

Summary of Consolidated Financial Results for the First Nine 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.

February 8, 2021

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: February 12, 2021 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 December 31, 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	%
9 months ended Dec. 31, 2020	115,735	-4.9	6,084	-4.8	7,724	5.9	3,865	-30.2
9 months ended Dec. 31, 2019	121,668	0.6	6,389	-13.1	7,297	-17.0	5,538	1.8

(Note) Comprehensive income: Dec. 31, 2020: 5,936 million yen (50.9%) Dec. 31, 2019: 3,934 million yen (-48.5%)

	Profit per share	Profit per share (fully diluted)
	yen	yen
9 months ended Dec. 31, 2020	78.35	78.31
9 months ended Dec. 31, 2019	108.17	108.14

(2) Financial position

	Total assets	Net assets	Equity ratio
	millions of yen	millions of yen	%
As of Dec. 31, 2020	183,725	145,432	79.0
As of Mar. 31, 2020	185,158	142,031	76.6

(Reference) Shareholders' equity: Dec. 31, 2020: 145,116 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	—	20.00	—		
Year ending Mar. 31, 2021 (Forecast)				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
Year ending Mar. 31, 2021	152,100	-4.4	1,400	-78.7	3,700	-53.3	700	-87.5	14.19

(Note) Revision of forecast for consolidated financial results recently announced: Yes

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 11.
- (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)	9 months ended Dec. 31, 2020	50,994,823	Year ended Mar. 31, 2020	50,994,823
ii. Number of treasury shares at the end of the period	9 months ended Dec. 31, 2020	1,650,404	Year ended Mar. 31, 2020	1,659,839
iii. Average number of shares during the period (during the quarter)	9 months ended Dec. 31, 2020	49,341,689	9 months ended Dec. 31, 2019	51,202,545

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	2
(1) Business results	2
(2) Financial position	6
(3) Forecast	6
2. Consolidated financial statements	7
(1) Consolidated balance sheets	7
(2) Consolidated statements of income and statements of comprehensive income	9
Consolidated statements of income	9
Consolidated statements of comprehensive income	10
(3) Notes to consolidated financial statements	11
(Notes on going concern assumption)	11
(Notes on significant changes in shareholders' equity)	11
(Adoption of special accounting methods for preparation of consolidated financial statements)	11
(Segment information)	12

1. Qualitative Information

(1) Business Results

In the first nine months of fiscal 2020 (April 1 to December 31, 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, which caused a sharp decline in consumer spending. After the state of the emergency was lifted, the government eased in stages restrictions on social activities, and economic activities gradually increased. However, the number of new cases started to grow again in July. With the consistent rise in new cases during the third quarter, it is difficult to foresee when the crisis will end, and given the situation, uncertainty about the future has intensified.

FY2020 is the final year of our Medium-Term Management Policy 2018. With the radical changes happening in our business environment due to the coronavirus crisis, we have implemented various countermeasures to maintain the Duskin franchise network and achieve a sales recovery.

While continuing its efforts 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 has been placing focus on developing new products and services that meet the steadily increasing need for cleaning and sanitation services. The group has also put its energy into research and development of adsorbents for existing rental products. We have also focused on promoting products and services that respond to demand for cleaning and disinfection, staying at home and “do-it-for-me” services. One example of this is the launching of cross-sectoral sales campaigns within the group in September.

Food Group has also prioritized measures to prevent coronavirus infections. Mister Donut, the mainstay business of the group, marked its 50th anniversary. As dine-in demand declined, Mister Donut made every effort to capture takeout demand by using MISDO Meets and other items. We also carried out a sales promotion by appointing Masaki Suda, a popular actor in Japan, as the 50th Anniversary Ambassador. In cafeteria-style shops where customers pick up donuts from open showcases, we started to install doors on showcases as another coronavirus safety measure. Work has progressed steadily with the goal of installing showcase doors in all shops by the end of this fiscal year.

We are continuing companywide initiatives to strengthen corporate governance, including reviewing the Operating Officer System to define the responsibilities of each Operating Officer. We also started the successor development plan that was formulated in the previous fiscal year.

Consolidated sales decreased by 5,932 million yen (4.9%) from the same period of the previous year to 115,735 million yen due to sales declines in Direct Selling Group and Food Group caused by the coronavirus crisis. Consolidated operating profit decreased by 304 million yen (4.8%) to 6,084 million yen due to the decline in sales despite cost reduction measures. This is partially a result of 964 million yen in expenses for replacing the showcases at the cafeteria-type locations. Consolidated ordinary profit increased by 427 million yen (5.9%) to 7,724 million yen because non-operating profit improved significantly due to the higher profit at NAC Co., Ltd, an equity-method affiliate. Profit attributable to owners of parent decreased by 1,672 million yen (30.2%) from the same period of the previous year to 3,865 million yen. This decrease was due to the larger extraordinary loss

mainly because we provided relief money (1,658 million yen) to franchise owners whose businesses were significantly affected by the coronavirus crisis.

(millions of yen)

	9 months ended Dec. 31, 2019	9 months ended Dec. 31, 2020	Increase/decrease	
				%
Consolidated sales	121,668	115,735	-5,932	-4.9
Consolidated gross profit	55,465	51,976	-3,489	-6.3
Consolidated operating profit	6,389	6,084	-304	-4.8
Consolidated ordinary profit	7,297	7,724	427	5.9
Profit attributable to owners of parent	5,538	3,865	-1,672	-30.2

Result by business segment

Sales

(millions of yen)

	9 months ended Dec. 31, 2019	9 months ended Dec. 31, 2020	Increase/decrease	
				%
Direct Selling Group	85,146	80,532	-4,613	-5.4
Food Group	27,678	26,377	-1,301	-4.7
Other Businesses	10,879	11,241	362	3.3
Total	123,704	118,151	-5,552	-4.5
Elimination for intersegment sales and transfers	-2,036	-2,415	-379	—
Consolidated sales	121,668	115,735	-5,932	-4.9

Sales by segment above include intersegment sales.

Operating profit (loss)

(millions of yen)

	9 months ended Dec. 31, 2019	9 months ended Dec. 31, 2020	Increase/decrease	
				%
Direct Selling Group	9,435	8,817	-618	-6.5
Food Group	1,227	545	-681	-55.5
Other Businesses	333	415	82	24.6
Total	10,997	9,779	-1,217	-11.1
Elimination for intersegment sales and transfers, and corporate expense	-4,607	-3,694	913	—
Consolidated operating profit	6,389	6,084	-304	-4.8

Operating profit or loss above include intersegment transactions.

i. Direct Selling Group

Sales of Direct Selling Group decreased by 4,613 million yen (5.4%) from the same period of the previous year to 80,532 million yen with all businesses in the group significantly affected by the coronavirus crisis. Operating profit declined by 618 million yen (6.5%) to 8,817 million yen.

In the residential dust control business, sales decreased overall mainly due to lower sales of our mainstay mop products. This was in part because our sales activities to acquire new customers were very limited in the first quarter, and because regular mop replacements for existing customers were postponed due to coronavirus restrictions. However, we achieved an increase in sales of disinfectant products including our TuZuKu Long-Lasting Disinfectant and Cleaner. Developed jointly with Fujifilm Corporation, TuZuKu serves as a cleaning, disinfectant and antibacterial item. An underlying reason for its growth is increasing demand for disinfectant and antibacterial products and services because people are more conscious of personal hygiene as a way to lessen the risk of infection. 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.

Sales of dust control products for commercial use also decreased. This was because customers canceled or postponed replacing mats and other products in the first quarter. Many of our customers temporarily closed their restaurants and shops in response to local governments' closure requests after the national declaration of the state of emergency. We encountered gradually diminishing effects of coronavirus in the second quarter as businesses restarted operations, but then challenging circumstances returned in the third quarter as the virus began surging once again. Under this difficult situation, we generated an increase in sales of sanitation management products such as Clear Kukan air purifiers and Welpas Mild hand disinfectant, along with higher sales of our Sanitary Mat – Antibacterial Type floor mat products, because of the increased need for a clean environment and sanitation, as has been the case when it comes to our products for residential use.

In the professional cleaning and technical services, overall sales decreased because many of our scheduled services for restaurants or shops were suspended in the first quarter as they temporarily closed and people stayed home in response to the government's request. In contrast, sanitization and disinfection services performed well after the state of emergency ended; the number of customers reopening their businesses increased and the impact of the coronavirus crisis gradually diminished. Looking at customer-level sales by segment, sales of Merry Maids (home cleaning and helper services) and Terminix (pest control and comprehensive sanitary management) decreased while sales of ServiceMaster (professional cleaning services) exceeded those posted in the same period of the previous year. This is due to significantly greater demand for the Antibacterial Cleaning Package, a package service for cleaning and disinfection and for the residential air conditioner cleaning service, because people have become more aware of the importance of sanitation and spent more time at home due to the coronavirus crisis. Customer-level sales of Total Green (plant and flower care services), which mainly provides outdoor services, and Home Repair (fixing scratches and dents) also increased because of strong sales of new services and the addition of new franchisees.

In other Direct Selling Group businesses, sales increased at Health Rent (rental and sale of assisted-living and healthcare products). The Rent-All (rental of household items and equipment for various

events) business, which had grown steadily until the beginning of 2020, was hit hardest by the coronavirus crisis and reported a significant sales decline as many events were canceled or postponed. This decrease in sales occurred despite Rent-All recovering after the joint launch of Event Sanitation Services for concerts and other events together with the Clean Service (rental and sale of dust control products) and ServiceMaster. Sales were also lower at Life Care (support services for seniors), uniform-related businesses and cosmetic-related businesses due to the effects of the coronavirus crisis.

ii. Food Group

At Mister Donut, the core business of Food Group, customer-level sales, sales of raw materials to franchisees, and royalty fee revenues decreased because of temporary shop closures and shorter operating hours due to the coronavirus restrictions. As a result, total sales of Food Group decreased by 1,301 million yen (4.7%) from the same period of last year to 26,377 million yen. Operating profit decreased 681 million yen (55.5%) to 545 million yen as a result of lower sales and the replacement of the showcases in cafeteria-type shops.

Mister Donut's total customer-level sales decreased because of a large decline in dine-in sales and fewer shops in operation. One strategy to attract more dine-in guests was to expand the MISDO GOHAN menu, introduced in 2017, which includes Yum-cha, pasta, hot dogs and other non-donut items. However, the coronavirus crisis forced shops to temporarily close, shorten business hours, or close dine-in areas. Even after shops reopened, the number of seats had to be reduced for social distancing. As a result, the number of dine-in customers plunged. On the other hand, take-out sales rose due to an increase in the number of takeout customers amid stronger demand for takeout triggered by the coronavirus crisis. Other contributing factors included higher sales per take-out customer and sales of the limited-edition Special Take-out Box featuring actor Masaki Suda, the 50th Anniversary Ambassador for Mister Donut. In recent years, Mister Donut has focused on MISDO Meets items. In the first quarter of 2020, we added new MISDO Meets items such as the Matcha No Itadaki Series and Matcha No Odoroki Series. Both were jointly developed by pastry chef Toshihiko Yoroizuka and Gion Tsujiri, a Kyoto green tea specialty brand. In the second quarter, we introduced Mochi Cream Donut Collection items, a fusion of a donut and daifuku mochi developed by MOCHI CREAM JAPAN co., ltd. and Mister Donut. The new texture was well received by our customers. During the Christmas season, Mister Donut, which collaborated with Pokémon Company for the third consecutive year, released MISDO de Lucky Christmas Chu Collection. Sold alongside a variety of Pokémon merchandise, these items proved popular with the public.

In other Food Group businesses, Katsu & Katsu pork cutlet specialty restaurants, Pie Face specialty pie shops and The Chiffon & Spoon specialty chiffon cake shops had to temporarily close just as at Mister Donut and recorded lower sales. Sales of Hachiya Dairy Products Co., Ltd. (production of ice cream and other dairy products for brands of large dairy product companies) also declined. Sales of Bakery Factory, which operates large-scale bakery shops, were higher as the number of stores increased. All shops of The Chiffon & Spoon were permanently closed as of July 19, 2020.

iii. Other Businesses

Sales of consolidated subsidiaries outside Japan fell below those achieved in the same period of the previous year, mainly because Duskin Shanghai Co., Ltd., which engages in rental and sale of dust control products in Shanghai, China, was largely unable to conduct sales visits to commercial and residential customers even though it generated an increase in online sales. Sales of Big Apple Worldwide Holdings Sdn. Bhd., which operates donut shops mainly in Malaysia, also decreased relative to those achieved in the same period of the previous year, largely because it was forced to limit its shop operations to takeout and delivery services for a certain period of time. The 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.

At consolidated subsidiaries in Japan, sales decreased slightly at Duskin Healthcare Co., Ltd. (medical facility management services). Sales of Duskin Kyoeki Co., Ltd. (leasing and insurance agency), on the other hand, increased amid higher leasing sales because it made progress in replacing lease vehicles equipped with automatic brakes. Another sales driver was that Mister Donut began updating its shop operating system and replacing equipment in the second half of the previous fiscal year. As a result, sales of Other Businesses increased 362 million yen (3.3%) to 11,241 million yen. The profitability of overseas businesses improved as a result of the closure of all shops of Mister Donut Shanghai Co., Ltd. as of the end of March 2019. Consequently, the operating profit of Other Businesses increased by 82 million yen (24.6%) to 415 million yen.

Segment sales do not include consumption taxes.

(2) Financial Position

Total assets were 183,725 million yen at the end of the third quarter, a 1,432 million yen decrease from the end of the previous fiscal year. This was mainly due to decreases of 5,492 million yen in cash and deposits, 2,661 million yen in investment securities and 1,601 million yen in deferred tax assets, against increases of 4,724 million yen in securities, 2,390 million yen in other current assets and 2,078 million yen in notes and accounts receivable-trade.

Liabilities totaled 38,293 million yen, 4,833 million yen less than that at the end of the previous fiscal year. This is mainly due to decreases of 2,326 million yen in provision for bonuses and 1,800 million yen in accounts payable-other.

Net assets were 145,432 million yen, a 3,401 million yen increase from the end of the previous fiscal year. This is primarily attributable to a 2,071 million yen increase in valuation difference on available-for-sale securities.

(3) Forecast

The forecast for consolidated and non-consolidated results of operations for the FY2020 (April 1, 2020 to March 31, 2021) is as announced on February 8, 2021.

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 December 31, 2020
Assets		
Current assets		
Cash and deposits	23,728	18,235
Notes and accounts receivable - trade	11,623	13,701
Lease receivables and investments in leases	1,177	1,175
Securities	10,292	15,016
Merchandise and finished goods	9,536	9,431
Work in process	196	243
Raw materials and supplies	1,769	1,907
Other	3,893	6,283
Allowance for doubtful accounts	-22	-23
Total current assets	62,195	65,971
Non-current assets		
Property, plant and equipment		
Buildings and structures	43,708	44,108
Accumulated depreciation	-27,921	-28,774
Buildings and structures, net	15,787	15,334
Machinery, equipment and vehicles	25,778	26,111
Accumulated depreciation	-18,747	-18,786
Machinery, equipment and vehicles, net	7,030	7,324
Land	22,670	22,683
Construction in progress	296	265
Other	14,281	15,011
Accumulated depreciation	-9,705	-10,216
Other, net	4,576	4,794
Total property, plant and equipment	50,360	50,402
Intangible assets		
Goodwill	349	351
Software	7,699	6,711
Other	2,873	2,966
Total intangible assets	10,922	10,029
Investments and other assets		
Investment securities	51,242	48,581
Deferred tax assets	3,575	1,973
Guarantee deposits	5,942	5,937
Other	947	953
Allowance for doubtful accounts	-28	-22
Allowance for investment loss	—	-99
Total investments and other assets	61,680	57,323
Total non-current assets	122,963	117,754
Total assets	185,158	183,725

(millions of yen)

	As of March 31, 2020	As of December 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,588	6,646
Income taxes payable	1,554	212
Provision for bonuses	3,619	1,292
Reserves for losses on liquidation of subsidiaries and affiliates	51	48
Asset retirement obligations	—	3
Accounts payable - other	8,392	6,592
Guarantee deposit received for rental products	9,341	9,420
Other	4,844	5,521
Total current liabilities	34,392	29,737
Non-current liabilities		
Retirement benefit liability	7,243	7,064
Asset retirement obligations	617	629
Long-term guarantee deposits	776	775
Long-term accounts payable - other	33	22
Deferred tax liabilities	54	57
Other	9	5
Total non-current liabilities	8,735	8,555
Total liabilities	43,127	38,293
Net assets		
Shareholders' equity		
Share capital	11,352	11,352
Capital surplus	11,091	11,091
Retained earnings	116,654	117,958
Treasury shares	-4,616	-4,590
Total shareholders' equity	134,482	135,812
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,965	8,036
Deferred gains or losses on hedges	-0	-0
Foreign currency translation adjustment	-193	-239
Remeasurements of defined benefit plans	1,485	1,508
Total accumulated other comprehensive income	7,256	9,304
Share acquisition rights	50	50
Non-controlling interests	241	265
Total net assets	142,031	145,432
Total liabilities and net assets	185,158	183,725

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

Consolidated statements of income

(millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Net sales	121,668	115,735
Cost of sales	66,202	63,759
Gross profit	55,465	51,976
Selling, general and administrative expenses	49,076	45,891
Operating profit	6,389	6,084
Non-operating income		
Interest income	135	104
Dividend income	340	307
Rental income from facilities	125	125
Commission income	140	162
Share of profit of entities accounted for using equity method	—	507
Other	409	648
Total non-operating income	1,151	1,855
Non-operating expenses		
Interest expenses	0	0
Rental expenses on facilities	78	78
Cancellation penalty	53	25
Share of loss of entities accounted for using equity method	19	—
Other	92	111
Total non-operating expenses	244	215
Ordinary profit	7,297	7,724
Extraordinary income		
Gain on sales of non-current assets	1	16
Gain on sales of investment securities	1,108	—
Reversal of reserves for losses on liquidation of subsidiaries and affiliates	116	—
Other	5	1
Total extraordinary income	1,231	18
Extraordinary losses		
Loss on sales of non-current assets	0	2
Loss on abandonment of non-current assets	64	77
Impairment loss	57	95
COVID-19 relief money	—	1,658
Provision of allowance for investment loss	—	99
Provision for loss on disaster	43	—
Loss on valuation of investment securities	151	—
Other	47	32
Total extraordinary losses	365	1,965
Profit before income taxes	8,163	5,777
Income taxes	2,610	1,886
Profit	5,553	3,891
Profit attributable to non-controlling interests	15	25
Profit attributable to owners of parent	5,538	3,865

Consolidated statements of comprehensive income

(millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Profit	5,553	3,891
Other comprehensive income		
Valuation difference on available-for-sale securities	-1,559	2,030
Foreign currency translation adjustment	-58	-44
Remeasurements of defined benefit plans, net of tax	38	14
Share of other comprehensive income of entities accounted for using equity method	-39	45
Total other comprehensive income	-1,619	2,045
Comprehensive income	3,934	5,936
Comprehensive income attributable to owners of parent	3,920	5,913
Comprehensive income attributable to non- controlling interests	13	23

(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 nine months. Tax expenses are then calculated by multiplying quarterly profit before income taxes by this estimated effective tax rate.

(Segment information)

Segment information

I Nine-month period (April 1, 2019 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
Intersegment 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	1,227	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 intersegment 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 change 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:

(millions of yen)

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

(Note) Goodwill at the end of the third quarter includes 284 million yen of goodwill in Direct Selling Group and 20 million yen of goodwill in Food Group resulting from the purchase by Duskin and its subsidiaries of the business operations of several franchisees and 70 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 Nine-month period (April 1, 2020 – December 31, 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	80,096	26,370	9,268	115,735	-	115,735
Intersegment sales and transfers	436	6	1,973	2,415	-2,415	-
Total	80,532	26,377	11,241	118,151	-2,415	115,735
Segment income (loss)	8,817	545	415	9,779	-3,694	6,084

(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 -3,694 million yen include a 30 million yen elimination for intersegment sales and transfers and -3,725 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 nine months of FY2020 and the balance of goodwill at the end of the third quarter are as follows:

(millions of yen)

	Direct Selling Group	Food Group	Other Businesses	Eliminations or corporate	Consolidated total
Amortization	127	6	7	-	141
Balance (Note)	242	49	59	-	351

(Note) Goodwill at the end of the third quarter includes 242 million yen of goodwill in Direct Selling Group and 49 million yen of goodwill in Food Group resulting from the purchase by Duskin and its subsidiaries of the business operations of several franchisees and 59 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