

Summary of Consolidated Financial Results for the First Three Months (1Q) of the Fiscal Year Ending March 31, 2025 (FY2024) (Japanese Standards)

August 6, 2024

Company name: Duskin Co., Ltd. Shares listed: Tokyo
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Scheduled date of dividend payment commencement: -
Preparation of additional financial results materials: None
Holding of financial results meeting: None

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

1. Consolidated Financial Results for the Three-Month Period from April 1, 2024 to June 30, 2024

(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	%
3 months ended June 30, 2024	45,216	3.6	1,869	-7.5	2,699	3.9	1,512	-9.9
3 months ended June 30, 2023	43,631	6.6	2,020	-24.5	2,597	-22.4	1,678	-18.5

Note: Comprehensive income - 3 months ended June 30, 2024: 794 million yen (-71.4%); 3 months ended June 30, 2023: 2,782 million yen (11.5%)

	Profit per share	Profit per share (Fully diluted)
	Yen	Yen
3 months ended June 30, 2024	31.47	31.46
3 months ended June 30, 2023	34.75	34.73

(2) Financial positions

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2024	196,403	151,339	76.9
As of Mar. 31, 2024	202,079	154,453	76.3

Reference: Shareholders' equity - June 30, 2024: 151,026 million yen; March 31, 2024: 154,107 million yen

2. Dividends

	Dividends per share				
	End of 1st Q	End of 2nd Q	End of 3rd Q	Year-end	Total (Annual)
	Yen	Yen	Yen	Yen	Yen
Year ended Mar. 31, 2024	—	35.00	—	65.00	100.00
Year ending Mar. 31, 2025	—				
Year ending Mar. 31, 2025 (Forecast)		50.00	—	76.00	126.00

Note: Revision from the most recently announced dividend forecast: None

3. Forecast of Consolidated Financial Results for FY2024 (April 1, 2024 - March 31, 2025)

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)	89,900	4.8	5,400	83.2	7,000	70.6	4,900	85.0	101.83
Year ending Mar. 31, 2025	189,000	5.7	10,700	110.5	14,100	79.3	10,000	118.6	207.81

Note: Revision from the most recently announced dividend forecast: None

Notes:

1. Significant changes in the scope of consolidation during the period: None
2. Adoption of special accounting methods for preparation of quarterly consolidated financial statements: Yes
Note: For details, refer to “Notes to special accounting methods for preparation of quarterly consolidated financial statements” in “(3) Notes to Consolidated Financial Statements” in “2. Consolidated Financial Statements” starting on page 10 of the attached document.
3. Changes in accounting principles and estimates, and retrospective restatements
 - (1) Changes due to revision of accounting standards: Yes
 - (2) Changes other than (1) above: Yes
 - (3) Changes in accounting estimates: None
 - (4) Retrospective restatements: None
 Note: For details, refer to “Notes to changes in accounting policies” in “(3) Notes to Consolidated Financial Statements” in “2. Consolidated Financial Statements” starting on page 10 of the attached document.

4. Number of shares issued (Common stock)

Number of shares issued (including treasury shares)	As of June 30, 2024: 50,000,000	As of March 31, 2024: 50,000,000
Number of treasury shares	As of June 30, 2024: 2,066,929	As of March 31, 2024: 1,879,558
Average number of shares outstanding during the period	3 months ended June 30, 2024: 48,060,631	3 months ended June 30, 2023: 48,311,587

Review of the accompanying quarterly consolidated financial statements by a certified public accountant or auditing firm: None

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. Business Results and Financial Position

(1) Business Results

During the first three months of fiscal 2024 (April 1 to June 30, 2024), the Japanese economy was on a gradual recovery path as socioeconomic activities are normalizing against a backdrop of improved employment and income conditions. Personal consumption also showed a recovery trend, although there was a slight standstill, probably due to the impact of rising prices. On the other hand, the outlook remained uncertain due to the prolonged war between Russia and Ukraine, the worsening situation in the Middle East, and soaring energy and raw material prices, coupled with concerns about the ongoing depreciation of the yen.

In this environment, we entered the final year of our three-year Medium-Term Management Policy 2022 (fiscal year ended March 31, 2023 to fiscal year ending March 31, 2025). This three-year period is the third and final phase of our long-term strategy ONE DUSKIN, and during this first quarter, we focused on a variety of initiatives that will help us achieve both of our fundamental goals: increasing social value and achieving sustainable growth. The Direct Selling Group almost completed installation of RFID tags on mats and mops during the previous fiscal year, which we positioned as the most important strategic investment for building a sustainable laundry and distribution system. However, the start of the RFID system operation, which was scheduled from the beginning of this fiscal year, has been delayed to the second quarter due to the 2024 Noto Peninsula Earthquake. In the Clean Service business (rental and sales of dust control and other products), in addition to strengthening our online sales channels, we are encouraging more franchisees to bring in sales teams dedicated to sales visits to households, thereby placing the greatest focus on creating new customers. Furthermore, in response to the recent increase in natural disasters such as earthquakes and floods, Rent-All collaborated with Clean Service and Care Service to focus on expanding its disaster response support service to help local governments secure necessary supplies and equipment and ensure proper sanitation and hygiene in evacuation centers and other areas in the event of a disaster. In addition, we moved forward in preparing for the franchising of Duskin Rescue (rapid response service for home emergencies), which we have been testing the feasibility of since we launched it on a trial basis in 2022. In the Food Group, Mister Donut is focusing on developing and introducing new products and opening more shops. The Group is also focusing on gaining a presence in new markets. Specifically, as part of the development of a new restaurant business that caters to different locations, customer segments and consumer motivations from those of existing brands, in the previous fiscal year, we acquired Kenko Saien Co., Ltd., the holding company of Boston House Co., Ltd., which operates restaurant businesses, including the Italian restaurant Napoli No Shokutaku mainly in the Kanto area. At the same time, we also focused on initiatives that take into account profitability relative to capital to enhance shareholder value, which includes the decision and subsequent execution of share repurchases in line with our basic policy on shareholder returns.

Consolidated net sales for the first three months of fiscal 2024 increased 1,584 million yen (3.6%) year-on-year to 45,216 million yen. This result was due to higher sales in the Food Group and Other Businesses, despite slightly lower sales in the Direct Selling Group. In terms of profit, consolidated operating profit decreased 151 million yen (7.5%) year-on-year to 1,869 million yen. During this three-month period, we saw an improvement in the cost to sales ratio thanks to lower cost of sales, primarily due to the RFID tag installation being largely completed during the last fiscal year, as well as an increase in gross profit due to higher sales. However, these were offset by increased expenses, primarily due to higher personnel expenses, which led to this result. Consolidated ordinary profit increased 102 million yen (3.9%) year-on-year to 2,699 million yen due to an improvement in non-operating profit, mainly from an increase in the share of profit of entities accounted for using the equity method. However, mainly due to an increase in income taxes, profit attributable to owners of the parent decreased 166 million yen (9.9%) year-on-year to 1,512 million yen.

Millions of yen

	3 months ended June 30, 2023	3 months ended June 30, 2024	Increase/decrease	
				%
Consolidated net sales	43,631	45,216	1,584	3.6
Consolidated gross profit	18,993	20,241	1,248	6.6
Consolidated operating profit	2,020	1,869	-151	-7.5
Consolidated ordinary profit	2,597	2,699	102	3.9
Profit attributable to owners of parent	1,678	1,512	-166	-9.9

Results by business segment

Sales

Millions of yen

	3 months ended June 30, 2023	3 months ended June 30, 2024	Increase/decrease	
				%
Direct Selling Group	26,903	26,801	-102	-0.4
Food Group	13,428	15,017	1,588	11.8
Other Businesses	3,984	4,112	128	3.2
Total	44,316	45,931	1,614	3.6
Intersegment eliminations	-685	-715	-29	—
Consolidated net sales	43,631	45,216	1,584	3.6

Note: Sales by business segment above include intersegment sales.

Operating profit (loss)

Millions of yen

	3 months ended June 30, 2023	3 months ended June 30, 2024	Increase/decrease	
				%
Direct Selling Group	1,554	1,660	106	6.9
Food Group	1,780	1,699	-80	-4.5
Other Businesses	165	180	14	9.0
Total	3,500	3,541	40	1.2
Intersegment eliminations and corporate expenses	-1,480	-1,671	-191	—
Consolidated operating profit	2,020	1,869	-151	-7.5

Note: Operating profit or loss above includes intersegment transactions.

a. Direct Selling Group

Sales of the Direct Selling Group decreased 102 million yen (0.4%) year-on-year to 26,801 million yen. This was mainly due to lower sales in the mainstay Clean Service business as well as in the Rent-All business (rental of special event and daily use items), which saw a drop in orders for services for coronavirus vaccination sites. Meanwhile, operating profit increased 106 million yen (6.9%) year-on-year to 1,660 million yen. This result was mainly due to an improvement in the cost to sales ratio as RFID tag installation was largely completed during the previous fiscal year.

In the Direct Selling Group, sales in the mainstay Clean Service business declined in both residential and commercial sectors.

The decline in overall sales, however, was smaller than in the same period of the previous fiscal year although the sales of mops, the core products for households, fell. This was thanks to the steady sales of the new cleaning mop set for pets launched in March 2024, the dedicated household sales teams starting to get good results in acquiring new customers, and an increase in the number of orders received through the digital channels. In other products, sales of kitchen sponges designed in the shape of Mickey Mouse and

Minnie Mouse, a new soft and elastic pillow and a new high-resilience fiber core mattress — all of which were launched in the first quarter of last fiscal year — decreased compared to the significant sales at their launch.

In products for businesses, sales of high-function mats remained strong, but overall sales of mat products declined. In addition, sales of air purification products for large facilities decreased due to the transition in May 2023 of COVID-19 to a Category V infectious disease. Sales of air fresheners and other restroom-related products also declined.

In Care Service (professional cleaning and technical services), sales of Home Repair (fixing scratches and dents) remained at the same level as in the previous year. On the other hand, ServiceMaster (professional cleaning services), Merry Maids (home cleaning and helper services), Total Green (plant and flower upkeep) and Terminix (pest control and comprehensive hygiene management) performed well, with higher customer-level sales.

Among other businesses in the Direct Selling Group, Rent-All experienced a decline in sales, but event support services are returning to pre-pandemic levels. While sales in the cosmetics-related business declined, Health Rent (rental and sales of assisted-living products), which continues to perform well, the uniform-related businesses, Life Care (support services for seniors) and Duskin Rescue posted higher sales.

b. Food Group

Sales of the Food Group increased 1,588 million yen (11.8%) year-on-year to 15,017 million yen. The increase in total customer-level sales of all shops of Mister Donut, the core business of the Group, and increases in raw material sales and royalty sales contributed to this result. In terms of profit, we saw an increase in gross profit in line with the increase in sales. Operating profit, however, decreased 80 million yen (4.5%) year-on-year to 1,699 million yen due to an increase in expenses, including personnel expenses and advertising expenses.

At Mister Donut, the lack of sales this year of White Pon De Ring, a product sold from June to August last year to commemorate the 20th anniversary of Pon De Ring, contributed to the decline in sales. However, Mister Donut worked to encourage customers to visit its shops with the launch of a variety of new products. These new products include the new lineup of MISDO Meets Gion Tsujiri, a joint project with the Kyoto green tea specialty brand Gion Tsujiri, now in its eighth year; the new MASTER DONUT series, developed under the theme of “a donut you’ve never had before” with the unique recipe and know-how we have cultivated over the years; the Crunchy Soft Dog from the MISDO GOHAN series, which caters to consumer demand for light meals; and Taiwanese Fen Guo Fruit Tea, which uses a new Taiwanese sweet called “fen guo.” As a result, Mister Donut’s customer-level sales per shop increased year-on-year. Total customer-level sales also increased year-on-year due to an increase in the number of shops in operation resulting from new store openings.

Among other Food Group businesses, Katsu & Katsu pork cutlet restaurants posted an increase in sales. In addition, sales of Kenko Saien Co., Ltd, which became a subsidiary in January 2024, are recorded from this fiscal year.

c. Other Businesses

Overseas, both Duskin Shanghai Co., Ltd., which rents and sells dust control products in China, and Big Apple Worldwide Holdings Sdn. Bhd., which operates a donut business mainly in Malaysia, posted lower sales. However, an increase in trade sales transferred from Duskin Hong Kong Co., Ltd. (which is scheduled for liquidation) to Duskin Co., Ltd. resulted in overall sales growth. Domestically, medical facility management services (Duskin Healthcare Co., Ltd.) and the leasing and insurance agency business (Duskin Kyoeki Co., Ltd.) reported higher sales. Consequently, overall sales of the Other Businesses

segment increased by 128 million yen (3.2%) year-on-year to 4,112 million yen, and operating profit increased 14 million yen (9.0%) year-on-year to 180 million yen.

(2) Financial Position

Consolidated total assets at the end of the first quarter (June 30, 2024) amounted to 196,403 million yen, a decrease of 5,676 million yen from the end of the previous fiscal year (March 31, 2024). Specifically, securities and investment securities decreased by 5,700 million yen and 2,044 million yen, respectively, while other current assets increased by 1,693 million yen.

Total liabilities amounted to 45,063 million yen, down 2,562 million yen from the end of the previous fiscal year. Specifically, accounts payable-other and provision for bonuses decreased by 1,775 million yen and 1,659 million yen, respectively, while other current liabilities increased by 1,012 million yen.

Net assets totaled 151,339 million yen, down 3,114 million yen from the end of the previous fiscal year. Specifically, retained earnings decreased by 1,639 million yen, valuation difference on available-for-sale securities decreased by 617 million yen, and treasury shares increased by 709 million yen (net assets decreased) mainly due to share repurchases.

(3) Forecast

Our forecast of consolidated financial results for for the first-half and full-year of FY2024 (April 1, 2024 to March 31, 2025) remain unchanged from those announced on May 15, 2024.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

Millions of yen

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	14,434	14,273
Notes and accounts receivable - trade, and contract assets	11,158	10,991
Lease receivables and investments in leases	1,012	1,023
Securities	12,200	6,500
Merchandise and finished goods	8,254	8,933
Work in process	215	227
Raw materials and supplies	3,137	3,180
Accounts receivable - other	6,954	7,179
Other	1,947	3,641
Allowance for doubtful accounts	-11	-10
Total current assets	59,305	55,942
Non-current assets		
Property, plant and equipment		
Buildings and structures	47,036	47,127
Accumulated depreciation	-32,549	-32,757
Buildings and structures, net	14,487	14,369
Machinery, equipment and vehicles	27,984	28,166
Accumulated depreciation	-19,827	-19,936
Machinery, equipment and vehicles, net	8,157	8,230
Land	22,466	22,466
Construction in progress	756	724
Other	17,065	17,252
Accumulated depreciation	-12,443	-12,790
Other, net	4,621	4,462
Total property, plant and equipment	50,489	50,252
Intangible assets		
Goodwill	326	311
Software	5,601	5,440
Other	1,486	1,616
Total intangible assets	7,414	7,367
Investments and other assets		
Investment securities	73,862	71,818
Long-term loans receivable	0	0
Retirement benefit asset	4,501	4,517
Deferred tax assets	877	895
Guarantee deposits	5,088	5,042
Other	574	602
Allowance for doubtful accounts	-34	-36
Total investments and other assets	84,870	82,839
Total non-current assets	142,774	140,460
Total assets	202,079	196,403

Millions of yen

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,800	7,519
Short-term borrowings	60	60
Current portion of long-term borrowings	108	55
Income taxes payable	393	1,044
Provision for bonuses	3,576	1,917
Provision for loss on disaster	275	275
Asset retirement obligations	1	3
Accounts payable - other	10,013	8,238
Guarantee deposit received for rental products	8,626	8,551
Other	5,923	6,935
Total current liabilities	36,778	34,599
Non-current liabilities		
Long-term borrowings	747	735
Retirement benefit liability	5,885	5,908
Asset retirement obligations	817	809
Long-term guarantee deposits	1,072	1,079
Long-term accounts payable - other	8	0
Deferred tax liabilities	2,305	1,925
Lease liabilities	9	6
Total non-current liabilities	10,847	10,463
Total liabilities	47,626	45,063
Net assets		
Shareholders' equity		
Share capital	11,352	11,352
Capital surplus	11,110	11,110
Retained earnings	122,518	120,878
Treasury shares	-5,464	-6,173
Total shareholders' equity	139,516	137,167
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,342	10,725
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	390	508
Remeasurements of defined benefit plans	2,857	2,624
Total accumulated other comprehensive income	14,590	13,858
Share acquisition rights	49	23
Non-controlling interests	296	288
Total net assets	154,453	151,339
Total liabilities and net assets	202,079	196,403

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

Consolidated statements of income

Millions of yen

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net sales	43,631	45,216
Cost of sales	24,638	24,974
Gross profit	18,993	20,241
Selling, general and administrative expenses	16,972	18,371
Operating profit	2,020	1,869
Non-operating income		
Interest income	58	67
Dividend income	193	261
Rental income from facilities	41	36
Commission income	64	61
Share of profit of entities accounted for using equity method	94	243
Other	252	217
Total non-operating income	704	886
Non-operating expenses		
Interest expenses	0	0
Rental expenses on facilities	31	24
Cancellation penalty	31	2
Other	65	29
Total non-operating expenses	127	56
Ordinary profit	2,597	2,699
Extraordinary income		
Gain on sale of non-current assets	1	1
Gain on sale of investment securities	–	0
Total extraordinary income	1	2
Extraordinary losses		
Loss on abandonment of non-current assets	21	22
Loss on disaster	–	37
Total extraordinary losses	21	60
Profit before income taxes	2,576	2,641
Income taxes	881	1,115
Profit	1,694	1,526
Profit attributable to non-controlling interests	15	13
Profit attributable to owners of parent	1,678	1,512

Consolidated statements of comprehensive income

Millions of yen

	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit	1,694	1,526
Other comprehensive income		
Valuation difference on available-for-sale securities	1,201	-637
Foreign currency translation adjustment	11	77
Remeasurements of defined benefit plans, net of tax	-138	-231
Share of other comprehensive income of entities accounted for using equity method	14	60
Total other comprehensive income	1,088	-731
Comprehensive income	2,782	794
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,766	780
Comprehensive income attributable to non-controlling interests	16	13

(3) Notes to Consolidated Financial Statements

Notes to changes in accounting policies

— Change in method of calculating tax expenses

Previously, tax expenses were calculated using the same method as for full-year financial statements, but effective from the first quarter of FY2024, the Company has changed the calculation method for the quarterly periods. Namely, the Company first makes a reasonable estimate of the effective tax rate for consolidated profit before income taxes for the fiscal year after applying tax effect accounting, and then multiplies profit before income taxes for the quarter under review by that estimated effective tax rate.

The purpose of this change is to ensure promptness and increase the efficiency of the Group's quarterly financial reporting.

Since this change has no material effect on the quarterly consolidated financial statements, the change has not been applied retrospectively.

— Adoption of the Accounting Standard for Current Income Taxes and other relevant standards

The Company adopted the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, issued on October 28, 2022, hereinafter referred to as the "2022 Revised Accounting Standard") as well as other relevant standards from the beginning of the first quarter of FY2024.

Revisions regarding the account classification of income taxes (taxation on other comprehensive income) are in accordance with the transitional treatment prescribed in the proviso of paragraph 20-3 of the 2022 Revised Accounting Standard and the transitional treatment prescribed in the proviso of Paragraph 65-2 (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, issued on October 28, 2022, hereinafter referred to as the "2022 Revised Guidance on Accounting Standard"). This change in accounting policy has no impact on the quarterly consolidated financial statements.

With respect to revisions related to the revised accounting rules for consolidated financial statements when gains or losses on the sale of shares of subsidiaries and other securities between consolidated companies are deferred for tax purposes, the Company has adopted the 2022 Revised Guidance on Accounting Standard from the beginning of the first quarter of FY2024. The change in accounting policy has been applied retrospectively, and the quarterly consolidated financial statements for the same quarter of FY2023 and the consolidated financial statements for FY2023 have been adjusted to reflect this retrospective application. This change in accounting policies has no impact on the quarterly consolidated financial statements for the same quarter of FY2023 and the consolidated financial statements for FY2023.

Notes to special accounting methods for preparation of quarterly consolidated financial statements

— Calculation of tax expenses

The Company calculates tax expenses in the following method: it first makes a reasonable estimate of the effective tax rate for the projected consolidated profit before income taxes for the fiscal year, including the first three months, after applying tax effect accounting, and then multiplies profit before income taxes for the quarter under review by that estimated effective tax rate.

Notes to segment information and other information

1) First three months of FY2023 (April 1 to June 30, 2023)

a) Sales, income or losses by reportable business segment, and breakdown of revenue Millions of yen

	Direct Selling Group	Food Group	Other Businesses ¹	Total	Adjustment ³	Consolidated total ⁴
Sales						
Clean Service businesses	19,554	—	—	19,554	—	19,554
Care Service businesses	3,517	—	—	3,517	—	3,517
Mister Donut business	—	12,982	—	12,982	—	12,982
Other	3,676	428	2,891	6,997	—	6,997
Revenue from contracts with customers	26,749	13,411	2,891	43,051	—	43,051
Other revenue ²	—	—	579	579	—	579
To outside customers	26,749	13,411	3,471	43,631	—	43,631
Intersegment sales and transfers	154	17	513	685	-685	—
Total	26,903	13,428	3,984	44,316	-685	43,631
Segment income (loss)	1,554	1,780	165	3,500	-1,480	2,020

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. Segment income (loss) adjustments of -1,480 million yen include a 6 million yen elimination for intersegment sales and transfers and -1,486 million yen of corporate expenses that cannot be allocated to a particular reportable business segment.
4. Segment income (loss) has been adjusted for consistency with operating profit that is shown in the consolidated statements of income.

b) Impairment loss of non-current assets or goodwill by reportable business segment

Significant impairment loss on non-current assets

None.

Significant change in the amount of goodwill

None.

The amortization of goodwill during the first three months of FY2023 and the balance of goodwill at the end of the first quarter are as follows:

	Direct Selling Group	Food Group	Other Businesses	Elimination or corporate	Total
Amortization	22	1	2	—	26
Balance*	170	13	42	—	227

* Goodwill at the end of the first quarter includes 165 million yen of goodwill in the Direct Selling Group and 13 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 42 million yen of goodwill in Other Businesses for Big Apple Worldwide Holdings Sdn. Bhd., which the Company acquired in February 2017.

Significant gains on negative goodwill

None.

2) First three months of FY2024 (April 1 to June 30, 2024)

a) Sales, income or losses by reportable business segment, and breakdown of revenue

Millions of yen

	Direct Selling Group	Food Group	Other Businesses ¹	Total	Adjustment ³	Consolidated total ⁴
Sales						
Clean Service businesses	19,388	—	—	19,388	—	19,388
Care Service businesses	3,702	—	—	3,702	—	3,702
Mister Donut business	—	13,900	—	13,900	—	13,900
Other	3,554	1,114	2,989	7,657	—	7,657
Revenue from contracts with customers	26,645	15,015	2,989	44,649	—	44,649
Other revenue ²	—	—	566	566	—	566
To outside customers	26,645	15,015	3,555	45,216	—	45,216
Intersegment sales and transfers	156	2	556	715	-715	—
Total	26,801	15,017	4,112	45,931	-715	45,216
Segment income (loss)	1,660	1,699	180	3,541	-1,671	1,869

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. Segment income (loss) adjustments of -1,671 million yen include a 10 million yen elimination for intersegment sales and transfers and -1,682 million yen of corporate expenses that cannot be allocated to a particular reportable business segment.
4. Segment income (loss) has been adjusted for consistency with operating profit that is shown in the consolidated statements of income.

b) Impairment loss of non-current assets or goodwill by reportable business segment

Significant impairment loss on non-current assets

None.

Significant change in the amount of goodwill

None.

The amortization of goodwill during the first three months of FY2024 and the balance of goodwill at the end of the first quarter are as follows:

Millions of yen

	Direct Selling Group	Food Group	Other Businesses	Elimination or corporate	Total
Amortization	21	3	2	—	28
Balance*	210	67	32	—	311

* Goodwill at the end of the first quarter includes 210 million yen of goodwill in the Direct Selling Group resulting from the purchase by Duskin and its subsidiaries of the business operations of several franchisees and 61 million yen of goodwill for Kenko Saien Co., Ltd., which the Company acquired in January 2024 in the Food Group and 32 million yen of goodwill in Other Businesses for Big Apple Worldwide Holdings Sdn. Bhd., which the Company acquired in February 2017.

Significant gains on negative goodwill

None.

3) Matters related to changes in reportable segments

During the first three-month period under review, the Company reviewed its consolidated business segmentation and made changes to the content of the Clean Service business segment in the revenue breakdown information. The revenue breakdown information for the first three-month period of FY2023 is also presented in the amounts that reflect the change.

Notes on significant changes in shareholders' equity

The Company repurchased 214,900 shares during the first quarter of this consolidated fiscal year based on a resolution of the Board of Directors meeting held on May 23, 2024. As a result, treasury stock increased by 709 million yen, including changes due to the disposal of Company shares held by the Employee Stock Ownership Plan. Consequently, treasury stock amounted to 6,173 million yen as of June 30, 2024.

Notes relating to going concern assumption

None.

Notes to quarterly consolidated statements of cash flows

Quarterly consolidated statements of cash flows for the first three months of FY2024 have not been prepared. Depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the first three months of FY2023 and FY2024 are as follows.

	Millions of yen	
	Three months ended June 30, 2023	Three months ended June 30, 2024
Depreciation	1,973	1,949
Amortization of goodwill	26	28