

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2021

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.

May 14, 2021
Shares listed: Tokyo

Company name: Duskin Co., Ltd.

Code number: 4665 URL: <https://www.duskin.co.jp/corp/index.html>

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Scheduled date of ordinary general meeting of shareholders: June 23, 2021
Scheduled date of dividend payment commencement: June 24, 2021
Scheduled date for release of annual securities report: June 24, 2021
Preparation of additional financial results materials: Yes
Holding of financial results meeting: Yes
(for institutional investors and analysts)

1. Consolidated financial results for the fiscal year ended March 31, 2021

(Amounts less than one million yen are dropped.)

(1) Results of operation

(Percentages indicate the change against 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	%
Year ended Mar. 31, 2021	153,770	-3.4	4,651	-29.3	6,633	-16.3	2,821	-49.5
Year ended Mar. 31, 2020	159,102	0.3	6,577	-17.3	7,929	-20.8	5,591	-6.6

Note: Comprehensive income - Year ended March 31, 2021: 6,331 million yen (190.6%), Year ended March 31, 2020: 2,178 million yen (-74.6%)

	Profit per share	Profit per share (fully diluted)	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to sales
Year ended Mar. 31, 2021	yen 57.19	yen 57.16	% 2.0	% 3.6	% 3.0
Year ended Mar. 31, 2020	109.95	109.91	3.8	4.2	4.1

Reference: Share of profit (loss) of entities accounted for using equity method - Year ended March 31, 2021: 687 million yen, Year ended March 31, 2020: 363 million yen

(2) Financial positions

	Total assets	Net assets	Equity ratio	Net assets per share
	millions of yen	millions of yen	%	yen
As of Mar. 31, 2021	188,399	145,836	77.2	2,948.85
As of Mar. 31, 2020	185,158	142,031	76.6	2,872.99

Reference: Shareholders' equity - Year ended March 31, 2021: 145,508 million yen, Year ended March 31, 2020: 141,739 million yen

(3) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	millions of yen	millions of yen	millions of yen	millions of yen
Year ended Mar. 31, 2021	10,103	-5,019	-2,563	29,674
Year ended Mar. 31, 2020	8,850	3,137	-10,022	27,167

2. Dividends

	Dividends per share					Total dividends (annual)	Dividend ratio (consolidated)	Ratio of dividends to shareholders' equity (consolidated)
	End of 1st Q	End of 2nd Q	End of 3rd Q	Year-end	Total (annual)			
Year ended Mar. 31, 2020	yen -	yen 24.00	yen -	yen 32.00	yen 56.00	millions of yen 2,803	% 50.9	% 1.9
Year ended Mar. 31, 2021	-	20.00	-	20.00	40.00	1,973	69.9	1.4
Year ending Mar. 31, 2022 (Forecast)	-	22.00	-	28.00	50.00		50.4	

3. Forecast of consolidated financial results for the FY2021 (April 1, 2021 - March 31, 2022)

(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
First half (cumulative total)	77,200	4.2	3,100	9.3	3,800	-4.1	2,200	57.9	44.58
Year ending Mar. 31, 2022	157,400	2.4	6,100	31.1	7,500	13.1	4,900	73.6	99.30

Notes

(1) Changes in significant subsidiaries during the period

(Changes in specific subsidiaries resulting in an adjustment to the scope of consolidation): Yes

New: 0; Excluded: One Company (Mister Donut Shanghai Co., Ltd.)

(2) 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

(3) Number of shares issued (Common stock)

1. Number of shares issued at the end of the period (including treasury shares)	Year ended Mar. 31, 2021: 50,994,823	Year ended Mar. 31, 2020: 50,994,823
2. Number of treasury shares at the end of the period	Year ended Mar. 31, 2021: 1,650,575	Year ended Mar. 31, 2020: 1,659,839
3. Average number of shares during the period	Year ended Mar. 31, 2021: 49,342,293	Year ended Mar. 31, 2020: 50,855,870

(Reference) Overview of the non-consolidated financial results

Non-consolidated financial results for the fiscal year ended March 31, 2021

1. Results of operations

(Percentages indicate the change against the previous fiscal year.)

	Sales		Operating profit		Ordinary profit		Profit	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
Year ended Mar. 31, 2021:	123,004	-3.8	2,442	-38.3	6,015	-18.9	2,565	-54.3
Year ended Mar. 31, 2020:	127,838	-1.4	3,956	-24.7	7,419	-13.0	5,614	8.0

	Profit per share	Profit per share (fully diluted)
	yen	yen
Year ended Mar. 31, 2021:	51.99	51.96
Year ended Mar. 31, 2020:	110.39	110.36

2. Financial positions

	Total assets	Net assets	Equity ratio	Net assets per share
	millions of yen	millions of yen	%	yen
As of Mar. 31, 2021	172,569	118,848	68.8	2,407.33
As of Mar. 31, 2020	169,444	116,069	68.5	2,351.63

Reference: Shareholders' equity - Year ended March 31, 2021: 118,788 million yen, Year ended March 31, 2020: 116,018 million yen

3. Forecast of non-consolidated financial results for the FY2021 (April 1, 2021 - March 31, 2022)

(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
First half (cumulative total)	61,700	4.6	2,200	5.1	4,400	-7.2	3,000	21.8	60.80
Year ending Mar. 31, 2022	126,300	2.7	3,700	51.5	6,600	9.7	4,500	75.4	91.20

This summary of financial statements is exempt from the audit 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.

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1. Analysis of business results and financial position

(1) Analysis of business results

During the fiscal year that ended on March 31, 2021 (FY2020), the Japanese economy was faced with an extremely challenging situation due to a rapid downturn caused by COVID-19. The number of new cases, which had begun to decline during the fiscal year, rebounded several times, and was increasing again at the end of the fiscal year. It is difficult to foresee when the coronavirus crisis will end, and given the situation, uncertainty has intensified about the future, despite progressively more vigorous economic activity.

In this environment, we entered the final year of our Medium-Term Management Policy 2018. In order to fulfill our primary duty of maintaining the Duskin franchise network amid the radical changes in our business environment due to the coronavirus crisis, we have concentrated our efforts on measures to achieve a sales recovery, while prioritizing the safety of our customers, franchisees and employees. At the same time, we formulated and implemented strategies that leverage these changes in the business environment as new opportunities for growth.

Direct Selling Group, committed to helping our customers to fine-tune the rhythm of their daily lives, carried out research and development into the virus-reducing properties of materials, adsorbents and disinfectants used in existing rental products, in response to the increasing need for cleaning and hygiene services. The group focused on publicizing and selling products that have been recognized and certified by third-party institutions. The group also developed and provided new products and services, such as hygiene management products, a hygiene package combining professional cleaning and technical services, and hygiene management for event venues. Through these measures, we strived to be recognized as a company Creating Healthy Environments for consumers and businesses, and also implemented an advertising campaign to enhance the brand recognition.

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 completed the installation of doors on all showcases to ensure customer safety.

We also engaged in initiatives to strengthen corporate governance, including reviewing the Operating Officer System to define the responsibilities of each Operating Officer, and commencing operation of the successor development plan that was formulated in the previous fiscal year.

Consolidated sales decreased by 5,332 million yen (3.4%) from the previous fiscal year to 153,770 million yen due to a decline in sales in Direct Selling Group caused by the coronavirus crisis, despite an increase in sales in Food Group thanks to a rise in sales at Mister Donut. Consolidated operating profit decreased by 1,926 million yen (29.3%) to 4,651 million yen. In addition to the fall in gross profit resulting from the decline in sales, this was due to factors such as 1,137 million yen in expenses for replacing the showcases at the cafeteria-type locations at Mister Donut, and the cost of implementing the Creating Healthy Environments publicity campaign in the fourth quarter. Ordinary profit decreased by 1,295 million yen (16.3%) to 6,633 million yen, despite an improvement in non-operating income due to the higher profit at NAC Co., Ltd., an equity-method affiliate. Profit attributable to owners of parent decreased by 2,769 million yen (49.5%) from the previous fiscal year to 2,821 million yen. This decrease was due to the relief money (1,658 million yen) we provided to franchisees whose businesses were significantly affected by the coronavirus crisis, in addition to a decline in gain on sales of investment securities.

(millions of yen)

	Year ended Mar. 31, 2020	Year ended Mar. 31, 2021	Increase/decrease	
				%
Consolidated sales	159,102	153,770	-5,332	-3.4
Consolidated gross profit	72,059	69,435	-2,624	-3.6
Consolidated operating profit	6,577	4,651	-1,926	-29.3
Consolidated ordinary profit	7,929	6,633	-1,295	-16.3
Profit attributable to owners of parent	5,591	2,821	-2,769	-49.5

Result by business segment

Sales

(millions of yen)

	Year ended Mar. 31, 2020	Year ended Mar. 31, 2021	Increase/decrease	
				%
Direct Selling Group	111,036	105,339	-5,696	-5.1
Food Group	36,263	36,561	297	0.8
Other Businesses	14,572	15,053	480	3.3
Total	161,872	156,954	-4,918	-3.0
Intersegment eliminations	-2,769	-3,183	-413	-
Consolidated sales	159,102	153,770	-5,332	-3.4

Sales by business segment above include intersegment sales.

Operating profit (loss)

(millions of yen)

	Year ended Mar. 31, 2020	Year ended Mar. 31, 2021	Increase/decrease	
				%
Direct Selling Group	11,603	8,779	-2,823	-24.3
Food Group	681	414	-266	-39.1
Other Businesses	442	660	217	49.2
Total	12,726	9,854	-2,872	-22.6
Intersegment eliminations, and corporate expenses	-6,149	-5,202	946	-
Consolidated operating profit	6,577	4,651	-1,926	-29.3

Operating profit or loss above includes intersegment transactions.

i. Direct Selling Group

Sales of Direct Selling Group decreased by 5,696 million yen (5.1%) from the previous fiscal year to 105,339 million yen with all businesses in the group significantly affected by the coronavirus crisis. Operating profit declined by 2,823 million yen (24.3%) to 8,779 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 a strong performance from our TuZuKu Long-Lasting Disinfectant and Cleaner, which we launched during the fiscal year. 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 decline in sales was mainly because many 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. In terms of individual product lines, we generated an increase in sales of hygiene 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 hygiene, as has been the case when it comes to our products for residential use.

In the professional cleaning and technical services, overall sales decreased, mainly due to a drop in customer-level sales as 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 first 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 previous fiscal 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 hygiene 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 were substantially lower in the Rent-All (rental of household items and equipment for various events) business, which had grown steadily until the beginning of 2020, as it was hit hardest by the coronavirus crisis, with many events being canceled or postponed. Rent-All is recovering, however, by actively offering Event Hygiene Services launched jointly with other businesses such as 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, with activity hampered due to the effects of the coronavirus crisis. Meanwhile, sales increased at Health Rent (rental and sale of assisted-living and healthcare products), where demand remained high despite the coronavirus crisis.

ii. Food Group

Total sales of Food Group increased by 297 million yen (0.8%) to 36,561 million yen from the previous fiscal year, as a result of a rise in total customer-level sales at Mister Donut, the core business of Food Group. Operating profit decreased 266 million yen (39.1%) to 414 million yen as a result of the replacement of the showcases in cafeteria-type shops, despite higher gross profit due to the increase in sales.

Mister Donut's total customer-level sales decreased significantly during the first half, hit hard by the coronavirus crisis, but all products launched during the second half were well received, and together with various promotional measures, full-year total customer-level sales exceeded the previous fiscal year.

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 significantly decreased, and sales declined, despite our efforts to attract more dine-in guests by expanding the MISDO GOHAN menu, introduced in 2017, which includes Yum-cha, pasta, hot dogs and other non-donut items. On the other hand, takeout 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 takeout 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 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. These were followed by the launch of Mochi Cream Donut Collection items, a fusion of a donut and daifuku mochi developed by MOCHI CREAM JAPAN co., ltd. and Mister Donut, three varieties of The Sichuan Special pies jointly developed with Chen Kenichi, and the PIERRE MARCOLINI Collection, developed jointly with PIERRE MARCOLINI, chocolatier to the Belgian royal family, all of which proved popular with the public. The PIERRE MARCOLINI Collection in particular evoked a large response, and contributed significantly to sales. Other products were also released and proved popular with the public, including Sweet Potato Donut launched in September and the MISDO de Lucky Christmas Chu Collection, which was jointly developed with Pokémon Company and sold alongside a variety of Pokémon merchandise during the Christmas season. Following on from enhancing the quality and taste of our existing regular donuts such as Pon De Ring and French Cruller in the previous fiscal year, Mister Donut took steps to improve Honey Dip and Angel Cream this fiscal year. At the same time, pricing was revised, leading to an increase in average customer spend.

In other Food Group businesses, Bakery Factory, which operates large-scale bakery shops, recorded higher sales as the number of stores increased. However, 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 compared to the previous fiscal year. Sales of Hachiya Dairy Products Co., Ltd. (production of ice cream and other dairy products for brands of large dairy product companies) also declined. All shops of The Chiffon & Spoon were permanently closed as of July 19, 2020.

iii. Other Businesses

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.

All businesses operating overseas experienced the impact of the coronavirus crisis. 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. Big Apple Worldwide Holdings Sdn. Bhd., which operates donut shops mainly in Malaysia, continued to limit its shop operations to takeout and delivery services for a long period of time. Meanwhile, sales increased for Duskin Hong Kong Co., Ltd., which procures raw materials and equipment, and posted sales of face masks procured for the Duskin Group, including our franchisees in Japan.

As a result, sales of Other Businesses increased 480 million yen (3.3%) to 15,053 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 217 million yen (49.2%) to 660 million yen.

Segment sales do not include consumption tax.

(2) Financial position

a. Current assets

As of March 31, 2021, current assets amounted to 69,239 million yen, 7,044 million yen more than at the end of the previous fiscal year. This is mainly attributable to increases of 9,419 million yen in securities and 1,925 million yen in other current assets, and a decrease of 5,297 million yen in cash and deposits.

b. Non-current assets

Non-current assets totaled 119,159 million yen at the end of the fiscal year, 3,803 million yen less than at the end of the previous fiscal year. This is mainly due to decreases of 1,890 million yen in deferred tax assets and 1,286 million yen in intangible assets.

c. Current liabilities

Current liabilities amounted to 34,587 million yen at the end of the fiscal year, 195 million yen more than at the end of the previous fiscal year. This is mainly due to an increase of 1,099 million yen in accounts payable-other, and a decrease of 1,200 million yen in income taxes payable.

d. Non-current liabilities

Non-current liabilities totaled 7,974 million yen at the end of the fiscal year, 760 million yen less than at the end of the previous fiscal year. This is mainly due to a 749 million yen decrease in net defined benefit liability.

e. Net assets

Net assets totaled 145,836 million yen at the end of the fiscal year, 3,805 million yen more than at the end of the previous fiscal year. This is mainly due to an increase of 2,806 million yen in valuation difference on available-for-sale securities.

(3) Cash flows

Cash and cash equivalents (cash) at the end of the fiscal year totaled 29,674 million yen, an increase of 2,506 million yen from 27,167 million yen at the end of the previous fiscal year.

a. Cash flow from operating activities

Net cash provided by operating activities increased from 8,850 million yen in the previous fiscal year to 10,103 million yen. Major components of cash flows were depreciation of 7,486 million yen, profit before income taxes of 4,315 million yen, an increase of 1,850 million yen in accounts payable-other, 2,137 million yen in income taxes paid, and an increase of 1,740 million yen in accounts receivable-other.

b. Cash flow from investing activities

Net cash used in investing activities totaled 5,019 million yen compared with 3,137 million yen provided in the previous fiscal year. There were expenditures of 19,029 million yen for the purchase of securities and investment securities, 5,031 million yen for the purchase of property, plant and equipment, and 2,324 million yen for the purchase of intangible assets, and proceeds of 22,004 million yen from sales of securities and investment securities.

c. Cash flow from financing activities

Net cash used in financing activities decreased from 10,022 million yen in the previous fiscal year to 2,563 million yen. The payment of 2,563 million yen for cash dividends was the primary use of cash.

(4) Cash flow related indicators

A summary of cash flow related indicators is presented below.

	FY2017	FY2018	FY2019	FY2020
Equity ratio (%)	75.2	77.0	76.6	77.2
Equity ratio at market price (%)	73.5	70.6	75.7	72.9
Interest-bearing debt to cash flow ratio (years)	0.0	0.0	0.0	0.0
Interest coverage ratio (times)	1,759.6	4,141.8	65,046.2	13,876.4

(Notes)

1. These indicators are calculated using the following formulas based on consolidated figures.
 Equity ratio: $(\text{Net assets} - \text{share acquisition rights} - \text{non-controlling interests}) / \text{Total assets}$
 Equity ratio at market price: $\text{Current aggregate value of shares} / \text{Total assets}$
 Interest-bearing debt to cash flow ratio: $\text{Interest-bearing debt} / \text{Cash flows from operating activities}$
 Interest coverage ratio: $\text{Cash flows from operating activities} / \text{Interest expenses}$
2. The current aggregate value of shares is calculated based on the number of shares outstanding at fiscal year-end, excluding treasury shares.
3. Cash flows from operating activities in the consolidated statements of cash flows are used for the cash flows from operating activities.
4. Interest-bearing debt covers all debt bearing interest recorded in the consolidated statement of financial position.
5. Interest expenses in the consolidated statements of cash flows are used for the interest expenses.

(5) Outlook

Despite some predictions that a reduction in new cases of coronavirus due to the commencement of vaccinations will drive the economy towards recovery, the outlook remains uncertain. It is difficult at present to foresee when the coronavirus crisis will end, with the renewed declaration of a state of emergency and a growing number of new cases.

Under these conditions, we are pushing ahead with various initiatives for both Direct Selling Group and Food Group. We have calculated our forecast for the fiscal year ending March 31, 2022 based on the assumption that the conditions prevalent as of March 2021 will persist.

	Year ending Mar. 31, 2022		Year ended Mar. 31, 2021		
	(Forecast)		(Results)		
		Percent	YOY change		Percent
Consolidated sales	157,400	100.0	2.4	153,770	100.0
Consolidated operating profit	6,100	3.9	31.1	4,651	3.0
Consolidated ordinary profit	7,500	4.8	13.1	6,633	4.3
Profit attributable to owners of parent	4,900	3.1	73.6	2,821	1.8

	Year ending Mar. 31, 2022		Year ended Mar. 31, 2021		
	(Forecast)		(Results)		
		Percent	YOY change		Percent
Sales	126,300	100.0	2.7	123,004	100.0
Operating profit	3,700	2.9	51.5	2,442	2.0
Ordinary profit	6,600	5.2	9.7	6,015	4.9
Profit	4,500	3.6	75.4	2,565	2.1

(Note) This forecast is based on projections and assumptions made using information available at the time of the announcement. These projections and assumptions are subject to the uncertainties inherent in future business operations. Actual results may differ materially, depending on various factors.

(6) Basic policies for profit distributions and dividends for the current and following fiscal years

Duskin considers the return of profits to shareholders to be one of our highest priorities. Our policy is to distribute a portion of the profit based on our performance while maintaining the proper balance with investments for sustainable growth and higher corporate value and with maintaining financial soundness to be prepared for potential risks. Duskin determines dividends for each fiscal year with a target consolidated payout ratio of 50% and will continue to pay stable dividends.

For FY2020, we plan to pay a year-end dividend of 20 yen per share and have paid an interim dividend of 20 yen per share. As a result, the total annual dividend per share will be 40 yen.

For FY2021, we plan to pay an interim dividend of 22 yen per share and a year-end dividend of 28 yen per share, for a total annual dividend per share of 50 yen.

Duskin's basic policy is to pay dividends from retained earnings twice a year: at the end of the fiscal year and at the end of the first half. The decision-making body for year-end dividends is the general shareholders' meeting. The Articles of Incorporation stipulate that Duskin may pay interim dividends with a record date of September 30 every year by resolution of the Board of Directors.

We will continue to implement dividend policy to fulfill the expectations of all our shareholders over the long term.

2. Management guidelines

(1) Basic management guidelines

Ever since the time of its founding, the Duskin Group has been committed to Sowing the Seeds of Joy for people around the world, under its management philosophy of Prayerful Management. We will continue to sustainably enhance the group's corporate value by sharing joy with local communities and helping people live a rich life, materially and spiritually, with initiatives aimed at being the most attentive service provider in the world.

(2) Medium-to long-term business plan and financial goals

a. Long-term strategy ONE DUSKIN

Our long-term strategy ONE DUSKIN, concluding in the fiscal year ending March 31, 2024, sets out our commitment to developing new systems and mechanisms for creating products and services that respond to customer needs. We aim to serve them in the most effective and courteous manner, leveraging our network of franchisees that are firmly rooted in local communities, which is our strength.

b. Overview of the Phase II Medium-Term Management Policy (fiscal year ended March 31, 2019 to fiscal year ended March 31, 2021)

Duskin, committed to further developing the business model created during Phase I (April 1, 2015 to March 31, 2018), set goals to increase sales by 8,000 million yen and operating profit by 700 million yen from the base year (FY2017). While we were below the targets primarily due to the impacts of the coronavirus crisis, we executed the following initiatives, laying the foundations for achieving our long-term strategy ONE DUSKIN.

	Goals		Results
Financial results	Consolidated sales Consolidated operating profit	169,000 million yen 8,200 million yen	FY2020 Consolidated sales 153,700 million yen Consolidated operating profit 4,600 million yen Below targets due to COVID-19 and other factors
Expand existing businesses (Direct Selling Group)	Residential market	Expand communication with customers through more diverse points of contact (strengthen relationships)	Free membership website DDuet Members: 1.236 million, an increase of 649 thousand from the base year
	Commercial market	Develop personnel to play the role of business partners in hygiene management	Hygiene Masters, who are specialists able to provide all-inclusive solutions for hygiene management of facilities and commercial kitchens: 1,732, an increase of 682 from the base year
	Other services	Focus efforts on recruiting franchisees to respond to demand for professional cleaning and technical services	5 Care Service Businesses: 2,699 units, an increase of 174 from the base year Health Rent Business: 166 units, an increase of 21 from the base year
Expand existing businesses (Food Group)	Mister Donut	Implement initiatives for the slogan "Something good's gonna happen. Mister Donut"	<ul style="list-style-type: none"> MISDO Meets products developed with companies that have high quality ingredients and advanced technologies Accelerated shop renovations to/new openings of new-concept shops: 373 shops, an increase of 257 from the base year
	Other foods	Establish the next core businesses of Food Group	<ul style="list-style-type: none"> Made Katsu & Katsu a separate company to further expand and realize speedier, more flexible and efficient operations

New growth	M&A, alliances with the public sector and other partners	<ul style="list-style-type: none"> • Concluded a capital and business alliance with NAC Co., Ltd., with the aim of accelerating shop openings in the untapped markets of the rapidly growing Care Service Businesses and Health Rent Business • Partnered with Osaka Prefecture to contribute solutions to social issues associated with infection control and hygiene management
	Establish Duskin brands in growing Asian markets	<ul style="list-style-type: none"> • Expanded professional and technical services (pest control) in Taiwan, leveraging the combined strength of the Clean Service, as part of our efforts to penetrate East Asian markets
Strengthen the corporate structure	Structural reform Reallocate management resources among existing businesses	<ul style="list-style-type: none"> • Implemented intersegment personnel changes to invest human resources in our focus area of professional cleaning and technical services • Established the Shared Services Center to increase operational efficiency
	Corporate governance Strengthen the decision-making and oversight functions of the Board of Directors and manage businesses with greater speed	<ul style="list-style-type: none"> • Launched the Investment Assessment Committee, a reviewing authority of new investment projects • Introduced the Operating Officer System to clarify responsibilities and ensure accurate and flexible response to management issues

c. Future initiatives to address business issues

The Medium-Term Management Policy 2018, positioned as Phase II of our long-term strategy ONE DUSKIN, concluded in the fiscal year ended March 31, 2021. We had planned to establish and announce a new Medium-Term Management Policy beginning from the fiscal year ending March 31, 2022. However, in view of the uncertain outlook due to the coronavirus crisis, we have determined to announce the new policy, including financial goals, as soon as such an announcement becomes possible. The outline of the plan is as follows.

Expand existing businesses	<p>Optimize business portfolios and boost value chains</p> <ul style="list-style-type: none"> • Analyze and review our portfolio to focus business resources on strategic areas and to withdraw from unprofitable businesses • Reform information and distribution systems via digital transformation strategies • Boost revenues and expand business scope with new products and services that address the changes in market environment and customer needs <p>(Direct Selling Group) Expansion of the Hygiene domains evolving from a “Cleaning” provider to a “Comprehensive Service” provider by “Creating healthy environments,” strengthening of Work-Life and Senior Support domains</p> <p>(Food Group) Increase customer satisfaction through hygiene-conscious shop and the penetration of the online ordering service</p>
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Investment in new growth opportunities	Generate new value with a view to the future • M&As and investment in venture companies
Structural reform; Establish a solid foundation	Invest in new growth opportunities, bolster our foundations for developing existing businesses • Devise systems and operational structures, optimized to establish both general and business-specific strategies - Step up efficiency by the use of the Shared Services Center applying RPA and other IT solutions. • Tighten profitability control in each business segment; appropriate allocation of business resources - Financial strategy based on the idea of investing for growth - Cash flow management in consideration of capital costs
Co-existence with local communities	Take a proactive stance on ESGs and SDGs • Move forward with the concept of CSV (creating shared value): solve economic, social and environmental issues through our business • Boost governance to mutually realize three kinds of value: economic, social and environmental

(3) Key initiatives

a. Changes in the business environment and recognition of business issues

Japan, the main market for the Duskin Group, is in an era of dynamic change; the population is aging rapidly and there are growing concerns about labor shortages and senior care in recent years. In addition, people have become more conscious of food safety and reliability. In this context, the coronavirus crisis focused public attention on hygiene management, with a wide range of needs emerging for related products and services. We also recognize the progressive digitalization of services, in line with changes in lifestyle such as the increase of working from home and the promotion of work style reforms. We will not only respond to these changes, but leverage the strength of the customer contact points through the network of our franchisees, firmly rooted in local communities. We perceive these changes not only as a risk, but also as an opportunity for growth.

b. FY2021 initiatives

Direct Selling Group

Direct Selling Group, committed to helping our customers to fine-tune the rhythm of their daily lives, will dedicate ourselves to evolving from a “Cleaning” provider to a “Comprehensive Service” provider by “Creating healthy environments.” Included in our efforts are hygiene management products with antibacterial and antiviral functions that have been recognized and certified by third-party institutions, the development of a hygiene package combining professional cleaning and technical services, and hygiene management for events and schools. We will also focus on Work-Life Management, a new strategic domain that responds to changes in life environments.

Food Group

In addition to hygiene-conscious shops, Food Group will enhance delivery services and spread online ordering services to respond to rising takeout demand.

At Mister Donut, we will introduce new textures and enhance the quality and taste of existing regular donuts, to provide customers with unprecedented enjoyment. At the same time, we will expand alliances with other companies, and collaboration projects. We will also open drive-thru shops and promote growth initiatives including store openings in new areas (mainly metropolitan areas) through the introduction of a central kitchen.

Other

We will focus our efforts on enhancing the governance structure, including our response to the planned revisions to the Corporate Governance Code, and to the review of market sections by the Tokyo Stock Exchange planned for next fiscal year.

Even in the midst of the coronavirus crisis, Duskin is committed to promoting CSV (creating shared value) by resolving economic, social and environmental issues through its business, strengthening governance to mutually realize economic, social and environmental value, and pushing ahead with initiatives to address the SDGs. Through these endeavors, we will contribute to the development of a sustainable society.

3. Basic policies for selecting accounting standards

To facilitate comparisons of its consolidated financial statements across different fiscal years and with other companies, Duskin Group intends to prepare its consolidated financial statements based on Japanese generally accepted accounting principles (JGAAP). With regard to the adoption of International Financial Reporting Standards (IFRS), Duskin intends to monitor developments in Japan and overseas, and to respond appropriately to these developments.

4. Consolidated financial statements

(1) Consolidated balance sheets

(millions of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	23,728	18,431
Notes and accounts receivable - trade	11,623	11,875
Lease receivables and investments in leases	1,177	1,157
Securities	10,292	19,711
Merchandise and finished goods	9,536	10,306
Work in process	196	181
Raw materials and supplies	1,769	1,779
Other	3,893	5,818
Allowance for doubtful accounts	-22	-23
Total current assets	62,195	69,239
Non-current assets		
Property, plant and equipment		
Buildings and structures	43,708	44,249
Accumulated depreciation	-27,921	-28,951
Buildings and structures, net	15,787	15,298
Machinery, equipment and vehicles	25,778	26,110
Accumulated depreciation	-18,747	-18,800
Machinery, equipment and vehicles, net	7,030	7,310
Land	22,670	22,658
Construction in progress	296	103
Other	14,281	14,981
Accumulated depreciation	-9,705	-10,200
Other, net	4,576	4,781
Total property, plant and equipment	50,360	50,152
Intangible assets		
Goodwill	349	356
Software	7,699	8,002
Other	2,873	1,275
Total intangible assets	10,922	9,635
Investments and other assets		
Investment securities	51,242	50,768
Deferred tax assets	3,575	1,684
Guarantee deposits	5,942	5,944
Other	947	998
Allowance for doubtful accounts	-28	-22
Total investments and other assets	61,680	59,372
Total non-current assets	122,963	119,159
Total assets	185,158	188,399

(millions of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,588	6,962
Income taxes payable	1,554	354
Provision for bonuses	3,619	3,062
Reserves for losses on liquidation of subsidiaries and affiliates	51	-
Asset retirement obligations	-	1
Accounts payable - other	8,392	9,491
Guarantee deposit received for rental products	9,341	9,135
Other	4,844	5,579
Total current liabilities	34,392	34,587
Non-current liabilities		
Retirement benefit liability	7,243	6,494
Asset retirement obligations	617	643
Long-term guarantee deposits	776	777
Long-term accounts payable - other	33	12
Deferred tax liabilities	54	38
Other	9	8
Total non-current liabilities	8,735	7,974
Total liabilities	43,127	42,562
Net assets		
Shareholders' equity		
Share capital	11,352	11,352
Capital surplus	11,091	11,091
Retained earnings	116,654	116,914
Treasury shares	-4,616	-4,591
Total shareholders' equity	134,482	134,768
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,965	8,771
Deferred gains or losses on hedges	-0	-0
Foreign currency translation adjustment	-193	-215
Remeasurements of defined benefit plans	1,485	2,184
Total accumulated other comprehensive income	7,256	10,740
Share acquisition rights	50	60
Non-controlling interests	241	268
Total net assets	142,031	145,836
Total liabilities and net assets	185,158	188,399

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

Consolidated statements of income

(millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	159,102	153,770
Cost of sales	87,043	84,335
Gross profit	72,059	69,435
Selling, general and administrative expenses	65,482	64,783
Operating profit	6,577	4,651
Non-operating income		
Interest income	173	137
Dividend income	383	311
Rental income from facilities	165	165
Commission income	165	189
Share of profit of entities accounted for using equity method	363	687
Miscellaneous income	500	767
Total non-operating income	1,752	2,260
Non-operating expenses		
Interest expenses	0	0
Rental expenses on facilities	103	106
Cancellation penalty	60	30
Compensation expenses	34	33
Commission for purchase of treasury shares	42	-
Miscellaneous loss	158	107
Total non-operating expenses	400	278
Ordinary profit	7,929	6,633
Extraordinary income		
Gain on sales of non-current assets	2	16
Gain on sales of investment securities	1,108	1
Reversal of reserves for losses on liquidation of subsidiaries and affiliates	76	7
Other	5	3
Total extraordinary income	1,193	27
Extraordinary losses		
Loss on sales of non-current assets	0	1
Loss on abandonment of non-current assets	109	130
Impairment loss	250	422
Loss on disaster	121	0
COVID-19 relief money	-	1,658
Loss on sales of investment securities	161	-
Other	8	133
Total extraordinary losses	651	2,346
Profit before income taxes	8,471	4,315
Income taxes - current	2,902	1,112
Income taxes - deferred	-27	352
Total income taxes	2,875	1,465
Profit	5,595	2,849
Profit (loss) attributable to non-controlling interests	4	28
Profit attributable to owners of parent	5,591	2,821

Consolidated statements of comprehensive income

	(millions of yen)	
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit	5,595	2,849
Other comprehensive income		
Valuation difference on available-for-sale securities	-3,939	2,760
Foreign currency translation adjustment	-11	-28
Remeasurements of defined benefit plans, net of tax	588	688
Share of other comprehensive income of entities accounted for using equity method	-53	62
Total other comprehensive income	-3,417	3,482
Comprehensive income	2,178	6,331
Comprehensive income attributable to owners of parent	2,174	6,305
Comprehensive income attributable to non-controlling interests	4	26

(3) Consolidated statements of changes in net assets
FY2019 (April 1, 2019 - March 31, 2020)

(millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	11,352	11,091	118,075	-1,565	138,954
Changes of items during the period					
Dividends of surplus			-2,265		-2,265
Profit attributable to owners of parent			5,591		5,591
Purchase of treasury shares				-7,779	-7,779
Retirement of treasury shares			-4,728	4,728	-
Increase (decrease) arising from change in scope of consolidation of entities accounted for using equity method			-18		-18
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	-1,421	-3,050	-4,471
Balance at end of current period	11,352	11,091	116,654	-4,616	134,482

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	9,920	-1	-139	894	10,673	18	237	149,884
Changes of items during the period								
Dividends of surplus								-2,265
Profit attributable to owners of parent								5,591
Purchase of treasury shares								-7,779
Retirement of treasury shares								-
Increase (decrease) arising from change in scope of consolidation of entities accounted for using equity method								-18
Net changes of items other than shareholders' equity	-3,955	0	-54	591	-3,416	31	4	-3,381
Total changes of items during the period	-3,955	0	-54	591	-3,416	31	4	-7,853
Balance at end of current period	5,965	-0	-193	1,485	7,256	50	241	142,031

FY2020 (April 1, 2020 - March 31, 2021)

(millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	11,352	11,091	116,654	-4,616	134,482
Changes of items during the period					
Dividends of surplus			-2,565		-2,565
Profit attributable to owners of parent			2,821		2,821
Purchase of treasury shares				-1	-1
Disposal of treasury shares			-0	26	26
Increase (decrease) arising from change in scope of consolidation of entities accounted for using equity method			4		4
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	259	25	285
Balance at end of current period	11,352	11,091	116,914	-4,591	134,768

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	5,965	-0	-193	1,485	7,256	50	241	142,031
Changes of items during the period								
Dividends of surplus								-2,565
Profit attributable to owners of parent								2,821
Purchase of treasury shares								-1
Disposal of treasury shares								26
Increase (decrease) arising from change in scope of consolidation of entities accounted for using equity method								4
Net changes of items other than shareholders' equity	2,806	-	-21	698	3,483	9	26	3,519
Total changes of items during the period	2,806	-	-21	698	3,483	9	26	3,805
Balance at end of current period	8,771	-0	-215	2,184	10,740	60	268	145,836

(4) Consolidated statements of cash flows

(millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	8,471	4,315
Depreciation	7,044	7,486
Amortization of goodwill	202	206
Increase (decrease) in allowance for doubtful accounts	-1	3
Bad debts expenses	1	2
Interest and dividend income	-557	-449
Interest expenses	0	1
Foreign exchange losses (gains)	0	1
Share of loss (profit) of entities accounted for using equity method	-363	-687
Loss (gain) on sales of property, plant and equipment	-2	-14
Loss on retirement of property, plant and equipment	106	145
Loss (gain) on sales and redemption of investment securities	-946	-1
Impairment loss	250	422
Loss on disaster	121	0
COVID-19 relief money	-	1,658
Decrease (increase) in trade receivables	-1,470	-246
Decrease (increase) in accounts receivable - other	-305	-1,740
Decrease (increase) in inventories	-1,858	-765
Increase (decrease) in trade payables	-268	379
Increase (decrease) in accounts payable - other	-431	1,850
Increase (decrease) in provision for bonuses	127	-556
Increase (decrease) in retirement benefit liability	-98	243
Increase (decrease) in reserves for losses on liquidation of subsidiaries and affiliates	-278	-51
Increase (decrease) in accrued consumption taxes	282	645
Decrease (increase) in investments in leases	-20	1
Other	528	154
Subtotal	10,536	13,003
Interest and dividends received	1,073	896
Interest paid	-0	-0
Payments associated with disaster loss	-109	-0
Payments of COVID-19 relief money	-	-1,658
Income taxes paid	-2,649	-2,137
Net cash provided by (used in) operating activities	8,850	10,103

(millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from investing activities		
Decrease (increase) in time deposits	-316	84
Purchase of securities	-16,204	-15,000
Proceeds from sales and redemption of securities	19,707	14,800
Purchase of property, plant and equipment	-6,167	-5,031
Proceeds from sales of property, plant and equipment	27	36
Purchase of intangible assets	-3,100	-2,324
Purchase of investment securities	-510	-4,029
Proceeds from sales and redemption of investment securities	11,047	7,204
Purchase of shares of associates	-257	-18
Payments of leasehold and guarantee deposits	-685	-203
Proceeds from refund of leasehold and guarantee deposits	277	114
Payments for acquisition of businesses	-297	-207
Other	-381	-444
Net cash provided by (used in) investing activities	3,137	-5,019
Cash flows from financing activities		
Purchase of treasury shares	-7,779	-1
Dividends paid	-2,266	-2,563
Other	24	1
Net cash provided by (used in) financing activities	-10,022	-2,563
Effect of exchange rate change on cash and cash equivalents	-35	-13
Net increase (decrease) in cash and cash equivalents	1,930	2,506
Cash and cash equivalents at beginning of period	25,237	27,167
Cash and cash equivalents at end of period	27,167	29,674

- (5) Notes to consolidated financial statements
(Notes relating to going concern assumption)
None

(Segment information)

a. Segment information

1. Overview of business segments

Duskin's reportable segments are components of the Company for which separate financial information is available, and whose operating results are reviewed regularly by the Board of Directors to determine the allocation of resources and evaluate performance.

Duskin has business operating units classified by product and service type. Each business unit establishes comprehensive product and service strategies for Japan, and conducts its own business activities.

Duskin is organized into two reportable segments, Direct Selling Group and Food Group, comprised of business operating units such as business groups and divisions based on product and service types.

Direct Selling Group, with a focus on direct selling, includes rental of environmental hygiene products and cleaning tools, manufacturing and sales of cosmetics, rental of cabinet towels, sales of environmental hygiene products and restroom products, rental of industrial wiper cloths, rental of water purifiers and air purifiers, house cleaning services, home cleaning and helper services, pest control and prevention services, tree and lawn care services, fixing scratches and dents, plant and facility management services, living support services for seniors, event planning and operation, rental and sales of travel goods, baby goods, leisure goods, health and nursing care equipment, planning, sales and leasing of uniforms and sales of coffee to offices. Food Group is comprised of food service businesses that include manufacturing and sales of donuts, sales of food and beverages, operation of pork cutlet restaurants, manufacturing ice confectionery, and sales of other food and beverages.

2. Method of calculating sales, income or loss, assets and others by business segment

The segment income or losses are based on operating profit or loss.

Intersegment intercompany income and transfers are based on current market prices.

(Change in calculation method for assets of reportable segments)

From the fiscal year ended March 31, 2021, Duskin has changed the way it allocates assets between each segment and corporate assets, to facilitate more precise performance assessment and accurate decision-making.

Segment information for the previous fiscal year has been presented after recalculation using the new allocation method.

3. Sales, income or losses, assets and others by business segment

Consolidated fiscal year 2019 (April 1, 2019 – March 31, 2020)

(millions of yen)

	Direct Selling Group	Food Group	Other Businesses (Note 1)	Total	Adjustment (Note 2)	Consolidated total
Sales						
To outside customers	110,379	36,247	12,475	159,102	-	159,102
Intersegment sales and transfers	656	15	2,097	2,769	-2,769	-
Total	111,036	36,263	14,572	161,872	-2,769	159,102
Segment income (loss)	11,603	681	442	12,726	-6,149	6,577
Segment assets	100,593	18,776	15,175	134,545	50,613	185,158
Other						
Depreciation	3,497	807	1,736	6,041	896	6,938
Investments in entities accounted for using equity method	6,013	-	1,058	7,072	-	7,072
Property, plant and equipment and intangible assets increase	3,475	959	4,279	8,714	967	9,682

Consolidated fiscal year 2020 (April 1, 2020 – March 31, 2021)

(millions of yen)

	Direct Selling Group	Food Group	Other Businesses (Note 1)	Total	Adjustment (Note 2)	Consolidated total
Sales						
To outside customers	104,744	36,551	12,474	153,770	-	153,770
Intersegment sales and transfers	595	9	2,578	3,183	-3,183	-
Total	105,339	36,561	15,053	156,954	-3,183	153,770
Segment income (loss)	8,779	414	660	9,854	-5,202	4,651
Segment assets	108,403	19,602	15,174	143,179	45,219	188,399
Other						
Depreciation	3,638	814	2,057	6,510	868	7,378
Investments in entities accounted for using equity method	6,348	-	1,072	7,420	-	7,420
Property, plant and equipment and intangible assets increase	1,684	1,395	3,128	6,208	555	6,764

(Notes)

1. Other Businesses are comprised of the businesses that are not categorized in reportable business segments, including office equipment and vehicle leasing, hospital management services, insurance agent services, and overseas businesses.
2. Breakdown of the adjustment area as follows:

Sales		(millions of yen)	
	FY2019	FY2020	
Intersegment eliminations		-2,769	-3,183
Total		-2,769	-3,183

Segment income (loss)	(millions of yen)	
	FY2019	FY2020
Intersegment eliminations	14	38
Corporate expenses (Note)	-6,164	-5,240
Total	-6,149	-5,202

(Note) Corporate expenses include corporate administrative expenses.

Segment assets	(millions of yen)	
	FY2019	FY2020
Intersegment eliminations	-15,686	-15,522
Corporate assets (Note)	66,299	60,742
Total	50,613	45,219

(Note) Corporate assets include the management fund of surplus funds (cash and securities), long-term investment funds (investment securities) and assets relating to the administrative departments.

Depreciation	(millions of yen)	
	FY2019	FY2020
Intersegment eliminations	-1	-0
Corporate assets	897	869
Total	896	868

Increase of property, plant and equipment and intangible assets		(millions of yen)	
	FY2019	FY2020	
Intersegment eliminations	-0	-	
Corporate assets	968	555	
Total	967	555	

3. Segment income has been adjusted for consistency with operating profit that is shown in the consolidated statements of income.

b. Other related information

Consolidated fiscal year 2019 (April 1, 2019 - March 31, 2020)

1. Product and/or service segment information

(millions of yen)				
	Direct Selling Group	Food Group	Other Businesses	Total
Sales to outside customers	110,379	36,247	12,475	159,102

2. Geographic segment information

(1) Net sales

Since sales to outside customers in Japan exceed 90% of net sales on the consolidated statements of income, this information is omitted.

(2) Property, plant and equipment

Since the amount of property, plant and equipment in Japan exceeds 90% of the amount on the consolidated balance sheet, this information is omitted.

Consolidated fiscal year 2020 (April 1, 2020 - March 31, 2021)

1. Product and/or service segment information

	Direct Selling Group	Food Group	Other Businesses	Total
Sales to outside customers	104,744	36,551	12,474	153,770

2. Geographic segment information

(1) Net sales

Since sales to outside customers in Japan exceed 90% of net sales on the consolidated statements of income, this information is omitted.

(2) Property, plant and equipment

Since the amount of property, plant and equipment in Japan exceeds 90% of the amount on the consolidated balance sheet, this information is omitted.

c. Impairment losses on non-current assets by business segment

Consolidated fiscal year 2019 (April 1, 2019 - March 31, 2020)

(millions of yen)

	Direct Selling Group	Food Group	Other Businesses	Elimination or Corporate	Total
Impairment loss	17	233	-	-	250

Consolidated fiscal year 2020 (April 1, 2020 - March 31, 2021)

(millions of yen)

	Direct Selling Group	Food Group	Other Businesses	Elimination or Corporate	Total
Impairment loss	232	190	-	-	422

d. Amortization of goodwill and unamortized amount of goodwill by business segment

Consolidated fiscal year 2019 (April 1, 2019 - March 31, 2020)

(millions of yen)

	Direct Selling Group	Food Group	Other Businesses	Elimination or Corporate	Total
Amortization	186	6	9	-	202
Balance (Note)	260	18	69	-	349

(Note) Goodwill at the end of the fiscal year includes 260 million yen of goodwill in Direct Selling Group and 18 million yen of goodwill in Food Group resulting from the purchase by Duskin and its subsidiaries of the business operations of several franchisees and 69 million yen of goodwill in Other Businesses for Big Apple Worldwide Holdings Sdn. Bhd., which was acquired in February 2017.

Consolidated fiscal year 2020 (April 1, 2020 - March 31, 2021)

(millions of yen)

	Direct Selling Group	Food Group	Other Businesses	Elimination or Corporate	Total
Amortization	184	11	9	-	206
Balance (Note)	256	42	57	-	356

(Note) Goodwill at the end of the fiscal year includes 256 million yen of goodwill in Direct Selling Group and 42 million yen of goodwill in Food Group resulting from the purchase by Duskin and its subsidiaries of the business operations of several franchisees and 57 million yen of goodwill in Other Businesses for Big Apple Worldwide Holdings Sdn. Bhd., which was acquired in February 2017.

e. Information on gain on bargain purchase by business segments

Consolidated fiscal year 2019 (April 1, 2019 - March 31, 2020)

None

Consolidated fiscal year 2020 (April 1, 2020 - March 31, 2021)

None

(Per share information)

(yen)

FY2019 (April 1, 2019 - March 31, 2020)		FY2020 (April 1, 2020 - March 31, 2021)	
Net assets per share	2,872.99	Net assets per share	2,948.85
Earnings per share	109.95	Earnings per share	57.19
Profit per share (fully diluted)	109.91	Profit per share (fully diluted)	57.16

(Note) Profit per share and profit per share (fully diluted) is based on the following information.

	FY2019 (April 1, 2019 - March 31, 2020)	FY2020 (April 1, 2020 - March 31, 2021)
Profit per share		
Profit attributable to owners of parent (millions of yen)	5,591	2,821
Amounts not attributable to common shareholders (millions of yen)	-	-
Profit attributable to common stock owners of parent (millions of yen)	5,591	2,821
Average number of shares of common stock during the period (thousands shares)	50,855	49,342
Profit per share (fully diluted)		
Adjustments to profit attributable to owners of parent (millions of yen)	-	-
Increase in number of shares of common stock (thousands shares)	16	23
(Share acquisition rights) (thousands shares)	(16)	(23)
Outline of common stock equivalents not included in the calculation of profit per share (fully diluted) because they are not dilutive	-	-

(Important post-balance sheet events)

None