

Six-month Period Ended Sept. 30, 2019

Financial Report

Duskin Co., Ltd.
November 20, 2019

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.**
- **“Eliminations/Corporate” includes “intersegment eliminations” and “corporate expenses” 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, 2019

Financial Summary

Consolidated Results

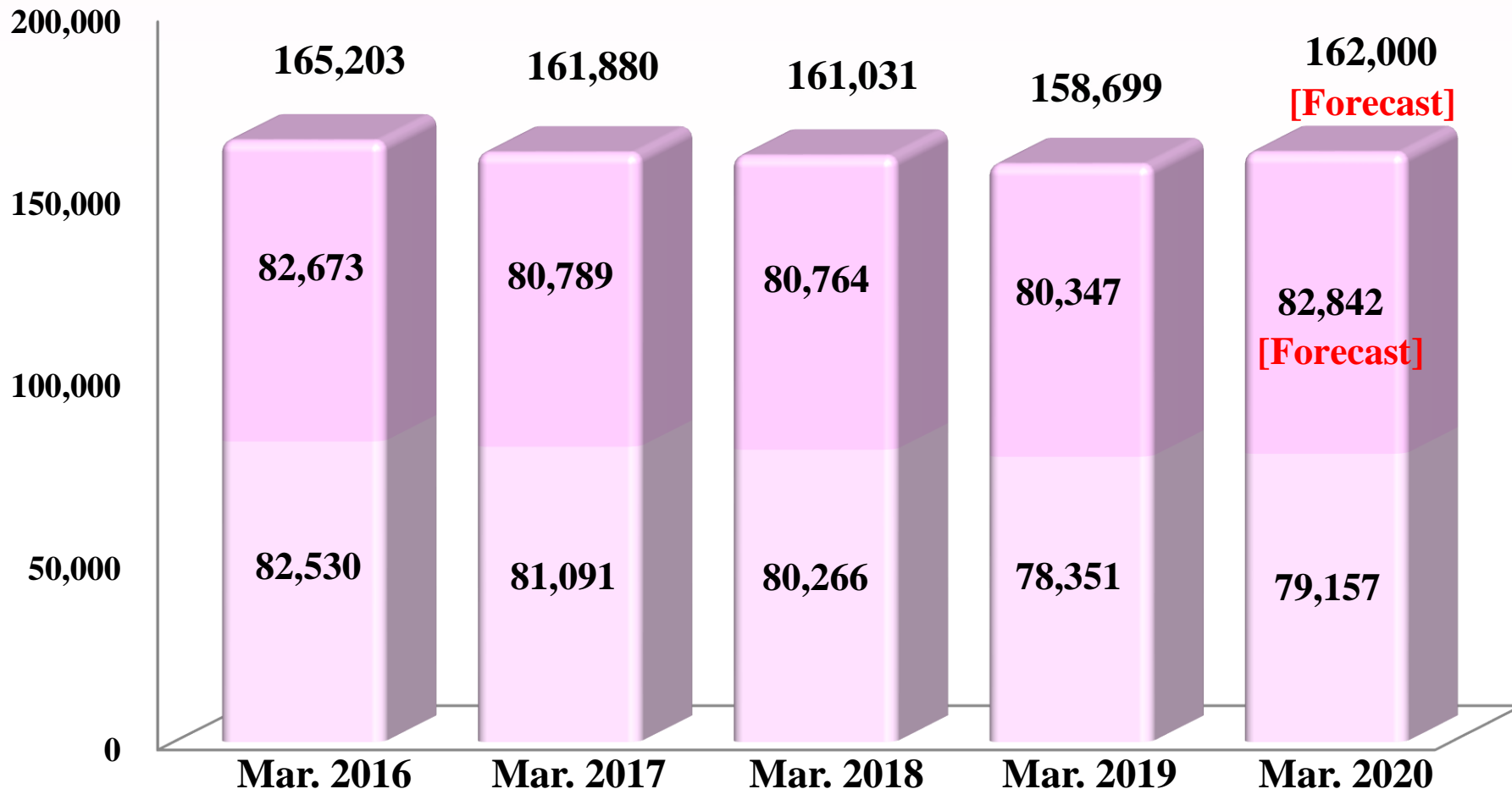
(millions of yen)

	FY2018 1st half ended Sept. 30, 2018	FY2019 1st half ended Sept. 30, 2019	Change		Reference FY2018 ended Mar. 31, 2019
				%	
Sales	78,351	79,157	+805	+1.0	158,699
Operating income	4,378	3,698	-679	-15.5	7,954
(Operating margin)	(5.6%)	(4.7%)	(-0.9)	—	(5.0%)
Ordinary income	5,272	4,115	-1,157	-21.9	10,011
(Ordinary income margin)	(6.7%)	(5.2%)	(-1.5)	—	(6.3%)
Net income	3,394	2,783	-610	-18.0	5,984
(Net income margin)	(4.3%)	(3.5%)	(-0.8)	—	(3.8%)

Consolidated Sales

2nd half
1st half

(millions of yen)



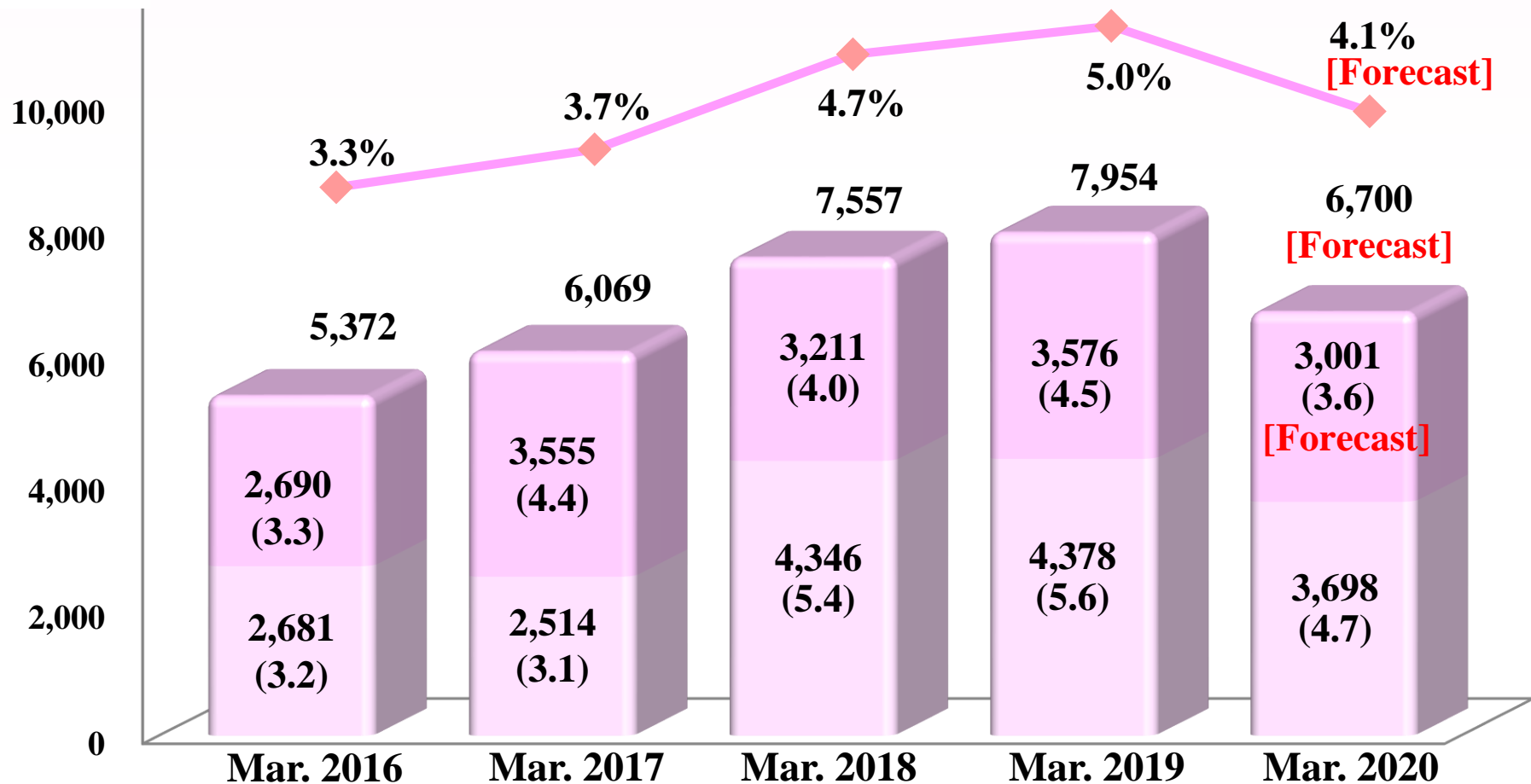
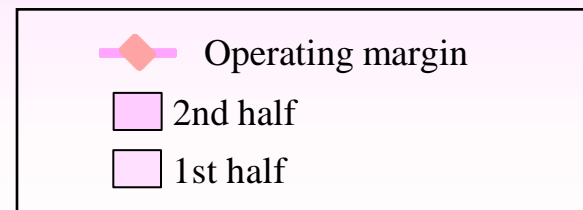
Consolidated Sales

79,157 million yen +805 million yen (+1.0%)

(millions of yen)		FY2018 1st half ended Sept. 30, 2018	FY2019 1st half ended Sept. 30, 2019	Change	
					%
Direct Selling Group	Sales to outside customers	55,120	55,644	+523	+0.9
	Intersegment sales and transfers	361	303	-57	-15.9
	Total	55,481	55,947	+465	+0.8
Food Group	Sales to outside customers	16,998	17,231	+232	+1.4
	Intersegment sales and transfers	4	5	+0	+11.5
	Total	17,003	17,236	+233	+1.4
Other Businesses	Sales to outside customers	6,232	6,281	+49	+0.8
	Intersegment sales and transfers	1,181	997	-184	-15.6
	Total	7,414	7,278	-135	-1.8
Eliminations for intersegment sales and transfers		-1,547	-1,306	+241	—
Consolidated sales		78,351	79,157	+805	+1.0

Consolidated Operating Income

(millions of yen)



Consolidated Operating Income

3,698 million yen -679 million yen (-15.5%)

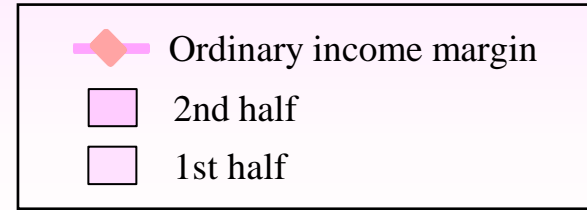
Major factors

- Direct Selling Group : Higher cost ratio, increase in personnel costs attributable to personnel transfers from other segments
- Food Group : Higher gross profit due to increased sales, decrease in expenses
- Other Businesses : Increase in personnel costs due to an increase in Duskin Healthcare personnel
- Eliminations/Corporate : Higher cost of information systems to respond to the consumption tax hike

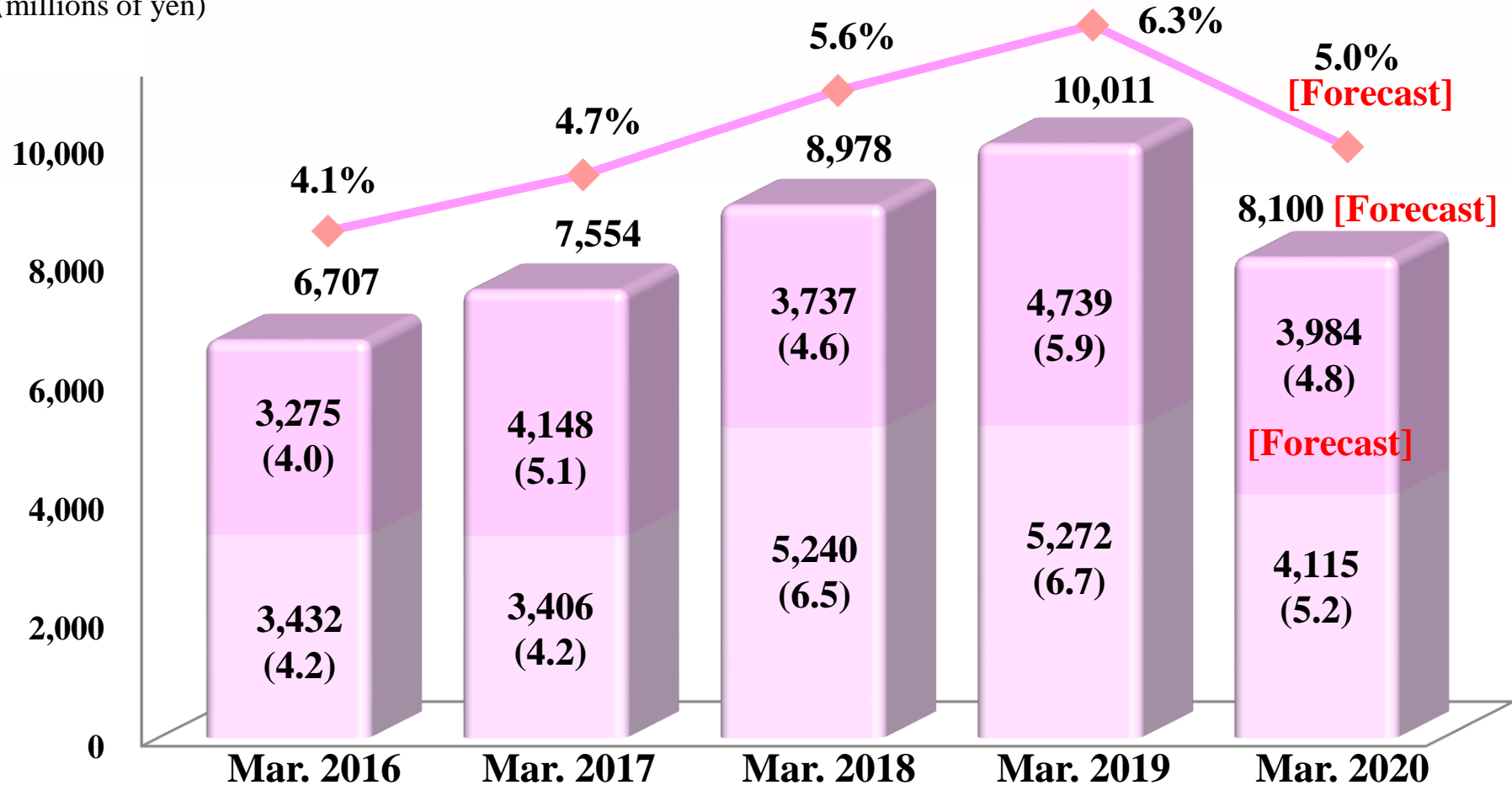
Operating income by segment

	FY2018 1st half ended Sept. 30, 2018 (Operating margin)	FY2019 1st half ended Sept. 30, 2019 (Operating margin)	Change	
				%
Direct Selling Group	7,203 (13.0%)	6,383 (11.4%)	-820	-11.4% (-1.6)
Food Group	4 (0.0%)	411 (2.4%)	+406	+8,782.8% (+2.4)
Other Businesses	261 (3.5%)	239 (3.3%)	-22	-8.5% (-0.2)
Eliminations/Corporate	-3,091	-3,334	-243	—
Consolidated operating income	4,378 (5.6%)	3,698 (4.7%)	-679	-15.5% (-0.9)

Consolidated Ordinary Income



(millions of yen)



Consolidated Ordinary Income

4,115 million yen -1,157 million yen (-21.9%)

Major factors

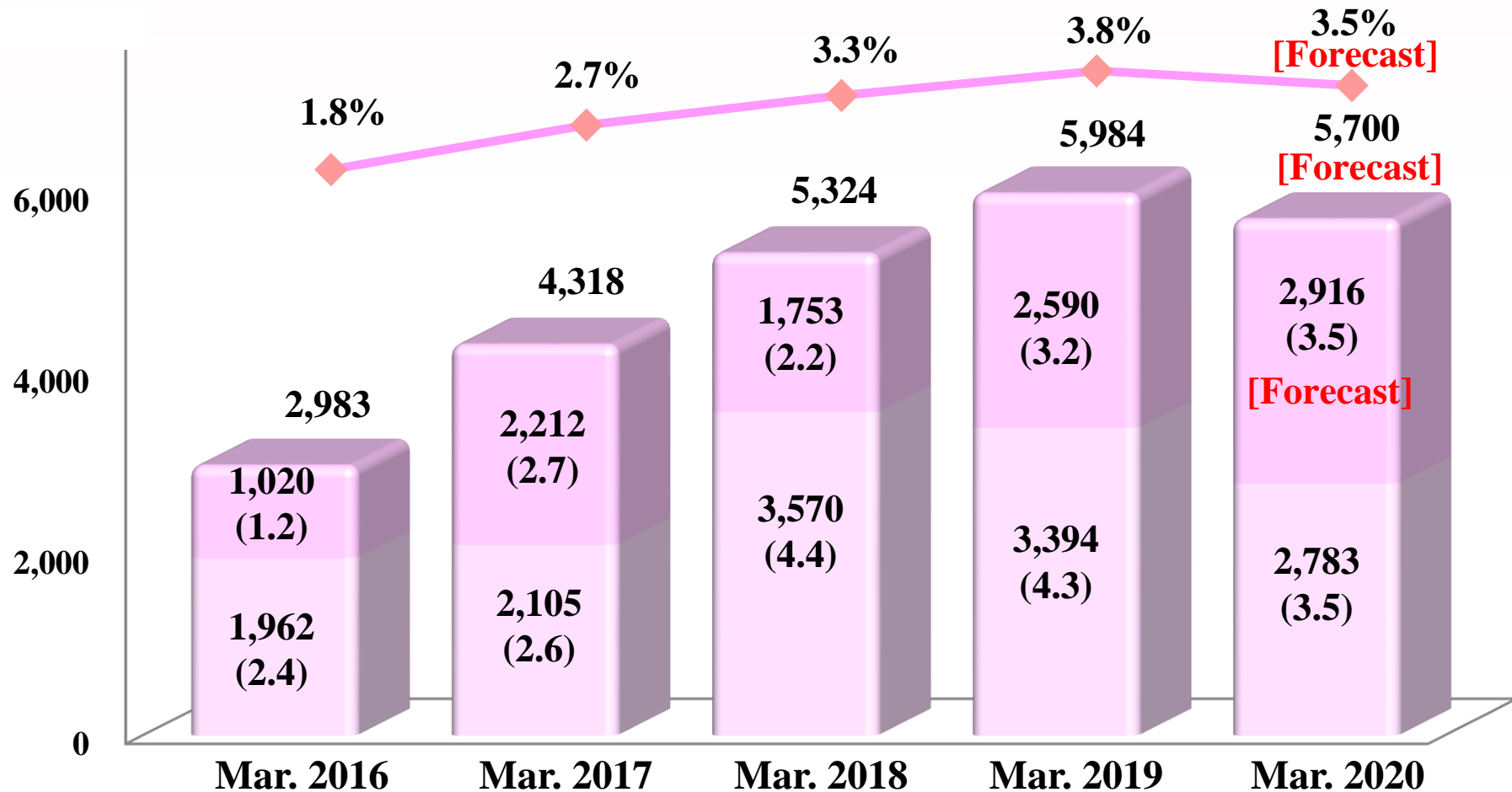
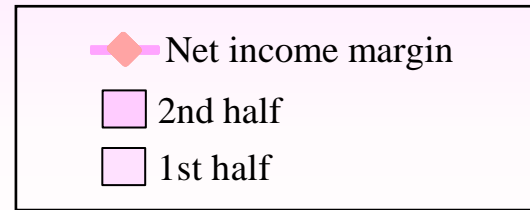
1) Operating income -700 million yen**2) Non-operating income** -500 million yen

- **Share of loss of entities accounted for using equity method (NAC, Duskin South Korea)** -200 million yen
- **Financial income and expenses** -100 million yen
- **Others** -200 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

2,783 million yen -610 million yen (-18.0%)

Major factors

1) Ordinary income	-1,200 million yen
2) Extraordinary income	+200 million yen
➤ Increase in gain on sales of investment securities	+200 million yen
➤ Increase in loss on valuation of investment securities	-150 million yen
➤ Others	+150 million yen
3) Tax expenses	+400 million yen (lower cost)
➤ Tax effect arising from the liquidation of Duskin South Korea	+100 million yen
➤ Others	+300 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, 2019	As of Sept. 30, 2019	Change	Major factors
Current assets	63,948	62,120	-1,827	Cash and deposits -1,100 Notes and accounts receivable - trade +2,100 Securities -4,400 Merchandise and finished goods +1,300
Property, plant and equipment	48,604	50,271	+1,666	Other, net +1,800
Intangible assets	10,556	10,143	-412	Other -400
Investments and other assets	71,114	66,888	-4,225	Investment securities -5,000 Deferred tax assets +400 Guarantee deposits +400
Total assets	194,223	189,423	-4,799	—
Current and non-current liabilities	44,339	41,524	-2,815	Accounts payable - other -2,000 Allowance for loss on liquidation of subsidiaries and affiliates -300 Other -600
Net assets	149,884	147,899	-1,984	Retained earnings +1,700 Treasury shares -2,700 Valuation difference on available-for-sale securities -1,000
Total liabilities and net assets	194,223	189,423	-4,799	—

Summary by Business Segment

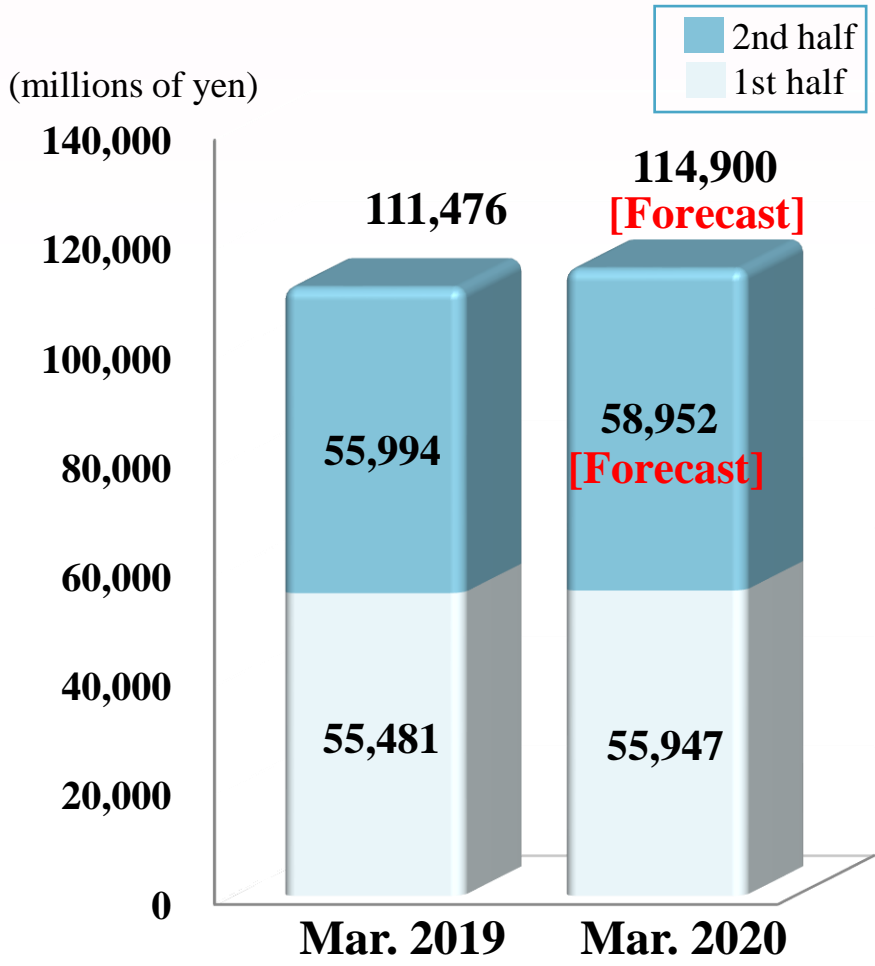
Highlights by Business Segment

(millions of yen)

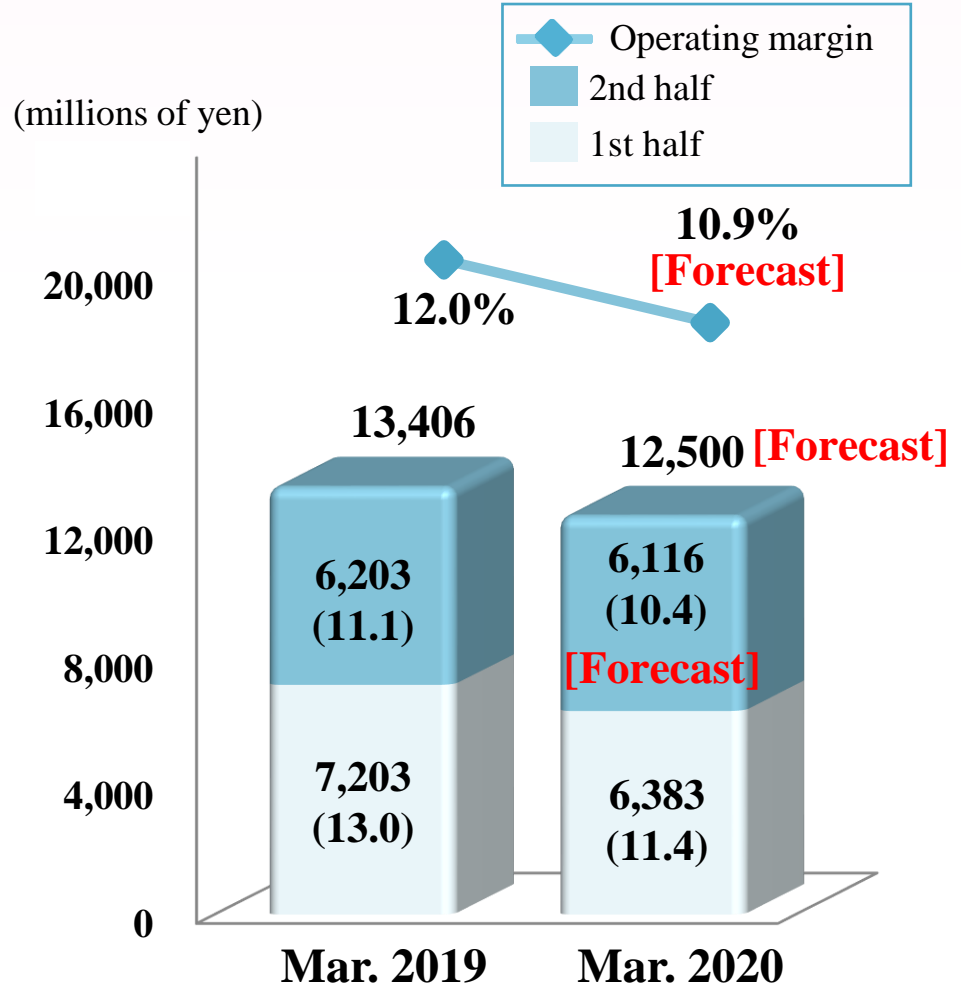
		FY2018		FY2018 1st half ended Sept. 30, 2018		FY2019 1st half ended Sept. 30, 2019		Change	
			Operating margin		Operating margin		Operating margin		%
Direct Selling Group	Sales	111,476	—	55,481	—	55,947	—	+465	+0.8%
	Operating income	13,406	12.0%	7,203	13.0%	6,383	11.4%	-820	-11.4% (-1.6)
Food Group	Sales	35,426	—	17,003	—	17,236	—	+233	+1.4%
	Operating income	320	0.9%	4	0.0%	411	2.4%	+406	+8,782.8% (+2.4)
Other Businesses	Sales	14,858	—	7,414	—	7,278	—	-135	-1.8%
	Operating income	387	2.6%	261	3.5%	239	3.3%	-22	-8.5% (-0.2)
Eliminations/ Corporate	Sales	-3,062	—	-1,547	—	-1,306	—	+241	—
	Operating income	-6,160	—	-3,091	—	-3,334	—	-243	—
Total (consolidated)	Sales	158,699	—	78,351	—	79,157	—	+805	+1.0%
	Operating income	7,954	5.0%	4,378	5.6%	3,698	4.7%	-679	-15.5% (-0.9)

Sales by business segment above include intersegment sales.

Sales



Operating Income



Sales

(millions of yen)	FY2018 2Q	FY2019 2Q	Change	
				%
Sales to outside customers	55,120	55,644	+523	+0.9
Intersegment sales	361	303	-57	-15.9
Total	55,481	55,947	+465	+0.8

Residential market

● **Sales of dust control products slightly declined.**

- Dust control product sales -0.3% (1Q: -3.5%, 2Q: +2.8%)
- Mop product sales -3.9% (1Q: -5.6%, 2Q: -2.2%)
 - Basic Three (including LaLa, Shushu, and Style Cleaner) +0.6%
 - Other handy and floor mops -300 million yen -5.5%
 - Robot Cleaner SiRo -176 million yen -45.8%
- Kitchen Sponges +154 million yen
- Cleaning Tool Box +300 million yen
- Fire extinguisher +112 million yen

● **Sales of cleaning and technical services increased.**

- Total customer-level sales +4.0% (1Q: +2.2%, 2Q: +5.8%)
 - Professional cleaning (ServiceMaster) +2.9% (1Q: +3.6%, 2Q: +2.2%)
 - Home cleaning and helper services (Merry Maids) +2.8% (1Q: +1.0%, 2Q: +4.6%)
 - Termite control (Terminix) +7.1% (1Q: -1.1%, 2Q: +16.0%)
 - Plant and flower maintenance (Total Green) +9.6% (1Q: +1.7%, 2Q: +16.9%)
 - Fixing scratches and dents (Home Repair) +68.2% (1Q: +50.1%, 2Q: +88.0%)

● **Health Rent business (rental of assisted living equipment) continued to perform well.**

- Customer-level sales +6.7% (1Q: +5.9%, 2Q: +7.4%)

Operating Income

(millions of yen)	FY2018 2Q	FY2019 2Q	Change	
				%
Operating income	7,203	6,383	-820	-11.4

➤ Gross profit growth due to increased sales **+200 million yen**

➤ Decline in gross profit resulting from higher cost ratio **-300 million yen**

- Increase in expenses at laundry plants **-200 million yen**

- Increase in up-front cost for new mats and other items for rent **-100 million yen**

➤ Lower operating income due to increased expenses **-700 million yen**

- Increase in outsourcing expenses and personnel expenses attributable to personnel transfers from other segments **-400 million yen**

- Increase in product transportation costs **-100 million yen**

- Increase in promotional expenses including advertising expenses **-100 million yen**

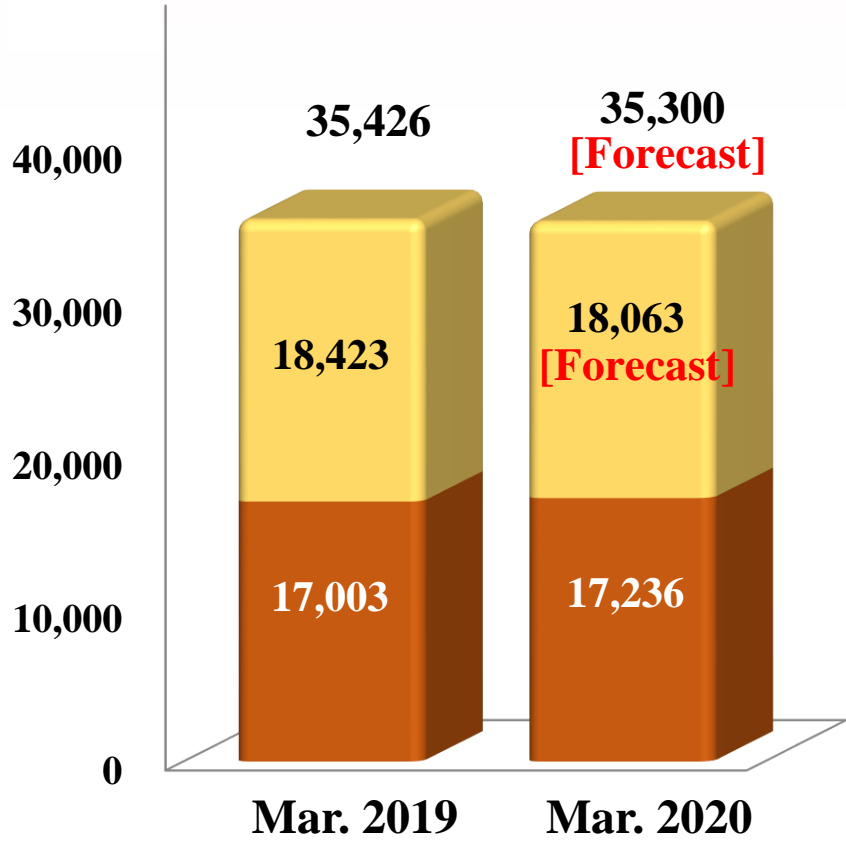
- Others **-100 million yen**

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

Food Group (1)

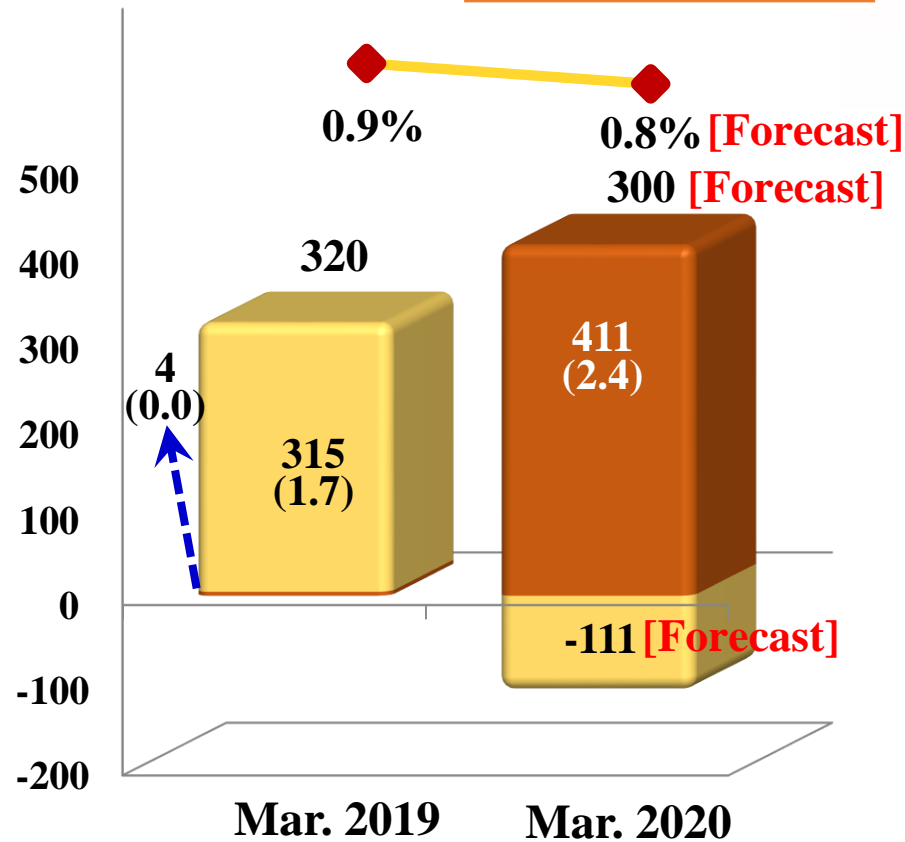
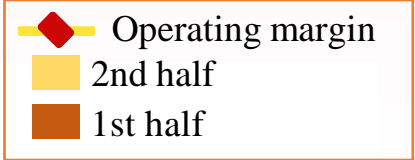
Sales

(millions of yen)



Operating Income

(millions of yen)



Sales

(millions of yen)	FY2018 2Q	FY2019 2Q	Change	
				%
Sales to outside customers	16,998	17,231	+232	+1.4
Intersegment sales	4	5	+0	+11.5
Total	17,003	17,236	+233	+1.4

● Mister Donut

- Total customer-level sales +4.4% (1Q: +3.4%, 2Q: +5.5%)
- Customer-level sales of existing shops +9.7% (1Q: +9.1%, 2Q: +10.4%)
- Sales per shop in operation +11.7% (1Q: +11.0%, 2Q: +12.5%)
 - Increase in average check, decrease in number of customers
Average check (all shops) +6.6%, number of customers (all shops) -2.0%
 - Smaller number of shops in operation
Average number of shops in operation: 1,065 in FY2018 2Q, 992 in FY2019 2Q (Change: -73)
Total business days -6.5%
 - Tapioca Drinks released in April won great popularity, contributing to sales growth.
 - Matcha Sweets Premium and Dojima Roll-Donut Collection, seasonal MISDO Meets items, were also well received.
 - Despite the smaller number of shops in operation, total customer-level sales increased from one year earlier. Customer-level sales of existing shops were also higher than one year earlier.

● Other food businesses

- Customer-level sales

Bakery Factory	-13.4% due to the smaller number of customers
The Chiffon & Spoon	-33.2% due to the smaller number of shops (-1)
Pie Face	-13.6% due to the smaller number of shops (-1)
Katsu & Katsu	+1.0%

Operating Income

(millions of yen)	FY2018 2Q	FY2019 2Q	Change	
				%
Operating income	4	411	+406	+8,782.8

➤ Gross profit growth due to increased sales **+100 million yen**

➤ Gross profit growth resulting from improved cost ratio **+150 million yen**

➤ Higher profit attributable to lower expenses **+150 million yen**

- Increase in depreciation **-100 million yen**
- Decrease in rent expenses on land and buildings **+50 million yen**
- Other expenses **+200 million yen**

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

Other Businesses

(millions of yen)	FY2018 2Q	FY2019 2Q	Change	
				%
Sales to outside customers	6,232	6,281	+49	+0.8
Intersegment sales	1,181	997	-184	-15.6
Total	7,414	7,278	-135	-1.8
Operating income	261	239	-22	-8.5

- Duskin Kyoeki operating leasing and insurance businesses posted lower sales and income.
 - Lease agreements decreased as the contracts of the head office PCs and branch systems changed to re-lease agreements.
- Duskin Healthcare, which provides management services to medical facilities, recorded higher sales and lower income.
 - Sales rose due to additional sales to existing customers, but income declined resulting from higher personnel costs.
- Overseas businesses (consolidated subsidiaries) posted lower sales and higher income.
 - Mister Donut discontinued its business in Shanghai (closed all stores at the end of March 2019).
 - Duskin Shanghai performed well due to an increase in new commercial customers.

Eliminations/Corporate

(millions of yen)	FY2018 2Q	FY2019 2Q	Change	
				%
Operating income	-3,091	-3,334	-243	—

- Corporate
 - Higher system expenses to respond to consumption tax hike -200 million yen
 - Increase in retirement benefits -100 million yen

Overseas Businesses

➤ Customer-level sales

		Jan. - June	Jan. - June	Change	
		2018	2019		%
Dust Control Care Services	Taiwan (millions of NTD)	593	632	+39	+6.6%
	Shanghai (millions of CNY)	13	18	+4	+32.8%
	South Korea (millions of KRW)	648	784	+136	+21.0%
Mister Donut	Taiwan (millions of NTD)	494	501	+7	+1.5%
	Shanghai (millions of CNY)	9	2	-6	-70.7%
Big Apple	Malaysia (millions of MYR)	27	24	-3	-11.8%

Mister Donut Shanghai closed all of its shops at the end of March 2019.

Duskin South Korea (PULMUONE DUSKIN CO., LTD.) discontinued its business at the end of October 2019.

Forecasts and Actual Results

Consolidated

Note: Change from the forecast announced on May 15, 2019

(millions of yen)

	Sales	Operating income	Ordinary income	Net income
Forecast (May 15)	79,700	3,500	3,900	2,500
Actual	79,157	3,698	4,115	2,783
Difference (%)	-542 (-0.7)	+198 (5.7)	+215 (5.5)	+283 (11.4)

Sales: Major factors contributing to the difference

(millions of yen)

• Direct Selling Group	[Dust Control -200, Care Services -100, Others -100]	-400
• Food Group	[Mister Donut business +300, Other food businesses -300]	+000
• Others	[Duskin Kyoeki -100]	-100

Operating income: Major factors contributing to the difference

(millions of yen)

• Direct Selling Group	Lower gross profit due to lower sales	-200	-100
	Higher cost ratio	-100	
	Lower cost of Robot Cleaner SiRo	+100	
	Lower cost of Style Cleaner	+100	
• Food Group	Lower cost ratio	+100	+300
	Promotional expenses unused and carried forward	+200	
• Others	Lower gross profit attributable to discontinuation of Mister Donut Shanghai business	-100	-100
• Eliminations/Corporate	Lower personnel expenses	+300	+100
	Higher systems expenses	-200	

FY2019 Forecasts

Consolidated

Note: No change is made to the FY2019 forecasts announced on May 15, 2019.

(millions of yen)

	Sales	Operating income	Ordinary income	Net income
FY2018 actual	158,699	7,954	10,011	5,984
FY2019 forecast	162,000	6,700	8,100	5,700
Difference from FY2018 actual (%)	+3,300 (2.1)	-1,254 (-15.8)	-1,911 (-19.1)	-284 (-4.8)

Non-consolidated

(millions of yen)

	Sales	Operating income	Ordinary income	Net income
FY2018 actual	129,592	5,254	8,529	5,198
FY2019 forecast	130,700	4,000	7,400	5,800
Difference from FY2018 actual (%)	+1,107 (0.9)	-1,254 (-23.9)	-1,129 (-13.2)	+601 (11.6)

By Business Segment - 2nd Half Comparison with the same period of the previous year

(millions of yen)

		FY2019 forecast		FY2018 - 2nd half actual		FY2019 - 2nd half forecast <small>(Full-year forecast - 1st half actual)</small>		Change	
			Operating margin		Operating margin		Operating margin		%
Direct Selling Group	Sales	114,900	—	55,994	—	58,952	—	+2,957	+5.3%
	Operating income	12,500	10.9%	6,203	11.1%	6,116	10.4%	-86	-1.4% (-0.7)
Food Group	Sales	35,300	—	18,423	—	18,063	—	-360	-2.0%
	Operating income	300	0.8%	315	1.7%	-111	-0.6%	-426	-135.3% (-2.3)
Other Businesses	Sales	15,000	—	7,444	—	7,721	—	+276	+3.7%
	Operating income	300	2.0%	126	1.7%	60	0.8%	-65	-51.8% (-0.9)
Eliminations/ Corporate	Sales	-3,200	—	-1,514	—	-1,893	—	-378	—
	Operating income	-6,400	—	-3,068	—	-3,065	—	+3	—
Total (consolidated)	Sales	162,000	—	80,347	—	82,842	—	+2,494	+3.1%
	Operating income	6,700	4.1%	3,576	4.5%	3,001	3.6%	-574	-16.1% (-0.8)

Sales by business segment above include intersegment sales.

By Business Segment - 2nd Half Comparison with the business plan

(millions of yen)

		FY2019 forecast		FY2019 - 2nd half plan		FY2019 - 2nd half forecast (Full-year forecast - 1st half actual)		Change	
			Operating margin		Operating margin		Operating margin		%
Direct Selling Group	Sales	114,900	—	58,400	—	58,952	—	+552	+0.9%
	Operating income	12,500	10.9%	6,000	10.3%	6,116	10.4%	+116	+1.9% (+0.1)
Food Group	Sales	35,300	—	18,100	—	18,063	—	-36	-0.2%
	Operating income	300	0.8%	200	1.1%	-111	-0.6%	-311	-155.6% (-1.7)
Other Businesses	Sales	15,000	—	7,400	—	7,721	—	+321	+4.3%
	Operating income	300	2.0%	0	—	60	0.8%	+60	— (+0.8)
Eliminations/ Corporate	Sales	-3,200	—	-1,600	—	-1,893	—	-293	—
	Operating income	-6,400	—	-3,000	—	-3,065	—	-65	—
Total (consolidated)	Sales	162,000	—	82,300	—	82,842	—	+542	+0.7%
	Operating income	6,700	4.1%	3,200	3.9%	3,001	3.6%	-198	-6.2% (-0.3)

Sales by business segment above include intersegment sales.

Returns to Shareholders

Dividends per share (Actual & Forecasts)

(Yen)	FY2017	FY2018	FY2019 (forecast)
End of 2nd quarter	20	30	24
Year end	20	20	32
Total (annual)	40	50	56
Total dividend (millions of yen)	2,137	2,643	2,858
Consolidated dividend ratio (%)	40.1	44.5	50.2

Consolidated dividend ratio is calculated per share.

Share Repurchase

Announced on February 12, 2019

Period: February 14, 2019 to July 31, 2019

Maximum number of shares to purchase: 1,500,000

Maximum amount of shares to purchase: 4,000 million yen

	No. of shares purchased	Amount
FY2018	493,700	1,324 million yen
FY2019 (1st half)	962,700	2,675 million yen
Total	1,456,400	3,999 million yen

(As of September 30, 2019)

Number of shares held by the company: 1,642,641 (3.1%)

Total number of shares issued: 52,694,823

Medium-Term Management Policy 2018

Medium-Term Management Policy 2018

Basic Policy

New growth

Develop existing businesses

Strengthen the corporate structure



Goals

(FY2020)

(millions of yen)

Consolidated sales	165,000	+6,300 over FY2018
Consolidated operating income	8,200	+300 over FY2018

**Develop existing businesses
(Direct Selling Group)**

Residential market

From a household service provider to a lifestyle partner

DDuet

Foster closer cooperation between customer touchpoints and channels and establish a structure to serve customers throughout every stage of their lives

Members: 744,000 as of March 31, 2019

895,000 as of September 30, 2019



Credit card payment

Make more customers aware of the option of using credit cards instead of cash for payments

Usage rate: 4.2% as of March 31, 2019

5.4% as of September 30, 2019

**Develop existing businesses
(Direct Selling Group)**

Commercial market

**From a supporter to a business partner
in sanitation management**

Area of focus: the sanitation management market

Train and increase Hygiene Masters

1,406 as of March 31, 2019

1,588 as of September 30, 2019



**Provide facility management know-how
including professional kitchen sanitation.**

**Develop existing businesses
(Direct Selling Group)**

Center for co-creation

Duskin Laboratory (opened in May 2019)

A place to create Daily Life Fine-Tuning experiences beyond the boundaries of consumers, franchisees, and employees



3

1000
DUS-LAB

DUSKIN
LABORATORY

Develop existing businesses (Food Group)

Mister Donut

Shop opening and renovation

1) Existing markets (existing shops)

Renovated and relocated existing shops in response to changing environments

2) Untapped markets (new shop openings)

Accelerated shop openings with new business packages, targeting markets that Mister Donut has not yet penetrated

Takeout-only shops in major railway stations and suburban station buildings



Eat-in cafés in major cities



Drive-thru stores at suburban roadsides



The option to have a kitchen or not makes it possible to open shops in different types of locations.

Results at the end of September 30, 2019

Renovated: 27 shops

Opened: 4 shops

Goals

Renovate: 125 shops

Open: 31 shops

**Develop existing businesses
(Food Group)**

Mister Donut

Product strategies: MISDO Meets and MISDO GOHAN



MISDO Meets, products developed with companies with leading techniques and high-quality materials



Gion Tsujiri
Product category:
Matcha Sweets Premium



Mon cher Co., Ltd.
Product name:
Dojima Roll Donut



Enhance meal sets for customer convenience



- Improve products and meal sets to establish MISDO GOHAN as staple menu items

New growth

New business

Duskin Wash (laundry service)

- **Full service** **Washing, drying, and folding**
- **Self service**
(laundry machines) **Flat-rate use (membership system)
or one-time use**
- **Self service (DIY equipment rental) and workshops**

A space where users can clean and repair their favorite clothes



Strengthen the
corporate structure

Corporate governance

■ Improve corporate governance

- Directors Evaluation Committee was established as an advisory body for the Board of Directors to consider the appointment and remuneration of directors. The Committee consists of only independent directors.
- Compliant with all 78 principles of Japan's Corporate Governance Code formulated by the Tokyo Stock Exchange

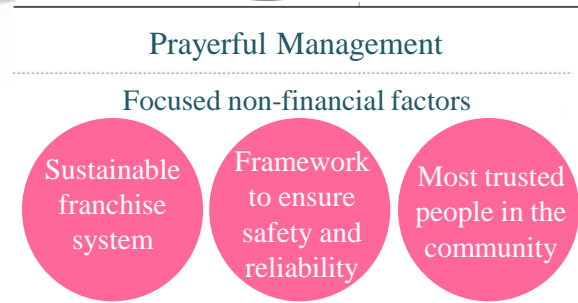
Strengthen the corporate structure

Capital policy

- **Achieve sustainable growth and medium- to long-term improvement in corporate value, balancing three elements: higher capital efficiency, maintenance of a solid financial foundation, and consistent returns to shareholders**
 - Returns to shareholders
 - Dividend payments that are stable and consist, with a target consolidated payout ratio of 50% for each fiscal year
 - Share repurchase to enhance shareholders' value per share and return on equity

Creating Shared Value (CSV) Initiatives

Our society faces many complex issues, for example, those caused by an aging population and global warming. To tackle these issues, Duskin aims to create shared value (CSV) and achieve a society in which people can live fruitful and happy lives.



Contribution to SDGs

Focused CSV areas and policy

Social value and contribution to SDGs

Franchise network

Provide solutions to contribute to sustainable development of local communities while meeting diversifying needs in an aging society along with changes in work and life styles

Supply chain

Ensure safety and reliability and increase sustainability in a disaster or an accident

Recycling-oriented society

Build a recycling-oriented model to optimize resource use

Action on climate change

Optimize traveling, transportation, and energy use in the whole value chain

Diversity and inclusion

Create new value and excellence by effectively responding to the changing business environment and diversifying consumer needs

- Ease the burden of household chores and home cleaning
- Support seniors living at home and alleviate the burden of family caregivers
- Contribute to building a community comfortable to live in
- Ensure food safety and reliability
- Maintain steady delivery of products and services
- Contribute to a recycling-oriented society by providing rental items that are continuously in use
- Increase the recycling of food waste and reduce food waste
- Curb the use of disposable plastic that causes marine pollution
- Mitigate climate change by cutting greenhouse gas emissions
- Increase diversity of the workplace by including more people of different backgrounds to create greater opportunities for all
- Contribute to economic development by helping employees live fulfilling lives




Sustainable Development of Society



Eco-Friendliness



Human Resource Development

Reference

Non-consolidated

(millions of yen)

	FY2018 1st half ended Sept. 30, 2018	FY2019 1st half ended Sept. 30, 2019	Change		Reference FY2018 ended Mar. 31, 2019
				%	
Sales	63,829	63,298	-530	-0.8	129,592
Operating income	2,987	2,252	-734	-24.6	5,254
(Operating margin)	(4.7%)	(3.6%)	(-1.1%)	—	(4.1%)
Ordinary income	5,196	4,835	-360	-6.9	8,529
(Ordinary income margin)	(8.1%)	(7.6%)	(-0.5%)	—	(6.6%)
Net income	3,714	3,780	+66	+1.8	5,198
(Net income margin)	(5.8%)	(6.0%)	(+0.2)	—	(4.0%)

Business Summary by Segment

Direct Selling 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 (professional cleaning and technical services)

ServiceMaster	...	Professional cleaning
Merry Maids	...	Home cleaning and helper services
Terminix	...	Pest control and prevention
Total Green	...	Plant and flower maintenance
Home Repair	...	Wall and floor repair

Drink Service ... Mineral water delivery

Health & Beauty ... Cosmetics and health foods

Duskin Life Care ... 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 (professional cleaning and technical services)

ServiceMaster	...	Professional cleaning
Terminix	...	Pest control and prevention
Total Green	...	Plant and flower maintenance
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

Bakery Factory ... Suburban type large-scale bakery shops

ICE DE LION Ice cream specialty stores

The Chiffon & Spoon .. Chiffon cake

Pie Face Pie specialty shop

Others

Duskin Healthcare

Hospital management service

Duskin Kyoeki

Leasing business, insurance services

Overseas

Dust Control, Mister Donut
Big Apple, Duskin Hong Kong

CLS by Business

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

(millions of yen)

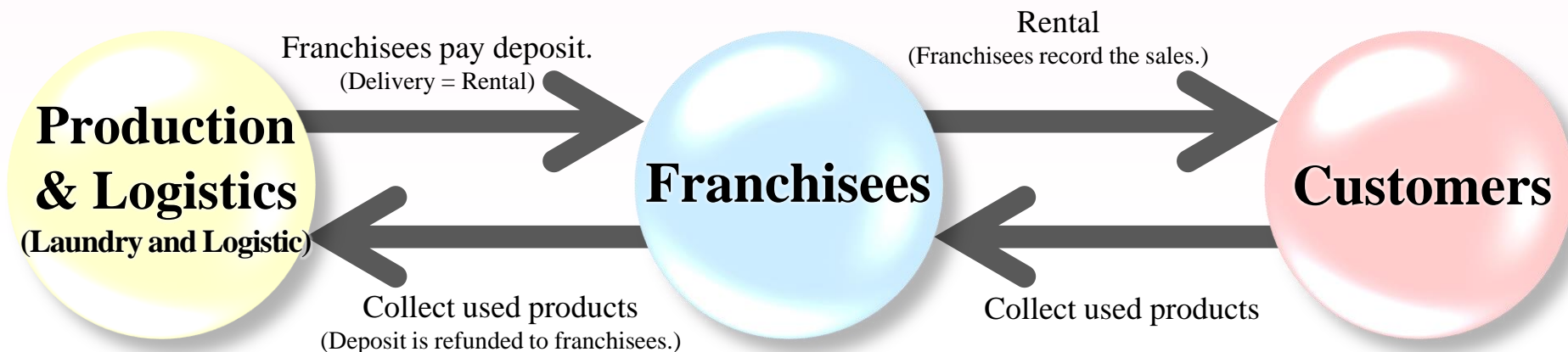
	FY2018 2Q	FY2019 2Q	Increase/Decrease	
			Change	%
Direct Selling Group	135,446	137,423	+1,976	+1.5%
Dust Control (Domestic) Home Service (Residential)	44,419	44,576	+157	+0.4%
Business Service (Commercial)	47,248	47,143	-105	-0.2%
Care Services (Cleaning and technical services)	25,909	26,725	+816	+3.2%
(ServiceMaster)	(14,722)	(15,038)	(+315)	(+2.1%)
(Merry Maids)	(5,272)	(5,420)	(+147)	(+2.8%)
(Terminix)	(4,478)	(4,672)	(+194)	(+4.3%)
(Total Green)	(1,386)	(1,518)	(+132)	(+9.5%)
(Home Repair)	(49)	(75)	(+26)	(+53.1%)
Health & Beauty	1,295	1,291	-4	-0.4%
Azare Products	1,719	1,929	+210	+12.3%
Duskin Life Care	1,076	1,058	-17	-1.6%
Rent-All	7,133	7,755	+621	+8.7%
Health Rent	4,889	5,214	+325	+6.7%
Uniform Service	1,754	1,727	-27	-1.6%
Food Group	36,662	38,126	+1,464	+4.0%
Mister Donut (Domestic) *3	35,291	36,849	+1,557	+4.4%
Other food businesses *2	489	386	-102	-20.9%
Katsu & Katsu	881	890	+8	+1.0%
Other Businesses	13,986	14,181	+195	+1.4%
Dust Control (Overseas) *1	2,434	2,562	+128	+5.3%
Donuts (Overseas, including Big Apple) *1	7,587	7,449	-137	-1.8%
Duskin Healthcare	3,963	4,168	+205	+5.2%
Total	186,094	189,731	+3,636	+2.0%

*2 Other food businesses consist of Bakery Factory, Ice de Lion, The Chiffon & Spoon and Pie Face.

*3 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: 32

Total plants: 45

Company owned and
subsidiary units: 90
Franchised units: 1,900

Operation units: 2,000

Sales
representatives:
63,000

Residential
customers:
4.7 million

Commercial
customers:
1.2 million

The numbers above include plants dedicated for laundry or distribution.

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 facilitates face-to-face sales activities and includes extensive relationships between sales representatives and loyal residential customers.