Summary of Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2020 (Japanese Standards)

All information contained in this document has been prepared in accordance with generally accepted accounting principles in Japan.
This document has been translated from the Japanese original for reference purpose only.

February 7, 2020

Company name: Duskin Co., Ltd. Shares listed: Tokyo
Code number: 4665 (URL https://www.duskin.co.jp/corp/index.html)
Representative: Teruji Yamamura, President & CEO
Contact: Hiroyuki Okubo, Operating Officer, Manager, Corporate Planning Phone: (06) 6821-5071

Scheduled date of filing quarterly report: February 12, 2020
Scheduled date of dividend payment: -
Preparation of supplemental explanatory materials: No
Holding of quarterly financial results meeting: No

(Amounts less than one million yen are dropped.)

1. Consolidated financial results for the period from April 1, 2019 to December 31, 2019

(1) Results of operation

(Percentages indicate the change against the same period of the previous fiscal year.)

	Sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
9 months ended Dec. 31, 2019	121,668	0.6	6,389	-13.1	7,297	-17.0	5,538	1.8
9 months ended Dec. 31, 2018	120,968	-1.6	7,351	2.0	8,793	3.9	5,439	-3.9

(Note) Comprehensive income: Dec. 31, 2019: 3,934 million yen (-48.5%) Dec. 31, 2018: 7,641 million yen (-15.7%)

	Profit per share	Profit per share (fully diluted)
	yen	yen
9 months ended Dec. 31, 2019	108.17	108.14
9 months ended Dec. 31, 2018	101.77	101.76

(2) Financial position

	Total assets	Net assets	Ratio of equity to total assets
	millions of yen	millions of yen	%
As of Dec. 31, 2019	187,308	147,028	78.3
As of Mar. 31, 2019	194,223	149,884	77.0

(Reference) Shareholders' equity: Dec. 31, 2019: 146,736 million yen Mar. 31, 2019: 149,627 million yen

2. Dividends

	Dividends per share				
	End of 1st Q	End of 2nd Q	End of 3rd Q	Year-end	Total (Annual)
	yen	yen	yen	yen	yen
Year ended Mar. 31, 2019	—	30.00	—	20.00	50.00
Year ending Mar. 31, 2020	—	24.00			
Year ending Mar. 31, 2020 (Forecast)			—	32.00	56.00

(Note) Revision of forecast for dividend recently announced: None
Dividends at the end of second quarter of the fiscal year 2018: ordinary dividend 20 yen, commemorative dividend 10 yen

3. Forecast of consolidated financial results for the FY2019 (April 1, 2019 - March 31, 2020)

(Percentages indicate the change against the same period of the previous fiscal year.)

	Sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen
Year ending Mar. 31, 2020	162,000	2.1	6,700	-15.8	8,100	-19.1	5,700	-4.8	113.02

(Note) Revision of forecast for consolidated financial results recently announced: None

Notes

(1) Changes in significant subsidiaries during the period (Changes in specific subsidiaries resulting in an adjustment to the scope of consolidation): None

(2) Adoption of special accounting methods for preparation of quarterly consolidated financial statements: Yes
Please refer to 2. Consolidated financial statements (3) Notes to consolidated financial statements (Adoption of special accounting methods for preparation of consolidated financial statements) on page 10.

(3) Changes in accounting principles and estimates, and retrospective restatements
1) Changes due to revision of accounting standards: None
2) Changes other than 1) above: None
3) Changes in accounting estimates: None
4) Retrospective restatements: None

(4) Number of shares issued (Common stock)

1)	Number of shares issued at the end of the period (including treasury shares)	9 months ended Dec. 31, 2019	52,694,823	Year ended Mar. 31, 2019	52,694,823
2)	Number of treasury shares at the end of the period	9 months ended Dec. 31, 2019	2,263,417	Year ended Mar. 31, 2019	679,822
3)	Average number of shares during the period (during the quarter)	9 months ended Dec. 31, 2019	51,202,545	9 months ended Dec. 31, 2018	53,444,965

This summary of financial statements is exempt from the quarterly review by certified public accountants or audit corporations.

Explanation regarding the appropriate use of business forecasts
(Note for the financial forecast)
The financial forecast contained in this report is based on information available at the time of preparation of the report and certain assumptions considered reasonable, and thus Duskin makes no warranty as to the achievability of the forecast. Readers are advised that actual results may differ significantly from the forecast.

Contents of attachment:

1. Qualitative information

(1) Business results

In the first nine months of fiscal 2019 (April 1 to December 31, 2019), Japan's economy recovered slowly as the upturn in consumer spending continued with the support of improvements in the labor market, personal income and strong corporate earnings. However, there is growing uncertainty about the global economy because of increasing U.S.-China trade friction, political instability in many countries and other reasons. Furthermore, there are concerns about the impact of Japan's consumption tax hike in October 2019. As a result, the economic outlook is becoming increasingly unclear.

Duskin is implementing initiatives in the second year of Medium-Term Management Policy 2018. With the goal of providing a Daily Life Fine-Tuning Service, Direct Selling Group is concentrating on measures to strengthen cooperation among the dust control product rental business, Care Service Businesses (professional cleaning and technical services), services for seniors and other business units. The group launched new initiatives to become a source of comprehensive services that are in tune with every family's daily rhythm, including the launch of a new business, Duskin Wash (laundry service). In Care Service Businesses, the number of franchisees has been steadily increasing as a result of franchise recruitment activities in order to meet growing demand. Food Group is continuing to rebuild the Mister Donut brand by implementing a product strategy that is encouraging more customers to visit a Mister Donut shop and by opening and renovating shops.

Direct Selling Group recorded lower sales and Food Group sales were higher. As a result, consolidated sales increased 699 million yen (0.6%) to 121,668 million yen. However, operating profit decreased 962 million yen (13.1%) from the same period of the previous fiscal year to 6,389 million yen. This is mainly due to an increase in personnel expenses and IT system-related expenses in response to the consumption tax hike. Net non-operating income declined. Consolidated ordinary profit decreased 1,495 million yen (17.0%) from the same period of the previous fiscal year to 7,297 million yen. NAC Co., Ltd., which became an equity-method affiliate in September 2018, is our largest franchisee, and its main business, the housing business, has a significant impact on earnings. NAC tends to post most of its earnings in the second half of each fiscal year and to have a loss in the first half. NAC's results have been included in the consolidated financial statements since the second half of the previous fiscal year. As a result, this company's usual first half loss was included in the first half consolidated financial statements for the first time in this fiscal year. This is the major reason for the decline in net non-operating income. Profit attributable to owners of parent increased by 99 million yen (1.8%) to 5,538 million yen. This was mainly attributable to an improvement in extraordinary income due to a gain on sales of investment securities resulting from the partial sale of investment securities and a decrease in impairment losses, as well as to a decrease in tax expenses resulting from the commencement of liquidation procedures for an overseas affiliate.

(millions of yen)

	9 months ended Dec. 31, 2018	9 months ended Dec. 31, 2019	Increase/decrease	
				%
Consolidated sales	120,968	121,668	699	0.6
Consolidated operating profit	7,351	6,389	-962	-13.1
Consolidated ordinary profit	8,793	7,297	-1,495	-17.0
Profit attributable to owners of parent	5,439	5,538	99	1.8

Result by business segment
Sales

(millions of yen)

	9 months ended Dec. 31, 2018	9 months ended Dec. 31, 2019	Increase/decrease	
				%
Direct Selling Group	85,617	85,146	-471	-0.6
Food Group	26,535	27,678	1,142	4.3
Other Businesses	11,185	10,879	-305	-2.7
Total	123,338	123,704	365	0.3
Eliminations for inter-segment sales and transfers	-2,370	-2,036	334	―
Consolidated sales	120,968	121,668	699	0.6

Sales by business segment above include intersegment sales.

Operating profit (loss)

(millions of yen)

	9 months ended Dec. 31, 2018	9 months ended Dec. 31, 2019	Increase/decrease	
				%
Direct Selling Group	11,369	9,435	-1,934	-17.0
Food Group	260	1,227	966	370.5
Other Businesses	338	333	-5	-1.5
Total	11,969	10,997	-972	-8.1
Eliminations for inter-segment sales and transfers, and corporate expense	-4,617	-4,607	10	―
Consolidated operating profit	7,351	6,389	-962	-13.1

Operating profit or loss above includes intersegment transactions.

(1) Direct Selling Group

Care Service Businesses, Rent-All business (rental of household items and equipment for various events) and Health Rent business (rental and sale of assisted-living and healthcare products) posted higher sales. However, Direct Selling Group sales decreased by 471 million yen (0.6%) to 85,146 million yen mainly due to a decrease in sales of dust control products, our main product category. Operating profit decreased 1,934 million yen (17.0%) to 9,435 million yen due to higher expenses for personnel, IT systems and other items.

Activities in the dust control product category are focused on numerous initiatives for retaining customers. In the residential market, the group conducted activities to make more customers aware of the option of using credit cards instead of cash for payments in order to meet customers’ demands and offer greater convenience. Another activity is measures to increase the number of members on the DDuet membership website. Despite these measures, residential dust control product sales were down from one year earlier due to the big impact of the longer than usual holiday period at the beginning of May and October consumption tax hike. Sales of mops, the largest component of dust control products, decreased, but there were contributions to sales from bathroom showerhead water purifiers, which were a priority of sales activities, and from fire extinguishers due to replacement demand for extinguishers that had reached their expiration dates. In the commercial market, we continued our focus on business environment convenience for our customers. To provide comprehensive solutions for sanitary management, we continued to conduct training programs for increasing the number of

Hygiene Masters with advanced sanitary management knowledge. However, the long holiday period also impacted the performance of commercial products and a high-volume customer decided to end its service contract. As a result, sales of dust control products for commercial use were slightly lower than one year earlier.

In the Care Service Businesses, sales increased due to higher customer-level sales for ServiceMaster (professional cleaning services), Merry Maids (home cleaning and helper services), Terminix (pest control and comprehensive hygiene management), Total Green (plant and flower care services), and Home Repair (fixing scratches and dents). Uniform-related services posted lower sales because a strong demand for uniform replacements contributed to the sales in the previous fiscal year. Sales of cosmetics-related businesses were lower because sales of cosmetics and health foods, excluding basic cosmetics, declined. Life Care business (living support services for seniors) also recorded lower sales.

(2) Food Group

At Mister Donut, the core business of Food Group, newly introduced products were all very successful, while the number of shops decreased because of closings of unprofitable locations. As a result, there was a significant increase in customer-level sales per shop in operation and total customer-level sales from one year earlier. Food Group sales increased 1,142 million yen (4.3%) to 27,678 million yen. Operating profit increased 966 million yen (370.5%) to 1,227 million yen from the same period of the previous fiscal year, due mainly to an increase in gross profit because of higher sales and a decrease in operating expenses.

Mister Donut continued to focus on sales of MISDO Meets items jointly developed with companies with leading techniques and high-quality ingredients. Mister Donut collaborated with Gion Tsujiri, a Kyoto green tea specialty brand, in the first quarter, and Mon cher, a well-known patisserie, in the second quarter. In the third quarter, Mister Donut released Shinjuku Nakamuraya The Gourmet Pie, which was developed with Shinjuku Nakamuraya, a well-known restaurant with a long history. All of these items were well received and contributed to sales growth.

In addition, Tapioca Drinks, which are popular chiefly among young women, were launched in April to strengthen the selection of drinks and desserts during summer, when the demand is low. Sales of Tapioca Drinks have been consistently strong since April. Other contributors to sales growth were the MISDO HALLOWEEN PARTY Donuts, and the Sweet Potato Donuts, which were released in September. Made with Anno potato powder, the Sweet Potato Donuts are an innovative seasonal product featuring the taste and texture of real sweet potatoes. MISDO Pokémon donuts were released in collaboration with Pokémon Company during the Christmas season and were very well received. “MISDO de Party Chu Collection” with merchandise featuring popular character, was very popular. As a result, customer-level sales per store in operation increased significantly.

The consumption tax hike and smaller number of locations impacted other food service businesses. Katsu & Katsu pork cutlet specialty restaurants recorded the same level of sales as in the same period of the previous year. Sales of Bakery Factory, large bakery shops, Pie Face, specialty pie stores, and the Chiffon & Spoon, specialty chiffon cake shops were lower. At consolidated subsidiary Hachiya Dairy Products, which produces OEM ice cream and other products sold by large dairy product companies, sales decreased because of cooler than usual early summer weather.

(3) Other Businesses

Sales increased at consolidated subsidiaries in Japan, Duskin Kyoeki Co., Ltd., a leasing and insurance agency company, and Duskin Healthcare Co., Ltd., which provides medical facility management services. Total sales of consolidated subsidiaries outside Japan decreased. Sales increased at Duskin Shanghai Co., Ltd. and decreased at Duskin Hong Kong Co., Ltd., which procures raw materials and equipment. Because Mister Donut Shanghai Co., Ltd. completed the closure of all of its shops at the end of March 2019, sales decreased. Sales of Big Apple Worldwide Holdings Sdn. Bhd., which operates donut shops mainly in Malaysia, were lower due to a decline in existing store sales. As a result, sales of Other Businesses decreased 305 million yen (2.7%) from the same period of the previous fiscal year to 10,879 million yen. There was a decrease in the operating loss for overseas operations, a decrease in earnings at Duskin Healthcare caused mainly by higher personnel expenses. As a result, operating profit decreased 5 million yen (1.5%) to 333 million yen.

Customer-level sales outside Japan were higher in the Direct Selling businesses in all overseas regions where these businesses operate: Taiwan, China (Shanghai) and South Korea. Customer-level sales at Mister Donut were lower in China (Shanghai) and Thailand, unchanged in Taiwan, and higher in the Philippines and Indonesia. Customer-level sales of Big Apple Worldwide Holdings decreased.

Segment sales figures do not include consumption tax.

(2) Financial position

Total assets at the end of the third quarter were 187,308 million yen, a 6,915 million yen decrease from the end of the previous fiscal year. This is mainly due to increases of 3,898 million yen in notes and accounts receivable-trade, 1,643 million yen in property, plant and equipment, and 1,447 million yen in merchandise and finished goods. There were decreases of 8,344 million yen in investment securities and 6,996 million yen in securities.

Total liabilities amounted to 40,279 million yen, a decrease of 4,059 million yen from the end of the previous fiscal year. This was attributable to decreases of 2,023 million yen in accounts payable-other and 1,501 million yen in provision for bonuses.

Net assets totaled 147,028 million yen, 2,855 million yen decrease from the end of the previous fiscal year. This was mainly due to an increase of 4,528 million yen in treasury shares, which are deducted from net assets, due to the repurchase of stock and a 1,558 million yen decrease in valuation difference on available-for-sale securities.

(3) Forecast

No revisions have been made to the forecast for consolidated results of operations for FY2019 (April 1, 2019 - March 31, 2020) that was announced on May 15, 2019.

The outbreak of the new coronaviruses in China and confirmed infections in Japan have created concerns about the further spread of this disease. This may have an impact on our business performance. We will promptly disclose any necessary revisions to our earnings forecasts.

2. Consolidated financial statements

(1) Consolidated balance sheets

(millions of yen)

	As of March 31, 2019	As of December 31, 2019
Assets		
Current assets		
Cash and deposits	15,881	15,762
Notes and accounts receivable - trade	10,211	14,110
Lease receivables and investments in leases	1,196	1,195
Securities	23,404	16,408
Merchandise and finished goods	7,994	9,442
Work in process	193	258
Raw materials and supplies	1,459	1,611
Other	3,635	4,676
Allowance for doubtful accounts	-28	-37
Total current assets	63,948	63,426
Non-current assets		
Property, plant and equipment		
Buildings and structures	43,062	43,405
Accumulated depreciation	-27,024	-27,659
Buildings and structures, net	16,038	15,745
Machinery, equipment and vehicles	25,326	25,561
Accumulated depreciation	-18,620	-18,541
Machinery, equipment and vehicles, net	6,706	7,020
Land	22,663	22,731
Construction in progress	574	194
Other	12,125	14,171
Accumulated depreciation	-9,503	-9,615
Other, net	2,621	4,556
Total property, plant and equipment	48,604	50,248
Intangible assets		
Goodwill	429	374
Other	10,127	9,827
Total intangible assets	10,556	10,201
Investments and other assets		
Investment securities	62,458	54,114
Long-term loans receivable	0	—
Deferred tax assets	2,092	2,413
Guarantee deposits	5,543	5,973
Other	1,048	957
Allowance for doubtful accounts	-30	-26
Total investments and other assets	71,114	63,432
Total non-current assets	130,275	123,881
Total assets	194,223	187,308

(millions of yen)

	As of March 31, 2019	As of December 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,845	6,791
Income taxes payable	1,308	860
Provision for bonuses	3,491	1,990
Provision for loss on disaster	―	43
Asset retirement obligations	9	5
Accounts payable - other	8,730	6,706
Guarantee deposit received for rental products	9,206	9,649
Other	4,738	4,647
Total current liabilities	34,330	30,694
Non-current liabilities		
Retirement benefit liability	8,191	8,068
Asset retirement obligations	585	590
Long-term guarantee deposits	786	791
Long-term accounts payable - other	26	34
Deferred tax liabilities	75	74
Reserves for losses on liquidation of subsidiaries and affiliates	329	15
Other	14	10
Total non-current liabilities	10,009	9,585
Total liabilities	44,339	40,279
Net assets		
Shareholders' equity		
Share capital	11,352	11,352
Capital surplus	11,091	11,091
Retained earnings	118,075	121,329
Treasury shares	−1,565	−6,094
Total shareholders' equity	138,954	137,680
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,920	8,361
Deferred gains or losses on hedges	−1	−0
Foreign currency translation adjustment	−139	−244
Remeasurements of defined benefit plans	894	939
Total accumulated other comprehensive income	10,673	9,056
Share acquisition rights	18	40
Non-controlling interests	237	251
Total net assets	149,884	147,028
Total liabilities and net assets	194,223	187,308

(2) Consolidated statements of income and statements of comprehensive income

Consolidated statements of income

(millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Net sales	120,968	121,668
Cost of sales	65,710	66,202
Gross profit	55,257	55,465
Selling, general and administrative expenses	47,905	49,076
Operating profit	7,351	6,389
Non-operating income		
Interest income	213	135
Dividend income	329	340
Rental income from facilities	121	125
Commission income	153	140
Share of profit of entities accounted for using equity method	277	－
Miscellaneous income	574	409
Total non-operating income	1,670	1,151
Non-operating expenses		
Interest expenses	6	0
Rental expenses on facilities	58	78
Cancellation penalty	30	53
Share of loss of entities accounted for using equity method	－	19
Miscellaneous loss	134	92
Total non-operating expenses	229	244
Ordinary profit	8,793	7,297
Extraordinary income		
Gain on sales of non-current assets	5	1
Gain on sales of investment securities	66	1,108
Reversal of reserves for losses on liquidation of subsidiaries and affiliates	－	116
Insurance claim income	184	0
Other	9	4
Total extraordinary income	265	1,231
Extraordinary losses		
Loss on sales of non-current assets	－	0
Loss on abandonment of non-current assets	113	64
Impairment loss	376	57
Loss on disaster	146	41
Provision for loss on disaster	－	43
Loss on sales of investment securities	211	－
Loss on valuation of investment securities	－	151
Other	6	5
Total extraordinary losses	855	365
Profit before income taxes	8,203	8,163
Income taxes	2,830	2,610
Profit	5,373	5,553
Profit (loss) attributable to non-controlling interests	-66	15
Profit attributable to owners of parent	5,439	5,538

Consolidated statements of comprehensive income

(millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Profit	5,373	5,553
Other comprehensive income		
Valuation difference on available-for-sale securities	-1,150	-1,559
Deferred gains or losses on hedges	1	—
Foreign currency translation adjustment	-16	-58
Remeasurements of defined benefit plans, net of tax	3,462	38
Share of other comprehensive income of entities accounted for using equity method	-29	-39
Total other comprehensive income	2,268	-1,619
Comprehensive income	7,641	3,934
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,708	3,920
Comprehensive income attributable to non-controlling interests	-66	13

(3) Notes to consolidated financial statements

(Notes on going concern assumption)

None.

(Note on significant change in shareholders' equity)

Duskin purchased 962,700 shares of treasury stock in accordance with the Board of Directors resolution of February 12, 2019, and 620,200 shares of treasury shares in accordance with the Board of Directors resolution of November 28, 2019. As a result, treasury shares increased 4,528 million yen to 6,094 million yen at the end of the third quarter.

(Adoption of special accounting methods for preparation of quarterly consolidated financial statements)

Tax expenses of consolidated subsidiaries are calculated by determining a reasonable estimate of the effective tax rate after the application of tax effect accounting for profit before income taxes in the first three quarters of the fiscal year and then multiplying that rate by the applicable profit before income taxes.

(Segment information)

Segment information

I Nine-month period (April 1, 2018 - December 31, 2018)

1. Sales, profit (loss) by business segment

(millions of yen)

	Direct Selling Group	Food Group	Other Businesses (Note: 1)	Total	Adjustment (Note: 2)	Consolidated total (Note: 3)
Sales						
To outside customers	85,044	26,527	9,395	120,968	−	120,968
Inter-segment sales and transfers	572	8	1,789	2,370	-2,370	−
Total	85,617	26,535	11,185	123,338	-2,370	120,968
Segment income (loss)	11,369	260	338	11,969	-4,617	7,351

(Notes)
1. Other Businesses are comprised of the businesses that are not categorized in reportable business segments, including office equipment and vehicle leasing, insurance agent services, hospital management services, and overseas businesses.
2. Segment loss adjustments of -4,617 million yen include a 53 million yen elimination for inter-segment sales and transfers and -4,671 million yen of corporate expenses that cannot be allocated to a particular business segment.
3. Segment income (loss) has been adjusted for consistency with operating profit that is shown in the quarterly consolidated statements of income.

2. Impairment loss of non-current assets or goodwill by business segment

(Significant impairment loss on non-current assets)

In the Food Group segment, the impairment loss on fixed assets was 376 million yen.

(Significant changes in the amount of goodwill)

None.

The amortization of goodwill during the first nine months of FY2018 and the balance of goodwill at the end of third quarter are as follows:

(millions of yen)

	Direct Selling Group	Food Group	Other Businesses	Eliminations or corporate	Consolidated total
Amortization	122	4	8	−	135
Balance (Note)	343	26	87	−	458

(Note) Goodwill at the end of the third quarter includes 343 million yen in Direct Selling Group, 26 million yen in Food Group, resulting from the purchase by Duskin and its subsidiaries of the business operations of several franchisees, and 87 million yen in Other Businesses for Big Apple Worldwide Holdings Sdn. Bhd., which was acquired in February 2017.

(Significant gain on negative goodwill)

None.

II Nine-month period (April 1, 2,019 to December 31, 2019)

1. Sales, profit (loss) by business segment

(millions of yen)

	Direct Selling Group	Food Group	Other Businesses (Note: 1)	Total	Adjustment (Note: 2)	Consolidated total (Note: 3)
Sales						
To outside customers	84,663	27,670	9,334	121,668	—	121,668
Inter-segment sales and transfers	482	8	1,545	2,036	-2,036	—
Total	85,146	27,678	10,879	123,704	-2,036	121,668
Segment income (loss)	9,435	1227	333	10,997	-4,607	6,389

(Notes)
1. Other Businesses are comprised of the businesses that are not categorized in reportable business segments, including office equipment and vehicle leasing, insurance agent services, hospital management services, and overseas businesses.
2. Segment loss adjustments of -4,607 million yen include a 37 million yen elimination for inter-segment sales and transfers and -4,644 million yen of corporate expenses that cannot be allocated to a particular business segment.
3. Segment income (loss) has been adjusted for consistency with operating profit that is shown in the quarterly consolidated statements of income.

2. Impairment loss of non-current assets or goodwill by business segment

(Significant impairment loss on non-current assets)
None.
(Significant changes in the amount of goodwill)
None.

The amortization of goodwill during the first nine months of FY2019 and the balance of goodwill at the end of the third quarter are as follows:

	Direct Selling Group	Food Group	Other Businesses	Eliminations or corporate	Consolidated total
Amortization	140	4	7	—	152
Balance (Note)	284	20	70	—	374

(Notes) Goodwill at the end of the third quarter includes 284 million yen in Direct Selling Group, 20 million yen in Food Group, resulting from the purchase by Duskin and its subsidiaries of the business operations of several franchisees, and 70 million yen in Other Businesses for Big Apple Worldwide Holdings Sdn. Bhd., which was acquired in February 2017.

(Significant gain on negative goodwill)
None.