

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2022

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 13, 2022
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, 2022

Scheduled date of dividend payment commencement: June 24, 2022

Scheduled date for release of annual securities report: June 24, 2022

Preparation of additional financial results materials: Yes

Holding of financial results meeting: Yes
(for institutional investors and analysts)

(Amounts less than one million yen are dropped.)

1. Consolidated financial results for the fiscal year ended March 31, 2022

(1) Results of operation

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

	Net 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, 2022	163,210	6.1	9,899	112.8	12,215	84.1	8,132	188.2
Year ended Mar. 31, 2021	153,770	-3.4	4,651	-29.3	6,633	-16.3	2,821	-49.5

Note: Comprehensive income - Year ended March 31, 2022: 7,477 million yen (18.1%), Year ended March 31, 2021: 6,331 million yen (190.6%)

	Profit per share	Profit per share (fully diluted)	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to sales
	yen	yen	%	%	%
Year ended Mar. 31, 2022	164.71	164.63	5.5	6.3	6.1
Year ended Mar. 31, 2021	57.19	57.16	2.0	3.6	3.0

Reference: Share of profit (loss) of entities accounted for using equity method - Year ended March 31, 2022: 703 million yen, Year ended March 31, 2021: 687 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, 2022	198,055	151,026	76.1	3,047.67
As of Mar. 31, 2021	188,399	145,836	77.2	2,948.85

Reference: Shareholders' equity - March 31, 2022: 150,661 million yen, March 31, 2021: 145,508 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, 2022	19,596	-8,524	-835	39,963
Year ended Mar. 31, 2021	10,103	-5,019	-2,563	29,674

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)			
	yen	yen	yen	yen	yen	millions of yen	%	%
Year ended Mar. 31, 2021	-	20.00	-	20.00	40.00	1,973	69.9	1.4
Year ended Mar. 31, 2022	-	30.00	-	53.00	83.00	4,151	50.4	2.8
Year ending Mar. 31, 2023 (Forecast)	-	40.00	-	41.00	81.00		60.7	

3. Forecast of consolidated financial results for the FY2022 (April 1, 2022 - March 31, 2023)

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

	Net 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)	81,900	2.1	4,000	-37.0	5,000	-33.4	3,500	-32.4	70.80
Year ending Mar. 31, 2023	170,000	4.2	7,800	-21.2	9,600	-21.4	6,600	-18.8	133.51

Notes

(1) Changes in significant subsidiaries during the period

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

(2) 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 “4. Consolidated financial statements (5) Notes to consolidated financial statements (changes in accounting policies)” on page 19 of the attachment.

(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, 2022: 50,994,823	Year ended Mar. 31, 2021: 50,994,823
2. Number of treasury shares at the end of the period	Year ended Mar. 31, 2022: 1,559,747	Year ended Mar. 31, 2021: 1,650,575
3. Average number of shares outstanding during the period	Year ended Mar. 31, 2022: 49,377,021	Year ended Mar. 31, 2021: 49,342,293

(Reference) Overview of the non-consolidated financial results

Non-consolidated financial results for the fiscal year ended March 31, 2022

1. Results of operations

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

	Net sales		Operating profit		Ordinary profit		Profit	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
Year ended Mar. 31, 2022	132,333	7.6	6,828	179.6	10,563	75.6	7,400	188.5
Year ended Mar. 31, 2021	123,004	-3.8	2,442	-38.3	6,015	-18.9	2,565	-54.3

	Profit per share	
	yen	yen
Year ended Mar. 31, 2022	149.88	149.80
Year ended Mar. 31, 2021	51.99	51.96

2. Financial positions

	Total assets		Net assets		Equity ratio		Net assets per share	
	millions of yen		millions of yen		%		yen	
As of Mar. 31, 2022	179,272		122,369		68.2		2,474.13	
As of Mar. 31, 2021	172,569		118,848		68.8		2,407.33	

Reference: Shareholders' equity - March 31, 2022: 122,309 million yen, March 31, 2021: 118,788 million yen

3. Forecast of non-consolidated financial results for the FY2022 (April 1, 2022 - March 31, 2023)

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

	Net 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)	65,900	1.6	2,600	-46.4	5,200	-31.6	3,900	-31.8		78.89
Year ending Mar. 31, 2023	138,000	4.3	4,400	-35.6	7,800	-26.2	5,700	-23.0		115.30

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, 2022 (FY2021), the Japanese economy experienced a continuing upturn overall, but remained sluggish due to the impact of the prolonged coronavirus crisis. New cases of coronavirus infection declined gradually from a peak in August, and although it appeared as if the crisis had been brought under control, the fourth quarter saw a resurgence in cases. Economic activities were significantly restricted because a quasi-state of emergency was extended over a wider area, 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 engaged in specific initiatives: (a) expanding existing businesses, (b) investment in new growth opportunities, (c) implementing structural reform and establishing a solid foundation and (d) co-existence with local communities.

The Direct Selling Group is committed to remaking our image into a brand forging healthy environments in a broader sense, under the banner of “Creating Healthy Environments” for both consumers and businesses. As part of this effort, we are focused on our core mop and mat products with disinfectant, antibacterial or antivirus functions; the group also provided other services and products including Event Hygiene Services at coronavirus vaccination centers.

In the Food Group, we made every effort to capture takeout demand, while also implementing initiatives to further enhance customer convenience. These included the introduction of MISDO online ordering services, which enable customers to place orders and designate pick-up dates and 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. We also decided to sell the Bakery Factory bakery shops business and exit from the ice cream business as part of our efforts to optimize business portfolios by focusing business resources on strategic areas and withdrawing from unprofitable businesses.

Moreover, we focused our efforts on building a governance system with a greater emphasis on shareholder perspectives, as a company to be listed on the Prime Market of the Tokyo Stock Exchange after its market restructuring in April 2022. These include 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, and the holding of hybrid virtual shareholders’ meetings (where online participants cannot exercise their voting rights on the day of the meeting.)

Consolidated net sales increased by 9,439 million yen (6.1%) from the previous fiscal year to 163,210 million yen due to a rise in sales across all business segments. Consolidated operating profit was up 5,247 million yen (112.8%) to 9,899 million yen, primarily as a result of gross profit growth due to the rise in sales. Consolidated ordinary profit increased by 5,581 million yen (84.1%) to 12,215 million yen, and profit attributable to owners of parent also improved by 5,311 million yen (188.2%) to 8,132 million yen.

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 FY2021. This had no material effect on profit and loss.

(millions of yen)

	Year ended Mar. 31, 2021	Year ended Mar. 31, 2022	Increase/decrease	
				%
Consolidated net sales	153,770	163,210	9,439	6.1
Consolidated gross profit	69,435	74,908	5,473	7.9
Consolidated operating profit	4,651	9,899	5,247	112.8
Consolidated ordinary profit	6,633	12,215	5,581	84.1
Profit attributable to owners of parent	2,821	8,132	5,311	188.2

Result by business segment

Sales

(millions of yen)

	Year ended Mar. 31, 2021	Year ended Mar. 31, 2022	Increase/decrease	
				%
Direct Selling Group	105,339	107,128	1,788	1.7
Food Group	36,561	43,818	7,257	19.9
Other Businesses	15,053	15,414	361	2.4
Total	156,954	166,361	9,407	6.0
Intersegment eliminations	-3,183	-3,150	32	-
Consolidated net sales	153,770	163,210	9,439	6.1

Sales by business segment above include intersegment sales.

Operating profit (loss)

(millions of yen)

	Year ended Mar. 31, 2021	Year ended Mar. 31, 2022	Increase/decrease	
				%
Direct Selling Group	8,779	10,539	1,760	20.1
Food Group	414	3,619	3,204	772.6
Other Businesses	660	873	213	32.3
Total	9,854	15,032	5,178	52.6
Intersegment eliminations, and corporate expenses	-5,202	-5,133	69	-
Consolidated operating profit	4,651	9,899	5,247	112.8

Operating profit or loss above includes intersegment transactions.

i. Direct Selling Group

Sales of the Direct Selling Group increased by 1,788 million yen (1.7%) from the previous fiscal year to 107,128 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 the 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). Operating profit rose by 1,760 million yen (20.1%) to 10,539 million yen, primarily due to the increase in sales and gross profit.

Sales of the Clean Service businesses, the core business of the Direct Selling Group, declined for both residential and commercial markets. New customers for residential dust control products increased and the number of cancellations declined due to sales efforts from a year earlier. However, the number of cancellations continued to exceed that of new contracts; sales of our mainstay mop products also fell. Sales were also lower in the commercial markets. This was due to rental suspensions or postponements primarily in areas subject to temporary closure requests for restaurants and other outlets under the state of emergency. Another factor was a decline after high demand in the previous fiscal year for alcohol sanitizers and hygiene management products such as Welpas Mild hand disinfectant and Clear Kukan air purifiers. However, sales of sanitary mats and other hygiene products grew steadily for both residential and commercial markets. We have been focused on selling the hygiene products as part of our efforts to be recognized as a company “Creating Healthy Environments” for consumers and businesses.

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).

Total sales grew substantially in other Direct Selling Group businesses. This was mainly due to a strong performance from Event Hygiene Services (installation of thermometers, anti-droplet panels, disinfectants, sanitary mats and other products, as well as event venue hygiene maintenance services), driven by factors including orders from coronavirus vaccination centers across Japan and the Tokyo 2020 Olympic and Paralympic Games. The services are provided by the Rent-All business, which was hit hardest by the pandemic a year earlier, in collaboration with the Clean Service (dust control and other products) and the ServiceMaster businesses. Sales also increased at Health Rent (rental and sale of assisted-living and health care products), which continues to experience high demand, as well as at the cosmetic-related businesses and the Life Care (support services for seniors), but declined at the uniform-related businesses.

ii. Food Group

Total sales of the Food Group increased by 7,257 million yen (19.9%) to 43,818 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 the Food Group, and a substantial increase in sales of ingredients and royalties. Operating profit improved by 3,204 million yen (772.6%) to 3,619 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 due to rising takeout demand, after bouncing back from a substantial decline in the first half of the previous fiscal year, when it was hit hard by the coronavirus crisis. MISDO Meets products, developed jointly with other brands that have high quality ingredients and advanced techniques, continued to be well received overall. After collaborating with the Kyoto green tea specialty brand Gion Tsujiri in the first three months of FY2021, we co-developed a new product with the baked cheese tart shop BAKE Cheese Tart and the cream puff shop Croquant Chou Zakuzaku during the second three months. In the third three months, we went on to launch the Sichuan Special, developed jointly with Chen Kenichi. This was followed in the fourth three months by the launch of the WITTAMER Collection, co-developed with WITTAMER, a patisserie brand to the Belgian royal family, in January. Our Christmas season collaboration with Pokémon Company, currently in its fourth year, as well as year-end and New Year’s lucky bags were again popular and largely contributed to an increase in sales. There was also an upturn in the number of shops in operation, which had been declining,

due to new shop openings.

On March 1, we revised the prices for some of our products in view of the soaring cost of major ingredients such as flour and edible oil, and the rise in logistics and other various expenses.

Sales in the other Food Group businesses declined overall, with a fall in sales at Pie Face pie shops, which saw a decrease in the number of locations, and Katsu & Katsu pork cutlet restaurants, which suffered significantly from shortened trading hours under the state of emergency.

iii. Other Businesses

At consolidated subsidiaries in Japan, sales increased at Duskin Healthcare Co., Ltd. (medical facility management services), with orders of cleaning services for the Olympic Village at the Tokyo 2020 Olympic and Paralympic Games, despite the impact of 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 replacement with lease vehicles equipped with automatic brakes.

Sales at consolidated subsidiaries overseas increased overall, due to a rise in sales at Duskin Shanghai Co., Ltd. (rental and sale of dust control products in Shanghai, China) and at Big Apple Worldwide Holdings Sdn. Bhd. (operation of donut shops mainly in Malaysia), which experienced growth in takeout and delivery sales. This was despite 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 in the previous fiscal year.

As a result, sales of Other Businesses increased by 361 million yen (2.4%) from a year earlier to 15,414 million yen, and operating profit increased by 213 million yen (32.3%) to 873 million yen.

(2) Financial position

a. Current assets

As of March 31, 2022, current assets amounted to 84,102 million yen, 14,863 million yen more than at the end of the previous fiscal year. This is mainly attributable to increases of 10,893 million yen in securities and 4,928 million yen in cash and deposits.

b. Non-current assets

Non-current assets totaled 113,952 million yen at the end of the fiscal year, 5,207 million yen less than at the end of the previous fiscal year. This is mainly due to decreases of 4,591 million yen in investment securities and 1,488 million yen in intangible assets, despite an increase of 2,348 million yen in retirement benefit asset.

c. Current liabilities

Current liabilities amounted to 38,005 million yen at the end of the fiscal year, 3,418 million yen more than at the end of the previous fiscal year. This is mainly due to increases of 2,005 million yen in income taxes payable and 1,014 million yen in other under current liabilities.

d. Non-current liabilities

Non-current liabilities totaled 9,023 million yen at the end of the fiscal year, 1,048 million yen more than at the end of the previous fiscal year. This is mainly due to a 1,530 million yen increase in long-term borrowings.

e. Net assets

Net assets totaled 151,026 million yen at the end of the fiscal year, 5,189 million yen more than at the end of the previous fiscal year. This is mainly due to an increase of 5,486 million yen in retained earnings.

(3) Cash flows

Cash and cash equivalents (cash) at the end of the fiscal year totaled 39,963 million yen, an increase of 10,288 million yen from 29,674 million yen at the end of the previous fiscal year.

a. Cash flow from operating activities

Net cash provided by operating activities increased from 10,103 million yen in the previous fiscal year to 19,596 million yen. Major inflows included profit before income taxes of 11,627 million yen, depreciation of 7,560 million yen, interest and dividends received of 1,085 million yen, and a decrease in inventories of 967 million yen. Major outflows included a decrease in retirement benefit asset and liability of 1,968 million yen.

b. Cash flow from investing activities

Net cash used in investing activities totaled 8,524 million yen, compared with 5,019 million yen used in the previous fiscal year. Major inflows included proceeds from sale and redemption of securities and investment securities of 25,781 million yen. Major outflows included 28,650 million yen for purchase of securities and investment securities, 4,336 million yen for purchase of property, plant and equipment, and 1,311 million yen for purchase of intangible assets.

c. Cash flow from financing activities

Net cash used in financing activities totaled 835 million yen, compared with 2,563 million yen used in the previous fiscal year. Major inflows included proceeds from the sale of treasury shares of 1,885 million yen and proceeds from long-term borrowings of 1,699 million yen. Major outflows included dividends paid of 2,489 million yen and purchase of treasury shares of 1,701 million yen.

(4) Cash flow related indicators

A summary of cash flow related indicators is presented below.

	FY2018	FY2019	FY2020	FY2021
Equity ratio (%)	77.0	76.6	77.2	76.1
Equity ratio at market price (%)	70.6	75.7	72.9	67.1
Interest-bearing debt to cash flow ratio (years)	0.0	0.0	0.0	0.1
Interest coverage ratio (times)	4,141.8	65,046.2	13,876.4	43,519.1

(Notes)

1. These indicators are calculated using the following formulas based on consolidated figures.
 Equity ratio: (Net assets – share acquisition rights – non-controlling interests)/Total assets
 Equity ratio at market price: Current aggregate value of shares/Total assets
 Interest-bearing debt to cash flow ratio: Interest-bearing debt/Cash flows from operating activities
 Interest coverage ratio: Cash flows from operating activities/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

Our forecast for the fiscal year ending March 31, 2023 is presented in “Notice Concerning Financial Goals and Shareholder Returns Policy under Medium-Term Management Policy 2022,” released on May 13, 2022.

	Year ending Mar. 31, 2023			Year ended Mar. 31, 2022	
	(Forecast)			(Results)	
		Percent	YOY change		Percent
Consolidated sales	170,000	100.0	4.2	163,210	100.0
Consolidated operating profit	7,800	4.6	-21.2	9,899	6.1
Consolidated ordinary profit	9,600	5.6	-21.4	12,215	7.5
Profit attributable to owners of parent	6,600	3.9	-18.8	8,132	5.0

	Year ending Mar. 31, 2023			Year ended Mar. 31, 2022	
	(Forecast)			(Results)	
		Percent	YOY change		Percent
Sales	138,000	100.0	4.3	132,333	100.0
Operating profit	4,400	3.2	-35.6	6,828	5.2
Ordinary profit	7,800	5.7	-26.2	10,563	8.0
Profit	5,700	4.1	-23.0	7,400	5.6

(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

Our policy on shareholder returns, including our dividend policy, is presented in “Notice Concerning Financial Goals and Shareholder Returns Policy under Medium-Term Management Policy 2022,” released on May 13, 2022.

For the three years of Medium-Term Management Policy 2022, Duskin considers the return of profits to shareholders to be one of our highest priorities, even as we focus on investing in growth. 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. We will determine dividends for each fiscal year based on the higher of either a consolidated payout ratio of 60% or dividends on equity (DOE) of 2.5%. In addition, it is our policy to actively proceed with agile and flexible stock buybacks. Based on our record of buybacks since FY2015, when we launched our long-term strategy ONE DUSKIN, we aim to return profits to shareholders, targeting a total return ratio of 100% or greater over three years.

We will adopt this new dividend policy beginning with the FY2022 interim dividend. The FY2021 year-end dividend, to be paid according to the previous dividend policy, will be 53 yen per share. As we have paid an interim dividend of 30 yen per share, the total annual dividend for FY2021 will be 83 yen per share.

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

United as the Duskin Group, we aim to serve our customers in the most effective and courteous manner, to achieve the ONE DUSKIN strategy. We are therefore committed to developing new products and services that respond to customer needs.

In view of the heightening sense of uncertainty over the future due to the coronavirus pandemic, we designated FY2021 as a time to monitor the spread of infections and prepare for our next step. At the same time, we focused on measures to bring about a recovery in sales to fulfill our primary duty of maintaining the Duskin franchise network. We have designated the three years beginning from FY2022 as Phase III of our long-term strategy ONE DUSKIN.

b. Medium-Term Management Policy 2022 (fiscal year ending March 31, 2023 to fiscal year ending March 31, 2025)

We announced the Medium-Term Management Policy 2022, Phase III of our long-term strategy ONE DUSKIN, on February 9, 2022 and May 13, 2022.

- Notice Concerning the Establishment of Medium-Term Management Policy 2022 (Japanese only)
<https://www.duskin.co.jp/ir/news/2022/pdf/20220209.pdf>
- Notice Concerning Financial Goals and Shareholder Returns Policy under Medium-Term Management Policy 2022 (Japanese only)
https://www.duskin.co.jp/ir/news/2022/pdf/20220513_02.pdf

(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, while the coronavirus crisis has focused public attention on hygiene management, giving rise to a wide range of needs for related products and services. We recognize the further digitalization of services, in line with changes in lifestyle such as the prevalence of working from home and the promotion of work style reforms. We are also aware of the dramatic changes brought by digital technologies in recent years, such as advanced communication technologies and the rapid growth in cloud services and other digital infrastructure, which are upending conventional perceptions.

We are witnessing accelerating trends toward decarbonization and recycling-based societies. Companies are not simply required to protect the environment, but also to respond to climate change risk. Moreover, Duskin needs to respond to soaring raw material prices and personnel expenses in logistics and other fields, a rising number of cyber-attacks and the mandatory alcohol testing by safe driving supervisors. As we have joined the Prime Market after the restructuring of the Tokyo Stock Exchange in April, we are also required to enhance governance based on the concept of the new market.

b. FY2022 initiatives

Direct Selling Group

The Direct Selling Group is committed to helping customers enjoy a healthy and comfortable life on a regular basis by fine-tuning the rhythm of their daily lives. The group aims to strengthen customer contact points by implementing information and distribution reforms in line with the new Medium-Term Management Policy. In addition to creating a dedicated structure for sales visits to acquire new customers, we will launch initiatives to introduce RFID tags (electronic tags) and the associated transition to smart factories.

We will place the greatest emphasis on expanding the Hygiene domains by developing high value-added, hygiene-enhanced products that are in high demand in the market (hygiene management products with their antibacterial and antiviral functions recognized and certified by third-party institutions), and by providing comprehensive hygiene management solutions. Moreover, we will strengthen our initiatives with a focus on professional cleaning and technical services in the Work-life Management domain, which helps working women and their families create more spare time and enhance their lives. We will also further develop the Senior Support domain, which is intended to appeal to the early elderly, and expand our service offerings to areas not covered by long-term care insurance.

Food Group

At Mister Donut, our core business, the Food Group will continue to focus on developing attractive products such as the MISDO Meets items, and proceed with alliances with other companies and collaboration projects to encourage customers to visit our shops more frequently.

We will respond to takeout demand, which rose due to the coronavirus crisis and remains high, by enhancing our delivery services and strengthening functionality to further promote the online ordering services introduced in the previous fiscal year. In addition, we will actively open drive-thru shops and add locations, mainly in metropolitan areas where we are yet to have a presence, through the introduction of a central kitchen.

Corporate governance and other areas

We will work on human capital management by training and securing the personnel needed to enhance corporate value as well as by promoting diversity management and inclusion. We will also implement initiatives to enhance the governance structure appropriate for the Prime Market of the Tokyo Stock Exchange, based on the principles of the revised Corporate Governance Code.

Moreover, as part of our effort to coexist with people and communities, the entire Duskin Group, including our franchisees, will contribute to achieving a sustainable society. Even in the midst of the coronavirus crisis, Duskin remains committed to promoting CSV (creating shared value) by resolving economic, social and environmental issues through its business and enhancing corporate value, while also pushing ahead with initiatives to address the SDGs (Sustainable Development Goals). 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, the 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, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	18,431	23,360
Notes and accounts receivable - trade	11,875	-
Notes and accounts receivable - trade, and contract assets	-	12,266
Lease receivables and investments in leases	1,157	1,056
Securities	19,711	30,604
Merchandise and finished goods	10,306	8,662
Work in process	181	207
Raw materials and supplies	1,779	1,541
Accounts receivable - other	4,361	4,994
Other	1,457	1,426
Allowance for doubtful accounts	-23	-17
Total current assets	69,239	84,102
Non-current assets		
Property, plant and equipment		
Buildings and structures	44,249	44,362
Accumulated depreciation	-28,951	-29,528
Buildings and structures, net	15,298	14,834
Machinery, equipment and vehicles	26,110	25,123
Accumulated depreciation	-18,800	-17,855
Machinery, equipment and vehicles, net	7,310	7,268
Land	22,658	22,439
Construction in progress	103	325
Other	14,981	15,399
Accumulated depreciation	-10,200	-10,791
Other, net	4,781	4,607
Total property, plant and equipment	50,152	49,474
Intangible assets		
Goodwill	356	270
Software	8,002	6,481
Other	1,275	1,393
Total intangible assets	9,635	8,146
Investments and other assets		
Investment securities	50,768	46,176
Retirement benefit asset	-	2,348
Deferred tax assets	1,684	1,601
Guarantee deposits	5,944	5,340
Other	998	884
Allowance for doubtful accounts	-22	-19
Total investments and other assets	59,372	56,331
Total non-current assets	119,159	113,952
Total assets	188,399	198,055

(millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,962	6,963
Income taxes payable	354	2,359
Provision for bonuses	3,062	3,879
Asset retirement obligations	1	14
Accounts payable - other	9,491	9,136
Guarantee deposit received for rental products	9,135	9,058
Other	5,579	6,594
Total current liabilities	34,587	38,005
Non-current liabilities		
Long-term borrowings	–	1,530
Retirement benefit liability	6,494	5,991
Asset retirement obligations	643	611
Long-term guarantee deposits	777	873
Long-term accounts payable - other	12	10
Deferred tax liabilities	38	5
Other	8	0
Total non-current liabilities	7,974	9,023
Total liabilities	42,562	47,029
Net assets		
Shareholders' equity		
Share capital	11,352	11,352
Capital surplus	11,091	11,091
Retained earnings	116,914	122,401
Treasury shares	-4,591	-4,219
Total shareholders' equity	134,768	140,625
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,771	7,195
Deferred gains or losses on hedges	-0	-0
Foreign currency translation adjustment	-215	34
Remeasurements of defined benefit plans	2,184	2,805
Total accumulated other comprehensive income	10,740	10,035
Share acquisition rights	60	59
Non-controlling interests	268	305
Total net assets	145,836	151,026
Total liabilities and net assets	188,399	198,055

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

Consolidated statements of income

(millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	153,770	163,210
Cost of sales	84,335	88,302
Gross profit	69,435	74,908
Selling, general and administrative expenses	64,783	65,009
Operating profit	4,651	9,899
Non-operating income		
Interest income	137	143
Dividend income	311	338
Rental income from facilities	165	174
Commission income	189	225
Share of profit of entities accounted for using equity method	687	703
Subsidy income	204	411
Other	563	626
Total non-operating income	2,260	2,624
Non-operating expenses		
Interest expenses	0	0
Rental expenses on facilities	106	109
Cancellation penalty	30	85
Compensation expenses	33	31
Other	107	82
Total non-operating expenses	278	308
Ordinary profit	6,633	12,215
Extraordinary income		
Gain on sale of non-current assets	16	3
Gain on sale of investment securities	1	132
Reversal of reserves for losses on liquidation of subsidiaries and affiliates	7	—
Other	3	1
Total extraordinary income	27	137
Extraordinary losses		
Loss on sale of non-current assets	1	11
Loss on abandonment of non-current assets	130	104
Impairment losses	422	196
Loss on disaster	0	—
COVID-19 relief money	1,658	107
Loss on sale of shares of subsidiaries and associates	—	288
Other	133	16
Total extraordinary losses	2,346	725
Profit before income taxes	4,315	11,627
Income taxes - current	1,112	2,933
Income taxes - deferred	352	515
Total income taxes	1,465	3,448
Profit	2,849	8,178
Profit attributable to non-controlling interests	28	45
Profit attributable to owners of parent	2,821	8,132

Consolidated statements of comprehensive income

	(millions of yen)	
	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	2,849	8,178
Other comprehensive income		
Valuation difference on available-for-sale securities	2,760	-1,601
Foreign currency translation adjustment	-28	132
Remeasurements of defined benefit plans, net of tax	688	611
Share of other comprehensive income of entities accounted for using equity method	62	156
Total other comprehensive income	3,482	-701
Comprehensive income	6,331	7,477
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,305	7,427
Comprehensive income attributable to non-controlling interests	26	49

(3) Consolidated statements of changes in net assets
FY2020 (April 1, 2020 - March 31, 2021)

(millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	11,352	11,091	116,654	-4,616	134,482
Changes during 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 changes in surplus of affiliates accounted for using equity method			4		4
Net changes in items other than shareholders' equity					
Total changes during period	-	-	259	25	285
Balance at end of 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 period	5,965	-0	-193	1,485	7,256	50	241	142,031
Changes during 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 changes in surplus of affiliates accounted for using equity method								4
Net changes in items other than shareholders' equity	2,806	-	-21	698	3,483	9	26	3,519
Total changes during period	2,806	-	-21	698	3,483	9	26	3,805
Balance at end of period	8,771	-0	-215	2,184	10,740	60	268	145,836

FY2021 (April 1, 2021 - March 31, 2022)

(millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	11,352	11,091	116,914	-4,591	134,768
Changes during period					
Dividends of surplus			-2,487		-2,487
Profit attributable to owners of parent			8,132		8,132
Purchase of treasury shares				-1	-1
Disposal of treasury shares			-3	46	42
Disposal of treasury shares for the ESOP Trust			-133	1,833	1,699
Purchase of treasury shares by the ESOP Trust				-1,699	-1,699
Disposal of treasury shares by the ESOP Trust				193	193
Increase (decrease) arising from changes in surplus of affiliates accounted for using equity method			-21		-21
Net changes in items other than shareholders' equity					
Total changes during period	-	-	5,486	371	5,857
Balance at end of period	11,352	11,091	122,401	-4,219	140,625

	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 period	8,771	-0	-215	2,184	10,740	60	268	145,836
Changes during period								
Dividends of surplus								-2,487
Profit attributable to owners of parent								8,132
Purchase of treasury shares								-1
Disposal of treasury shares								42
Disposal of treasury shares for the ESOP Trust								1,699
Purchase of treasury shares by the ESOP Trust								-1,699
Disposal of treasury shares by the ESOP Trust								193
Increase (decrease) arising from changes in surplus of affiliates accounted for using equity method								-21
Net changes in items other than shareholders' equity	-1,576	-	249	621	-704	-0	37	-668
Total changes during period	-1,576	-	249	621	-704	-0	37	5,189
Balance at end of period	7,195	-0	34	2,805	10,035	59	305	151,026

(4) Consolidated statements of cash flows

(millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	4,315	11,627
Depreciation	7,486	7,560
Amortization of goodwill	206	163
Increase (decrease) in allowance for doubtful accounts	3	-6
Bad debt expenses	2	0
Interest and dividend income	-449	-481
Interest expenses	1	0
Foreign exchange losses (gains)	1	-3
Share of loss (profit) of entities accounted for using equity method	-687	-703
Loss (gain) on sale of property, plant and equipment	-14	8
Loss on retirement of property, plant and equipment	145	122
Loss (gain) on sales and redemption of investment securities	-1	-132
Impairment losses	422	196
Loss on disaster	0	—
COVID-19 relief money	1,658	107
Loss (gain) on sale of shares of subsidiaries and associates	—	288
Decrease (increase) in trade receivables	-246	425
Decrease (increase) in accounts receivable - other	-1,740	-677
Decrease (increase) in inventories	-765	967
Increase (decrease) in trade payables	379	113
Increase (decrease) in accounts payable - other	1,850	-398
Increase (decrease) in provision for bonuses	-556	838
Increase (decrease) in retirement benefit asset or liability	243	-1,968
Increase (decrease) in reserves for losses on liquidation of subsidiaries and affiliates	-51	—
Increase (decrease) in accrued consumption taxes	645	169
Decrease (increase) in investments in leases	1	100
Other, net	154	1,441
Subtotal	13,003	19,760
Interest and dividends received	896	1,085
Interest paid	-0	-0
Payments associated with disaster loss	-0	—
Payments of COVID-19 relief money	-1,658	-107
Income taxes paid	-2,145	-1,834
Income taxes refund	8	693
Net cash provided by (used in) operating activities	10,103	19,596

(millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from investing activities		
Decrease (increase) in time deposits	84	-1
Purchase of securities	-15,000	-20,500
Proceeds from sale and redemption of securities	14,800	17,500
Purchase of property, plant and equipment	-5,031	-4,336
Proceeds from sale of property, plant and equipment	36	128
Purchase of intangible assets	-2,324	-1,311
Purchase of investment securities	-4,029	-8,150
Proceeds from sale and redemption of investment securities	7,204	8,281
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	-14
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	—	-73
Purchase of shares of associates	-18	—
Payments of leasehold and guarantee deposits	-203	-153
Proceeds from refund of leasehold and guarantee deposits	114	682
Payments for acquisition of businesses	-207	-120
Other, net	-444	-456
Net cash provided by (used in) investing activities	-5,019	-8,524
Cash flows from financing activities		
Proceeds from long-term borrowings	—	1,699
Repayments of long-term borrowings	—	-218
Purchase of treasury shares	-1	-1,701
Proceeds from sale of treasury shares	0	1,885
Dividends paid	-2,563	-2,489
Dividends paid to non-controlling interests	—	-12
Other, net	1	1
Net cash provided by (used in) financing activities	-2,563	-835
Effect of exchange rate change on cash and cash equivalents	-13	52
Net increase (decrease) in cash and cash equivalents	2,506	10,288
Cash and cash equivalents at beginning of period	27,167	29,674
Cash and cash equivalents at end of period	29,674	39,963

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

(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 is 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.

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 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. However, 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.

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

(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)

a. Segment information

1. Overview of reportable business segments

Duskin's reportable business 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 business segments, the Direct Selling Group and the Food Group, comprised of business operating units such as business groups and divisions based on product and service types.

The 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. The Food Group is comprised of food service businesses that include manufacturing and sales of donuts and sales of food and beverages, operation of pork cutlet restaurants and sales of other food and beverages.

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

3. Sales, income or losses, assets and others by reportable business segment, and breakdown of revenue

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

Consolidated fiscal year 2021 (April 1, 2021 – March 31, 2022)

(millions of yen)

	Direct Selling Group	Food Group	Other Businesses (Note 1)	Total	Adjustment (Note 2)	Consolidated total
Sales						
Clean Service businesses	79,225	-	-	79,225	-	79,225
Care Service businesses	13,337	-	-	13,337	-	13,337
Mister Donut business	-	41,114	-	41,114	-	41,114
Other	13,920	2,690	10,604	27,216	-	27,216
Revenue from contracts with customers	106,483	43,805	10,604	160,893	-	160,893
Other revenue	-	-	2,316	2,316	-	2,316
To outside customers	106,483	43,805	12,921	163,210	-	163,210
Intersegment sales and transfers	644	12	2,493	3,150	-3,150	-
Total	107,128	43,818	15,414	166,361	-3,150	163,210
Segment income (loss)	10,539	3,619	873	15,032	-5,133	9,899
Segment assets	118,162	24,645	19,815	162,624	35,431	198,055
Other						
Depreciation	3,373	918	2,282	6,573	889	7,462
Investments in entities accounted for using equity method	6,397	-	1,255	7,652	-	7,652
Property, plant and equipment and intangible assets increase	2,138	1,003	1,963	5,105	961	6,067

(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.

(Notes)

2. Breakdown of the adjustment area as follows:

Sales		(millions of yen)	
	FY2020	FY2021	
Intersegment eliminations	-3,183	-3,150	
Total	-3,183	-3,150	

Segment income (loss)		(millions of yen)	
	FY2020	FY2021	
Intersegment eliminations	38	112	
Corporate expenses (Note)	-5,240	-5,246	
Total	-5,202	-5,133	

(Note) Corporate expenses include corporate administrative expenses.

Segment assets		(millions of yen)	
	FY2020	FY2021	
Intersegment eliminations	-15,522	-20,414	
Corporate assets (Note)	60,742	55,845	
Total	45,219	35,431	

(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)	
	FY2020	FY2021	
Intersegment eliminations	-0	-0	
Corporate assets	869	889	
Total	868	889	

Increase of property, plant and equipment and intangible assets		(millions of yen)	
	FY2020	FY2021	
Corporate assets	555	961	
Total	555	961	

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

1. Product and/or service segment information

(millions of yen)

	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.

Consolidated fiscal year 2021 (April 1, 2021 - March 31, 2022)

1. Product and/or service segment information

(millions of yen)

	Direct Selling Group	Food Group	Other Businesses	Total
Sales to outside customers	106,483	43,805	12,921	163,210

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 reportable business segment

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

Consolidated fiscal year 2021 (April 1, 2021 - March 31, 2022)

(millions of yen)

	Direct Selling Group	Food Group	Other Businesses	Elimination or Corporate	Total
Impairment loss	60	133	3	-	196

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

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 the Direct Selling Group and 42 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.

Consolidated fiscal year 2021 (April 1, 2021 - March 31, 2022)

(millions of yen)

	Direct Selling Group	Food Group	Other Businesses	Elimination or Corporate	Total
Amortization	139	13	10	-	163
Balance (Note)	190	28	51	-	270

(Note) Goodwill at the end of the fiscal year includes 177 million yen of goodwill in the Direct Selling Group and 28 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 51 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 reportable business segment

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

None

Consolidated fiscal year 2021 (April 1, 2021 - March 31, 2022)

None

f. Changes in reportable 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).

(Per share information)

(yen)

FY2020 (April 1, 2020 - March 31, 2021)		FY2021 (April 1, 2021 - March 31, 2022)	
Net assets per share	2,948.85	Net assets per share	3,047.67
Profit per share	57.19	Profit per share	164.71
Profit per share (fully diluted)	57.16	Profit per share (fully diluted)	164.63

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

	FY2020 (April 1, 2020 - March 31, 2021)	FY2021 (April 1, 2021 - March 31, 2022)
Profit per share		
Profit attributable to owners of parent (millions of yen)	2,821	8,132
Amounts not attributable to common shareholders (millions of yen)	-	-
Profit attributable to common stock owners of parent (millions of yen)	2,821	8,132
Average number of shares of common stock outstanding during the period (thousands shares)	49,342	49,377
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)	23	24
(Share acquisition rights) (thousands shares)	(23)	(24)
Outline of common stock equivalents not included in the calculation of profit per share (fully diluted) because they are not dilutive	-	-

(Note) Shares of the Company held by the Employee Stock Ownership Plan (ESOP) have been included in the number of treasury shares deducted from the number of shares issued at the end of the period, used in the calculation of net assets per share (584 thousand shares for FY2021).

In addition, shares of the Company held by the ESOP have been included in the number of treasury shares deducted to calculate the average number of shares outstanding during the period, used in the calculation of profit per share and profit per share (fully diluted) (434 thousand shares for FY2021).

(Important post-balance sheet events)

None

5. Other

(1) Changes in board members

The following information was disclosed on April 28, 2022 and May 13, 2022.

i. Change in Representative Directors

a. Details of the change

Names	New positions	Current positions
Teruji Yamamura	Representative Director	Representative Director
Hiroyuki Okubo	Representative Director	Director

b. Reason for the change

To improve our corporate value by further strengthening and enhancing the management structure and by implementing the Medium-Term Management Policy 2022.

c. Planned date of appointment

June 23, 2022

d. Career summary of the incoming Representative Director

Name	Hiroyuki Okubo	
Date of birth	June 30, 1962 (59 years old)	
Educational background	March 1985	Graduated from Momoyama Gakuin University
Career summary	June 2021	Director and Operating Officer, Corporate Planning Group (to the present)
	April 2021	Director and Operating Officer President's Office, Corporate Planning, Information System, Shared Services Center
	June 2020	Director and Operating Officer President's Office, Information System
	April 2018	Manager, Corporate Planning Operating Officer Manager, Corporate Planning
	April 1985	Joined the Company

ii. Other changes in board members

a. Changes in Directors

(a) New candidates for Directors

Shinichiro Ueno

Fumi Musashi

- A formal resolution on the appointment of Directors is planned at the Ordinary General Meeting of Shareholders scheduled for June 23, 2022.
- Ms. Fumi Musashi is a candidate for Outside Director in accordance with the provisions of Article 2, Item 15 of the Companies Act.
- Ms. Fumi Musashi fulfills the requirements for an Independent Director in accordance with the regulations of the Tokyo Stock Exchange, and the Company plans to register her as an Independent Director with the exchange.

(b) Directors planning to retire

Taku Suzuki

Tomoya Yoshizumi

- The Directors above plan to retire due to the expiration of their terms of office at the conclusion of the Ordinary General Meeting of Shareholders scheduled for June 23, 2022.

b. Changes in Audit and Supervisory Board Members

(a) New candidate for Audit and Supervisory Board Member

Hidekazu Saruki

- A formal resolution on the appointment of Audit and Supervisory Board Members is planned at the Ordinary General Meeting of Shareholders scheduled for June 23, 2022.
- Mr. Hidekazu Saruki is a candidate for Outside Audit and Supervisory Board Member in accordance with the provisions of Article 2, Item 16 of the Companies Act.
- Mr. Hidekazu Saruki fulfills the requirements for an Independent Audit and Supervisory Board Member in accordance with the regulations of the Tokyo Stock Exchange, and the Company plans to register him as an Independent Audit and Supervisory Board Member with the exchange.

(b) Audit and Supervisory Board Member planning to retire

Takaaki Oda

- The Audit and Supervisory Board Member above plans to retire due to the expiration of his term of office at the conclusion of the Ordinary General Meeting of Shareholders scheduled for June 23, 2022.