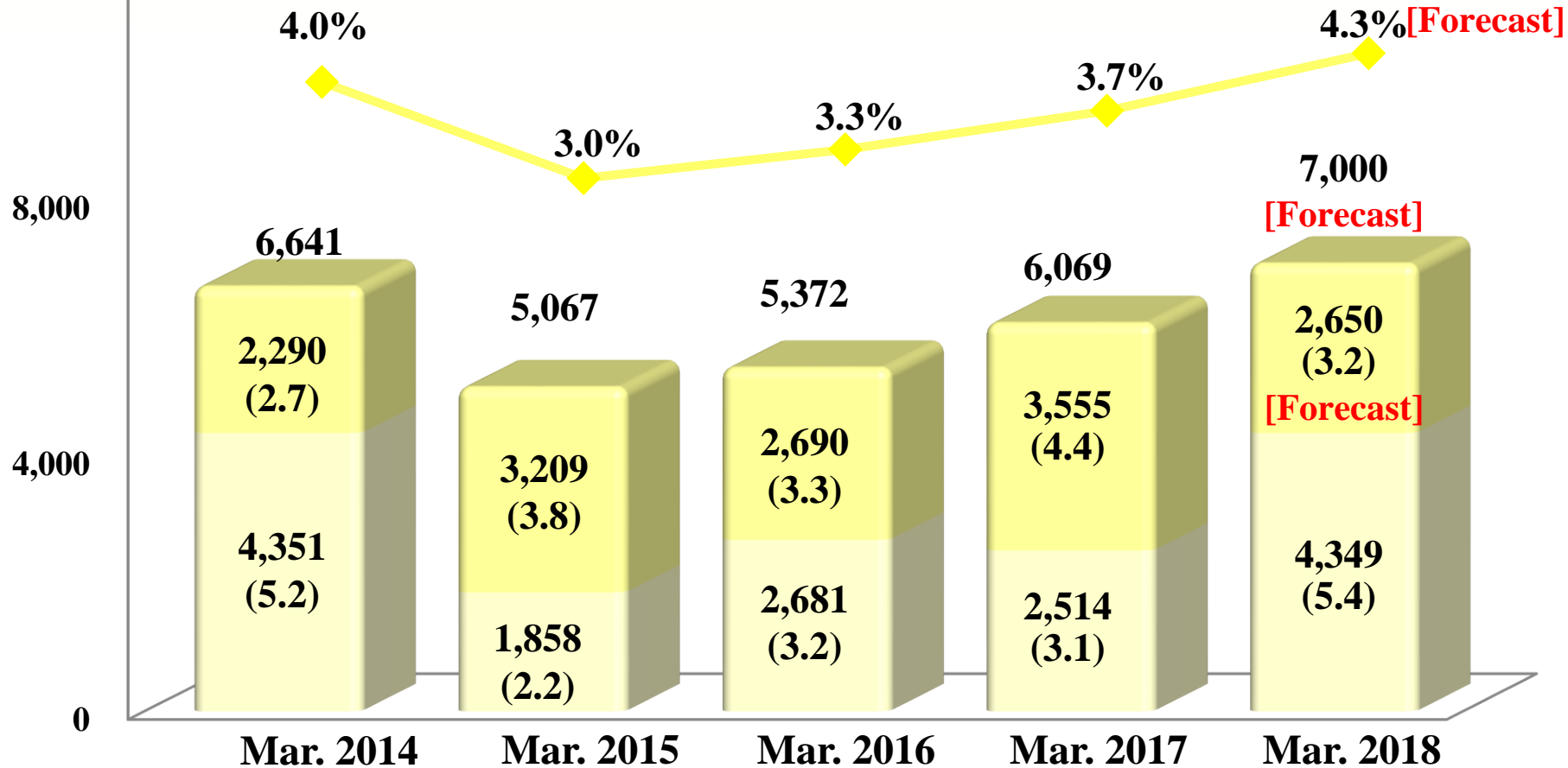
80,266 million yen -824 million yen (-1.0%)

(millions of yen)		FY2016 1st half ended Sept. 30, 2016	FY2017 1st half ended Sept. 30, 2017	Change	
					%
Clean & Care Group	Sales to outside customers	55,221	55,899	+677	+1.2
	Inter-segment sales and transfers	408	379	-28	-7.0
	Total	55,629	56,278	+649	+1.2
Food Group	Sales to outside customers	20,285	18,335	-1,949	-9.6
	Inter-segment sales and transfers	5	5	-0	-1.9
	Total	20,290	18,340	-1,949	-9.6
Other Businesses	Sales to outside customers	5,584	6,032	+447	+8.0
	Inter-segment sales and transfers	1,131	1,106	-24	-2.1
	Total	6,715	7,138	+422	+6.3
Eliminations for inter-segment sales and transfers		1,545	1,492	-53	-3.4
Consolidated sales		81,091	80,266	-824	-1.0

Consolidated Operating Income

(millions of yen)

12,000



Consolidated Operating Income

4,349 million yen +1,835 million yen (+73.0%)

Major factors

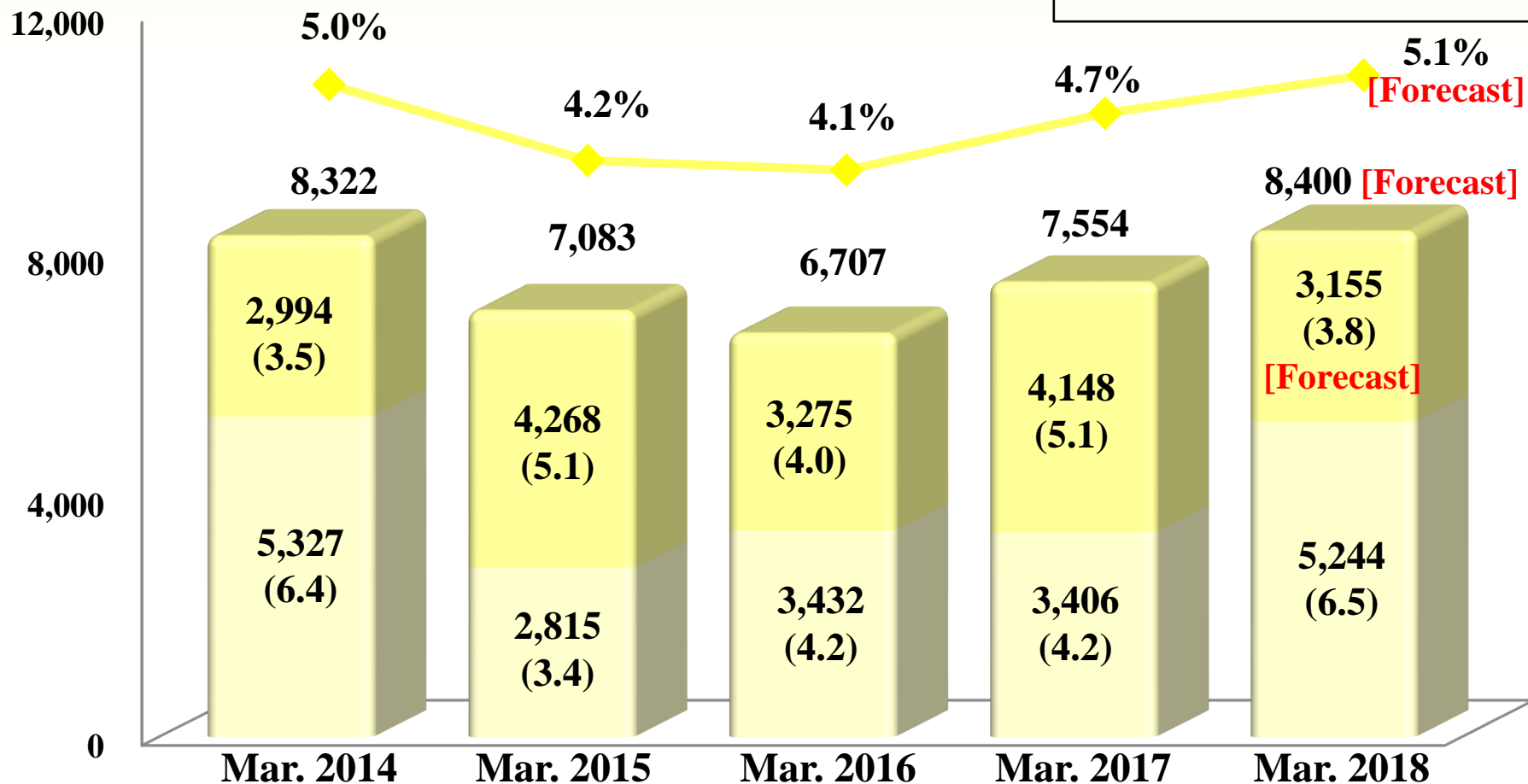
- Clean & Care Group : Higher sales, lower investments in rental items, lower expenses for promotional expenses and retirement benefits
- Food Group : Decreases in retirement benefits, other personnel expenses, transportation expenses, and depreciation
- Other Businesses : Higher income in overseas businesses (including Big Apple, which Duskin acquired and made a subsidiary in FY2016)
- Eliminations/Corporate : Increase in personnel expenses

(millions of yen)

Operating income by segment	FY2016 1 st half ended Sept. 30, 2016 (Operating Margin)	FY2017 1 st half ended Sept. 30, 2017 (Operating Margin)	Change	
				%
Clean & Care Group	6,360 (11.5%)	7,439 (13.3%)	+1,078	+17.0% (+1.8)
Food Group	-565 (-2.8%)	211 (1.2%)	+777	- (+4.0)
Other Businesses	143 (2.6%)	167 (2.8%)	+24	+17.0% (+0.2)
Eliminations/Corporate	-3,423	-3,468	-45	-
Total (consolidated)	2,514 (3.1%)	4,349 (5.4%)	+1,835	+73.0% (+2.3)

Consolidated Ordinary Income

(millions of yen)



Consolidated Ordinary Income

5,244 million yen **+1,838 million yen (+54.0%)**

Major Factors

1) Operating income **+1,800 million yen**

2) Non-operating income **+000 million yen**

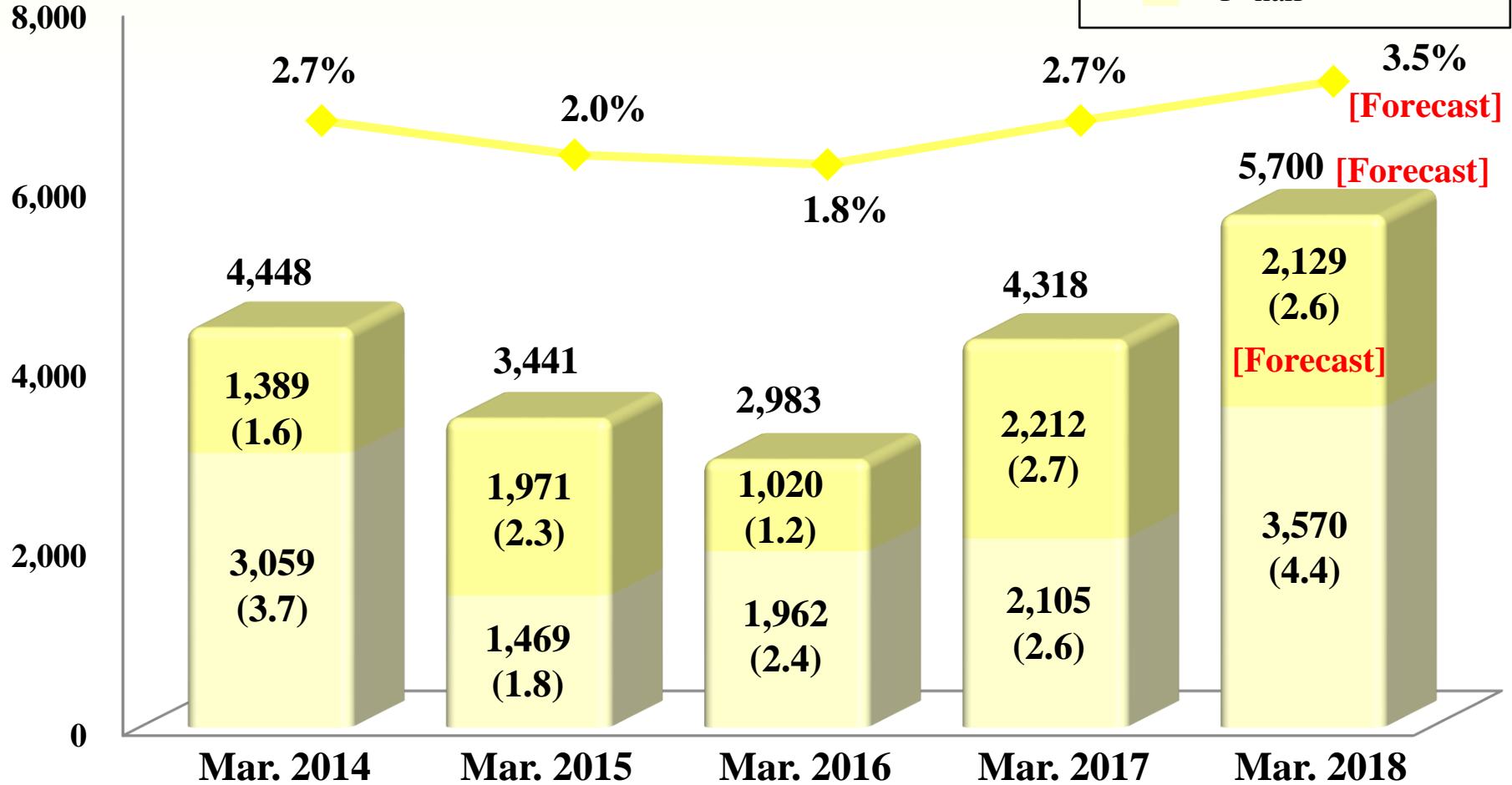
- **Decrease in interest income** **-30 million yen**
- **Decrease in proceeds from miscellaneous income** **-80 million yen**
- **Increase in share of profit of entities accounted for using equity method** **+50 million yen**
- **Decrease in foreign exchange losses** **+50 million yen**

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

Net Income Summary (1)

Consolidated Net Income

(millions of yen)



Consolidated Net Income

3,570 million yen **+1,464 million yen (+69.6%)**

Major Factors

1) Ordinary income **+1,800 million yen**

2) Extraordinary income **-000 million yen**

- **Decrease in gain on liquidation of investment securities** **-100 million yen**
- **Decrease in loss on disaster** **+150 million yen**
 Assistance expenses related to Kumamoto earthquakes in April 2016 **+1.5 million yen**
- **Others** **-60 million yen**

3) Tax expenses **-400 million yen (higher expenses)**

- **Increase in net income before tax** **-500 million yen**
- **Others** **+100 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)

	As of Mar. 31, 2017	As of Sept. 30, 2017	Change	Major factors
Current asset	62,021	62,760	+739	Cash and deposits -2,000 Notes and accounts receivable -100 Securities +1,900 Deferred tax assets -200
Property, plant and equipment / Intangible assets	58,953	58,403	-549	Buildings and structures (Net amount) -100 Construction in progress -200
Investments and other assets	69,142	71,164	+2,021	Investment securities +3,200 Deferred tax assets -1,000
Total assets	190,116	192,328	+2,211	-
Current and non-current liabilities	48,007	45,244	-2,763	Income taxes payable -900 Provision for bonuses -300 Accounts payable-other -1,500 Other current liabilities -500 Net defined benefit liability +500
Net assets	142,108	147,083	+4,974	Retained earnings +2,500 Valuation difference on available-for-sale securities +2,300
Total liabilities and net assets	190,116	192,328	+2,211	-
Debt with interests	88	169	+80	

Summary by Business Segment

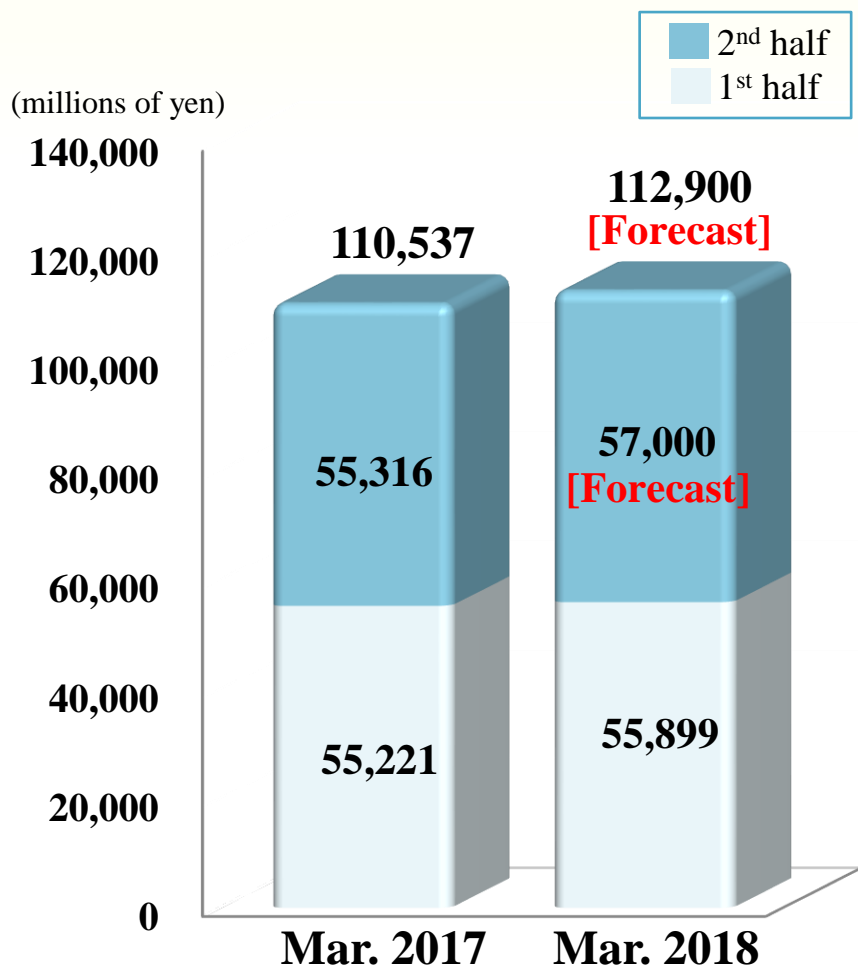
Highlights by Business Segment

(millions of yen)

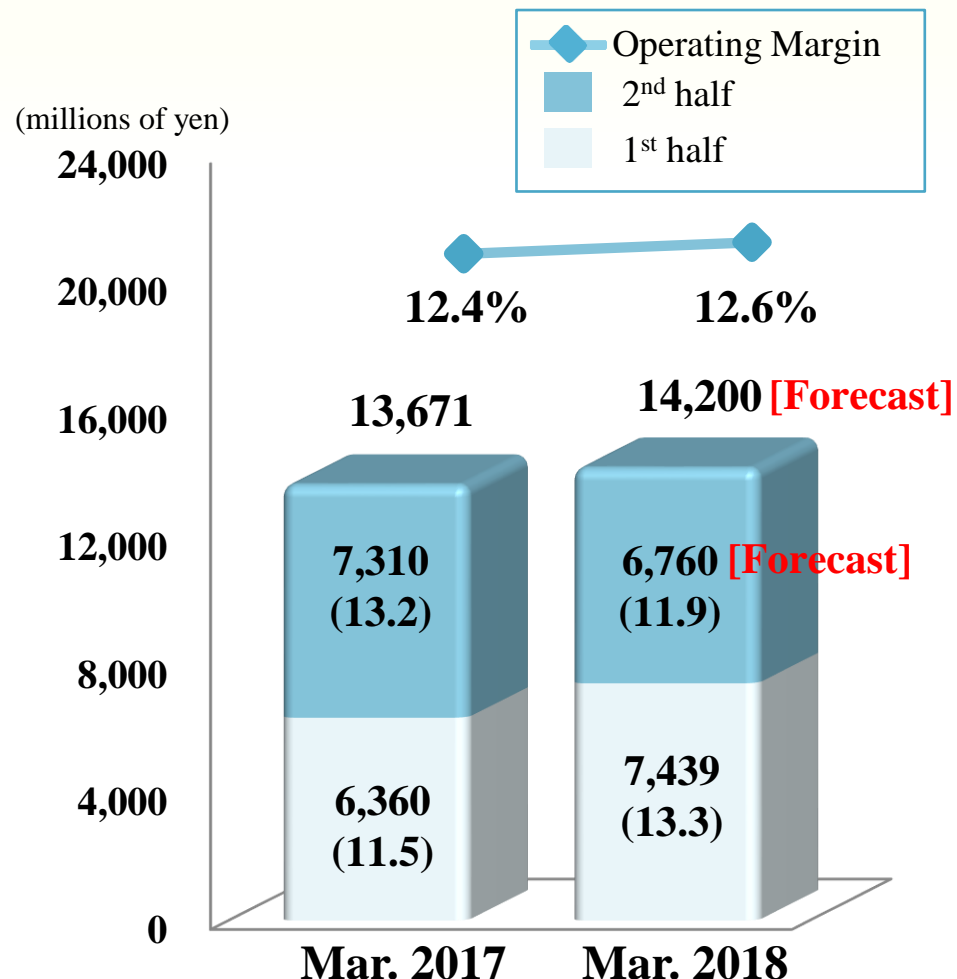
		FY2016		FY2016 1 st half ended Sept. 30, 2016		FY2017 1 st half ended Sept. 30, 2017		Change	
		Operating Margin (%)		Operating Margin (%)		Operating Margin (%)		Operating Margin (%)	
Clean & Care Group	Sales	110,537	—	55,221	—	55,899	—	+677	+1.2
	Operating Income	13,671	12.4	6,360	11.5	7,439	13.3	+1,078	+17.0
Food Group	Sales	40,151	—	20,285	—	18,335	—	-1,949	-9.6
	Operating Income	-684	-1.7	-565	-2.8	211	1.2	+777	—
Other Businesses	Sales	11,192	—	5,584	—	6,032	—	+447	+8.0
	Operating Income	114	1.0	143	2.6	167	2.8	+24	+17.0
Eliminations/ Corporate	Operating Income	-7,031	—	-3,423	—	-3,468	—	-45	—
Consolidated	Sales	161,880	—	81,091	—	80,266	—	-824	-1.0
	Operating Income	6,069	3.7	2,514	3.1	4,349	5.4	+1,835	+73.0

*Sales presented here are sales to outside customers, excluding inter-segment sales.

Sales



Operating Income



*Sales presented here are sales to outside customers, excluding inter-segment sales.

Sales

(millions of yen)	FY2016 2Q	FY2017 2Q	Change	
				%
Sales to outside customers	55,221	55,899	+677	+1.2
Inter-segment sales	408	379	-28	-7.0
Total	55,629	56,278	+649	+1.2

Residential Market

- **Sales of dust control products increased due to the contribution made by SiRo.**
 - Dust control products sales +1.8% (1Q: +4.1%, 2Q: -0.4%)
 - * Average on a business day basis +2.6% (One fewer business day than in FY2016 2Q)
 - Mop products sales +4.0% (1Q: +6.3%, 2Q: +1.7%)
 - Basic Three (including sales of LaLa, Shushu, and Style Cleaner) +1.3%
 - Other handy and floor mops -6.7%
 - Robot Cleaner SiRo +789 million yen
 - Kitchen Sponges sales +121 million yen
- **Technical services grew steadily.**
 - Total customer-level sales +4.0% (1Q: +3.6%, 2Q: +4.5%)
 - Professional Cleaning (ServiceMaster) +4.9% (1Q: +4.2%, 2Q: +5.5%)
 - Housekeeping Service (Merry Maids) +3.2% (1Q: +3.6%, 2Q: +2.8%)
 - Termite Control (Terminix) +2.1% (1Q: -0.4%, 2Q: +4.8%)
 - Maintaining plants and flowers (Total Green) +4.5% (1Q: +3.7%, 2Q: +5.1%)
 - Fixing wear and tear (Home Repair) . . . Launched in FY2017
- **Rental of health care equipment (Health Rent) continued to grow.**
 - Health Rent customer-level sales +7.0% (1Q: +6.8%, 2Q: +7.3%)
- **Cosmetics products performed well due to the introduction of new products.**
 - Cosmetics business sales +5.7% (1Q: +19.1%, 2Q: -7.0%)

Sales

(millions of yen)	FY2016 2Q	FY2017 2Q	Change	
				%
Sales to outside customers	55,221	55,899	+677	+1.2
Inter-segment sales	408	379	-28	-7.0
Total	55,629	56,278	+649	+1.2

Commercial Market

● Sales of dust control products declined slightly.

- Dust control products sales -0.7% (1Q: +0.1%, 2Q: -1.5%)
 - * Average on a business day basis +0.04%
- Mat products sales -0.3% (1Q: +0.3%, 2Q: -0.9%)
 - Thin dust control and water absorption mats +0.3%
 - Inside custom-made indoor mats +19.5%
 - Other mats -0.7%
 - (Basic mats -1.0%)
 - (Custom-made mats -0.5%)

● Technical services posted slightly higher sales.

- Customer-level sales +2.0% (1Q: +2.0%, 2Q: +2.0%)
 - ServiceMaster (including Facility Management) +1.5% (1Q: +1.7%, 2Q: +1.4%)
 - * Janitorial services for LEGOLAND® Japan +47 million yen
 - Pest Control (Terminix) +3.0% (1Q: +2.5%, 2Q: +3.5%)
 - Maintaining plants and flowers (Total Green) +10.8% (1Q: +17.4%, 2Q: +5.8%)

● Event operation and rental service (Rent-All) grew steadily.

- Customer-level sales of Rent-All +3.1% (1Q: +5.5%, 2Q: +1.4%)

Operating Income

(millions of yen)	FY2016 2Q	FY2017 2Q	Change	%
Operating income by segment	6,360	7,439	+1,078	+17.0

Improved cost ratio and lower expenses

- Increase in gross profit due to higher sales +300 million yen

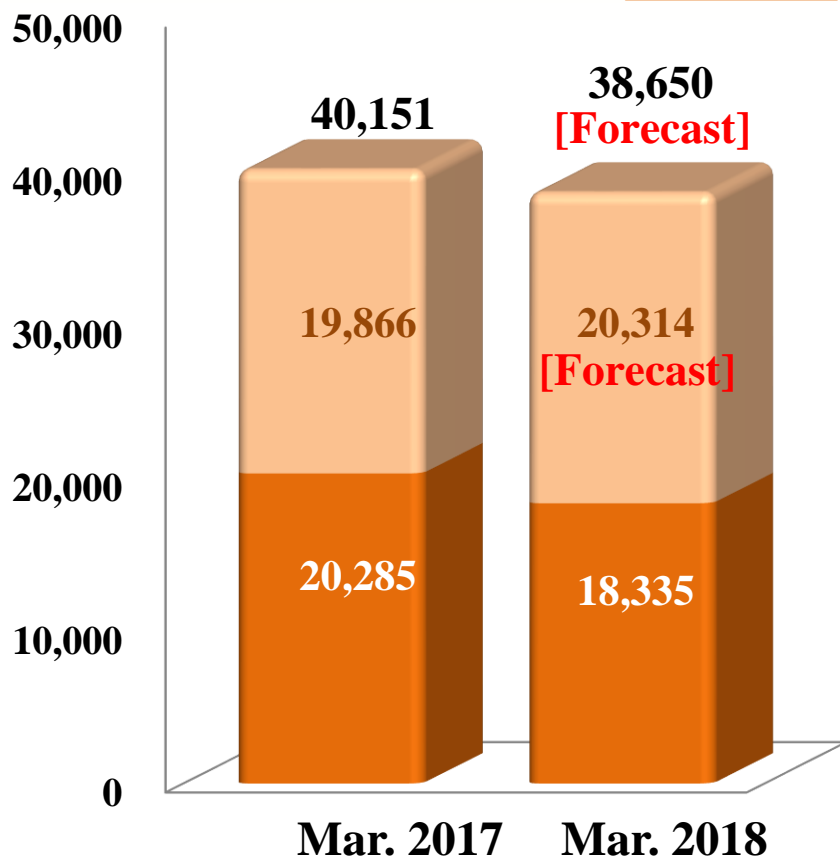
- Increase in gross profit due to improved cost ratio +200 million yen
 - Decreased cost of Style Cleaner +300 million yen
 - Decrease in mats and other new items for rent +100 million yen
 - Others -200 million yen

- Increase in operating income due to lower expenses +600 million yen
 - Lower promotional expenses including advertising expenses +500 million yen
 - Decrease in retirement benefits +200 million yen
 - Others -100 million yen

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

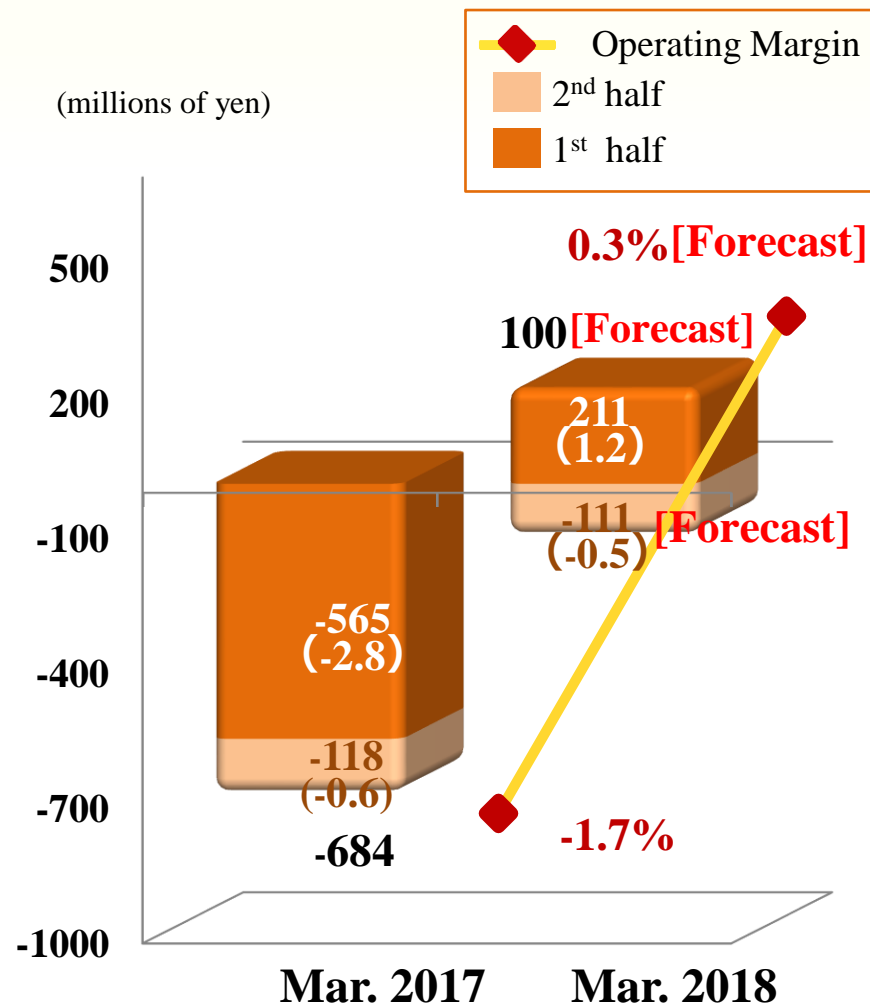
Sales

(millions of yen)



Operating Income

(millions of yen)



*Sales presented here are sales to outside customers, excluding inter-segment sales.

Sales

(millions of yen)	FY2016 2Q	FY2017 2Q	Change	
				%
Sales to outside customers	20,285	18,335	-1,949	-9.6
Inter-segment sales	5	5	-0	-1.9
Total	20,290	18,340	-1,949	-9.6

● Mister Donut

- Total customer-level sales -7.5% (1Q: -9.2%, 2Q: -5.7%)
 - Customer-level sales of existing shops -3.6% (1Q: -5.0%, 2Q: -2.1%)
 - Decrease in average check and number of customers Average check (all shops) -5.9%, Number of customers (all shops) -1.7%
 - Smaller number of shops Number of shops in operation: FY2016 2Q 1,214 FY2017 2Q 1,138 (change: -76 shops)
- *Total business days: -6.3%

➤ MISDO meets

Collaboration with

- Kyoto Uji tea specialty brand, Gion Tsujiri, • Popular noodle restaurant SORANOIRO
- House Food Corporation • TANITA Corporation

➤ Other campaigns

- Collaboration with Daio Paper Corporation • KDDI Corporation au Everyday, au Santaro Day

* Customer-level sales of existing shops in August when Mister Donut participated in au Santaro Day +8.4%

● Other Food Businesses

- Customer-level sales Katsu & Katsu +15.6%
- Café Du Monde -33.4%
- Bakery Factory -2.8%
- The Chiffon & Spoon -30.6%
- Pie Face -21.4%

- Sale of Don Co., Ltd. -300 million yen

Operating Income

(millions of yen)	FY2016 2Q	FY2017 2Q	Change	%
Operating income by segment	-565	211	+777	-

Improved cost ratio and lower expenses

- Decrease in gross profit due to lower sales -700 million yen
- Increase in gross profit due to improved cost ratio +200 million yen
- Lower expenses at Mister Donut +1,300 million yen
 - Lower cost for shipping raw materials +300 million yen
*Delivery changed from daily to 5 days a week
 - Decrease in amortization cost for shop operating system +300 million yen
 - Lower labor cost +400 million yen
*Including 100 million yen retirement benefit
 - Decrease in other expenses +300 million yen
*Lower rent expenses due to smaller number of shops
Lower expenses due to lease expiration of shop operating system

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

Other Businesses

(millions of yen)	FY2016 2Q	FY2017 2Q	Change	
				%
Sales to outside customers	5,584	6,032	+447	+8.0
Inter-segment sales	1,131	1,106	-24	-2.1
Total	6,715	7,138	+422	+6.3
Operating income	143	167	+24	+17.0

● Overseas (consolidated subsidiaries)

- Big Apple Group

Sales 379 million yen

Operating Income 12 million yen (after amortization of goodwill)

- Duskin Hong Kong, which procures raw materials and equipment, posted higher sales due to the larger volume of paper towels.

● Duskin Healthcare, a management service business for medical facilities, recorded higher sales and lower income.

- Higher sales due to increased customers, lower income due to higher expenses including service staff recruitment

● Duskin Kyoeki, a leasing and insurance company, recorded lower sales and income.

- Lower sales and income due to re-lease agreement of a large account

Eliminations/Corporate

(millions of yen)	FY2016 2Q	FY2017 2Q	Change	%
Operating income by segment	-3,423	-3,468	-45	—

● Corporate

- Decrease in retirement benefits 100 million yen
- Increase in labor cost due to transfer of personnel from Food Group 200 million yen

Overseas Businesses

➤ Customer-level sales

		Jan. – June 2016	Jan. – June 2017	Change	
					%
Clean & Care	Taiwan (millions of NTD)	509	566	+57	+11.2%
	Shanghai (millions of CNY)	10	11	+1	+10.2%
	South Korea (millions of KRW)	555	474	-80	-14.5%
Mister Donut	Taiwan (millions of NTD)	483	557	+73	+15.3%
	Shanghai (millions of CNY)	11	10	-1	-12.4%
Big Apple	Malaysia (millions of MYR)	---	28	+28	---

Forecasts and Actual Results

Consolidated

*Change from forecast announced on May 15, 2017

(millions of yen)

	Sales	Operating Income	Ordinary Income	Net Income
Forecast (May15)	81,600	1,900	2,600	1,400
Actual	80,266	4,349	5,244	3,570
Difference (%)	-1,333 (-1.6)	+2,449 (+128.9)	+2,644 (+101.7)	+2,170 (+155.1)

Sales: Major factors contributing to the difference

▪ Clean & Care Group	[Dust Control -300 million yen]	-300 million yen
▪ Food Group	[Mister Donut -1,000 million yen]	-1,000 million yen
▪ Other Businesses		+ 000 million yen

Operating Income: Major factors contributing to the difference

▪ Clean & Care Group	Lower gross profit due to lower sales	-100 million yen	+1,700 million yen
	Smaller investment for mat and other items	+400 million yen	
	Lower cost for Style Cleaner	+200 million yen	
	Improved cost ratio	+100 million yen	
	Other (Expenses carried forward)	+1,100 million yen	
▪ Food Group	Lower gross profit due to lower sales	-400 million yen	+500 million yen
	Improved cost ratio	+400 million yen	
	Expenses carried forward	+500 million yen	
▪ Other Businesses			+000 million yen
▪ Eliminations/Corporate	[Expenses carried forward	+200 million yen]	+200 million yen

FY2017 Forecasts

Revised forecast announced on Oct. 12, 2017

Consolidated

(millions of yen)

	Sales	Operating Income	Ordinary Income	Net Income
FY2016 Actual	161,880	6,069	7,554	4,318
FY2017 Forecast	165,000	6,600	8,000	4,700
FY2017 Revised Forecast (Oct. 12)	163,600	7,000	8,400	5,700
FY2016 – Revised Forecast (%)	+1,719 (+1.1%)	+930 (+15.3%)	+845 (+11.2%)	+1,381 (+32.0%)
Forecast – Revised Forecast (%)	-1,400 (-0.8%)	+400 (+6.1%)	+400 (+5.0%)	+1,000 (+21.3%)

Non-consolidated

(millions of yen)

	Sales	Operating Income	Ordinary Income	Net Income
FY2016 Actual	134,245	4,069	6,478	3,723
FY2017 Forecast	137,000	4,500	6,800	4,200
FY2017 Revised Forecast (Oct. 12)	135,300	4,600	7,100	4,800
FY2016 – Revised Forecast (%)	+1,054 (+0.8%)	+530 (13.0%)	+621 (+9.6%)	+1,076 (+28.9%)
Forecast – Revised Forecast (%)	-1,700 (-1.2%)	+100 (+2.2%)	+300 (+4.4%)	+600 (+14.3%)

By Business Segment

*Change from forecast announced on May 15, 2017

(millions of yen)

		Initial Forecast		Major Factors	Revised Forecast	
		Operating Margin (%)			Operating Margin (%)	
Clean & Care Group	Sales	112,700	—	Dust Control +200	112,900	—
	Operating Income	13,800	12.2	Cost for Style Cleaner +200 Expenses carried forward +200	14,200	12.6
Food Group	Sales	40,200	—	Mister Donut -1,550	38,650	—
	Operating Income	300	0.7	Downward revision of sales -500, Improved cost ratio +200, Expenses carried forward +100	100	0.3
Other Businesses	Sales	12,100	—	Overseas -50	12,050	—
	Operating Income	200	1.7	Overseas -50, Duskin Healthcare -50	100	0.8
Eliminations/ Corporate	Operating Income	-7,700	—	Expenses carried forward +300	-7,400	—
Consolidated	Sales	165,000	—	-1,400	163,600	—
	Operating Income	6,600	4.0	+400	7,000	4.3

*Sales presented here are sales to outside customers, excluding inter-segment sales.

By Business Segment - 2nd Half

*Comparison with the same period of the previous year

(millions of yen)

		FY2017 Revised Forecast		FY2016- 2 nd Half Actual		FY2017 -2 nd Half Forecast <small>(Full-year Forecast - 1st Half Actual)</small>		Change	
		Operating Margin (%)		Operating Margin (%)		Operating Margin (%)		Operating Margin (%)	
Clean & Care Group	Sales	112,900	—	55,316	—	57,000	—	+1,684	+3.0
	Operating Income	14,200	12.6	7,310	13.2	6,760	11.9	-549	-7.5
Food Group	Sales	38,650	—	19,866	—	20,314	—	+448	+2.3
	Operating Income	100	0.3	-118	-0.6	-111	-0.5	+6	—
Other Businesses	Sales	12,050	—	5,607	—	6,017	—	+410	+7.3
	Operating Income	100	0.8	-28	-0.5	-67	-1.1	-39	—
Eliminations/ Corporate	Operating Income	-7,400	—	-3,608	—	-3,931	—	-322	—
Consolidated	Sales	163,600	—	80,789	—	83,333	—	+2,543	+3.1
	Operating Income	7,000	4.3	3,555	4.4	2,650	3.2	-905	-25.5

*Sales presented here are sales to outside customers, excluding inter-segment sales.

Returns to Shareholders

Dividends

Steady and continuous dividend distribution in line with basic policy (Full-year total: 40 yen per share)

Dividends per share (Actual & Forecasts)

(yen)

	FY2015	FY2016	FY2017 (Forecast)
End of 2 nd Quarter	20	20	20
Year-end	20	20	20
Total (annual)	40	40	40
Total dividends (millions of yen)	2,221	2,162	2,138
Consolidated dividend ratio (%)	76.7	50.7	37.5

*Consolidated dividend ratio is calculated per share.

Our Initiatives

ONE DUSK!N

ONLY ONE

A one and only franchise system where franchisor and franchisees share our Management Philosophy

NUMBER ONE

The most trusted franchise business in the community

ALL FOR ONE

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

[Theme] Business Model Reform

Home Service

- Diversified customer contact points
➔ DDuet membership: 440,000 (+100,000)*
- Comprehensive service proposals
➔ No. of tablets introduced to sales representatives: 3,500 (+700)*
- Improved marketing capabilities by centralizing customer information
➔ Building an online network to connect to franchisees' systems

Business Service

- Enhanced hygiene management service
➔ Hygiene Masters with expertise in sanitary management: 773 (+269)*

Mister Donut

- Renovation and opening of shops with new concepts focusing on different motivations for visiting shops, and different conditions and environment for each shop location
➔ 82 shops (+32)*

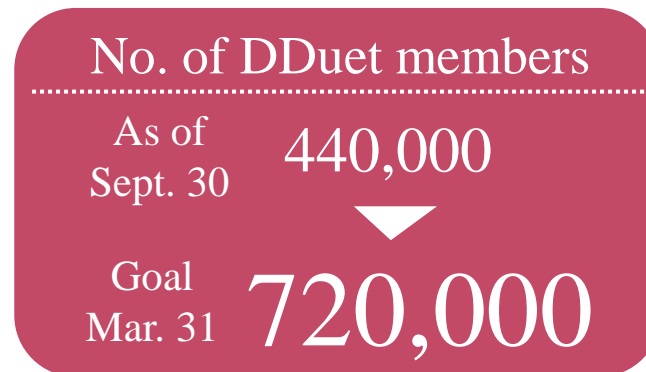
Corporate Profit Structure Reform

- Cost reduction
➔ Cost to sales ratio (consolidated) -3.6 percentage points (from FY2014)

* Changes between April and September 2017

Establish a business model for comprehensive home support service with enhanced customer contact

- ▶ Promote the DDuet membership website → Contact point for non face-to-face customers
- ▶ Tablets for sales representatives → Responding to the various needs of customers
- ▶ Centralize customer information of franchisees → Strengthening marketing



Structure/system to provide comprehensive hygiene management

Hygiene management

- ▶ Increase no. of Hygiene Masters, experts in hygiene control
- ▶ Responding to the needs in hygiene management in comply with HACCP set by each local authorities



No. of Hygiene Masters
registered

As of
Sept. 30 773

Goal
Mar. 31 950



Focus on Technical Service Category



Customer-level Sales

(millions of yen)

	2Q Actual	Change from FY2016 2Q
ServiceMaster	14,300	2.6%
Merry Maids	5,200	3.2%
Terminix	4,400	2.8%
Total Green	1,400	5.0%
Home Repair	20	42.2%
Total	25,300	2.9%

New business

住まいの補修
HomeRepair



▶ The Project to Accept Foreigners Conducting Housekeeping Services in the National Strategic Special Zones

**Work places
(3-year limited term
employment)**

Osaka: 4 (Date of employment: April 16, 2017)

Kanagawa: 4 (Date of employment: April 16, 2017)

Tokyo: 4 (Date of employment: October 1, 2017)



**8 staff for the 1st term working in
Osaka and Kanagawa**

Now expanding to Tokyo

Expand the services for seniors

1. Seniors **in good health**

2. Seniors **in need of assistance**

3. Seniors **in need of care**

Test marketing at Wako Iki-iki Life Service Plaza

Merry Maids
(Housekeeping/private pay)
758 units

Home Instead
(Caregiving/private pay)
107 units

Cross sectional collaboration

Health Rent
(Rental of nursing care/assisted living products and equipment)
144 units

Dust Control business : No. of regular customers: 5.15 million



Responding to the needs of seniors and their family members

Mister Donut

Something good's gonna happen.

Mister Donut

Initiatives for “Something good’s gonna happen.”

Price changes of the popular items



ミスタードーナツ

ボニータリング フコフアジソ

¥108 (税抜¥100) **¥129** (税抜¥120)

そろってます! もそろってます!

おいしい いいこと

バラエティドーナツ

ボニータリング オールドファッション フレンチカルーア エンゼルクリーム チョコリング ゴールドチョコレート

ハニーポップ シュガーレイズド チョコレート ストロベリーリング カスタードクリーム ココアチョコレート ダブルチョコレート

misdo meets 伊勢丹 祇園店

Mister Donut x サライロ

世界のカレーミソ上陸。

misdo x House

Vege Pop

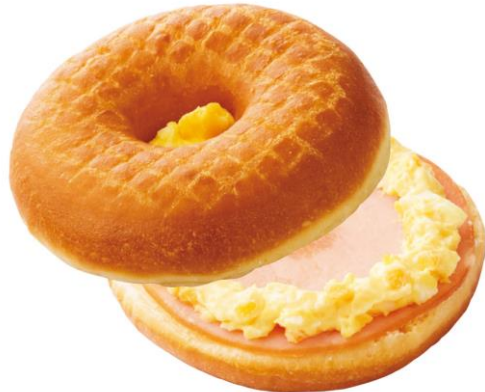


Creating a culture to enjoy meals at Mister Donut



Mister Donut -MISDO GOHAN Phase 1-

[Phase 1] Released on Friday, November 17



Savory Sandwich – Donut with
Ham & Egg Two other fillings



Hot Toast topped with: Egg & Mayonnaise
: Cheese & Tuna



Hot Savory Pie Shrimp Bisque
Three other pies



Hot Sweet Pie: Apple & Custard
: Apple & Cheese

Mister Donut -MISDO GOHAN Phase 2-

[Phase 2] To be released in February 2018



Pasta



ピエトロ
パスタ商品はピエトロの
プロデュースです。



Hot dogs



Muffins



Sandwiches



New ovens introduced to all the shops and leased at free of cost

It enables us to serve the MISDO GOHAN items hot and crispy.



Mister Donut -Introducing Pizza Items-

Partnership with STRAWBERRY CONES Co., LTD.



Mister Donut -Renovation & New Shop Opening-

Initiatives for “Something good’s gonna happen.”
Renovation & new shop opening



Initiatives for “Something good’s gonna happen.”



Comfortable and relaxing time
Welcoming and cozy place to visit

No. of shops renovated
or
newly opened

End of September

82



End of March

121

Other Food Businesses (1)

▶ Katsu & Katsu

Introducing a new restaurant model with 15% less initial investment



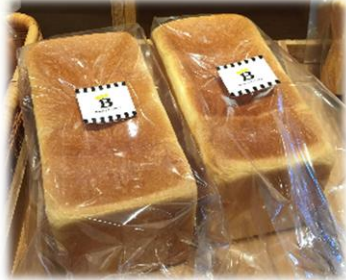
▶ Pie Face

The 4th shop, Eki Marché Osaka opened on August 30.



▶ Bakery Factory

The company-owned manufacturing factory was sold and manufacturing is outsourced.



▶ The Chiffon & Spoon

Rolled out new seasonal items serially



▶ Others

Ice De Lion products are also offered at Mister Donut.

Reference

Non-consolidated

(millions of yen)

	FY2016 1 st Half ended Sept. 30, 2016	FY2017 1 st Half ended Sept. 30, 2017	Change		Reference FY 2016 ended Mar. 31, 2017
				%	
Sales	67,051	65,889	-1,161	-1.7	134,245
Operating Income	1,274	2,974	+1,700	+133.4	4,069
(Operating Margin)	(1.9%)	(4.5%)	(+2.6)	—	(3.0%)
Ordinary Income	2,967	4,767	+1,800	+60.7	6,478
(Ordinary Income Margin)	(4.4%)	(7.2%)	(+2.8)	—	(4.8%)
Net Income	2,098	3,435	+1,336	+63.7	3,723
(Net Profit Margin)	(3.1%)	(5.2%)	(+2.1)	—	(2.8%)

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 and mats
Air Clean	• • •	Air purifiers
Water Clean	• • •	Water purifiers

Care Services (Technical services)

ServiceMaster	• • •	Professional cleaning
Merry Maids	• • •	Housekeeping
Terminix	• • •	Pest control and prevention
Total Green	• • •	Maintaining plants and flowers
Home Repair	• • •	Wall and floor repair

Drink Service • • • Bottled water delivery

Health & Beauty • • • Cosmetics and health food

Home Instead • • • Senior care service

Business Service (Commercial Market)

Rental service through periodic visits

Dust Control	• • •	Mops and mats
Clean Service	• • •	Restroom products
Air Clean	• • •	Air purifiers
Water Clean	• • •	Water purifiers
Wipeful Service	• • •	Wiper cloth

Care Services (Technical services)

ServiceMaster	• • •	Professional cleaning
Terminix	• • •	Pest control and prevention
Total Green	• • •	Maintaining plants and flowers
Home Repair	• • •	Wall and floor repair

Uniform Service • • • Leasing, sales and cleaning

Drink Service • • • Office coffee service

In-store sales

Rent-All • • • Event planning/operation and 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	• • •	Homemade donut shops
MOSDO	• • •	Collaborated shops with MOS BURGER
Katsu & Katsu	• • •	Pork cutlet restaurants
Café Du Monde	• • •	Specializing in café au lait and beignet

Bakery Factory	• •	Suburban type large-scale bakery shops
ICE DE LION	• •	Ice cream specialty stores
The Chiffon & Spoon	• •	Chiffon cake specialty shops
Pie Face	• •	Pie specialty stores

Other Businesses

Duskin Healthcare	Hospital management service
Duskin Kyoeki	Leasing business, insurance services
Overseas businesses	Dust Control, Mister Donut, Big Apple, Duskin Hong Kong

CLS by Business

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

(millions of yen)

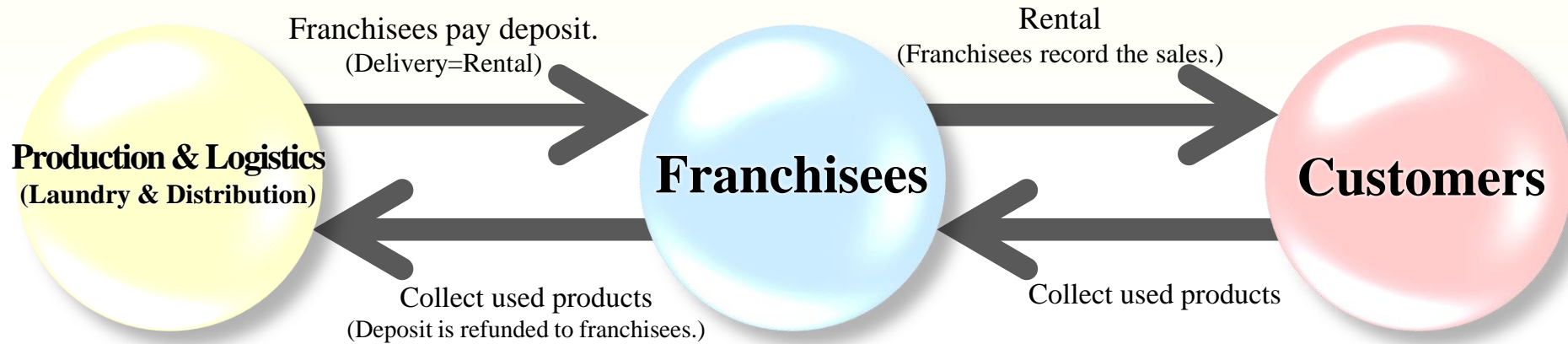
	FY2016 2Q	FY2017 2Q	Increase/Decrease	
			Change	%
Clean & Care Group	136,562	136,357	-204	-0.1%
Dust Control (Domestic)	46,790	45,535	-1,255	-2.7%
Home Service (Residential)	47,560	47,204	-355	-0.7%
Business Service (Commercial)	24,699	25,396	+696	+2.8%
Care Services (Technical services)	(14,028)	(14,375)	(+347)	(+2.5%)
(ServiceMaster)	(5,007)	(5,165)	(+158)	(+3.2%)
(Merry Maids)	(4,329)	(4,449)	(+119)	(+2.8%)
(Terminix)	(1,319)	(1,384)	(+65)	(+5.0%)
(Total Green)	(14)	(20)	(+6)	(+42.2%)
(Home Repair)	1,445	1,486	+40	+2.8%
Health & Beauty	1,856	1,771	-84	-4.6%
Azare Products	1,085	1,103	+17	+1.6%
Home Instead	10,730	11,230	+499	+4.7%
Rent-All	1,582	1,791	+209	+13.2%
Uniform Service	810	837	+26	+3.3%
Drink Service	42,911	39,041	-3,869	-9.0%
Food Group	40,491	37,465	-3,025	-7.5%
Mister Donut (Domestic)	1,753	1,575	-177	-10.1%
Other food businesses	666	---	-666	---
Don	11,980	13,716	+1,736	+14.5%
Other Businesses	1,840	2,320	+479	+26.1%
Dust Control (Overseas)	6,498	6,887	+388	+6.0%
Mister Donut (Overseas)	---	746	+746	---
Big Apple (Overseas)	3,641	3,761	+120	+3.3%
Duskin Healthcare	191,453	189,116	-2,337	-1.2%
Total				

* Other food businesses: Café Du Monde, Katsu & Katsu, Bakery Factory, ICE DE LION, The Chiffon & Spoon, and Pie Face

* MOSDO is included in Mister Donut (Domestic).

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 and subsidiary plants:	13
Franchised plants:	31
Total plants:	44

Company owned and subsidiary units:	90
Franchised units:	1,900
Operation units:	2,000

Sales representatives:	66,500
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Residential customers:	5.15 million
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Commercial customers:	1.2 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 representatives and loyal residential customers.