

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (Japanese Standards)

May 15, 2023

Company name: Duskin Co., Ltd. Shares listed: Tokyo
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 Scheduled date for release of quarterly report: June 23, 2023
 Scheduled date of dividend payment commencement: June 26, 2023
 Scheduled date for release of annual securities report: June 26, 2023
 Preparation of additional financial results materials: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

Amounts in the following tables are rounded down to the nearest million yen.

1. Consolidated Financial Results for FY2022 (April 1, 2022 - March 31, 2023)

(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, 2023	170,494	4.5	8,637	-12.7	11,375	-6.9	7,196	-11.5
Year ended Mar. 31, 2022	163,210	6.1	9,899	112.8	12,215	84.1	8,132	188.2

Note: Comprehensive income - Year ended March 31, 2023: 8,316 million yen (11.2%; year ended March 31, 2022: 7,477 million yen (18.1%))

	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, 2023	146.13	146.07	4.8	5.8	5.1
Year ended Mar. 31, 2022	164.71	164.63	5.5	6.3	6.1

Reference: Share of profit (loss) of entities accounted for using equity method - Year ended March 31, 2023: 990 million yen; year ended March 31, 2022: 703 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, 2023	197,524	151,774	76.6	3,120.70
As of Mar. 31, 2022	198,055	151,026	76.1	3,047.67

Reference: Shareholders' equity - March 31, 2022: 151,360 million yen; March 31, 2022: 150,661 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, 2023	12,061	-12,844	-7,992	31,275
Year ended Mar. 31, 2022	19,596	-8,524	-835	39,963

2. Dividends

	Dividends per share					Total dividends (Annual)	Dividend ratio (Consolidated)	Ratio of dividends to shareholders' equity (Consolidated)
	End of 1st Q	End of 2nd Q	End of 3rd Q	Year-end	Total (Annual)			
Year ended Mar. 31, 2022	Yen -	Yen 30.00	Yen -	Yen 53.00	Yen 83.00	Millions of yen 4,151	% 50.4	% 2.8
Year ended Mar. 31, 2023	Yen -	Yen 40.00	Yen -	Yen 48.00	Yen 88.00	4,350	60.2	2.9
Year ending Mar. 31, 2024 (Forecast)	Yen -	Yen 35.00	Yen -	Yen 43.00	Yen 78.00		86.0	

3. Forecast of Consolidated Financial Results for FY2023 (April 1, 2023 - March 31, 2024)

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)	86,200	5.2	2,300	-56.6	3,300	-50.3	2,000	-55.9	41.24
Year ending Mar. 31, 2024	178,700	4.8	4,500	-47.9	6,500	-42.9	4,400	-38.9	90.72

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

For details, please refer to (5) Notes to Consolidated Financial Statements (Changes in accounting policies) of 4. Consolidated Financial Statements on page 20 of the attachment.
3. Number of shares issued (Common stock)

Number of shares issued (including treasury shares)	As of Mar. 31, 2023:	50,994,823	As of Mar. 31, 2022:	50,994,823
Number of treasury shares	As of Mar. 31, 2023:	2,492,646	As of Mar. 31, 2022:	1,559,747
Average number of shares outstanding during the period	Year ended Mar. 31, 2023:	49,250,856	Year ended Mar. 31, 2022:	49,377,021

Reference: Summary of the non-consolidated financial results

1. Non-consolidated financial results for FY2022 (April 1, 2022 - March 31, 2023)

(1) Results of operation

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, 2023	138,560	4.7	5,752	-15.8	10,125	-4.1	6,944	-6.2
Year ended Mar. 31, 2022	132,333	7.6	6,828	179.6	10,563	75.6	7,400	188.5

	Profit per share		Profit per share (Fully diluted)	
	Yen		Yen	
Year ended Mar. 31, 2023	141.01		140.95	
Year ended Mar. 31, 2022	149.88		149.80	

(2) Financial positions

	Total assets		Net assets		Equity ratio		Net assets per share	
	Millions of yen		Millions of yen		%		Yen	
As of Mar. 31, 2023	177,372		123,110		69.4		2,537.20	
As of Mar. 31, 2022	179,272		122,369		68.2		2,474.13	

Reference: Shareholders' equity - March 31, 2023: 123,060 million yen; March 31, 2022: 122,309 million yen

2. Forecast of non-consolidated financial results for FY2023 (April 1, 2023 - March 31, 2024)

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)	68,500	3.3	900	-77.0	4,300	-41.2	3,200	-43.5		65.98
Year ending Mar. 31, 2024	145,200	4.8	1,400	-75.7	5,800	-42.7	4,200	-39.5		86.59

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.

Contents of attachment

1. Business Results and Financial Position	2
(1) Business Results	2
(2) Financial Position	5
(3) Cash Flows	5
(4) Cash Flow-Related Indicators	6
(5) Outlook	6
(6) Basic Policies for Profit Distributions and Dividends for the Current and Following Fiscal Years	7
2. Business Policies	8
(1) Basic Business Policies	8
(2) Medium- to Long-Term Business Plan and Financial Goals	8
(3) Issues to Be Addressed	8
3. Basic Policies for Selecting Accounting Standards	11
4. Consolidated Financial Statements	12
(1) Consolidated Balance Sheets	12
(2) Consolidated Statements of Income and Statements of Comprehensive Income	14
Consolidated statements of income	14
Consolidated statements of comprehensive income	15
(3) Consolidated Statements of Changes in Net Assets	16
(4) Consolidated Statements of Cash Flows	18
(5) Notes to Consolidated Financial Statements	20
Notes relating to going concern assumption	20
Changes in accounting policies	20
Segment information and other information	20
Per share information	24
Important post-balance sheet events	24

1. Business Results and Financial Position

(1) Business Results

During FY2022 (April 1, 2022 - March 31, 2023), Japan's economy gradually returned to normal along with the easing of strict restrictions on behavior to prevent the spread of the coronavirus. Nonetheless, the business environment remained challenging for Duskin due to the ongoing ebb and flow of the spread of the coronavirus. In the latter half of the fiscal year, we have seen a shift to a new phase in which we are learning to live with the coronavirus. This shift included further relaxing restrictions on behavior in anticipation of the transition starting in May 2023 of the coronavirus to a Category V infectious disease (as stipulated in the Act on the Prevention of Infectious Diseases and Medical Care for Patients with Infectious Diseases (the Infectious Diseases Control Law)). But despite such progress, the future remains very unclear because of such factors as the prolonged war between Russia and Ukraine, sharply rising energy and raw material prices and unpredictable foreign currency exchange markets.

It was in this environment that we launched the Medium-Term Management Policy 2022 (for the three years from fiscal year ending March 31, 2023 to fiscal year ending March 31, 2025). This medium-term business strategy is Phase III and the final phase of our long-term strategy ONE DUSKIN. During this final phase, we focused on actions aimed at growing sales and a number of initiatives aimed at enhancing our social value and securing sustainable corporate growth.

Specifically, we invested in new growth opportunities, including a master franchise agreement with a local corporation in Singapore to expand our Mister Donut business in that country, and concluding a business alliance with Qracian Co., Ltd. aimed at further bolstering our rapid maintenance business and enriching consumer quality of life. We also focused on establishing a solid business foundation. One example of this is an initiative to attach RFID electronic tags to our rental products, which is a top strategic investment priority of our Medium-Term Management Policy 2022. In addition, we worked to improve Board of Directors effectiveness and capital efficiency by, for example, increasing the number of female members on the board, and we also strengthened our corporate governance.

We also took action to deal with rising costs, including sharply rising raw material costs and distribution costs, to ensure that we provide a stable supply of goods to our customers. These actions included revising prices for rental products and for some replacement and non-rental products in the Direct Selling Group's core Clean Service businesses (rental and sale of dust control products) and adjusting prices for some products offered by core Food Group business, Mister Donut.

Consolidated net sales increased by 7,283 million yen (4.5%) from the previous year to 170,494 million yen due to a rise in sales across all business segments. Although gross profit increased in the Food Group, where Mister Donut maintained strong performance, consolidated operating profit decreased 1,261 million yen (12.7%) from the previous year to 8,637 million yen, mainly due to a significant increase in cost of sales as the Direct Selling Group made strategic investments as planned. Consolidated ordinary profit decreased 839 million yen (6.9%) from the previous year to 11,375 million yen. The decrease in profit was smaller mainly due to an increase in share of profit of entities accounted for using equity method. Profit attributable to owners of parent decreased 935 million yen (11.5%) to 7,196 million yen, mainly due to the posting of impairment losses on a portion of intangible fixed assets.

Millions of yen

	Year ended Mar. 31, 2022	Year ended Mar. 31, 2023	Increase/decrease	
				%
Consolidated net sales	163,210	170,494	+7,283	+4.5
Consolidated gross profit	74,908	76,019	+1,110	+1.5
Consolidated operating profit	9,899	8,637	-1,261	-12.7
Consolidated ordinary profit	12,215	11,375	-839	-6.9
Profit attributable to owners of parent	8,132	7,196	-935	-11.5

Results by business segment

Sales

Millions of yen

	Year ended Mar. 31, 2022	Year ended Mar. 31, 2023	Increase/decrease	
				%
Direct Selling Group	107,128	108,469	+1,341	+1.3
Food Group	43,818	48,879	+5,061	+11.6
Other Businesses	15,414	16,229	+815	+5.3
Total	166,361	173,579	+7,218	+4.3
Intersegment eliminations	-3,150	-3,085	+65	—
Consolidated net sales	163,210	170,494	+7,283	+4.5

Note: Sales by business segment above include intersegment sales.

Operating profit (loss)

Millions of yen

	Year ended Mar. 31, 2022	Year ended Mar. 31, 2023	Increase/decrease	
				%
Direct Selling Group	10,539	8,114	-2,425	-23.0
Food Group	3,619	5,473	+1,853	+51.2
Other Businesses	873	702	-170	-19.5
Total	15,032	14,290	-742	-4.9
Intersegment eliminations and corporate expenses	-5,133	-5,652	-519	—
Consolidated operating profit	9,899	8,637	-1,261	-12.7

Note: Operating profit or loss above includes intersegment transactions.

a. Direct Selling Group

Direct Selling Group sales overall increased 1,341 million yen (1.3%) over the previous year and totaled 108,469 million yen. This was mainly due to stronger sales for the core Clean Service business along with stronger sales for such businesses as Rent-All (rental of special event and daily use items) and Health Rent (rental and sales of assisted-living products) and despite flat sales compared to the previous year for Care Service (professional cleaning and technical services). It should be noted, however, that costs and expenses also increased and, as a result, operating profit decreased 2,425 million yen (23.0%) year on year to total 8,114 million yen.

The Clean Service businesses carried out a price revision in July 2022, and sales for this core business of the Direct Selling Group increased in both the residential and commercial markets.

For residential products, sales overall for mop products, the core residential product line, increased. This result is mainly due to sales generated by the updated Robot Cleaner SiRo and higher sales for the Cleaning Basic Three package (consisting of the Lala floor mop, Shushu handy mop, and Muku Mop

Cleaner). For commercial products, sales declined for Clean Kukan air purifier main units, humidifier main units and some other products, but the substantial need of businesses to practice effective hygiene contributed to higher sales of such products as high-performance mats with antibacterial and antiviral functions. As a result, sales increased overall for mats, the core commercial product line of the Direct Selling Group.

Estimated sales to end customers (customer-level sales) increased for all of our Care Service businesses — ServiceMaster (professional cleaning services), Merry Maids (home cleaning and helper services), Terminix (pest control and comprehensive hygiene management), Total Green (plant and flower upkeep) and Home Repair (fixing scratches and dents) — primarily due to accelerating store openings to meet the needs of customers.

As for other Direct Selling Group businesses, the Rent-All business, whose events business is recovering to pre-pandemic levels, posted higher sales. Health Rent, which continues to have strong sales, uniform-related businesses, cosmetic-related businesses and Life Care (support services for seniors) also posted higher sales.

b. Food Group

Total sales of the Food Group increased by 5,061 million yen (11.6%) from the previous year to 48,879 million yen, as a result of a rise in total customer-level sales at Mister Donut, the core business of the Food Group, and an increase in sales of ingredients and royalties. Operating profit grew by 1,853 million yen (51.2%) to 5,473 million yen.

Mister Donut kept up its solid business performance even though it followed the price revisions of March 2022 with further price revisions for certain products in November 2022, with both customer traffic and sales per customer higher than the previous year and customer-level sales per shop higher than the previous year. In addition, there are more shops in operation primarily due to new shop openings, and total customer-level sales for all shops were higher than the previous year. In the first quarter, we launched products jointly developed with the Kyoto green tea specialty brand Gion Tsujiri; in the second quarter we launched products jointly developed with three brands of Bake Inc.; and in the fourth quarter, we launched six varieties of MISDO Meets Toshi Yoroizuka jointly developed with Toshihiko Yoroizuka, a leading Japanese patissier. All of these products were well received. Among other products, Sweet Potato Donut, MISDO Halloween, Pon De Ring Chocolate and Sakuramochi Soft Donuts all had a good response from customers and are becoming established seasonal products. In addition, the Christmas Collection and the year-end lucky bag, collaboration products with The Pokémon Company, were also a success and greatly contributed to higher sales.

Sales in 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, as well as our withdrawal from the ice cream business with the sale of all shares of Hachiya Dairy Products Co., Ltd., previously a consolidated subsidiary, in November 2021. This was despite an increase in sales at Katsu & Katsu pork cutlet restaurants.

c. Other Businesses

Sales of consolidated subsidiaries in Japan increased, both at Duskin Healthcare Co., Ltd. (medical facility management services) and Duskin Kyoeki Co., Ltd. (leasing and insurance agency).

Among consolidated subsidiaries overseas, sales at Duskin Shanghai Co., Ltd. (rental and sale of dust control products in Shanghai, China) declined due to a substantial impact of the lockdown in Shanghai brought on by the resurgence of coronavirus. However, sales at Duskin Hong Kong Co., Ltd. (procurement of raw materials and equipment) increased due to the recovery in sales at Mister Donut shops overseas, and sales also rose at Big Apple Worldwide Holdings Sdn. Bhd. (operation of donut shops mainly in Malaysia). In addition, the weaker yen also contributed to the overall year-on-year sales growth.

As a result, sales of Other Businesses increased by 815 million yen (5.3%) from the previous year to 16,229 million yen while operating profit decreased by 170 million yen (19.5%) to 702 million yen. Part of the reason for this decrease was an increase in costs and expenses of domestic consolidated subsidiaries.

(2) Financial Position

a. Current assets

Current assets at the end of the current fiscal year (March 31, 2023) amounted to 69,122 million yen, 14,980 million yen less than at the end of the previous fiscal year. This is mainly attributable to a 10,739 million yen decrease in securities and a 5,152 million yen decrease in cash and deposits, despite an increase of 1,087 million yen in raw materials and supplies.

b. Non-current assets

Non-current assets at the end of the current fiscal year totaled 128,402 million yen, up 14,449 million yen from the end of the previous fiscal year. The main factor was a 15,566 million yen increase in investment securities.

c. Current liabilities

Current liabilities at the end of the current fiscal year were 36,832 million yen, down 1,173 million yen from the end of the previous fiscal year. This is mainly due to decreases of 1,211 million yen in income taxes payable and 1,056 million yen in other current liabilities, despite increases of 630 million yen in notes and accounts payable-trade and 623 million yen in accounts payable-other.

d. Non-current liabilities

Non-current liabilities at the end of the current fiscal year were 8,917 million yen, 105 million yen less than at the end of the previous fiscal year. The main factor was a decrease of 414 million yen in long-term borrowings, despite an increase of 347 million yen in deferred tax liabilities.

e. Net assets

Net assets at the end of the current fiscal year were 151,774 million yen, up 748 million yen from the end of the previous fiscal year. Looking at the factors, retained earnings increased 2,542 million yen and valuation difference on available-for-sale securities increased 1,337 million yen, while treasury shares increased 2,882 million yen (net assets decreased) due mainly to the acquisition of treasury shares, and remeasurements of defined benefit plans decreased 505 million yen.

(3) Cash Flows

Cash and cash equivalents at the end of the current fiscal year (March 31, 2023) were 31,275 million yen, down 8,687 million yen from 39,963 million yen at the end of the previous fiscal year. The status of each cash flow and their factors are as follows.

a. Cash flow from operating activities

Net cash provided by operating activities in the current fiscal year amounted to 12,061 million yen, compared to 19,596 million yen provided in the previous fiscal year. Major inflows included profit before

income taxes of 10,713 million yen and depreciation of 7,496 million yen, while major outflows were 3,960 million yen in income taxes paid and a decrease in retirement benefit asset or liability of 1,541 million yen.

b. Cash flow from investing activities

Net cash used in investing activities during the current fiscal year amounted to 12,844 million yen, compared to 8,524 million yen used in the previous fiscal year. Major inflows included 27,367 million yen in proceeds from sales and redemption of securities and investment securities. Major outflows included 33,328 million yen for the purchase of securities and investment securities, 4,394 million yen for the purchase of property, plant and equipment, and 1,978 million yen for the purchase of intangible assets.

c. Cash flow from financing activities

Net cash used in financing activities during the current fiscal year was 7,992 million yen, compared to 835 million yen used in the previous fiscal year. Major inflows included 416 million yen in proceeds from sales of treasury shares, while major outflows were 4,589 million yen in dividends paid and 3,306 million yen in purchase of treasury shares.

(4) Cash Flow-Related Indicators

A summary of cash flow related indicators is presented below.

	FY2019	FY2020	FY2021	FY2022
Equity ratio (%)	76.6	77.2	76.1	76.6
Equity ratio at market price (%)	75.7	72.9	67.1	78.3
Interest-bearing debt to cash flow ratio (years)	0.0	0.0	0.1	0.1
Interest coverage ratio (times)	65,046.2	13,876.4	43,519.1	65,517.1

Notes:

- 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
- The current aggregate value of shares is calculated based on the number of shares outstanding at fiscal year-end, excluding treasury shares.
- Cash flows from operating activities in the consolidated statements of cash flows are used for the cash flows from operating activities.
- Interest-bearing debt covers all debt bearing interest recorded in the consolidated statement of financial position.
- Interest expenses in the consolidated statements of cash flows are used for the interest expenses.

(5) Outlook

Duskin has forecast company business performance by segment for FY2023 based on FY2022 results and the current business environment. As a result, segment sales and operating profit figures vary to some extent compared to the figures presented in the Notice Concerning Financial Goals and Shareholder Return Policy under Medium-Term Management Policy 2022, dated May 13, 2022. Despite the difference in these figures, however, Duskin has decided to not revise forecasts already announced for consolidated net sales, consolidated operating profit, consolidated ordinary profit and profit attributable to owners of parent.

We expect sales growth in FY2023. The main reasons for our higher sales forecast are the total hygiene management solutions to meet the growing hygiene needs of customers fueled by the pandemic, as well as the accelerated shop/office openings for Mister Donut and Care Service, both of which continue to perform well. At the same time, however, we expect a significant decline in profits due to the expenses generated by the scheduled completion of attaching RFID electronic tags.

Millions of yen

			Results for FY2022 [1]	Forecast for FY2023				
				Announced on May 13, 2022 [2]	As of May 15, 2023 [3]	Difference [3]-[2]	Versus prior year [3]-[1]	
Consolidated	Direct Selling Group	Sales	108,469	117,000	113,100	-3,900	+4,630	
		Operating profit	8,114	4,300	4,500	+200	-3,614	
	Food Group	Sales	48,879	49,400	52,900	3,500	4,020	
		Operating profit	5,473	4,200	5,600	+1,400	+126	
	Other Businesses	Sales	16,229	15,500	16,000	+500	-229	
		Operating profit	702	800	800	-	+97	
	Intersegment eliminations, and corporate expenses	Sales	-3,085	-3,200	-3,300	-100	-214	
		Operating profit	-5,652	-4,800	-6,400	-1,600	-747	
			Sales	170,494	178,700	178,700	-	+8,205
			Operating profit	8,637	4,500	4,500	-	-4,137
Consolidated ordinary profit			11,375	6,500	6,500	-	-4,875	
Profit attributable to owners of parent			7,196	4,400	4,400	-	-2,796	

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. The FY2022 year-end dividend will be 48 yen per share. As we have paid an interim dividend of 40 yen per share, the total annual dividend for FY2022 will be 88 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. Business Policies

(1) Basic Business Policies

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.

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

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

-Notice Concerning Formulation of the Medium-Term Management Policy 2022
https://www.duskin.co.jp/english/ir/news/2022/pdf/20220209_01.pdf

- Notice Concerning Financial Goals and Shareholder Return Policy under Medium-Term Management Policy 2022
https://www.duskin.co.jp/english/ir/news/2022/pdf/20220513_02.pdf

(3) Issues to Be Addressed

a. Major initiatives for FY2022

— Reforming and expanding existing businesses

i) Direct Selling Group

The Direct Selling Group focused on the domain that it considers its priority, Hygiene and Cleanliness. Specific measures included applying disinfecting, anti-bacterial and anti-viral treatments to existing products as well as new product development. As a result of these efforts, the Direct Selling Group successfully increased the sales ratio for this domain to over 50%.

In the Work-Life Management domain, the Direct Selling Group accelerated its efforts to open new Care Service offices aimed at meeting customer needs and started a trial rollout in the Kinki region for the emergency locksmith service of Duskin Rescue (rapid maintenance service).

In the Senior Support domain, the Direct Selling Group accelerated opening offices aimed at growing its Life Care and Health Rent businesses.

ii) Food Group

Mister Donut continued to focus on MISDO Meets and MISDO GOHAN. Mister Donut is also concentrating on enhancing customer convenience by opening new shops and shop remodeling and by improving online ordering functions.

— Investment in new growth opportunities

i) Business alliance

Duskin entered an agreement on a business alliance with Qracian Co., Ltd. aimed at further bolstering our rapid maintenance services and enriching consumer quality of life.

ii) Overseas development

In order to improve business efficiency and profitability, Duskin decided to dissolve Duskin Hong Kong Co., Ltd. and consolidate its main functions into Duskin Co., Ltd. Duskin Hong Kong has been the base for the Duskin Group's expansion into China and has been responsible for the trade of raw materials and equipment for the Group business. Meanwhile, in order to further grow overseas, we have decided to expand our Mister Donut business into Singapore and have therefore concluded a master franchise agreement with RE&S Enterprises Pte Ltd. In Taiwan, we have signed an agreement with Duskin Serve Taiwan Co., Ltd. to introduce house cleaning and housekeeping services to that region.

— Establishing a solid foundation

Duskin began attaching RFID electronic tags to rental products, an initiative positioned as a priority strategic investment in the Medium-Term Management Policy 2022.

In addition, as part of our human capital management effort, we have launched a division we call Continuous Process Improvement. This new division will lead the effort to create a corporate culture in which employees discover and solve their own challenges on their own.

We have thoroughly reformed our personnel system so that it promotes diversity and inclusion and supports a work environment that enables every employee regardless of age to realize their individual potential and work with a sense of purpose.

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

The transition of the coronavirus to a Category V infectious disease as stipulated in the Act on the Prevention of Infectious Diseases and Medical Care for Patients with Infectious Diseases (the Infectious Diseases Control Law) indicates that Japan's economy is shifting to a new phase in which we are learning to live with the virus. The coronavirus pandemic highlighted the importance of hygiene management, a need that continues to grow. Moreover, we need to ensure that we meet the demand for online ordering and delivery of food services. But there are other issues that also require our attention, such as the shrinking labor force and increasingly severe caregiving issues that accompany Japan's aging society, not to mention sharply rising raw material costs, distribution costs and personnel costs.

Moreover, it is essential that we respond to the increasing need for safe and reliable food and that we transform our business into one that reaps the benefits of rapidly evolving digital technology.

In addition, a year has passed since the market reorganization of the Tokyo Stock Exchange, and as a company that chose to be listed in the Prime Market segment, our business operation needs to focus on capital cost and stock price and on enhancing return on equity (ROE) and price-to-book (P/B) ratio.

c. Business issues going forward

Reforming Our Business Portfolios (Medium-Term Management Policy 2022: Theme 1)

— Reforming and expanding existing businesses

i) 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, our goal is to complete attaching 31 million RFID electronic tags to mats and mops before the end of FY2023, and we are also moving forward on transitioning to smart factories linked to RFID electronic tags.

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 workers and their families create more spare time and enhance their lives. We will also further develop the Senior Support domain, with a particular focus on reaching out to the early elderly and expanding our service offerings to areas not covered by long-term care insurance.

ii) Food Group

With the goal of creating shops for its core business, Mister Donut, where anyone and everyone can enjoy happy moments at any time, the Food Group will continue to focus on developing captivating products, such as MISDO Meets, a product line developed in collaboration with companies with the highest level of ingredients and production techniques. The Group will also continue to move forward on alliances with other companies and collaboration projects that encourage Mister Donut customers to visit shops more often.

In addition, to meet persistent high takeout demand, the Food Group is working to expand delivery services and strengthen functions to establish a solid online ordering business. Moreover, the Food Group is energetically opening shops using a diverse range of shop formats in urban areas where we have not yet opened shops and renovating existing shops.

— Investment in new growth opportunities

i) Overseas development

In Taiwan, we are focusing on introducing home cleaning and helper services to move toward becoming a total cleaning and care service provider. As for Mister Donut, we currently operate in Taiwan, Thailand, The Philippines and Indonesia and will begin opening shops in Singapore. We will continue to focus on Southeast Asia.

Establishing a Solid Foundation (Medium-Term Management Policy 2022: Theme 2)

i) Promoting human capital management

By aggressively investing in the human resources that are the backbone of our business, we develop and strengthen the human resources that drive our business portfolio transformation. This brings out the full potential of our employees and stimulates new value creation in step with customer needs.

The Duskin value creation model advocates human resource development that brings out the full potential of each and every employee based on mutual respect regardless of sex, age, nationality, career, lifestyle or any other factor and strives to increase employee motivation and productivity by strengthening human capital management.

In addition, a key strategy in the Medium-Term Management Policy 2022 is human resource education, and with that in mind we will begin introducing education tools for employees aimed at creating an environment that enables every employee to fulfill his or her potential.

ii) Achieving a capital cost- and stock price-focused business

Rather than focusing solely on sales and profits, we strive to practice management that always pays close attention to capital cost and return on capital. We are also further strengthening the appropriate allocation and monitoring of operational resources as effectively as possible to ensure sustained growth and medium- and long-term corporate value improvement.

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, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	23,360	18,207
Notes and accounts receivable - trade, and contract assets	12,266	11,553
Lease receivables and investments in leases	1,056	1,003
Securities	30,604	19,864
Merchandise and finished goods	8,662	8,212
Work in process	207	290
Raw materials and supplies	1,541	2,629
Accounts receivable - other	4,994	5,666
Other	1,426	1,707
Allowance for doubtful accounts	-17	-13
Total current assets	84,102	69,122
Non-current assets		
Property, plant and equipment		
Buildings and structures	44,362	45,027
Accumulated depreciation	-29,528	-30,546
Buildings and structures, net	14,834	14,481
Machinery, equipment and vehicles	25,123	26,141
Accumulated depreciation	-17,855	-18,754
Machinery, equipment and vehicles, net	7,268	7,386
Land	22,439	22,439
Construction in progress	325	320
Other	15,399	15,715
Accumulated depreciation	-10,791	-11,267
Other, net	4,607	4,448
Total property, plant and equipment	49,474	49,076
Intangible assets		
Goodwill	270	253
Software	6,481	5,645
Other	1,393	1,556
Total intangible assets	8,146	7,454
Investments and other assets		
Investment securities	46,176	61,743
Retirement benefit asset	2,348	2,987
Deferred tax assets	1,601	887
Guarantee deposits	5,340	5,260
Other	884	1,012
Allowance for doubtful accounts	-19	-19
Total investments and other assets	56,331	71,871
Total non-current assets	113,952	128,402
Total assets	198,055	197,524

	Millions of yen	
	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,963	7,594
Income taxes payable	2,359	1,147
Provision for bonuses	3,879	4,022
Asset retirement obligations	14	-
Accounts payable - other	9,136	9,759
Guarantee deposit received for rental products	9,058	8,771
Other	6,594	5,537
Total current liabilities	38,005	36,832
Non-current liabilities		
Long-term borrowings	1,530	1,115
Retirement benefit liability	5,991	5,850
Asset retirement obligations	611	607
Long-term guarantee deposits	873	982
Long-term accounts payable - other	10	9
Deferred tax liabilities	5	352
Other	0	-
Total non-current liabilities	9,023	8,917
Total liabilities	47,029	45,750
Net assets		
Shareholders' equity		
Share capital	11,352	11,352
Capital surplus	11,091	11,088
Retained earnings	122,401	124,943
Treasury shares	-4,219	-7,102
Total shareholders' equity	140,625	140,282
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,195	8,532
Deferred gains or losses on hedges	-0	-0
Foreign currency translation adjustment	34	245
Remeasurements of defined benefit plans	2,805	2,300
Total accumulated other comprehensive income	10,035	11,078
Share acquisition rights	59	49
Non-controlling interests	305	364
Total net assets	151,026	151,774
Total liabilities and net assets	198,055	197,524

(2) Consolidated Statements of Income and Statements of Comprehensive Income

Consolidated statements of income

	Millions of yen	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	163,210	170,494
Cost of sales	88,302	94,475
Gross profit	74,908	76,019
Selling, general and administrative expenses	65,009	67,381
Operating profit	9,899	8,637
Non-operating income		
Interest income	143	168
Dividend income	338	380
Rental income from facilities	174	178
Commission income	225	217
Share of profit of entities accounted for using equity method	703	990
Gain on adjustment of account payable	173	381
Subsidy income	411	104
Other	452	568
Total non-operating income	2,624	2,989
Non-operating expenses		
Interest expenses	0	0
Rental expenses on facilities	109	108
Cancellation penalty	85	2
Compensation expenses	31	31
Loss on abandonment of inventories	7	28
Other	74	79
Total non-operating expenses	308	250
Ordinary profit	12,215	11,375
Extraordinary income		
Gain on sale of non-current assets	3	5
Gain on sale of investment securities	132	69
Other	1	-
Total extraordinary income	137	74
Extraordinary losses		
Loss on sale of non-current assets	11	2
Loss on abandonment of non-current assets	104	69
Impairment losses	196	644
COVID-19 relief money	107	-
Provision for loss on liquidation of subsidiaries and associates	-	20
Loss on sale of shares of subsidiaries and associates	288	-
Other	16	-
Total extraordinary losses	725	737
Profit before income taxes	11,627	10,713
Income taxes - current	2,933	2,773
Income taxes - deferred	515	672
Total income taxes	3,448	3,445
Profit	8,178	7,267
Profit attributable to non-controlling interests	45	70
Profit attributable to owners of parent	8,132	7,196

Consolidated statements of comprehensive income

	Millions of yen	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	8,178	7,267
Other comprehensive income		
Valuation difference on available-for-sale securities	-1,601	1,339
Foreign currency translation adjustment	132	150
Remeasurements of defined benefit plans, net of tax	611	-528
Share of other comprehensive income of entities accounted for using equity method	156	86
Total other comprehensive income	-701	1,048
Comprehensive income	7,477	8,316
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,427	8,240
Comprehensive income attributable to non-controlling interests	49	76

(3) Consolidated Statements of Changes in Net Assets

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

FY2022 (April 1, 2022 - March 31, 2023)

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	122,401	-4,219	140,625
Changes during period					
Dividends of surplus			-4,652		-4,652
Profit attributable to owners of parent			7,196		7,196
Purchase of treasury shares				-3,306	-3,306
Disposal of treasury shares			-1	54	53
Disposal of treasury shares for the ESOP Trust				368	368
Tax effect adjustment for changes in prior period equity		-3			-3
Increase (decrease) arising from changes in surplus of affiliates accounted for using equity method			-1		-1
Net changes in items other than shareholders' equity					
Total changes during period	-	-3	2,542	-2,882	-343
Balance at end of period	11,352	11,088	124,943	-7,102	140,282

	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	7,195	-0	34	2,805	10,035	59	305	151,026
Changes during period								
Dividends of surplus								-4,652
Profit attributable to owners of parent								7,196
Purchase of treasury shares								-3,306
Disposal of treasury shares								53
Disposal of treasury shares for the ESOP Trust								368
Tax effect adjustment for changes in prior period equity								-3
Increase (decrease) arising from changes in surplus of affiliates accounted for using equity method								-1
Net changes in items other than shareholders' equity	1,337	-	211	-505	1,043	-9	58	1,092
Total changes during period	1,337	-	211	-505	1,043	-9	58	748
Balance at end of period	8,532	-0	245	2,300	11,078	49	364	151,774

(4) Consolidated Statements of Cash Flows

Millions of yen

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit (loss) before income taxes	11,627	10,713
Depreciation	7,560	7,496
Amortization of goodwill	163	119
Increase (decrease) in allowance for doubtful accounts	-6	-4
Bad debt expenses	0	-
Interest and dividend income	-481	-548
Interest expenses	0	0
Foreign exchange losses (gains)	-3	7
Share of loss (profit) of entities accounted for using equity method	-703	-990
Loss (gain) on sale of property, plant and equipment	8	-3
Loss on retirement of property, plant and equipment	122	97
Loss (gain) on sales and redemption of investment securities	-132	-69
Impairment losses	196	644
COVID-19 relief money	107	-
Loss (gain) on sale of shares of subsidiaries and associates	288	-
Decrease (increase) in trade receivables	425	734
Decrease (increase) in accounts receivable - other	-677	-657
Decrease (increase) in inventories	967	-711
Increase (decrease) in trade payables	113	617
Increase (decrease) in accounts payable - other	-398	-334
Increase (decrease) in provision for bonuses	838	143
Increase (decrease) in retirement benefit asset and liability	-1,968	-1,541
Increase (decrease) in accrued consumption taxes	169	-1,267
Decrease (increase) in investments in leases	100	71
Other, net	1,441	268
Subtotal	19,760	14,784
Interest and dividends received	1,085	1,236
Interest paid	-0	-0
Payments of COVID-19 relief money	-107	-
Income taxes paid	-1,834	-3,960
Income taxes refund	693	2
Net cash provided by (used in) operating activities	19,596	12,061

Millions of yen

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from investing activities		
Decrease (increase) in time deposits	-1	21
Purchase of securities	-20,500	-15,800
Proceeds from sale and redemption of securities	17,500	18,000
Purchase of property, plant and equipment	-4,336	-4,394
Proceeds from sale of property, plant and equipment	128	111
Purchase of intangible assets	-1,311	-1,978
Purchase of investment securities	-8,150	-17,528
Proceeds from sale and redemption of investment securities	8,281	9,367
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	-
Payments of leasehold and guarantee deposits	-153	-109
Proceeds from refund of leasehold and guarantee deposit	682	125
Payments for acquisition of businesses	-120	-103
Other, net	-456	-555
Net cash provided by (used in) investing activities	-8,524	-12,844
Cash flows from financing activities		
Proceeds from long-term borrowings	1,699	-
Repayments of long-term borrowings	-218	-414
Purchase of treasury shares	-1,701	-3,306
Proceeds from sale of treasury shares	1,885	416
Dividends paid	-2,489	-4,589
Dividends paid to non-controlling interests	-12	-17
Other, net	1	-81
Net cash provided by (used in) financing activities	-835	-7,992
Effect of exchange rate change on cash and cash equivalents	52	87
Net increase (decrease) in cash and cash equivalents	10,288	-8,687
Cash and cash equivalents	29,674	39,963
Cash and cash equivalents	39,963	31,275

(5) Notes to Consolidated Financial Statements

Notes relating to going concern assumption

None.

Changes in accounting policies

Application of Implementation Guidance on Accounting Standard for Fair Value Measurement

The Company has applied Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021; hereinafter referred to as “Implementation Guidance on Fair Value Measurement Accounting Standard”) from April 1, 2022. The new accounting policy stipulated in Implementation Guidance on Fair Value Measurement Accounting Standard has been applied prospectively, in accordance with the transitional treatment prescribed under Paragraph 27-2 of Implementation Guidance on Fair Value Measurement Accounting Standard. This change has had no effect on the consolidated financial statements.

Segment information and other 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 comprehensive hygiene management; 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

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

Millions of yen

	Direct Selling Group	Food Group	Other Businesses ¹	Total	Adjustment ³	Consolidated total ⁴
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	–	–	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

FY2022 (April 1, 2022 - March 31, 2023; consolidated)

Millions of yen

	Direct Selling Group	Food Group	Other Businesses ¹	Total	Adjustment ³	Consolidated total ⁴
Sales						
Clean Service businesses	79,786	–	–	79,786	–	79,786
Care Service businesses	13,225	–	–	13,225	–	13,225
Mister Donut business	–	47,066	–	47,066	–	47,066
Other	14,774	1,793	11,572	28,139	–	28,139
Revenue from contracts with customers	107,786	48,859	11,572	168,218	–	168,218
Other revenue ²	–	–	2,275	2,275	–	2,275
To outside customers	107,786	48,859	13,847	170,494	–	170,494
Intersegment sales and transfers	682	20	2,381	3,085	-3,085	–
Total	108,469	48,879	16,229	173,579	-3,085	170,494
Segment income (loss)	8,114	5,473	702	14,290	-5,652	8,637
Segment assets	123,911	30,035	20,250	174,197	23,327	197,524
Other						
Depreciation	3,080	1,004	2,405	6,491	948	7,439
Investments in entities accounted for using equity method	6,554	–	1,496	8,050	–	8,050
Property, plant and equipment and intangible assets increase	4,043	1,630	859	6,534	800	7,335

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. "Other revenue" represents revenue from leasing of office equipment and vehicles.
3. The breakdown of the adjustment area is as follows:

Sales		Millions of yen	
	FY2021	FY2022	
Intersegment eliminations	-3,150	-3,085	
Total	-3,150	-3,085	

Segment income (loss)		Millions of yen	
	FY2021	FY2022	
Intersegment eliminations	112	38	
Corporate expenses*	-5,246	-5,691	
Total	-5,133	-5,652	

* Corporate expenses include corporate administrative expenses.

Segment assets		Millions of yen	
	FY2021	FY2022	
Intersegment eliminations	-20,414	-19,672	
Corporate assets*	55,845	43,000	
Total	35,431	23,327	

* 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	
	FY2021	FY2022	
Intersegment eliminations	-0	-0	
Corporate assets	889	948	
Total	889	948	

Increase of property, plant and equipment and intangible assets		Millions of yen	
	FY2021	FY2022	
Corporate assets	961	800	
Total	961	800	

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

b. Other related information

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

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

(i) Net sales

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

(ii) 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.

FY2022 (April 1, 2022 - March 31, 2023; consolidated)

1) Product and/or service segment information

	Millions of yen			
	Direct Selling Group	Food Group	Other Businesses	Total
Sales to outside customers	107,786	48,859	13,847	170,494

2) Geographic segment information

(i) Net sales

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

(ii) 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

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

	Millions of yen				
	Direct Selling Group	Food Group	Other Businesses	Elimination or corporate	Total
Impairment loss	60	133	3	–	196

FY2022 (April 1, 2022 - March 31, 2023; consolidated)

	Millions of yen				
	Direct Selling Group	Food Group	Other Businesses	Elimination or corporate	Total
Impairment loss	571	69	–	3	644

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

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

	Millions of yen				
	Direct Selling Group	Food Group	Other Businesses	Elimination or corporate	Total
Amortization	139	13	10	–	163
Balance*	190	28	51	–	270

* 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.

FY2022 (April 1, 2022 - March 31, 2023; consolidated)

	Millions of yen				
	Direct Selling Group	Food Group	Other Businesses	Elimination or corporate	Total
Amortization	94	13	11	–	119
Balance*	193	15	45	–	253

* Goodwill at the end of the fiscal year includes 186 million yen of goodwill in the Direct Selling Group and 15 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 45 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

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

None.

FY2022 (April 1, 2022 - March 31, 2023; consolidated)

None.

Per share information

FY2021 (April 1, 2021 - March 31, 2022; consolidated)		FY2022 (April 1, 2022 - March 31, 2023; consolidated)	
Net assets per share	3,047.67	Net assets per share	3,120.70
Net assets per share	164.71	Net assets per share	146.13
Profit per share	164.63	Profit per share	146.07

Yen

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

	FY2021 (April 1, 2021 - March 31, 2022; consolidated)	FY2022 (April 1, 2022 - March 31, 2023; consolidated)
Profit per share		
Profit attributable to owners of parent (Millions of yen)	8,132	7,196
Amounts not attributable to common shareholders (Millions of yen)	–	–
Profit attributable to common stock owners of parent (Millions of yen)	8,132	7,196
Average number of shares of common stock outstanding during the period (Thousands shares)	49,377	49,250
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)	24	20
Of which, share acquisition rights (Thousands shares)	24	20
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 (584,000 shares for FY2021 and 441,000 shares for FY2022). 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) (434,000 shares for FY2021 and 523,000 shares for FY2022).

Important post-balance sheet events

None.