Summary of Consolidated Financial Results for the First Three Months of the Fiscal Year Ending March 31, 2022 (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 4, 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 and CEO
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Scheduled date for release of quarterly report: August 12, 2021
Scheduled date of dividend payment commencement: -
Preparation of additional financial results 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, 2021 to June 30, 2021

(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, 2021	39,461	9.4	2,748	246.3	3,379	155.9	2,263	-
3 months ended June 30, 2020	36,081	-8.2	793	-61.2	1,320	-38.7	-386	-

Note: Comprehensive income – June 30, 2021: 1,614 million yen (202.6%), June 30, 2020: 533 million yen (-%)

	Profit per share	Profit per share (fully diluted)
	yen	yen
3 months ended June 30, 2021	45.87	45.84
3 months ended June 30, 2020	-7.83	-

(2) Financial positions

	Total assets	Net assets	Equity ratio
	millions of yen	millions of yen	%
As of June 30, 2021	184,043	146,436	79.4
As of Mar. 31, 2021	188,399	145,836	77.2

Reference: Shareholders' equity - June 30, 2021: 146,107 million yen, Mar. 31, 2021: 145,508 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, 2021	-	20.00	-	20.00	40.00
Year ending Mar. 31, 2022	-				
Year ending Mar. 31, 2022 (Forecast)		30.00	-	28.00	58.00

Note: Revision of forecast for dividend recently announced: Yes

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)	79,000	6.7	4,400	55.1	5,300	33.8	3,500	151.2	70.93
Year ending Mar. 31, 2022	159,200	3.5	7,000	50.5	8,900	34.2	5,700	102.0	115.51

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 10.

(3) Changes in accounting principles and estimates, and retrospective restatements

1. Changes due to revision of accounting standards: Yes
2. Changes other than 1, above: None
3. Changes in accounting estimates: None
4. Retrospective restatements: None

Please refer to 2. Consolidated financial statements (3) Notes to consolidated financial statements (Changes in accounting policies) on page 11.

(4) Number of shares issued (Common stock)

1. Number of shares issued at the end of the period (including treasury shares)	3 months ended June 30, 2021:	50,994,823	Year ended Mar. 31, 2021:	50,994,823
2. Number of treasury shares at the end of the period	3 months ended June 30, 2021:	1,648,590	Year ended Mar. 31, 2021:	1,650,575
3. Average number of shares during the period (during the quarter)	3 months ended June 30, 2021:	49,345,755	3 months ended June 30, 2020:	49,337,391

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 2021 (April 1 to June 30, 2021), the Japanese economy lacked vigor despite a continuing upturn. It is difficult to foresee when the coronavirus crisis will end, and the outlook remains uncertain.

In this environment, we continued from the previous year to implement various countermeasures to achieve a sales recovery. To address medium- to long-term challenges, we also launched specific initiatives: (a) expand existing businesses, (b) investment in new growth opportunities, (c) structural reform; establish a solid foundation and (d) co-existence with local communities.

In response to the revision of the Corporate Governance Code, and in anticipation of the market restructuring planned by the Tokyo Stock Exchange for April 2022, we worked to build governance systems with a greater emphasis on shareholder perspectives. These include hybrid participation-type shareholder meetings and the introduction of a restricted stock remuneration plan as a new incentive program for the Company’s senior management, in place of the previous system of share-based-remuneration-type stock options.

Consolidated sales increased by 3,379 million yen (9.4%) from the same period of the previous year to 39,461 million yen due to a rise in sales in the Direct Selling Group and the Food Group. Consolidated operating profit was up 1,954 million yen (246.3%) to 2,748 million yen, primarily as a result of gross profit growth due to the rise in sales. Ordinary profit increased by 2,059 million yen (155.9%) to 3,379 million yen, and profit attributable to owners of parent also improved by 2,649 million yen to 2,263 million yen. This increase was partly due to a substantial improvement in extraordinary income and losses compared to the same period of the previous fiscal year, when we provided COVID-19 relief money to franchisees whose businesses were significantly affected by the coronavirus crisis.

The Company applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020; hereinafter referred to as “Revenue Recognition Accounting Standard”) and other standards from the beginning of fiscal 2021. This had no material effect on profit and loss.

(millions of yen)

	3 months ended June 30, 2020	3 months ended June 30, 2021	Increase/decrease	%
Consolidated sales	36,081	39,461	3,379	9.4
Consolidated gross profit	16,119	18,494	2,374	14.7
Consolidated operating profit	793	2,748	1,954	246.3
Consolidated ordinary profit	1,320	3,379	2,059	155.9
Profit (loss) attributable to owners of parent	-386	2,263	2,649	–

Result by business segment

Sales (millions of yen)

	3 months ended June 30, 2020	3 months ended June 30, 2021	Increase/decrease	%
Direct Selling Group	25,595	26,576	981	3.8
Food Group	7,539	9,856	2,317	30.7
Other Businesses	3,886	3,825	-61	-1.6
Total	37,021	40,258	3,236	8.7
Intersegment eliminations	-939	-797	142	–
Consolidated sales	36,081	39,461	3,379	9.4

Sales by business segment above include intersegment sales.

Operating profit (loss)

(millions of yen)

	3 months ended June 30, 2020	3 months ended June 30, 2021	Increase/decrease	
				%
Direct Selling Group	2,102	2,969	866	41.2
Food Group	-195	710	906	–
Other Businesses	209	265	55	26.5
Total	2,116	3,945	1,828	86.4
Intersegment eliminations, and corporate expenses	-1,322	-1,196	126	–
Consolidated operating profit	793	2,748	1,954	246.3

Operating profit or loss above includes intersegment transactions.

i. Direct Selling Group

Sales of the Direct Selling Group increased by 981 million yen (3.8%) from the same period of the previous fiscal year to 26,576 million yen. This was mainly because of higher sales in the Rent-All (rental of household items and equipment for various events) business, which was hardest hit by the coronavirus crisis in the previous fiscal year, and Care Service Businesses (professional cleaning and technical services), despite a decline in sales in the Clean Service Businesses (rental and sale of dust control products) due to the impact of the pandemic. Operating profit rose by 866 million yen (41.2%) to 2,969 million yen, primarily due to the increase in sales and gross profit.

The impact of the coronavirus crisis persisted in Clean Service Businesses, the core business of the Direct Selling Group, with sales for both residential and commercial use down slightly. In the residential dust control business, sales of our mainstay mop products fell marginally, despite the resumption of sales activities. The slight drop in sales of dust control products for commercial use was due mainly to a decrease in sales of Clear Kukan air purifier main units, in addition to a large reactionary decline after high demand for alcohol sanitizers and Welpas Mild hand disinfectant in the previous fiscal year. This was despite an increase in sales of mop and floor mat products.

The Care Service Businesses saw an increase in orders received, partly due to a growing awareness of hygiene management. As a result, customer-level sales rose for ServiceMaster (professional cleaning services), Merry Maids (home cleaning and helper services), Terminix (pest control and comprehensive sanitary management), Total Green (plant and flower upkeep) and Home Repair (fixing scratches and dents).

Sales grew substantially in other Direct Selling Group businesses. This was mainly due to a strong performance from Event Hygiene Services, a collaboration between the Rent-All business, which was hit hardest by the coronavirus crisis in the previous fiscal year, and other businesses such as Clean Service and ServiceMaster. Sales also increased at Health Rent (rental and sale of assisted-living and health care products), which continues to experience high demand, and at Life Care (support services for seniors), but declined at the uniform-related businesses and cosmetic-related businesses.

ii. Food Group

Total sales of the Food Group increased by 2,317 million yen (30.7%) to 9,856 million yen from the same period of the previous fiscal year, as a result of a rise in total customer-level sales at Mister Donut, the core business of the Food Group. Operating profit improved by 906 million yen to 710 million yen as a result of higher gross profit due to the increase in sales.

Mister Donut’s total customer-level sales turned upwards, maintaining strong performance from the second half of the previous fiscal year after bouncing back from a drastic decline in the first quarter of the previous fiscal year, when they were hit hard by the coronavirus crisis. In recent years, Mister Donut has focused on MISDO Meets items. In the first three months of FY2021, we continued to enjoy the support of our customers with the launch of the Tsuya Matcha (green tea donuts) series as MISDO Meets items. This series was a new addition to the lineup of products developed jointly with the Kyoto green tea specialty brand Gion Tsujiri, which has been our collaborative partner since four years ago. In June, we also launched Squishy Donuts, developed based on the concept of donuts that can be eaten for everyday meals, and these new products contributed to an increase in sales. In FY2021 Mister Donut is also focused on initiatives to enhance customer convenience. These include the introduction of MISDO online ordering services, which enable customers to place orders and designate pick-up times before arriving at shops, and the expansion of the delivery service offered jointly with Demae-can Co., Ltd., which we introduced during the previous fiscal year.

Sales in each of the other Food Group businesses also bounced back after a decline in the same period of the previous fiscal year due to the impact of the coronavirus crisis. Sales of Hachiya Dairy Products Co., Ltd. (production of ice cream and other dairy products for brands of large dairy product companies) also increased.

iii. Other Businesses

At consolidated subsidiaries in Japan, Duskin Healthcare Co., Ltd. (medical facility management services) performed strongly, with an increase in both the number of customers and in service menu items. However, sales were lower than in the same period of the previous fiscal year, due to the application of the Revenue Recognition Accounting Standard and other standards. Sales at Duskin Kyoeki Co., Ltd. (leasing and insurance agency) increased amid higher leasing sales because it made progress in replacing lease vehicles equipped with automatic brakes.

Overseas, sales increased at Duskin Shanghai Co., Ltd. (rental and sale of dust control products in Shanghai, China), which had suffered significantly from the impact of the coronavirus outbreak in the previous fiscal year, and at Big Apple Worldwide Holdings Sdn. Bhd. (operation of donut shops mainly in Malaysia), which experienced growth in takeout and delivery sales. However, total sales at consolidated subsidiaries overseas decreased due to a decline in sales at Duskin Hong Kong Co., Ltd., which procures raw materials and equipment, and had posted sales of face masks to the Duskin Group, including our franchisees in Japan, in the same period of the previous fiscal year.

As a result, sales of Other Businesses decreased by 61 million yen (1.6%) to 3,825 million yen. The operating profit of Other Businesses increased by 55 million yen (26.5%) to 265 million yen.

Total customer-level sales were strong in Direct Selling businesses in China (Shanghai) and Taiwan. In Mister Donut business, customer-level sales were lower in Thailand, the Philippines and Indonesia, where the impact of the coronavirus crisis persists, but increased in Taiwan. Customer-level sales rose at Big Apple Worldwide Holdings Sdn. Bhd.

(2) Financial position

Total assets at the end of the first quarter amounted to 184,043 million yen, a 4,355 million yen decrease from the end of the previous fiscal year. This was mainly due to decreases of 2,604 million yen in securities and 2,192 million yen in investment securities.

Liabilities were 37,606 million yen, a decrease of 4,955 million yen from the end of the previous fiscal year. This was mainly due to decreases of 2,918 million yen in accounts payable – other and 1,449 million yen in provision for bonuses.

Net assets were 146,436 million yen, an increase of 600 million yen from the end of the previous fiscal year. This was mainly due to an increase of 1,253 million yen in retained earnings and a decrease of 552 million yen in valuation difference on available-for-sale securities.

(3) Forecast

The forecast for consolidated and non-consolidated results of operations for FY2021 (April 1, 2021 to March 31, 2022) and the first six months of FY 2021 is as announced on August 4, 2021.

Forecasts for earnings and dividends may change significantly due to the future situation regarding 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, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	18,431	19,148
Notes and accounts receivable - trade	11,875	–
Notes and accounts receivable - trade, and contract assets	–	13,134
Lease receivables and investments in leases	1,157	1,135
Securities	19,711	17,106
Merchandise and finished goods	10,306	9,555
Work in process	181	196
Raw materials and supplies	1,779	1,860
Accounts receivable - other	4,361	4,588
Other	1,457	1,775
Allowance for doubtful accounts	-23	-22
Total current assets	69,239	68,478
Non-current assets		
Property, plant and equipment		
Buildings and structures	44,249	44,429
Accumulated depreciation	-28,951	-29,235
Buildings and structures, net	15,298	15,193
Machinery, equipment and vehicles	26,110	26,009
Accumulated depreciation	-18,800	-18,669
Machinery, equipment and vehicles, net	7,310	7,339
Land	22,658	22,658
Construction in progress	103	156
Other	14,981	15,093
Accumulated depreciation	-10,200	-10,484
Other, net	4,781	4,609
Total property, plant and equipment	50,152	49,956
Intangible assets		
Goodwill	356	352
Software	8,002	7,449
Other	1,275	1,430
Total intangible assets	9,635	9,232
Investments and other assets		
Investment securities	50,768	48,575
Deferred tax assets	1,684	1,437
Guarantee deposits	5,944	5,415
Other	998	970
Allowance for doubtful accounts	-22	-22
Total investments and other assets	59,372	56,376
Total non-current assets	119,159	115,565
Total assets	188,399	184,043

(millions of yen)

	As of March 31, 2021	As of June 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,962	6,087
Income taxes payable	354	290
Provision for bonuses	3,062	1,612
Asset retirement obligations	1	3
Accounts payable - other	9,491	6,573
Guarantee deposit received for rental products	9,135	9,085
Other	5,579	5,999
Total current liabilities	34,587	29,652
Non-current liabilities		
Retirement benefit liability	6,494	6,467
Asset retirement obligations	643	645
Long-term guarantee deposits	777	781
Long-term accounts payable - other	12	12
Deferred tax liabilities	38	38
Other	8	7
Total non-current liabilities	7,974	7,953
Total liabilities	42,562	37,606
Net assets		
Shareholders' equity		
Share capital	11,352	11,352
Capital surplus	11,091	11,091
Retained earnings	116,914	118,168
Treasury shares	-4,591	-4,585
Total shareholders' equity	134,768	136,027
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,771	8,218
Deferred gains or losses on hedges	-0	-0
Foreign currency translation adjustment	-215	-82
Remeasurements of defined benefit plans	2,184	1,944
Total accumulated other comprehensive income	10,740	10,080
Share acquisition rights	60	62
Non-controlling interests	268	266
Total net assets	145,836	146,436
Total liabilities and net assets	188,399	184,043

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

Consolidated statements of income

(millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Net sales	36,081	39,461
Cost of sales	19,961	20,967
Gross profit	16,119	18,494
Selling, general and administrative expenses	15,326	15,745
Operating profit	793	2,748
Non-operating income		
Interest income	35	34
Dividend income	158	173
Rental income from facilities	41	41
Commission income	51	74
Share of profit of entities accounted for using equity method	179	78
Subsidy income	0	165
Other	142	124
Total non-operating income	609	691
Non-operating expenses		
Interest expenses	0	0
Rental expenses on facilities	31	31
Other	50	28
Total non-operating expenses	82	59
Ordinary profit	1,320	3,379
Extraordinary income		
Gain on sale of non-current assets	0	0
Other	1	1
Total extraordinary income	1	1
Extraordinary losses		
Loss on sale of non-current assets	0	–
Loss on abandonment of non-current assets	35	12
Impairment losses	3	–
COVID-19 relief money	1,661	–
Other	29	–
Total extraordinary losses	1,730	12
Profit (loss) before income taxes	-407	3,369
Income taxes	-27	1,097
Profit (loss)	-380	2,272
Profit attributable to non-controlling interests	6	9
Profit (loss) attributable to owners of parent	-386	2,263

Consolidated statements of comprehensive income

(millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Profit (loss)	-380	2,272
Other comprehensive income		
Valuation difference on available-for-sale securities	955	-557
Foreign currency translation adjustment	-39	74
Remeasurements of defined benefit plans, net of tax	4	-233
Share of other comprehensive income of entities accounted for using equity method	-7	57
Total other comprehensive income	913	-658
Comprehensive income	533	1,614
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	529	1,603
Comprehensive income attributable to non-controlling interests	3	11

(3) Notes to consolidated financial statements

(Notes relating to going concern assumption)

None

(Notes on significant changes in shareholders' equity)

None

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

(Calculation of tax expenses)

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

(Changes in accounting policies)

(Application of Accounting Standard for Revenue Recognition and other standards)

The Company has applied Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020; hereinafter referred to as "Revenue Recognition Accounting Standard") and other standards from the beginning of FY2021. Under Revenue Recognition Accounting Standard, the Company recognizes revenue at the time when control over the promised goods or services are transferred to the customer, in an amount equal to the consideration expected to be received for the said goods or services.

In applying the Revenue Recognition Accounting Standard and other standards, the Company has followed the transitional treatment stipulated under the proviso of Paragraph 84 of Revenue Recognition Accounting Standard, adjusting retained earnings at the beginning of FY2021 to account for the cumulative effect of retrospective application of the new accounting policy prior to that time, and applying the new accounting policy from the adjusted balance. However, the new accounting policy has not been applied retrospectively for those contracts where substantially all of the contract revenue had been recognized based on the previous accounting treatment prior to the beginning of FY2021, in accordance with the method prescribed in Paragraph 86 of Revenue Recognition Accounting Standard. Moreover, the Company has treated contracts that were altered prior to the beginning of FY2021 based on the contractual conditions effective after all alterations were made, adjusting retained earnings at the beginning of FY2021 to account for the cumulative effect of this treatment, in accordance with the method prescribed in comment (1) of Paragraph 86 of Revenue Recognition Accounting Standard.

These changes had no material effect on profit and loss for the first three months of FY2021, and no effect on the balance of retained earnings at the beginning of FY2021.

Pursuant to the application of Revenue Recognition Accounting Standard and other standards, notes and accounts receivable - trade, which were presented under current assets on the consolidated balance sheets for the previous fiscal year, have been included in notes and accounts receivable - trade, and contract assets from the first three months of FY2021. Moreover, some items from accounts payable - other, which were presented under current liabilities on the consolidated balance sheets for the previous fiscal year, have been included in other current liabilities as contract liabilities. In accordance with the transitional treatment prescribed in Paragraph 89-2 of Revenue Recognition Accounting Standard, amounts for the previous fiscal year have not been reclassified based on the new presentation method. Moreover, in accordance with the transitional treatment prescribed under Paragraph 28-15 of Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), a breakdown of income from contracts with customers has not been presented for the first three months of FY2020.

(Application of the Accounting Standard for Fair Value Measurement and other standards)

The Company has applied Accounting Standard for Fair Value Measurement and other standards (ASBJ Statement No. 30, July 4, 2019; hereinafter referred to as "Fair Value Measurement Accounting Standard") from the beginning of FY2021. The new accounting policy stipulated in Fair Value Measurement Accounting Standard has been applied prospectively, in accordance with the transitional treatment prescribed under Paragraph 19 of Fair Value Measurement Accounting Standard and Paragraph 44-2 of Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). This change has had no effect on the consolidated financial statements.

(Segment information)

Segment information

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

1. Sales, income or losses 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 income (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 third 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 the Direct Selling Group and 17 million yen of goodwill in the 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

II Three-month period (April 1, 2021 to June 30, 2021)

1. Sales, income or losses by business segment, and breakdown of revenue

(millions of yen)

	Direct Selling Group	Food Group	Other Businesses (Note 1)	Total	Adjustment (Note 2)	Consolidated total (Note 3)
Sales						
Clean Service Businesses	19,653	-	-	19,653	-	19,653
Care Service Businesses	3,432	-	-	3,432	-	3,432
Mister Donut business	-	9,084	-	9,084	-	9,084
Other	3,304	768	2,598	6,671	-	6,671
Revenue from contracts with customers	26,390	9,852	2,598	38,841	-	38,841
Other revenue	-	-	619	619	-	619
To outside customers	26,390	9,852	3,217	39,461	-	39,461
Intersegment sales and transfers	186	3	607	797	-797	-
Total	26,576	9,856	3,825	40,258	-797	39,461
Segment income (loss)	2,969	710	265	3,945	-1,196	2,748

(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 income (loss) adjustments of -1,196 million yen include a 75 million yen elimination for intersegment sales and transfers and -1,272 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 FY2021 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	56	3	2	-	62
Balance (Note)	255	39	57	-	352

(Note) Goodwill at the end of the first quarter includes 236 million yen of goodwill in the Direct Selling Group and 39 million yen of goodwill in the 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.

(Significant gains on negative goodwill)

None

3. Changes in business segments

As described in Changes in accounting policies, the Company has applied Revenue Recognition Accounting Standard and other standards from the beginning of FY2021. With this change in the accounting treatment for revenue recognition, the Company has correspondingly changed the method used to measure business segment income (loss).