Summary of Consolidated Financial Results for the First Three Months of the Fiscal Year Ending March 31, 2021 (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.

August 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, Director & Operating Officer, Manager, Corporate Planning
Scheduled date of filing quarterly report: August 11, 2020 Phone: (06) 6821-5071
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, 2020 to June 30, 2020

(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	%
3 months ended June 30, 2020	36,081	-8.2	793	-61.2	1,320	-38.7	-386	—
3 months ended June 30, 2019	39,301	-0.3	2,046	-11.6	2,155	-23.6	1,193	-35.5

(Note) Comprehensive income: June 30, 2020: 533 million yen (-%) June 30, 2019: -95 million yen (-%)

	Profit per share	Profit per share (fully diluted)
	yen	yen
3 months ended June 30, 2020	-7.83	—
3 months ended June 30, 2019	23.14	23.13

(2) Financial position

	Total assets	Net assets	Ratio of equity to total assets
	millions of yen	millions of yen	%
As of June 30, 2020	179,013	140,999	78.6
As of Mar. 31, 2020	185,158	142,031	76.6

(Reference) Shareholders' equity: June 30, 2020: 140,720 million yen Mar. 31, 2020: 141,739 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, 2020	—	24.00	—	32.00	56.00
Year ending Mar. 31, 2021	—				
Year ending Mar. 31, 2021 (Forecast)		20.00	—	20.00	40.00

(Note) Revision of forecast for dividend recently announced: None

3. Forecast of consolidated financial results for the FY2020 (April 1, 2020 - March 31, 2021)

(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
6 months ending Sept. 30, 2020	68,030	-14.1	-2,220	—	-1,820	—	-3,490	—	-70.74
Year ending Mar. 31, 2021	145,900	-8.3	-1,660	—	-510	—	-2,180	—	-44.19

(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
i. Changes due to revision of accounting standards: None
ii. Changes other than i. above: None
iii. Changes in accounting estimates: None
iv. Retrospective restatements: None

(4) Number of shares issued (Common stock)

i.	Number of shares issued at the end of the period (including treasury shares)	3 months ended June 30, 2020	50,994,823	Year ended Mar. 31, 2020	50,994,823
ii.	Number of treasury shares at the end of the period	3 months ended June 30, 2020	1,650,179	Year ended Mar. 31, 2020	1,659,839
iii.	Average number of shares during the period (during the quarter)	3 months ended June 30, 2020	49,337,391	3 months ended June 30, 2019	51,579,583

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 three months of fiscal 2020 (April 1 to June 30, 2020), the Japanese economy was faced with an extremely challenging situation due to a rapid downturn caused by COVID-19. The situation was especially difficult in April and May, when the government declared a state of emergency. Consumer spending declined sharply due to requests to avoid outings and calls for temporary business closures. After the state of the emergency was lifted, the economy was expected to start recovering. The government eased in stage coronavirus restrictions and rules on activities; economic activities gradually increased and consumer spending stopped declining in June. However, the outlook remains uncertain as the duration of the COVID-19 pandemic cannot be predicted.

FY2020, the final year of Medium-Term Management Policy 2018, is an important year for us to address the remaining challenges in the policy. Considering the radical change in our business environment, our top priority is to ensure the safety of customers. We will also make every effort to deliver on our firm commitment to maintain the Duskin franchise chain. With measures to evolve into a provider of Daily Life Fine-Tuning Services and increase cooperation across business lines as the basis of business activities, Direct Selling Group focused in the first quarter on preparing for post-coronavirus campaigns and product development to meet the steadily increasing need for cleaning and sanitation services. Mister Donut, the core business of Food Group, celebrated its 50th anniversary on January 27—the day Duskin's founder decided to start this business in Japan. Under the theme of "Excel above and beyond," Mister Donut was initially preparing for initiatives and plans to transcend the achievements of the past 50 years. However, we instead prioritized measures involving COVID-19 during the first quarter. As dine-in demand is decreasing, we focused on meeting takeout demand with products such as MISDO Meets items, which have been popular in recent years. Another COVID-19 response is the installation of doors on all "cafeteria-style" showcases for donuts, which allow customers to select donuts themselves. We plan to complete these installations by the end of this fiscal year.

To continue strengthening corporate governance across the entire company, we are currently reviewing the Operating Officer System to clarify managerial roles and responsibilities. We have also started implementing the successor development plan that was created in the previous fiscal year.

Consolidated sales decreased 3,220 million yen (8.2%) year-on-year to 36,081 million yen due to lower sales caused by COVID-19 at both Direct Selling Group and Food Group. Due to the lower sales, consolidated operating profit decreased 1,252 million yen (61.2%) from a year earlier to 793 million yen. Consolidated ordinary profit decreased 834 million yen (38.7%) from the previous year to 1,320 million yen. Non-operating income significantly improved due to higher earnings at NAC Co., Ltd., an equity-method affiliate. Profit attributable to owners of parent decreased 1,579 million yen from a year earlier to a loss of 386 million yen. This was mainly attributable to a higher special loss due to relief payments of 1,661 million yen to franchisees severely affected by COVID-19.

(millions of yen)

	3 months ended June 30, 2019	3 months ended June 30, 2020	Increase/decrease	
				%
Consolidated sales	39,301	36,081	-3,220	-8.2
Consolidated gross profit	18,182	16,119	-2,062	-11.3
Consolidated operating profit	2,046	793	-1,252	-61.2
Consolidated ordinary profit	2,155	1,320	-834	-38.7
Profit (loss) attributable to owners of parent	1,193	-386	-1,579	—

Result by business segment

Sales (millions of yen)

	3 months ended June 30, 2019	3 months ended June 30, 2020	Increase/decrease	%
Direct Selling Group	27,507	25,595	-1,912	-7.0
Food Group	8,727	7,539	-1,188	-13.6
Other Businesses	3,727	3,886	159	4.3
Total	39,962	37,021	-2,941	-7.4
Elimination for intersegment sales and transfers	-660	-939	-279	―
Consolidated sales	39,301	36,081	-3,220	-8.2

Sales by segment above include intersegment sales.

Operating profit (loss) (millions of yen)

	3 months ended June 30, 2019	3 months ended June 30, 2020	Increase/decrease	%
Direct Selling Group	3,165	2,102	-1,063	-33.6
Food Group	284	-195	-479	―
Other Businesses	174	209	34	19.8
Total	3,624	2,116	-1,508	-41.6
Elimination for intersegment sales and transfers, and corporate expense	-1,578	-1,322	255	―
Consolidated operating profit	2,046	793	-1,252	-61.2

Operating profit or loss above include intersegment transactions.

i. Direct Selling Group

In Direct Selling Group, sales decreased 1,912 million yen, or 7.0%, from one year earlier to 25,595 million yen as a result of the severe impact of COVID-19 on its businesses. Operating profit decreased 1,063 million yen, or 33.6%, to 2,102 million yen.

In residential dust control business, sales of alcohol sanitizers and other sanitization-related products increased as people have become more conscious of the need for rigorous and frequent cleaning and disinfection to lower the risk of infections. Bathroom showerhead water purifiers, which we have been promoting since the previous fiscal year, performed well because of many promotional activities using TV commercials and online videos. However, sales of our mainstay mop products were lower than one year ago. This was chiefly because the pandemic restricted our sales activities for acquiring new customers. Another reason was postponements by existing customers of replacements of mops with new ones.

Sales of dust control products for commercial use also decreased. This was because of cancellations and postponements of replacing mats and other products with new ones at our customers' restaurants and stores in response to requests from local governments for temporary business closures after the state of emergency was declared. However, sales of sanitation management products such as Clear Kukan air purifiers and Welpas Mild hand disinfectant grew because of the increased need for a clean environment and sanitation due to COVID-19. Another reason was the full enactment of the Amended Health Promotion Act (No. 78 of 2018) in April.

In professional cleaning and technical services business, many scheduled services were suspended at customers' restaurants or shops because of requests for temporary business closures and for individuals to stay home. Customer-level sales increased at Total Green (plant and flower care services), which mainly provides outdoor services, and Home Repair (fixing scratches and dents), which increased the number of franchisees. Customer-level sales decreased at ServiceMaster (professional cleaning services), Merry Maids (home cleaning and helper services) and Terminix (pest control and comprehensive sanitary management). As a result, total sales of professional cleaning and technical services decreased.

In other businesses of Direct Selling Group, sales were higher at Health Rent (rental and sale of assisted-living and healthcare products). Sales were substantially lower at Rent-All (rental of household items and equipment for various events), although this business grew steadily in previous years. Sales were down because the COVID-19 crisis had the greatest impact on this business by forcing postponements and cancellations of many events. Sales were lower at Life Care (living support services for seniors), uniform-related business and cosmetics-related businesses due to COVID-19.

ii. Food Group

At Mister Donut, the core business of Food Group, customer-level sales declined because of reduced sales of raw materials to franchisees as well as lower royalty fees. This was caused by temporary shop closures and shorter operating hours due to COVID-19. As a result, total sales of Food Group decreased 1,188 million yen (13.6%) from one year earlier to 7,539 million yen. Due to the significant impact of lower sales, an operating loss of 195 million yen was recorded, compared with an operating profit of 284 million yen in the same period of the previous fiscal year.

Mister Donut increased takeout sales. However, total customer-level sales were down significantly because of a large decrease in eat-in sales as well as a smaller number of shops in operation. Initially we continued our efforts to bring customers into shops with the enhanced MISDO GOHAN meal items, which we launched in 2017. Included in the enhancement were revisions to our Yum-cha, pasta and hot dog menu items. Due to the large impact of temporary shop closures, shorter business hours, and the smaller number of seats caused by COVID-19, the number of customers eating at shops decreased significantly.

The number of takeout customers grew amid COVID-19. The average purchase also increased because of the larger number of items purchased. Recently, Mister Donut has focused on sales of MISDO Meets items, which are jointly produced by pastry chef Toshihiko Yoroizuka, a native of Uji, Kyoto, Gion Tsujiri, a Kyoto green tea specialty brand, and Mister Donut. The new MISDO Meets items Matcha No Itadaki Series and Matcha No Odoroki Series were released in April and May and were well received by customers. Pon De Bread, which was added to the MISDO GOHAN lineup in June, was also popular. This new item that combines the shape of Pon De Ring donuts with a soft and chewy texture also contributed to takeout sales growth. We also continued to strengthen the selection of drinks. Sales of Tapioca Drinks, which were popular in the previous fiscal year, remained strong in the first quarter as well. However, sales of TAIWAN KACHA fruit tea were lower than planned because the brand is not sufficiently recognized in Japan. Fruit tea beverages were developed under the guidance of HOPECHA, a popular tea brand in Taipei, and launched in May.

In other food service businesses, sales at Katsu & Katsu pork cutlet specialty restaurants, Pie Face specialty pie stores and Chiffon & Spoon specialty chiffon cake shops were lower because we were forced to temporarily close our shops and restaurants, just as at Mister Donut. Sales of Bakery Factory, which operates large bakery shops, were higher as the number of stores increased.

iii. Other Businesses

Sales increased at consolidated subsidiary Duskin Kyoeki Co., Ltd., which is a leasing and insurance agency company in Japan. This growth was mainly attributable to higher leasing sales because Mister Donut started updating its shop operating system in the second half of the previous fiscal year. Sales decreased at Duskin Healthcare Co., Ltd., another consolidated subsidiary in Japan, which provides medical facility management services, because this company was unable to acquire new customers to compensate for cancellations.

Total sales of consolidated subsidiaries outside Japan increased because Duskin Hong Kong Co., Ltd., which procures raw materials and equipment, posted sales of face masks procured for the Duskin Group, including our franchisees in Japan. Sales to external customers decreased significantly due to COVID-19.

At Duskin Shanghai Co., Ltd., which operates a dust control business in Shanghai, China, the pandemic made it impossible to perform normal sales activities. Big Apple Worldwide Holdings Sdn. Bhd., which operates donut shops mainly in Malaysia, was forced to restrict its shop operations to takeout and delivery services. Mister Donut Shanghai Co., Ltd., which completed the closures of all its shops at the end of March 2019, was another reason for the sales decrease.

As a result, sales of Other Businesses increased 159 million yen (4.3%) to 3,886 million yen. Operating profit increased 34 million yen (19.8%) to 209 million yen because of an improvement in overseas profitability resulting from the closure of all shops of Mister Donut Shanghai Co., Ltd.

Total customer-level sales outside Japan were significantly impacted by COVID-19. In Direct Selling businesses, however, customer-level sales were strong in Taiwan because sales of alcohol sanitizers and other sanitization products increased as people have become more conscious of the need for rigorous and frequent disinfection. In Mister Donut business, customer-level sales were higher in Indonesia, where the impact of the novel coronavirus was relatively small because of the partner’s focus on sales at convenience stores, but lower in other markets.

Segment sales do not include consumption tax.

(2) Financial position

Total assets at the end of the first quarter amounted to 179,013 million yen, a 6,144 million yen decrease from the end of the previous fiscal year. This was mainly due to decreases of 4,071 million yen in cash and deposits and 3,491 million yen in securities.

Liabilities were 38,013 million yen, a decrease of 5,113 million yen from the end of the previous fiscal year. This was mainly due to decreases of 2,246 million yen in provision for bonuses and 1,671 million yen in accounts payable - other.

Net assets were 140,999 million yen, a decrease of 1,031 million yen from the end of the previous fiscal year. This was mainly due to an increase of 958 million yen in valuation difference on available-for-sale securities and a decrease of 1,961 million yen in retained earnings.

(3) Forecast

No revisions have been made to the forecast for consolidated results of operations for FY2020 (April 1, 2020 - March 31, 2021) that was announced on June 10, 2020.

Forecasts for earnings and dividends may change significantly due to the future expansion of COVID-19 and other events. We will promptly disclose any revisions to our earnings forecasts.

2. Consolidated financial statements

(1) Consolidated balance sheets

(millions of yen)

	As of March 31, 2020	As of June 30, 2020
Assets		
Current assets		
Cash and deposits	23,728	19,656
Notes and accounts receivable - trade	11,623	12,088
Lease receivables and investments in leases	1,177	1,157
Securities	10,292	6,800
Merchandise and finished goods	9,536	10,188
Work in process	196	189
Raw materials and supplies	1,769	1,864
Other	3,893	4,931
Allowance for doubtful accounts	-22	-22
Total current assets	62,195	56,855
Non-current assets		
Property, plant and equipment		
Buildings and structures	43,708	43,941
Accumulated depreciation	-27,921	-28,214
Buildings and structures, net	15,787	15,726
Machinery, equipment and vehicles	25,778	25,818
Accumulated depreciation	-18,747	-18,832
Machinery, equipment and vehicles, net	7,030	6,986
Land	22,670	22,683
Construction in progress	296	268
Other	14,281	14,687
Accumulated depreciation	-9,705	-9,982
Other, net	4,576	4,704
Total property, plant and equipment	50,360	50,369
Intangible assets		
Goodwill	349	397
Other	10,572	10,310
Total intangible assets	10,922	10,707
Investments and other assets		
Investment securities	51,242	50,911
Deferred tax assets	3,575	3,354
Guarantee deposits	5,942	5,929
Other	947	905
Allowance for doubtful accounts	-28	-19
Total investments and other assets	61,680	61,081
Total non-current assets	122,963	122,158
Total assets	185,158	179,013

(millions of yen)

	As of March 31, 2020	As of June 30, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,588	6,464
Income taxes payable	1,554	174
Provision for bonuses	3,619	1,372
Reserves for losses on liquidation of subsidiaries and affiliates	51	50
Asset retirement obligations	—	3
Accounts payable - other	8,392	6,721
Guarantee deposit received for rental products	9,341	9,216
Other	4,844	5,390
Total current liabilities	34,392	29,393
Non-current liabilities		
Retirement benefit liability	7,243	7,137
Asset retirement obligations	617	615
Long-term guarantee deposits	776	779
Long-term accounts payable - other	33	24
Deferred tax liabilities	54	55
Other	9	8
Total non-current liabilities	8,735	8,619
Total liabilities	43,127	38,013
Net assets		
Shareholders' equity		
Share capital	11,352	11,352
Capital surplus	11,091	11,091
Retained earnings	116,654	114,692
Treasury shares	−4,616	−4,589
Total shareholders' equity	134,482	132,547
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,965	6,923
Deferred gains or losses on hedges	−0	−0
Foreign currency translation adjustment	−193	−243
Remeasurements of defined benefit plans	1,485	1,493
Total accumulated other comprehensive income	7,256	8,172
Share acquisition rights	50	33
Non-controlling interests	241	245
Total net assets	142,031	140,999
Total liabilities and net assets	185,158	179,013

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

Consolidated statements of income

(millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Net sales	39,301	36,081
Cost of sales	21,119	19,961
Gross profit	18,182	16,119
Selling, general and administrative expenses	16,136	15,326
Operating profit	2,046	793
Non-operating income		
Interest income	52	35
Dividend income	178	158
Rental income from facilities	42	41
Commission income	47	51
Share of profit of entities accounted for using equity method	—	179
Other	125	142
Total non-operating income	446	609
Non-operating expenses		
Interest expenses	0	0
Rental expenses on facilities	30	31
Share of loss of entities accounted for using equity method	278	—
Other	27	50
Total non-operating expenses	337	82
Ordinary profit	2,155	1,320
Extraordinary income		
Gain on sales of non-current assets	0	0
Other	0	1
Total extraordinary income	0	1
Extraordinary losses		
Loss on sales of non-current assets	0	0
Loss on abandonment of non-current assets	3	35
Impairment loss	—	3
COVID-19 relief money	—	1,661
Loss on valuation of investment securities	155	—
Other	1	29
Total extraordinary losses	160	1,730
Profit (loss) before income taxes	1,995	-407
Income taxes	801	-27
Profit (loss)	1,193	-380
Profit attributable to non-controlling interests	0	6
Profit (loss) attributable to owners of parent	1,193	-386

Consolidated statements of comprehensive income

(millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Profit (loss)	1,193	-380
Other comprehensive income		
Valuation difference on available-for-sale securities	-1,309	955
Foreign currency translation adjustment	1	-39
Remeasurements of defined benefit plans, net of tax	12	4
Share of other comprehensive income of entities accounted for using equity method	5	-7
Total other comprehensive income	-1,289	913
Comprehensive income	-95	533
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	-96	529
Comprehensive income attributable to non-controlling interests	1	3

(3) Notes to consolidated financial statements

(Notes on going concern assumption)
None

(Notes on significant changes in shareholders' equity)
None

(Adoption of special accounting methods for preparation of consolidated financial statements)
To determine tax expenses for consolidated subsidiaries, a reasonable estimate is made for the effective tax rate after the application of tax effect accounting for profit before income taxes for the fiscal year, including the first quarter. Tax expenses are then calculated by multiplying quarterly profit before income taxes by this estimated effective tax rate.

(Segment information)

Segment information

I Three-month period (April 1, 2019 to June 30, 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	27,345	8,725	3,231	39,301	-	39,301
Intersegment sales and transfers	162	2	496	660	-660	-
Total	27,507	8,727	3,727	39,962	-660	39,301
Segment income (loss)	3,165	284	174	3,624	-1,578	2,046

(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 -1,578 million yen include a 20 million yen elimination for intersegment sales and transfers and -1,599 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 change in the amount of goodwill)
None
The amortization of goodwill during the first three months of FY 2019 and the balance of goodwill at the end of first quarter are as follows:

(millions of yen)

	Direct Selling Group	Food Group	Other Businesses	Eliminations or corporate	Consolidated total
Amortization	46	1	2	-	50
Balance (Note)	384	23	79	-	486

(Note) Goodwill at the end of the first quarter includes 384 million yen of goodwill in Direct Selling Group and 23 million yen of goodwill in Food Group resulting from the purchase by Duskin and its subsidiaries of the business operations of several franchisees and 79 million yen of goodwill in Other Businesses for Big Apple Worldwide Holdings Sdn. Bhd., which was acquired in February 2017.

(Significant gains on negative goodwill)
None

II Three-month period (April 1, 2020 - June 30, 2020)

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	25,460	7,536	3,084	36,081	-	36,081
Intersegment sales and transfers	134	2	802	939	-939	-
Total	25,595	7,539	3,886	37,021	-939	36,081
Segment income (loss)	2,102	-195	209	2,116	-1,322	793

(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 -1,322 million yen include a 0 million yen elimination for intersegment sales and transfers and -1,323 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 change in the amount of goodwill)
None
The amortization of goodwill during the first three months of FY2020 and the balance of goodwill at the end of the first quarter are as follows:

(millions of yen)

	Direct Selling Group	Food Group	Other Businesses	Eliminations or corporate	Consolidated total
Amortization	42	1	2	-	46
Balance (Note)	316	17	63	-	397

(Note) Goodwill at the end of the first quarter includes 316 million yen of goodwill in Direct Selling Group and 17 million yen of goodwill in Food Group resulting from the purchase by Duskin and its subsidiaries of the business operations of several franchisees and 63 million yen of goodwill in Other Businesses for Big Apple Worldwide Holdings Sdn. Bhd., which was acquired in February 2017.

(Significant gains on negative goodwill)
None