DUSKIN
喜びのタネをまこう

Notice of Convocation

The 59th Ordinary General Shareholders' Meeting

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Please be advised that certain explanations for domestic voting procedures that are not applicable to the shareholders outside Japan are omitted or modified to avoid confusion.

(Translation)

(Code No.: 4665)

June 3, 2021

To Shareholders

Teruji Yamamura
President & CEO
Duskin Co., Ltd.
1-33 Toyotsu-cho, Suita-shi,
Osaka 564-0051 JAPAN

Notice of the 59th Ordinary General Shareholders' Meeting

This is to inform you that the 59th Ordinary General Shareholders' Meeting will be held as indicated below under the heading of "Details of the Meeting."

We place top priority on the safety and security of our shareholders. To prevent the spread of the novel coronavirus, we recommend that you refrain from attending the general shareholders' meeting in person and instead exercise your voting rights either in writing or electronically (via the Internet) by 5:00 pm (JST) on Tuesday, June 22, 2021.

Details of the Meeting

1: Date and Time: 10:00 am (JST) on Wednesday, June 23, 2021
(The reception is scheduled to start at 9:00 am.)

2: Venue: Conference Room on the 11th Floor
Duskin Co., Ltd. Headquarters Building
1-33 Toyotsu-cho, Suita-shi, Osaka

***Please note that the venue is not the same as last year's. (The venue previously scheduled cannot be used because it has been designated as Osaka's COVID-19 Large-Scale Vaccination Center, under management of Japan's Self-Defense Forces.)**

*To reduce the risk of infection at the venue, the maximum number of seats will be limited to **70**, and we will ask attendees to use the socially distanced seating. Please note that attendance will be declined once we reach the maximum number of available seats.

*The general shareholders' meeting will be **broadcast live via the Internet**, enabling shareholders who refrain from attending in person to view it. (Japanese version only)

3: Purpose of the Shareholders' Meeting

Items to be reported

1. The business report, the consolidated financial statements and audit results on consolidated financial statements by Accounting Auditors and the Audit & Supervisory Board for fiscal 2020 (April 1, 2020 to March 31, 2021)

2. The non-consolidated financial statements for fiscal 2020 (April 1, 2020 to March 31, 2021)

Matters to be resolved

Proposal 1: Appropriation of Retained Earnings
Proposal 2: Election of Nine (9) Members of the Board of Directors
Proposal 3: Determination of Remuneration with respect to Granting Restricted Stock to Directors

Acceptance of questions in advance

We will accept questions in advance regarding 3: Purpose of the Shareholders' Meeting. Of the questions received, those considered to be of significant interest to shareholders will be raised at the general shareholders' meeting. However, we cannot reply to questions individually, and we request your understanding in this matter.

Period for the submission of questions:
Thursday, June 3, 2021 to 5:00 pm on Tuesday June 15, 2021 (JST)

Method for the submission of questions:
Access via the corporate website. Address to submit questions in advance: https://www.duskin.co.jp/ir/stockinfo/meeting/ (Japanese version only)

- When attending the Meeting in person, please present the enclosed Voting Rights Execution Form at the reception. If attending by proxy, please note that one other shareholder with voting rights may act as a proxy, and must submit documentary evidence of the right of proxy. Please note that only shareholders are entitled to attend the Meeting.
- In line with Japan's Cool Biz initiative, please note that the officers and staff will dress lightly in business casual style during the meeting to help reduce the Company's impact on global warming.

Exercise of Voting Right

Voting rights may be exercised by attendance, in writing or via electronic means.

		
Exercise of voting right By attendance	**Exercise of voting right In writing by post**	**Exercise of voting right Via Internet**
Submit the enclosed Voting Rights Execution Form to the reception counter at the Meeting.	Indicate your approval or disapproval of the proposals on the enclosed Voting Rights Execution Form and return the form to us so we receive it by the deadline indicated below.	Access voting site: https://www.web54.net *1 and 2 and complete voting by the deadline indicated below.
Meeting Time and Date	**Deadline**	**Deadline**
10:00 am, Wednesday June 23, 2021 (JST)	**5:00 pm, Tuesday June 22, 2021 (JST)**	**5:00 pm, Tuesday June 22, 2021 (JST)**

*1. When multiple votes are cast through the Internet, the final vote will be considered to be the intended official vote.

*2. If votes are cast both by post (in writing) and through the Internet, then those cast via the Internet will be treated as valid, regardless of the time when they were received.

The shareholders who have exercised their voting rights and whose votes are deemed valid will have the chance to be one of 200 people to receive a Mister Donut Card, each worth 1,000 yen.

Reference materials for the Annual General Shareholders' Meeting

Proposal 1: Appropriation of Retained Earnings

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

With our focus on continuously generating stable cash dividends while securing the internal capital resources required for sound business management, we have decided that the full-year dividend for fiscal 2021 should be 40 yen per share.

We have therefore determined that the year-end dividend should be 20 yen per share which, together with the interim dividend of 20 yen per share, brings the full-year dividend to 40 yen per share.

(1) Type of dividend: cash

(2) Dividend particulars and amounts

20 yen per share of common stock
Total amount of dividends: 986,893,340 yen (funds for the dividends: retained earnings)
The Company paid an interim dividend of 20 yen per share. The full-year dividend is to total 40 yen per share.

(3) The effective date of the dividends: June 24, 2021 (JST)

Proposal 2: Election of Nine (9) Members of the Board of Directors

The term of the current nine (9) Directors will expire at the close of this Annual General Shareholders' Meeting. It is proposed that the total number of Directors remains at nine (9).

Candidate No.	Name		Titles and Responsibilities at Duskin	Number of Board of Directors meetings attended
1	Reappointment Candidate	Teruji Yamamura (Mr.)	Representative Director President & CEO	19/19
2	Reappointment Candidate	Kazushi Sumimoto (Mr.)	Director & COO Direct Selling Group General Manager, Strategy Management, Direct Selling Group	19/19
3	Reappointment Candidate	Tetsuya Wada (Mr.)	Director & COO Food Group	14/14
4	Reappointment Candidate	Naoto Miyata (Mr.)	Director & CFO Corporate Administration Group	14/14
5	Reappointment Candidate	Taku Suzuki (Mr.)	Director & Operating Officer New Business Development, Corporate Account	19/19
6	Reappointment Candidate	Hiroyuki Okubo (Mr.)	Director & Operating Officer President's Office, Corporate Planning, Information System, Shared Services Center	14/14
7	Reappointment Candidate for Independent Outside Director	Tomoya Yoshizumi (Mr.)	Outside Director	19/19
8	Reappointment Candidate for Independent Outside Director	Nobuko Sekiguchi (Ms.)	Outside Director	19/19
9	Reappointment Candidate for Independent Outside Director	Yukiko Tsujimoto (Ms.)	Outside Director	14/14

(Note) The number of meetings of the Board of Directors that Mr. Tetsuya Wada, Mr. Naoto Miyata, Mr. Hiroyuki Okubo, and Ms. Yukiko Tsujimoto attended is for meetings that were held after their election as Directors on June 23, 2020 (JST).

Reference: Policy on selecting Director candidates

Director candidates must have the proper character, knowledge and ethics for this post, and must have no health issues that would prevent them from performing their duties. The candidates must also be capable of consistently executing the medium- to long-term growth strategy of the Duskin Group, making a positive impact on the vitality of our organization.

With regard to candidates for internal Director positions, the President & CEO requests recommendations from current Directors, Audit & Supervisory Board Members, and Operating Officers and selects the candidates for review by the Directors Evaluation Committee. After taking into account the feedback of the Committee, the President & CEO proposes suitable candidates. Candidates are then selected after thorough discussion and deliberation by the Board of Directors.

Candidates for Outside Director positions must not be related parties of the Duskin Group and must be able to maintain their independence. They must also have the business experience and expertise to perform supervisory and advisory functions for the Board of Directors. In addition, they must be capable of providing beneficial advice from many perspectives to ensure management transparency, soundness and fairness. Candidates for Outside Director positions are then selected after thorough deliberation by the Board of Directors.

In order to maintain independence and effectiveness, the Directors Evaluation Committee must consist of only independent Outside Directors and Outside Audit & Supervisory Board Members in accordance with the policy of the Tokyo Stock Exchange.

Candidate No. **1**

Teruji Yamamura



Date of birth
January 28, 1957

Number of shares owned: 34,585

Tenure: 17 years
(at the conclusion of this Annual General Shareholders' Meeting)

Position/Career Summary

Apr. 2018	Representative Director President & CEO (to the present)
Apr. 2009	President & CEO
Apr. 2007	Director Care Service Business Group, Rent-All, Home Instead (current Life Care)
June 2004	Director & Assistant General Manager Clean Service Business Group
Jan. 1982	Joined the Company

Reappointment

Attendance at Board of Directors meetings during FY 2020:
19/19
100.0%

Reasons for recommending Teruji Yamamura as a candidate for Director

Since becoming President & CEO in 2009, Mr. Yamamura has served as Chairman of the Board of Directors. He has been encouraging open and constructive discussion and effectively managing the Board meetings, while leading the ONE DUSKIN long-term strategy.

Mr. Yamamura possesses extensive expertise in franchise business management garnered through his long career at Duskin as a top executive, as well as strong leadership and the foresight to navigate the Company through the ever-changing and unpredictable business environment—both essential qualities of Directors. As the Company believes Mr. Yamamura is indispensable as a company board member, Duskin requests a vote in his favor for re-election as a Director.

Candidate No. 2

Kazushi Sumimoto



Reappointment

Attendance at Board of Directors meetings during FY 2020:
19/19
100.0%

Date of birth
November 29, 1960

Number of shares owned: 11,685

Tenure: 7 years
(at the conclusion of this Annual General Shareholders' Meeting)

Position/Career Summary

June 2020	Director & COO Direct Selling Group General Manager, Strategy Management, Direct Selling Group (to the present)
Apr. 2020	Director & Executive Operating Officer Direct Selling Group General Manager, Strategy Management, Direct Selling Group
Apr. 2019	Director & Executive Operating Officer Corporate Planning, General Affairs, Accounting, Public Relations, Information System, Production & Logistics
Apr. 2018	Director & Senior Operating Officer Corporate Planning, Production & Logistics Group
Apr. 2017	Director Corporate Planning, Production & Logistics Group
May 2016	Director, Corporate Planning, Life Care Development Group, Rent-All, Uniform Service, Health & Beauty
June 2014	Director, Home Instead (current Life Care) Division Manager, Rent-All
Apr. 1983	Joined the Company

Reasons for recommending Kazushi Sumimoto as a candidate for Director

After contributing to the development of Clean & Care Business and Rent-All Business, Mr. Sumimoto has played a key role at Corporate Planning and Production & Logistics Group since 2016. Currently, he is overseeing the entire Direct Selling Group. At the Board of Directors, Mr. Sumimoto proactively speaks up with accurate and constructive comments and opinions supported by his experiences to assist the President & CEO, and provides strong leadership for the Board of Directors. Garnered through his long-term career in management and franchise businesses, Mr. Sumimoto's expertise is indispensable for further improving the effectiveness of the Board of Directors' decision-making process and supervisory function. Duskin therefore believes that Mr. Sumimoto is suitably qualified to continue as a Director, and requests a vote in favor of his re-election.

Candidate No. 3

Tetsuya Wada



Reappointment

Attendance at Board of Directors meetings during FY 2020:
14/14
100.0%

Date of birth
July 17, 1962

Number of shares owned: 2,700

Tenure: 1 year
(at the conclusion of this Annual General Shareholders' Meeting)

Position/Career Summary

Oct. 2020	Director & COO Food Group (to the present)
June 2020	Director & COO Food Group Division Manager, Food Business Development
Apr. 2020	Operating Officer Food Group Division Manager, Food Business Development
Apr. 2018	Operating Officer General Manager, Mister Donut Business Group
Apr. 1986	Joined the Company

Reasons for recommending Tetsuya Wada as a candidate for Director

Mr. Tetsuya Wada has been involved in Food Group since joining Duskin. After supervising the Mister Donut overseas operations, he was assigned to oversee Food Business Development as Division Manager. After serving successfully in those positions, he became General Manager at Mister Donut Business Group to lead the brand's revitalization. Currently, he is overseeing the entire Food Group. Leveraging his experience, Mr. Wada proactively provides constructive opinions on matters including Direct Selling Group, contributing greatly to improving the effectiveness of Board of Directors meetings. Mr. Wada has extensive experience of business operations and comprehensive expertise in managing franchise businesses, and his expertise is indispensable for further improving the effectiveness of the Board of Directors' decision-making process and supervisory function. Duskin therefore believes that Mr. Wada is suitably qualified to continue as a Director, and requests a vote in favor of his re-election.

Candidate No. **4**

Naoto Miyata



Reappointment

Attendance at Board of Directors meetings during FY 2020:
14/14
100.0%

Date of birth
August 16, 1963

Number of shares owned: 1,400

Tenure: 1 year
(at the conclusion of this Annual General Shareholders' Meeting)

Position/Career Summary

Apr. 2021	Director & CFO Corporate Administration Group (to the present)
June 2020	Director & CFO Legal Affairs and Corporate Compliance, Accounting, General Affairs
Apr. 2020	Operating Officer Accounting
Apr. 2018	Joined the Company General Manager, Corporate Account
Apr. 2014	General Manager Public & Financial Institutions Banking Dept. Sumitomo Mitsui Banking Corporation

Reasons for recommending Naoto Miyata as a candidate for Director

Mr. Miyata has extensive knowledge in areas including finance and capital policy, garnered through previous roles in his long-term career at Sumitomo Mitsui Banking Corporation. Since joining Duskin, he has accumulated knowledge and experience in the general management of franchise businesses through initiatives to reinforce the Corporate Account platform. Since last year, he has served as Chief Financial Officer (CFO). Mr. Miyata proactively provides constructive opinions, mainly regarding financial strategy, contributing greatly to improving the effectiveness of Board of Directors meetings. Mr. Miyata's expertise is indispensable for further improving the effectiveness of the Board of Directors' decision-making process and supervisory function. Duskin therefore believes that Mr. Miyata is suitably qualified to continue as a Director, and requests a vote in favor of his re-election.

Candidate No. **5**

Taku Suzuki



Reappointment

Attendance at Board of Directors meetings during FY 2020:
19/19
100.0%

Date of birth
October 8, 1965

Number of shares owned: 5,700

Tenure: 5 years
(at the conclusion of this Annual General Shareholders' Meeting)

Position/Career Summary

Apr. 2021	Director & Operating Officer New Business Development, Corporate Account (to the present)
June 2020	Director & Operating Officer Rent-All, Health Rent, Life Care
Apr. 2018	Director & Senior Operating Officer Rent-All, Health Rent, Life Care, Uniform Service, Health & Beauty
Apr. 2017	Director Life Care Development, Rent-All, Uniform Service, Health & Beauty
June 2016	Director, Product Inspection Center General Manager, Production & Logistics Group
Apr. 1989	Joined the Company

Reasons for recommending Taku Suzuki as a candidate for Director

After his involvement with new business development for the Clean & Care Business Group and laundry plant operations, Mr. Suzuki has been overseeing Production & Logistics, Life Care (the business unit that assists elderly people in their daily lives), and Health Rent (the business unit that rents out and sells home health-care equipment) since 2012. Leveraging his experience, Mr. Suzuki proactively provides constructive opinions on matters including the Food Group, contributing greatly to improving the effectiveness of Board of Directors meetings. Mr. Suzuki has abundant experience in business operations and ample expertise in managing franchise businesses, and his expertise is indispensable for further improving the effectiveness of the Board of Directors' decision-making process and supervisory function. Duskin therefore believes that Mr. Suzuki is suitably qualified to continue as a Director, and requests a vote in favor of his re-election.

Candidate No. **6**

Hiroyuki Okubo



Reappointment

Attendance at Board of Directors meetings during FY 2020:
14/14
100.0%

Date of birth
June 30, 1962

Number of shares owned: 2,985

Tenure: 1 year
(at the conclusion of this Annual General Shareholders' Meeting)

Position/Career Summary

Apr. 2021	Director & Operating Officer President's Office, Corporate Planning, Information System, Shared Services Center (to the present)
Dec. 2020	Director & Operating Officer President's Office, Information System, Shared Services Center Manager, Corporate Planning
June 2020	Director & Operating Officer President's Office, Information System Manager, Corporate Planning
Apr. 2020	Operating Officer Information System Manager, Corporate Planning
Apr. 2018	Operating Officer Manager, Corporate Planning
Apr. 1985	Joined the Company

Reasons for recommending Hiroyuki Okubo as a candidate for Director

Following a long career in product development and marketing for our mainstream business, Clean & Care Group, Mr. Okubo led the formulation of growth strategies and the strengthening of corporate governance after becoming Manager of Corporate Planning. Mr. Okubo proactively provides constructive opinions from the standpoint of management strategy, contributing greatly to improving the effectiveness of Board of Directors meetings. Mr. Okubo has abundant experience in business operations and ample expertise in managing franchise businesses, and his expertise is indispensable for further improving the effectiveness of the Board of Directors' decision-making process and supervisory function. Duskin therefore believes that Mr. Okubo is suitably qualified to continue as a Director, and requests a vote in favor of his re-election.

Candidate No. 7

Tomoya Yoshizumi

Date of birth

June 10, 1953

Number of shares owned: 400

Tenure: 4 years
(at the conclusion of this Annual General Shareholders' Meeting)



Reappointment

Candidate for Independent Outside Director

Attendance at Board of Directors meetings during FY 2020:
19/19
100.0%

Position/Career Summary

June 2017	Director, the Company (to the present)
June 2017	Resigned from Ajinomoto Co., Inc.
June 2015	Advisor, Ajinomoto Co., Inc.
June 2013	Corporate Vice President & General Manager, North America Division, Bioscience & Finechemicals Business Division Ajinomoto Co., Inc. President, Ajinomoto North America, Inc. (current Ajinomoto Health & Nutrition North America, Inc.)
June 2011	Member of the Board & Corporate Vice President General Manager, North America Division Bioscience & Finechemicals Business Division Ajinomoto Co., Inc. President, Ajinomoto U.S.A. (current Ajinomoto Health & Nutrition North America, Inc.)
June 2008	Member of the Board & Corporate Vice President President, Amino Acids Company
June 2007	Member of the Board
Apr. 1978	Joined Ajinomoto Co., Inc.

Reasons for recommending Tomoya Yoshizumi as an Outside Director candidate, and his expected roles

Mr. Yoshizumi holds a great deal of experience and knowledge in corporate management as a Member of the Board & Corporate Vice President at Ajinomoto Co., Inc. At Ajinomoto, he was engaged in strategic production planning, the Medium-Term Management Plan, and implementing M&A strategies for the Ajinomoto Group. For four years from 2011, he supervised business operations in North America as General Manager, North America Division and President of Ajinomoto North America, Inc. Based on his management experience and expertise, Mr. Yoshizumi is expected to provide comprehensive supervision of management and advice from the perspective of enhancing medium- and long-term corporate value. Therefore, Duskin requests a vote in favor of Mr. Yoshizumi's re-election as an Outside Director.

Candidate No. **8**

Nobuko Sekiguchi

Date of birth

July 3, 1968

Number of shares owned: -

Tenure: 2 years

(at the conclusion of this Annual General Shareholders' Meeting)



Reappointment

Candidate for Independent Outside Director

Attendance at Board of Directors meetings during FY 2020:
19/19
100.0%

Position/Career Summary

June 2020	Outside Director, Audit & Supervisory Committee Member, H2O Retailing Corporation (to the present)
June 2019	Director, the Company (to the present)
Mar. 2019	Resigned from CAPCOM CO., LTD.
Apr. 2016	Managing Corporate Officer Head of Corporate Planning & Human Resources Division
Apr. 2011	Corporate Officer Head of Corporate Planning Division
Apr. 2007	General Manager of Accounting Department
Nov. 2005	Joined CAPCOM CO., LTD.

(Significant concurrent position)
Outside Director, Audit & Supervisory Committee Member, H2O Retailing Corporation

Reasons for recommending Nobuko Sekiguchi as an Outside Director candidate, and her expected roles

After working as a management consultant, Ms. Sekiguchi joined CAPCOM CO., LTD. where as a Managing Corporate Officer, she was engaged in leadership roles involving corporate planning and personnel system reforms. Included in her corporate planning responsibilities were the formulation of its Med-Term Plan, the annual budget management, organizational restructuring, and M&A transactions. Based on her experience and expertise, Ms. Sekiguchi is expected to provide comprehensive supervision of management and advice from the perspective of enhancing medium- and long-term corporate value. Therefore, Duskin requests a vote in favor of Ms. Sekiguchi's re-election as an Outside Director.

Candidate No. **9**

Yukiko Tsujimoto

Date of birth

February 10, 1964

Number of shares owned: -

Tenure: 1 year

(at the conclusion of this Annual General Shareholders' Meeting)



Reappointment

Candidate for Independent Outside Director

Attendance at Board of Directors meetings during FY 2020:

14/14

100.0%

Position/Career Summary

June 2020	Director, the Company (to the present)
Apr. 2018	Kobe City Personnel Committee Member (to the present)
Nov. 2014	Representative Director, shapes Co., Ltd. (to the present)
June 2014	Resigned from Procter & Gamble Japan K.K.
Apr. 2014	Resigned from the position of Director, P&G K.K.
July 2012	External Relations Director Procter & Gamble Japan K.K.
June 2012	Resigned from the position of Director, Procter & Gamble Japan K.K.
Apr. 2008	Director P&G K.K.
Mar. 2006	Director Procter & Gamble Japan K.K.
Apr. 1986	Joined Procter & Gamble Far East Inc. (current Procter & Gamble Japan K.K.)

(Significant concurrent position)
Representative Director, shapes Co., Ltd.

Reasons for recommending Yukiko Tsujimoto as an Outside Director candidate, and her expected roles

Ms. Tsujimoto has a wealth of experience and knowledge in corporate management as a Director of Procter & Gamble Japan K.K. Ms. Tsujimoto brings with her an extensive expertise accumulated during her career with Procter & Gamble Japan, where she was responsible for brand marketing and communications, and took a leadership role in brand publicity in Asian markets. Based on her experience and expertise, Ms. Tsujimoto is expected to provide comprehensive supervision of management and advice from the perspective of enhancing medium- and long-term corporate value. Therefore, Duskin requests a vote in favor of Ms. Tsujimoto's re-election as an Outside Director.

1. The nominees have no special interests in Duskin.
2. Duskin has designated Mr. Tomoya Yoshizumi, Ms. Nobuko Sekiguchi and Ms. Yukiko Tsujimoto as Independent Directors in accordance with regulations of the Tokyo Stock Exchange. If these Director candidates are re-elected, Duskin plans to again designate them as Independent Directors.
3. Duskin has contracts with Mr. Tomoya Yoshizumi, Ms. Nobuko Sekiguchi and Ms. Yukiko Tsujimoto that limit their liability as provided in Article 423, Paragraph 1 of the Companies Act within the amount prescribed by laws or ordinances. If these three individuals are elected as Outside Directors, Duskin plans to extend these contracts.
4. Duskin has entered into a directors and officers liability insurance (D&O Insurance) contract with an insurance company, which covers legal damages and litigation expenses in the event that a claim for damages is made against a Director or other corporate officer while they perform their duties. However, the above insurance contract does not cover claims against individual Directors or other corporate officers resulting from criminal actions such as offering or receiving bribes, or intentional unlawful actions. This ensures that the proper execution of duties is not negatively affected. All Director candidates are insured parties under this insurance contract. Duskin intends to renew the contract under its present terms when it

comes due for renewal.

5. The number of meetings of the Board of Directors that Mr. Tetsuya Wada, Mr. Naoto Miyata, Mr. Hiroyuki Okubo and Ms. Yukiko Tsujimoto attended is for meetings that were held after their election as Directors on June 23, 2020 (JST).

Reference: Standards for independence of Outside Directors and Audit & Supervisory Board Members

The independence of an Outside Director or Outside Audit & Supervisory Board Member requires that none of the following items is applicable to these individuals. These standards are based on the independence standards of the Securities Listing Regulations Enforcement Rules of the Tokyo Stock Exchange and also include standards established by Duskin.

1. A Director (except an Outside Director of Duskin), Audit & Supervisory Board Member (except an Outside Audit & Supervisory Board Member of Duskin) or employee of one of the Duskin Corporate Group* companies

   * Duskin Co., Ltd. and its consolidated subsidiaries

2. A Director, Audit & Supervisory Board Member or employee of a major shareholder* of Duskin or a company or other organization where Duskin is a major shareholder

   * An individual, company or other entity that owns at least 10% of Duskin's voting rights

3. A Director, Audit & Supervisory Board Member or employee of a company with a major business relationship* with the Duskin Corporate Group

   * A company where, in the most recent fiscal year, amounts paid to or received from the Duskin Corporate Group for business transactions are more than the larger of 1% of the consolidated sales of the Duskin Corporate Group or the company (including the parent company and subsidiaries) or 1 billion yen

4. An individual that has received substantial donations* from the Duskin Corporate Group or a Director, Audit & Supervisory Board Member or employee of a company or other organization that has received such donations

   * Substantial donations are cash and other items with a value of the larger of 1% of consolidated sales of the Duskin Corporate Group in the most recent fiscal year or 100 million yen.

5. An attorney, accountant, consultant who has received substantial payments* or other items of value (or an individual belonging to a company or other organization that has received these payments) other than Director or Audit & Supervisory Board Member compensation from the Duskin Corporate Group

   * Cash or other items with a value of the larger of 1% of consolidated sales of the Duskin Corporate Group in the most recent fiscal year or 100 million yen

6. An individual who was ever in any position described in the above items 1 and 2

7. An individual who was within the past three years in any position described in the above items 3 through 5

8. Spouses and first or second-degree relatives of individuals described in the above items 1 through 7

9. An individual who has been a Duskin Outside Director for five years or a Duskin Outside Audit & Supervisory Board Member for eight years

10. An individual with any other reasons for doubt about independence concerning the performance of duties as a Duskin Outside Director or Outside Audit & Supervisory Board Member

Proposal 3: Determination of Remuneration with respect to Granting Restricted Stock to Directors

Remuneration for Directors of the Company not exceeding 400 million yen per annum (including no more than 35 million yen per annum for Outside Directors) was approved at the 56th Ordinary General Shareholders' Meeting held on June 21, 2018. Within this limit, approval was given at the 55th Ordinary General Shareholders' Meeting held on June 22, 2017 for the distribution of up to 50 million yen per annum of share acquisition rights as share-based-remuneration-type stock options to Directors (excluding Outside Directors) of the Company. The proposal is to partially amend this remuneration scheme, as follows.

This proposal offers an incentive to the Company's Directors (excluding Outside Directors), hereinafter referred to as "Eligible Directors," for sustainably improving the Company's value. We consider this remuneration scheme to be appropriate, as it aims to further augment Eligible Directors' desire to contribute to the Company's sustainable growth and corporate value over the medium-to-long term by sharing the risks and returns of stock fluctuations with shareholders. We ask for approval to pay remuneration to Eligible Directors in the form of restricted stock within the amount not exceeding 400 million yen per annum as provided above.

The total amount of monetary compensation claims to be offered to Eligible Directors as restricted stock shall be up to 50 million yen per annum. This is the same amount as share-based-remuneration-type stock options, and is deemed reasonable considering the number of Eligible Directors. The Company shall cease to offer new payments based on the current share-based-remuneration-type stock options subject to the approval and passing of this proposal, and in future the Company shall not issue share acquisition rights as share-based-remuneration-type stock options to the Company's Directors.

Eligible Directors shall make in–kind contribution of all monetary compensation claims to be provided by the Company, and shall, in return, receive common shares of the Company that shall be issued or disposed of by the Company, in accordance with a resolution of the Company's Board of Directors. The total quantity of such common shares to be issued or disposed of shall not exceed 20,000 shares per annum, which is deemed reasonable after considering the number of Eligible Directors (however, if stock splits of the Company's common shares, including gratis allotments of the Company's common shares or stock consolidations are implemented after the date of the resolution of this proposal, the quantity shall be adjusted based on split or consolidation ratios and other factors), and the amount paid per share shall be the closing price of the Company's common shares at The Tokyo Stock Exchange on the business day preceding the date of resolution of the Company's Board of Directors (or the closing price on the most recent date of transaction if such transactions do not conclude on the same date of transaction). The specific date and amount distributed to each Eligible Director shall be determined by the Board of Directors.

If Proposal 2: Election of Nine (9) Members of the Board of Directors is approved and passed as proposed, then the number of Eligible Directors will be six (6).

The Company plans to pay similar restricted stock remuneration to its Operating Officers, for a similar purpose, subject to the approval and passing of this proposal.

When the Company issues or disposes of common shares to Eligible Directors, the Company will conclude restricted stock distribution contracts (hereinafter the "Distribution Contracts") that include the content summarized below, with each Eligible Director.

(1) Transfer Restriction Period

Under the Distribution Contracts, an Eligible Director must not transfer, pledge or otherwise dispose of shares of the Company's common shares received under a Distribution Contract (hereinafter the "Distributed Shares") for the period (hereinafter the "Transfer Restriction Period") beginning from the day when the shares were distributed, and concluding on the day when the Eligible Director retires from the position of Director (or is neither a Director nor an Audit & Supervisory Board Member, in cases where the Eligible Director is appointed as an Audit & Supervisory Board Member on his or her retirement as a Director). This restriction is hereinafter referred to as the "Transfer Restriction."

(2) Release from Transfer Restriction

Where an Eligible Director retires for a reason deemed appropriate by the Company's Board of Directors, the

Company shall remove the Transfer Restriction pertaining to all Distributed Shares held by the Eligible Director at the conclusion of the Transfer Restriction Period.

(3) Gratis acquisition of the Distributed Shares

Distributed Shares that are not released from the Transfer Restriction at the conclusion of the Transfer Restriction Period shall be acquired gratis by the Company on the following day. In cases where an Eligible Director resigns from the position of Director within one year from the date of distribution of the Distributed Shares, the quantity of Distributed Shares reasonably determined based upon the length of time from the distribution to the resignation shall be acquired gratis by the Company. Furthermore, if unlawful acts, including a breach of the obligation not to compete, occur and such acts fall under a reason as provided in the Distribution Contracts, the Company shall acquire gratis all of the Distributed Shares.

(4) Treatment in the case of organizational restructuring

Notwithstanding the provisions in (1) above, where a merger agreement in which the Company is the non-surviving company, a share exchange agreement where the Company becomes a wholly-owned subsidiary, a share transfer plan or other matters concerning an organizational restructuring or similar change is approved at a General Shareholders' Meeting of the Company (or the Company's Board of Directors, for organizational restructuring or a similar change that does not require approval at a General Shareholders' Meeting) during the Transfer Restriction Period, the Transfer Restriction shall be removed before the effective date of the organizational restructuring for the quantity of Distributed Shares determined as reasonable based upon the length of time from the day when the Transfer Restriction Period commenced to the effective date of the organizational restructuring. In this case, the Company shall rightfully acquire, for no consideration, the remaining Distributed Shares for which the Transfer Restriction has not been removed, immediately after the removal of the Transfer Restriction.

(5) Other matters determined by the Board of Directors

The Distribution Contracts shall contain other matters determined by the Board of Directors, including the methods used for indicating intention and notification under the Distribution Contracts and the method for amending the Distribution Contracts.

In order to prevent disposal of the shares by transfer, pledge or other means during the Transfer Restriction Period, the Company's plan is to manage shares allotted to Eligible Directors under this scheme in a dedicated account established by each Eligible Director at a securities company, to be determined by the Company, for the duration of the Transfer Restriction Period.

Consolidated Balance Sheets

(millions of yen)

Account	FY2020 as of Mar. 31, 2021	FY2019 as of Mar. 31, 2020
Assets		
Current assets	69,239	62,195
Cash and deposits	18,431	23,728
Notes and accounts receivable - trade	11,875	11,623
Lease receivables and investments in leases	1,157	1,177
Securities	19,711	10,292
Merchandise and finished goods	10,306	9,536
Work in process	181	196
Raw materials and supplies	1,779	1,769
Other	5,818	3,893
Allowance for doubtful accounts	-23	-22
Non-current assets	119,159	122,963
Property, plant and equipment	50,152	50,360
Buildings and structures	15,298	15,787
Machinery, equipment and vehicles	7,310	7,030
Land	22,658	22,670
Construction in progress	103	296
Other	4,781	4,576
Intangible assets	9,635	10,922
Goodwill	356	349
Software	8,002	7,699
Other	1,275	2,873
Investments and other assets	59,372	61,680
Investment securities	50,768	51,242
Deferred tax assets	1,684	3,575
Guarantee deposits	5,944	5,942
Other	998	947
Allowance for doubtful accounts	-22	-28
Total Assets	188,399	185,158

Account	FY2020 as of Mar. 31, 2021	FY2019 as of Mar. 31, 2020
Liabilities		
Current liabilities	34,587	34,392
Notes and accounts payable-trade	6,962	6,588
Income taxes payable	354	1,554
Provision for bonuses	3,062	3,619
Reserves for losses on liquidation of subsidiaries and affiliates	—	51
Asset retirement obligations	1	—
Accounts payable - other	9,491	8,392
Guarantee deposit received for rental products	9,135	9,341
Other	5,579	4,844
Non-current liabilities	7,974	8,735
Retirement benefit liability	6,494	7,243
Asset retirement obligations	643	617
Long-term guarantee deposits	777	776
Long-term accounts payable-other	12	33
Deferred tax liabilities	38	54
Other	8	9
Total liabilities	42,562	43,127
Net Assets		
Shareholders' equity	134,768	134,482
Share capital	11,352	11,352
Capital surplus	11,091	11,091
Retained earnings	116,914	116,654
Treasury shares	-4,591	-4,616
Accumulated other comprehensive income	10,740	7,256
Valuation difference on available-for-sale securities	8,771	5,965
Deferred gains or losses on hedges	-0	-0
Foreign currency translation adjustment	-215	-193
Remeasurements of defined benefit plans	2,184	1,485
Share acquisition rights	60	50
Non-controlling interests	268	241
Total Net Assets	145,836	142,031
Total Liabilities and Net Assets	188,399	185,158

Note: All financial figures are in millions of yen, all amounts less than a million are dropped.

Consolidated Statements of Income

(millions of yen)

Account	FY2020 (Apr. 1, 2020 - Mar. 31, 2021)	FY2019 (Apr. 1, 2019 - Mar. 31, 2020)
Net sales	153,770	159,102
Cost of sales	84,335	87,043
Gross profit	69,435	72,059
Selling, general and administrative expenses	64,783	65,482
Operating profit	4,651	6,577
Non-operating income	2,260	1,752
Interest income	137	173
Dividend income	311	383
Rental income from facilities	165	165
Commission income	189	165
Share of profit of entities accounted for using equity method	687	363
Other	767	500
Non-operating expenses	278	400
Interest expenses	0	0
Rental expenses on facilities	106	103
Cancellation penalty	30	60
Compensation expenses	33	34
Commission for purchase of treasury shares	—	42
Other	107	158
Ordinary profit	6,633	7,929
Extraordinary income	27	1,193
Gain on sales of non-current assets	16	2
Gain on sales of investment securities	1	1,108
Reversal of reserves for losses on liquidation of subsidiaries and affiliates	7	76
Other	3	5
Extraordinary losses	2,346	651
Loss on sales of non-current assets	1	0
Loss on abandonment of non-current assets	130	109
Impairment loss	422	250
Disaster loss	0	121
COVID-19 relief money	1,658	—
Loss on sales of investment securities	—	161
Other	133	8
Profit before income taxes	4,315	8,471
Income taxes-current	1,112	2,902
Income taxes-deferred	352	-27
Profit	2,849	5,595
Profit attributable to non-controlling interests	28	4
Profit attributable to owners of parent	2,821	5,591

Note: All financial figures are in millions of yen, all amounts less than a million are dropped.

Consolidated Statements of Changes in Net Assets

(April 1, 2020 – March 31, 2021)

(millions of yen)

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

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

Note: All financial figures are in millions of yen, all amounts less than a million are dropped.

Non-Consolidated Balance Sheets

(millions of yen)

Account	FY2020 as of Mar. 31, 2021	FY2019 as of Mar. 31, 2020
Assets		
Current assets	56,769	49,425
Cash and deposits	11,997	17,015
Notes receivable-trade	15	13
Accounts receivable-trade	9,997	9,606
Lease receivables	2	6
Securities	19,711	10,292
Merchandise and finished goods	8,610	7,887
Work in process	3	3
Raw materials and supplies	1,017	965
Prepaid expenses	571	602
Short-term loans receivable	0	4
Short-term loans receivable from subsidiaries and associates	84	328
Other	4,770	2,708
Allowance for doubtful accounts	-15	-10
Non-current assets	115,800	120,019
Property, plant and equipment	36,240	36,643
Buildings	11,489	11,826
Structures	737	766
Machinery and equipment	709	728
Vehicles	0	1
Tools, furniture and fixtures	1,612	1,545
Fixed assets for rent	47	43
Land	21,540	21,540
Construction in progress	101	191
Intangible assets	8,762	10,148
Goodwill	46	7
Trademark right	4	41
Software	7,718	7,625
Temporary account for intangible fixed assets	830	2,309
Other	163	164
Investments and other assets	70,797	73,227
Investment securities	43,200	44,045
Shares of subsidiaries and associates	20,000	20,096
Investments in capital	0	0
Investments in capital of subsidiaries and associates	—	68
Long-term loans receivable from subsidiaries and associates	580	190
Long-term prepaid expenses	396	333
Deferred tax assets	1,683	3,312
Guarantee deposits	5,147	5,158
Other	23	47
Allowance for doubtful accounts	-20	-25
Allowance for investment loss	-217	—
Total Assets	172,569	169,444

Account	FY2020 as of Mar. 31, 2021	FY2019 as of Mar. 31, 2020
Liabilities		
Current liabilities	41,782	43,125
Accounts payable-trade	6,408	5,987
Accounts payable-other	8,240	7,155
Accrued expenses	896	1,009
Income taxes payable	—	1,209
Deposits received	12,427	13,975
Guarantee deposits received for rental products	9,804	10,000
Provision for bonuses	2,151	2,699
Asset retirement obligations	1	—
Other	1,852	1,085
Non-current liabilities	11,938	10,249
Provision for retirement benefits	7,172	6,998
Asset retirement obligations	449	428
Long-term guarantee deposits	1,042	1,002
Long-term deposits received	3,220	1,760
Long-term accounts payable-other	8	17
Other	45	42
Total Liabilities	53,720	53,375
Net Assets		
Shareholders' equity	110,102	110,077
Share capital	11,352	11,352
Capital surplus	1,090	1,090
Legal capital surplus	1,090	1,090
Retained earnings	102,249	102,250
Legal retained earnings	2,777	2,777
Other retained earnings	99,471	99,472
Reserve for business development	869	869
Reserve for reduction entry	63	63
General reserve	96,800	96,800
Retained earnings brought forward	1,738	1,739
Treasury shares	-4,589	-4,615
Valuation and translation adjustments	8,686	5,940
Valuation difference on available-for-sale securities	8,686	5,940
Share acquisition rights	60	50
Total Net Assets	118,848	116,069
Total Liabilities & Net Assets	172,569	169,444

Note: All financial figures are in millions of yen, all amounts less than a million are dropped.

Non-Consolidated Statements of Income

(millions of yen)

Account	FY2020 (April 1, 2020- March 31, 2021)	FY2019 (April 1, 2019- March 31, 2020)
Net sales	123,004	127,838
Cost of sales	72,874	75,349
Gross profit	50,129	52,489
Selling, general and administrative expenses	47,686	48,532
Operating profit	2,442	3,956
Non-operating income	3,881	3,897
Interest income	7	7
Interest income on securities	131	165
Dividend income	2,018	2,153
Rental income from facilities	895	879
Commission income	314	279
Other	515	412
Non-operating expenses	308	433
Interest expenses	13	16
Rental expenses on facilities	153	129
Cancellation penalty	33	97
Expenses for disaster measures	44	—
Other	64	191
Ordinary profit	6,015	7,419
Extraordinary income	53	1,182
Gain on sales of non-current assets	13	1
Gain on sales of investment securities	—	1,108
Gain on liquidation of subsidiaries and affiliates	37	—
Other	2	72
Extraordinary losses	2,581	836
Loss on sales of non-current assets	1	0
Loss on abandonment of non-current assets	112	73
Impairment loss	245	33
COVID-19 relief money	1,658	—
Loss on sales of investment securities	—	161
Loss on valuation of shares of subsidiaries and associates	214	427
Other	349	140
Income before income taxes	3,487	7,765
Income taxes-current	504	2,230
Income taxes-deferred	417	-79
Profit	2,565	5,614

Note: All financial figures are in millions of yen, all amounts less than a million are dropped.

Non-Consolidated Statements of Changes in Net Assets

(April 1, 2020 – March 31, 2021)

(millions of yen)

	Shareholders' equity								
	Share capital	Capital surplus		Retained earnings					
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings				Total retained earnings
					Reserve for business development	Reserve for reduction entry	General reserve	Retained earnings brought forward	
Balance at beginning of current period	11,352	1,090	1,090	2,777	869	63	96,800	1,739	102,250
Changes of items during the period									
Dividends of surplus								-2,565	-2,565
Profit								2,565	2,565
Purchase of treasury shares									
Disposal of treasury shares								-0	-0
Net changes of items other than shareholders' equity									
Total changes of items during the period	—	—	—	—	—	—	—	-1	-1
Balance at end of current period	11,352	1,090	1,090	2,777	869	63	96,800	1,738	102,249

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of current period	-4,615	110,077	5,940	5,940	50	116,069
Changes of items during the period						
Dividends of surplus		-2,565				-2,565
Profit		2,565				2,565
Purchase of treasury shares	-1	-1				-1
Disposal of treasury shares	26	26				26
Net changes of items other than shareholders' equity			2,745	2,745	9	2,755
Total changes of items during the period	25	24	2,745	2,745	9	2,779
Balance at end of current period	-4,589	110,102	8,686	8,686	60	118,848

Note: All financial figures are in millions of yen, all amounts less than a million are dropped.