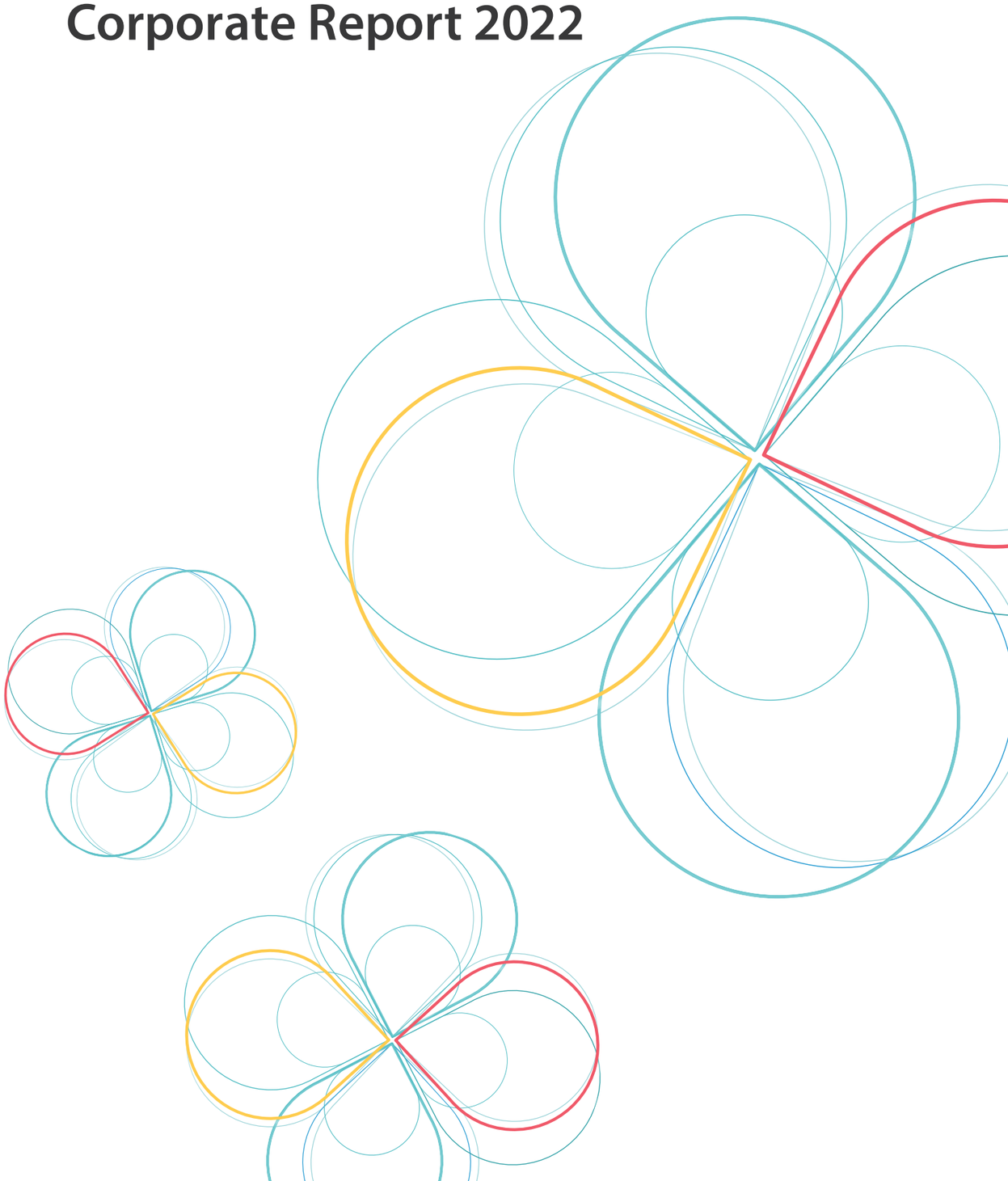
DUSKIN
喜びのタネをまこう

Corporate Report 2022



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喜びのタネをまこう

Duskin Co., Ltd.
1-33 Toyotsu-cho, Suita-shi, Osaka 564-0051 JAPAN
www.duskin.co.jp/english

DK220930

The Core of Duskin

To keep on sowing the seeds of joy amongst people and society at large is the very essence of Duskin and is the driving force for the Duskin Group. The origins of our approach lie with our founder Seiichi Suzuki's philosophy. His ideals remain in practice to this day, perpetuated through the generations since his time.

Our founder's philosophy lives on

This is guided by our founder Seiichi Suzuki's enduring life principles reflected in Duskin's philosophy of Prayerful Management. Each day we strive to stay true to his belief that profit is the reward of joyous transactions. Moreover, all of our employees incorporate his philosophy of putting customer happiness first in all aspects of our daily lives.

Our raison d'être

Sowing the seeds of joy for people and society

Corporate objective

1 Duskin strives to unify business and morals.

Praying for happiness is the starting point of all of our corporate activity.

2 We love our fellow human beings and work to bring out the best in them.

Through our work, we help people develop.

3 We continuously train and encourage our employees to take the responsibility to ask the simple question: "May I help you?" with sincerity.

Our goal is to be the best in the world.

4 Duskin sows the seeds of joy.

Profit is a barometer of how happy our customers are.



Founder Seiichi Suzuki cleans the entrance of the Osaka City Central Public Hall on New Year's Day, 1976.

Management Philosophy

Day after day,
beginning with today
both you and I have a chance to begin our lives anew.

Whether our lot today be profit or loss,
be spiritually ready for loss.

As a planter would,
let us sow the seeds of joy to every person we meet each day.

For everyone, for you and me,
may we lead our lives in this world to the fullest,
realizing our maximum spiritual and material potential.

Franchising to achieve our business philosophy

Duskin launched its franchising system with the hope that it would provide opportunities to make dust control into a successful business for people aligned with our philosophy of Prayerful Management. We think of franchising as a system for franchisor and franchisees to share in each other's fortunes and realize growth.



National training session for Duskin's franchise chain (1964)



Duskin Founder
Seiichi Suzuki

Seiichi Suzuki was born in Hekinan City, Aichi Prefecture in 1911. He joined Ittoen in 1938 and then established Kentoku Company in 1944. From that time onward, Suzuki followed his principle of Prayerful Management, his purpose being to integrate moral and business goals in both his own and his company's business practices. He founded Duskin in 1963 and paved is path to becoming Japan's first multi-franchise enterprise. Seiichi Suzuki passed away in 1980 at the age of 68.

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Editorial Policy

■ Reference Guidelines

This report uses the International Integrated Reporting Framework by IRFS Foundation; Guidance for Integrated Corporate Disclosure and Comtry of Economy, Trade and Industry; and the GRI Standards by GRI.

Environment Social Governance
Guidance for Collaborative Value Creation

■ Terms

Used in this report are: **Duskin Corporate Group** — Duskin Co., Ltd. and its consolidated subsidiaries; **Duskin Group** — Duskin Corporate Group and Duskin's affiliated companies accounted for by equity methods; and **Duskin Family** — Duskin Group and its franchisees (including shops, offices and plants) that agree with Duskin's management philosophy.

■ Period Covered

The period covered for this report is from the fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022). However, reports of the fiscal year ended March 31, 2021 and before, and some activities from the fiscal year ending March 31, 2023, are also included.

■ Scope of Coverage

This report concerns Duskin Co., Ltd., its affiliated companies and franchised units (offices/shops/factories).

■ Time of Issue

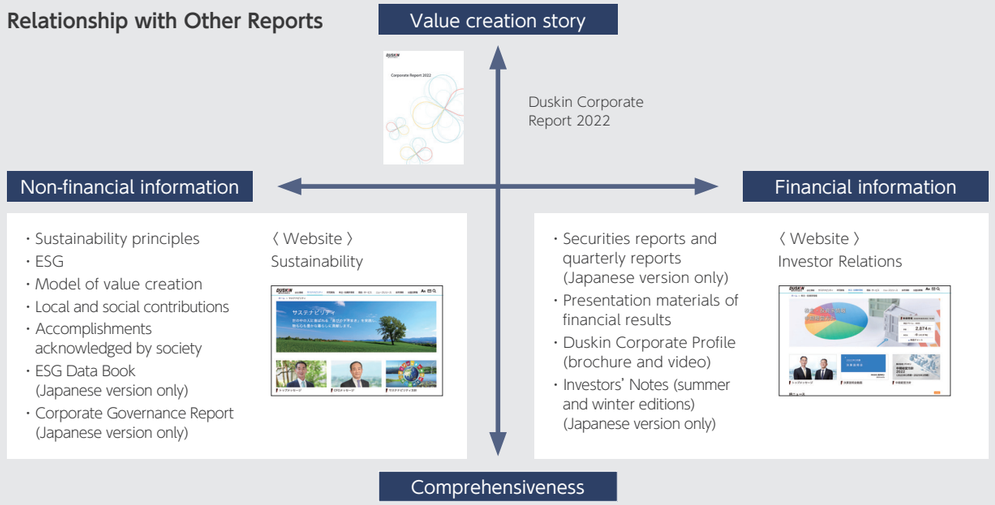
This report was published in September 2022; the next issue is scheduled for September 2023.

Note
If the content of the report requires any revision, we will post revised data on our website at https://www.duskin.co.jp/english

Forward-looking Statement

This report contains information on Duskin's ongoing business plans and policies, forecasts and strategies. The information is a future forecast at the time of its disclosure and contains potential risks and uncertainties. Readers are advised that actual results may differ significantly from the forecast as they are subject to a variety of factors including future economic conditions and Duskin's business environment.

Relationship with Other Reports

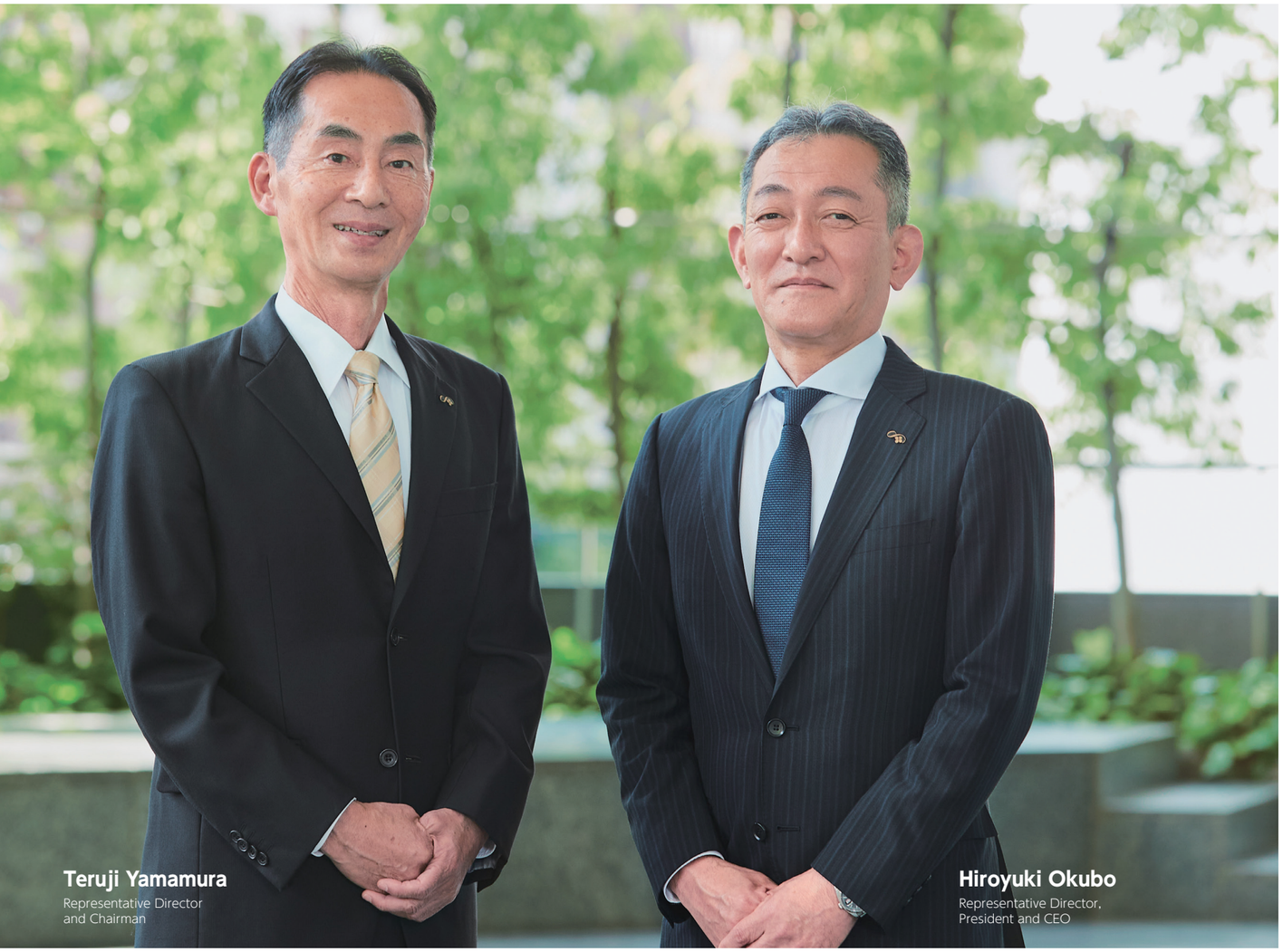


Publications

Duskin Corporate Report 2022	This is a comprehensive report containing financial information such as Duskin's management strategies , business performance, and non-financial information such as an overview of Duskin's long-term value creation and sustainability information. The primary readers are institutional investors. https://www.duskin.co.jp/english/ir/library/report/pdf/corporate_report2022en.pdf
ESG Data Book 2022 (Japanese version only)	This book provides detailed information such as Duskin's ESG* policies for stakeholders interested in Duskin's ESG information it is available on the website in PDF format. *ESG: Environmental, Social, and Corporate Governance https://www.duskin.co.jp/sus/library/databook/pdf/databook2022.pdf
Duskin Corporate Profile 2022	This is a concise narrative describing business activities and sustainability efforts. The primary readers are those seeking information about Duskin, such as job seekers, business operators interested in becoming Duskin franchisees and corporate customers. https://www.duskin.co.jp/company/library/pdf/duskin2022e.pdf
Presentation materials of financial results	These materials present the details announced at financial results briefings and contain explanatory materials (videos in some cases) for the Medium-Term Management Policy. https://www.duskin.co.jp/english/ir/library/presentation/
Securities reports and quarterly reports (Japanese version only)	These reports provide various pieces of information, including an overview of the business, status of facilities, and the financial standing. https://www.duskin.co.jp/ir/library/securities/
Investors' Notes (summer and winter editions) (Japanese version only)	This pamphlet explains the company's performance, business operations, and topics to shareholders. It is published twice a year. https://www.duskin.co.jp/ir/library/tsushin/

Corporate Website

Shareholder and investor information	This website brings together investor relations related information. In addition to the Summary of Consolidated Financial Results, presentation materials of financial results, and Medium-Term Management Policy, it also presents past performance trends, information for individual investors, and share-related information. https://www.duskin.co.jp/english/ir/
Sustainability	This website presents policies, initiatives, and results related to sustainability, covering Local and Social Contributions in addition to ESG (Environment, Social, and Corporate Governance), for a wide range of stakeholders. https://www.duskin.co.jp/english/sus/



Teruji Yamamura
Representative Director
and Chairman

Hiroyuki Okubo
Representative Director,
President and CEO

The new management will work hard to make Duskin the most attentive service provider in the world

In June 2022, Duskin established a new management structure with the change of Representative Directors and President. As part of this new management structure, Teruji Yamamura assumed the position of Representative Director and Chairman, and Hiroyuki Okubo the position of Representative Director, President and CEO. As far as the roles in management are concerned, Yamamura is charged with the responsibility of overseeing dealings with external organizations and institutions as well as the Group's overseas business. Okubo is responsible for business in Japan.

Entering the final phase of our ONE DUSKIN long-term strategy, we launched Medium-Term Management Policy 2022 which extends over the three-year period from the fiscal year ending March 31, 2023 to the fiscal year ending March 31, 2025. Looking back at the company's business performance over the fiscal year ended March 31, 2022, consolidated sales grew 6.1% compared with the previous fiscal year, to 163,210 million yen. On the earnings front, operating profit jumped 112.8% year on year, to 9,899 million yen. We achieved higher sales and profit in each business segment by focusing business resources on strategic areas and withdrawing from unprofitable businesses in order to optimize business portfolios. Carrying on from the previous fiscal year, we also continued to implement measures focused on sales recovery.

In light of the fact that we have achieved a certain level of success up to the end of Phase II, including positive steps to address the COVID-19 pandemic, we are now further strengthening and upgrading our management structure to complete Medium-Term Management Policy 2022. In this regard, we are determined to make further progress toward becoming the most attentive service provider in the world, the goal identified under our ONE DUSKIN long-term strategy. As we continue to carry out our business activities, we humbly request your ongoing support and understanding.

山村輝治
Teruji Yamamura
Representative Director
and Chairman

大久保裕行
Hiroyuki Okubo
Representative Director,
President and CEO

Message from the President



The newly established management will work to steadily implement the measures of its Medium-Term Management Policy and improve Duskin's corporate value as the culmination of the ONE DUSKIN long-term strategy.

Three-year culmination of the ONE DUSKIN long-term strategy

Completing Phase II of our ONE DUSKIN long-term strategy in the fiscal year ended March 31, 2021, we have continued to promote measures aimed at becoming the most attentive service provider in the world since the fiscal year ended March 31, 2016. Launching Medium-Term Management Policy 2022 under the supervision of new management, we have identified the three-year period from the fiscal year ending March 31, 2023, to the fiscal year ending March 31, 2025, as Phase Ⅲ of ONE DUSKIN. Consistent with the ONE DUSKIN strategy of uniting all Duskin businesses so as to serve our customers in the most effective and courteous manner, ongoing efforts during Phase I and Phase II have led to a substantial increase in business franchisees, including in the Care Service business. We expanded the range of our products and services that meet diverse needs in an aging society and amid the growing trend toward dual-income households and remote work.

In specific terms, we are now able to provide more comprehensive hygiene management services to our customers by connecting multiple businesses within the Direct Selling Group. For example, Rent-All, a service brand which belongs to the Direct Selling Group and which specializes in the rental of special-event and daily-use items, was hit hard by the spread of the pandemic in the fiscal year ended March 31, 2021. In the following fiscal year, however, Rent-All enhanced its collaboration between businesses such as Clean Service and Service-Master and launched Event Hygiene Services, a one-stop service that encompasses wide-ranging event operating support as well as hygiene management products and professional cleaning and technical services. As a result, Rent-All was able to receive orders from coronavirus vaccination centers across Japan as well as the Tokyo 2020 Olympic and Paralympic Games. Meanwhile, in the Food Group, the flagship Mister Donut business maintained its excellent position owing to takeout demand. Jointly developed with companies and brands boasting high-quality ingredients and techniques, the MISDO Meets series was generally well-received. Furthermore, there was an upturn in the number of shops in operation, which had been declining, due to new shop openings.

Based on the aforementioned, the next three years is positioned as the period for putting the finishing touches on realizing the ONE DUSKIN long-term strategy. In the future, we will promote the measures outlined in our Medium-Term Management Policy with the aim of further increasing our corporate value.

Background and aims behind the three themes of Medium-Term Management Policy 2022

In Medium-Term Management Policy 2022, Duskin categorized its surrounding circumstances into social trends, technology trends, and global environmental consciousness. Looking first at social trends, and in the aftermath of the pandemic, professional cleaning and technical services as well as food delivery demand has risen sharply due to the increased awareness toward hygiene and incidence of remote work including people working from home. As far as the technology environment is concerned, advances in autonomous driving, AI, and IoT play a major role in shaping trends. Commensurate with these trends, Duskin has incorporated RFID (electronic tags) into all of its rental mops and mats in circulation and is transitioning laundry plants to smart factories.

From a global environmental consciousness perspective, we have placed considerable emphasis on the recycling of resources since our foundation, focusing on the cleaning and repeated use of rental mops and mats. In addition, our franchise system, which consists of franchise units opening in local communities and building strong ties there, is also in harmonious step with the SDGs. Based on this understanding of the aforementioned three-tiered external environment, we identified three strategic themes under the basic policy of Medium-Term Management Policy 2022. Moving forward, we will work diligently to enhance the company's social value while simultaneously securing sustainable growth through the implementation of various measures.

Transforming and expanding existing businesses by reforming our business portfolio

Under theme 1, we are reforming our business portfolio to address the changing business climate and solve social issues. The most important measure here is reforming information and distribution systems. Until now, the company has communicated principally on face-to-face customer service to deepen relations and

trust. Looking ahead, we will continue to value the hospitality we have cultivated, utilize various channels including SNS and e-commerce, and combine face-to-face and non-face-to-face services to deepen customer experiences (CX). In this manner, we will reform and expand existing businesses.

Investment policy and business strategies

Under Medium-Term Management Policy 2022, we plan to invest 21 billion yen in the maintenance of existing businesses and 49 billion yen in new growth opportunities. In more specific terms, approximately 11 billion yen is earmarked for smart manufacturing and digital transformation(DX)-related projects, including RFID electronic tags; approximately 18 billion yen for sales expansion as well as sustainable investments directed toward BCP countermeasures, SDGs, and environmentally friendly research; and approximately 20 billion yen mainly for M&As as well as small and other investments. In the Direct Selling Group, Duskin invested in such businesses as REMODELA Co., Ltd., a company that provides an order and placement cloud platform for the restoration of rental real estate to its original state. Moving forward, the company will undertake investments that contribute to the restructuring of its business model in line with efforts to reform information and distribution systems. The Food Group intends to open kitchen-less and takeout specialty stores mainly in metropolitan areas commensurate with each location and space.

Overseas, we currently operate Clean Service and Mister Donut businesses. On top of these businesses, we also provide Care Service businesses in Taiwan. From an overseas strategy perspective, we envision expanding the ONE DUSKIN strategy, drawing on the success achieved in Japan. We will focus on opening shops and offices in countries in Asia where we are yet to operate.

Regarding the company's financial and capital policies, Duskin is steering toward the implementation of dynamic financial and capital measures including initiatives to improve capital efficiency. In addition to the deployment of operating cash flow during the three-year period of Medium-Term Management Policy 2022, we are looking at reducing financial assets. Our emphasis on aggressive investment in such areas as DX and M&A reflects changes in the social environment in the wake of the COVID-19 pandemic. We are convinced that this is essential for the sustainable management of the company going forward.

Strengthening human resources, the organization, and technologies to establish a solid foundation

Toward optimizing human resources and the allocation of staff

Under theme 2, establishing a solid foundation, of Medium-Term Management Policy 2022, Duskin has identified the need to boost human resources and technology



management capital and reinforce organizational and business control systems. IT personnel as well as the hiring and development of human resources with a global perspective, and personnel in the R&D field are essential in building our human resources portfolio over the medium to long term. Recognizing the growing and critical importance of product, equipment, and information system-related technologies in the future, and the general shortage of IT personnel, we have been working for several years to systematically expand our mid-career recruitment quota in our position as franchisor. In the area of research and development, we are recruiting specialist personnel, mainly for our research centers. Furthermore, we are also promoting development in collaboration with universities and other companies. Over and above practical technology development, we believe it is important to develop human resources who are able to adopt a systematic view when looking to the future. As DX and RFID help resolve labor shortages and increase operating efficiency in the future, training human resources with the specialized skills to make the most of these advances will also increase in importance. Moving forward, we will promote human capital management that realizes the development and proper use of human resources necessary for reforming the business portfolio, while reallocating them to high-level operations through re-training (reskilling).

Initiatives aimed at further advancing governance

While the company is listed on the Prime Market of the Tokyo Stock Exchange, we recognize the importance of ramping up actions aimed at enhancing the effectiveness of the Board of Directors to further advance governance. Duskin analyzes and evaluates the effectiveness of the entire Board of Directors annually. Thoroughgoing discussions are also undertaken resulting in the implementation of improvement measures. In addition, the company newly appointed a female Outside Director this year. Each of Duskin's three Outside Directors are well versed in fields where the company is looking to expand. This includes marketing and product development, general management, IT- and DX-related issues, and overseas management. We are fortunate to have their active participation and input. Internal Directors collate and propose responses to comments made by Outside Directors by the next Board meeting. Important matters are resolved after repeated discussions. This has extended the length of Board of Directors' meetings in recent years. Moreover, meetings of the Outside Directors and Audit and Supervisory Board Members Council are held approximately 10 times a year as a forum to share information. In the future, we would hope to see a further upswing in Outside and Internal Directors' comments as well as an increase in deliberations.

Our objectives for sustainable management

Theme 3 of Medium-Term Management Policy 2022, coexistence with local communities, sets forth our commitment to achieving a sustainable society and management. Duskin has continued to promote recycling-oriented rental mop and mat systems since its foundation. We are committed to making effective use, while taking great care, of limited resources. At the Mister Donut business, we are working to reduce food loss as much as possible by strictly managing production schedules and adhering stringently to disposal checklists. Over and above these initiatives, products left over at the time shops close are collected and recycled into livestock feed. In addition, donut cooking oil is recycled as an industrial raw material and liquid detergent for use in shops, and is also used as boiler fuel in plants, achieving a 100% recycling rate. Based on these business activities, we have positioned efforts to contribute to the creation of a recycling-oriented society through global environmental conservation activities as a priority issue. As far as climate change issues are concerned, energies are being directed toward achieving 2030 targets in a bid to realize a decarbonized society. We are promoting efforts to reduce CO_2 emissions through such measures as the use of renewable energy and transition to energy-efficient facilities.

To our stakeholders

Since its inception, Duskin has engaged in corporate activity with the core principle unifying business and morals. Put another way, we are working to simultaneously realize the improvement of both social and business value. This equates to management that is centered on the creation of shared value (CSV). We believe that our mission and the basis of our corporate value is to respond with joy to the future of society while sowing the seeds of joy for people and communities, together with our franchisees. Under new management, we will steadily implement the measures of Medium-Term Management Policy 2022 to realize ONE DUSKIN. As we work toward achieving our goals we humbly ask for the continued support of stakeholders.

大久保 裕行

Hiroyuki Okubo
Representative Director,
President and CEO

Creating Value for Society and Stakeholders

We give back through our business activities as a way to express appreciation for society allowing us to exist as a company through its confidence in our products and services. Sowing as many seeds of joy as possible through effective use of the resources entrusted by our stakeholders and society at large is our way of returning the blessings we have received. That is our way of creating value: living the philosophy of Prayerful Management in our business practices. We sow the seeds of joy throughout our franchise network to continuously enhance Duskin's corporate value.



Politics
- Relevant laws and regulations
- Meeting goals set by the government

Economy
- Balance between COVID-19 infection control and socio-economic activities

Society
- Aging society and declining birthrate
- Changing values and lifestyles
- More diverse employment and work styles
- More diverse families
- Deteriorating global warming issues

Technology
- Accelerating digitization

INPUT

→ P.12

Human Capital
- Employees: **3,778** (consolidated)
- Three educational facilities
  Seishinkan Guesthouse / Duskin School / Mister Donut College

Social and Relationship Capital
- **Franchise system** rooted in local communities
- **Cooperation** with local governments and administrative bodies
- **6,679** sales offices nationwide
- **45** production and logistic facilities

Financial Capital
- Total assets: **151.0 billion yen**
- Free cash flow: **11.0 billion yen**

Manufactured Capital
- **45** production and logistic facilities
- Rate of periodic inspections at contracted food processing plants: **100%**

Intellectual Capital
- Patents held:
  142 in Japan and 4 outside Japan
- R&D expenditures: **0.64 billion yen**

Natural Capital
- Plastic used in containers and packages: **1,193 t**
- **Recycling-oriented rental systems with 97.6%** of mops and mats reused
- Energy usage:
  2,116,000 GJ (gigajoules)
- CO_2 emissions: **410,372 t-CO_2**

Risks and Opportunities

Duskin's Franchise System

United in the philosophy of Prayerful Management, Duskin aims to grow together with our partners – franchisees. This has been our unswerving commitment to the franchise system since founding it.



Franchisor

Business
- Franchise system operation
- Product and service development
- Information and logistics system development
- Advertisements and sales promotions

ESG
- Corporate governance
- Sustainability (environment and social)

Agreeing with our Management Philosophy / Franchise agreement



Managers
(Operation and sales support)
Providing trademarks, know-how, and systems

Compliance, education (license renewal, training, study sessions), environmental management



Franchisees
- Sales and services
- Product assortment management
- Periodic information sharing (participation in meetings and study sessions)
- Recruitment and employment of staff
- Improvement of skills
- Environmental conservation
- Services for, and contribution to, local communities

Business Issues Materiality

Medium-Term Management Policy 2022
→ P.16

Long-term strategy **ONE DUSKIN**

We aim to unite all Duskin businesses so as to serve our customers in the most effective and courteous manner.

OUTPUT

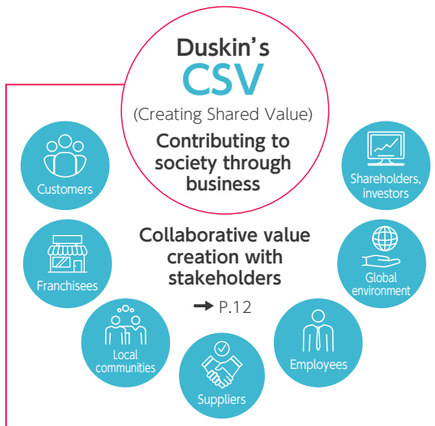
Direct Selling Group
→ P.26
- Clean Service Businesses
- Care Service Businesses
- Senior Care Businesses
- Other Direct Selling Businesses

Food Group
→ P.28
- Mister Donut Business
- Other Food Group Businesses

Other Businesses
→ P.30
- Duskin Healthcare
- Overseas Businesses

OUTCOME

Sowing the seeds of joy for people and society



From April 1, 2021 to March 31, 2022

Economic Value
- A business model that contributes to the sustainable development of franchisees (average franchise contract length: 36 years)
- Commitment to return of profits to shareholders (net profit per share: 164.71 yen; dividend payout ratio: 50.4%)
- Sales growth through customer satisfaction (customer-level sales: 389.3 billion yen)
- Care Service Businesses: 2,742 franchise locations
- Support services for seniors: 266 franchise locations

→ P.18

Social Value
- Comprehensive partnership agreement with Osaka Prefecture
- Supporting local schools and education
- Rate of female employees in managerial positions: 11.3% (up 2.3 points from the previous year)
- Rate of employees with disabilities: 2.81% (up 0.13 points from the previous year)
- Training received per employee: 23.5 hours (increased by 4.8 hours from the previous year)

→ P.22

Environmental Value
- Rate of recycling food waste: 59.3% (up 4.3 points from the previous year)
- Food loss reduction rate: 35.7% (from the fiscal year ended March 31, 2021 level)
- Rate of recycling plastic containers and packaging: 24.3%
- CO_2 emissions reduction rate: 28.0% (from the fiscal year ended March 31, 2014 level)

→ P.24

Note: The above amounts are rounded down.

Duskin's Value Creation Process (Commentary)

INPUT

Human Capital

The foundation of service is people. Duskin believes that training employees to respect each other regardless of gender, age, nationality, career, lifestyle, or any other factors, and to exert their talents to the fullest of their potential, will allow the company to precisely grasp today's constantly changing business environment and diversifying customer needs, thereby enabling the company to increase its value and competitive advantage.

Financial Capital

Ensuring the continuity of businesses with sound profitability gives rise to a solid financial foundation and sufficient cash flow. Stable cash flow serves as a source for cultivating new business opportunities as well as a financial reserve for our business activities in times of crisis, such as natural disasters. Ultimately, these financial resources support and assist us in our endeavors to create value for stakeholders.

Intellectual Capital

At Duskin, we value our roles as a member of society, as well as the expectations and trust of customers, and treat contributions to healthy and comfortable lifestyles as a critical mission. Based on our core technology cultivated through the development of dust control products, we offer an array of products that possess multiple functions, and aim to contribute to the field of creating healthy environments.

Social and Relationship Capital

We focus on the training and education of franchisee personnel. As many of the owners run their businesses in the communities and markets where they and their staff members were born and raised, they know and understand the specific needs and attributes of each local market. By acquiring the service quality expected of Duskin, franchisee staff members play the critical role of sowing the seeds of joy in a way that meets the needs of those in the community.

Manufactured Capital

Duskin plants and contracted plants that provide one-of-a-kind products and services are capital of indispensable importance. For the contracted manufacturing plants that process products and raw materials, we conduct periodic inspections, and constantly strive to make improvements and enhancements to quality. In addition, specialists in food processing plants periodically inspect the Food Group's plants, and evaluate facility management, process management, hygiene management and production management, ultimately connecting these efforts to guidance for improvements.

Natural Capital

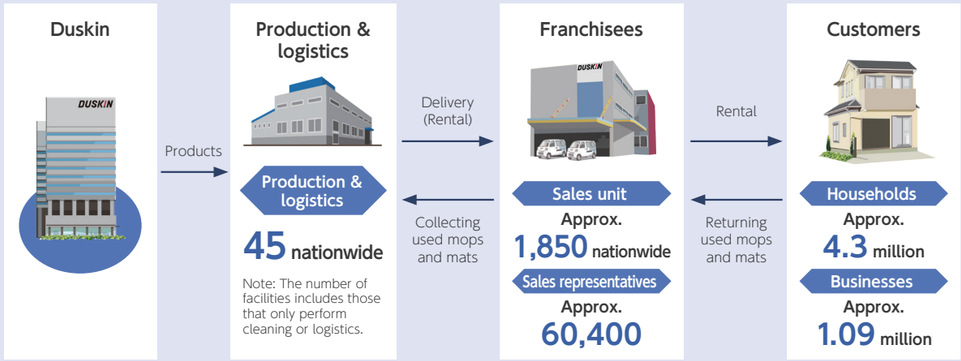
Duskin has commercialized and grown an eco-friendly recycling-oriented business based on the rental of cleaning and hygiene products. Currently, we carefully consider the impacts on society and the environment at every stage of our business flows — from raw material procurement to product manufacturing and the collection and recycling of used products — in all of our business fields, including food processing. Our focus is to provide products and services that help reduce our burden on the environment.

Stakeholder	Expectations of Duskin	Opportunities for dialogue
Customers	To be the most customer-oriented company in the world, and to put pro-customer ideas into practice	Consumer gatherings, Contact Center, fan meetings, Duskin website
Franchisees	Duskin franchisor and franchisees share the same philosophy	Support by our Managers, franchisee award programs, franchisee associations
Local communities	To become the most trusted and reliable service provider building harmonious and prosperous relationships with local communities	Supporting local schools and education, Clean Up My Town (trash pickup activities), laundry plant tours, Duskin Museum, educational activities for fraud prevention
Suppliers	To build strong partnerships through fair and appropriate transactions	Supplier Study Sessions, trade shows, Duskin Purchasing Clean Line
Employees	Employees support each other, embrace challenges and grow together	Labor-management council, Occupational Health and Safety Committee, hotlines, training programs, employee survey
Global environment	To continue environmentally responsible businesses with goals for business growth	Contribution to the conservation of the Hakusan National Park ecosystem, abiding by the Ordinance on Global Warming Prevention
Shareholders, investors	To strive for enhancement of corporate governance and continuously improve our corporate value	Integrated Report, Investors' Notes, financial results briefings, company briefings for individual investors, meetings with shareholders and institutional investors

Business Models

Clean Service Business (Mops and Mats)

Through our franchisees, we provide mops, mats and other cleaning and hygiene products for rent, for use both in the home and in business spaces.



Our competitive advantages

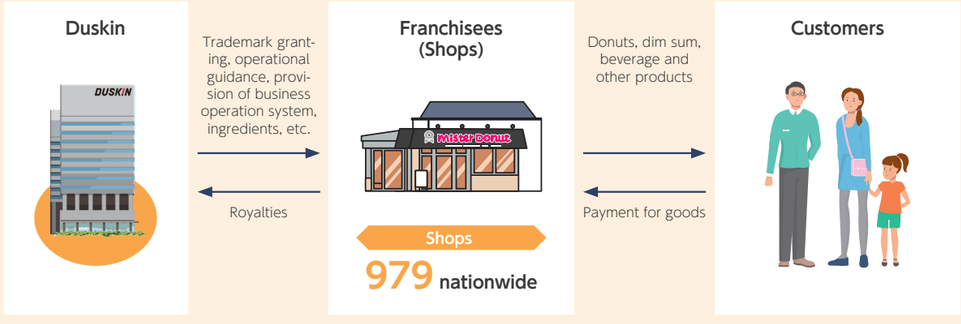
- A solid customer base
- Franchise networks and product delivery systems rooted in the community
- A reputation for trust and reliability built through our 60-year history
- Cross-selling opportunities available by way of a synergistic effect between the Direct Selling Group businesses
- Extensive training curricula and comprehensive training facilities

Note: Because some business locations operate multiple businesses, the number of locations above may differ from the actual number of offices

Results for the fiscal year ended March 31, 2022

Mister Donut Business

To realize our goal of creating shops where every customer happens upon "something good" at any time, we make the Mister Donut experience fun and our products always delicious.



Our competitive advantages

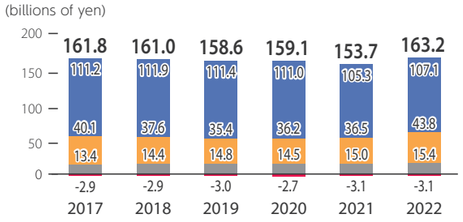
- Over 1,000 locations providing places for us to interact with customers
- A well-established donut brand backed by a 50-plus year history
- Ability to effectively meet takeout demand
- Joint product development with other brands, incorporating high standards for materials and sophisticated technologies
- A unique training system delivering the same level of quality and service around the nation

Results for the fiscal year ended March 31, 2022

Financial Highlights (12-month period ended March 31 of each fiscal year)

Note: Amounts less than the stated units are dropped.

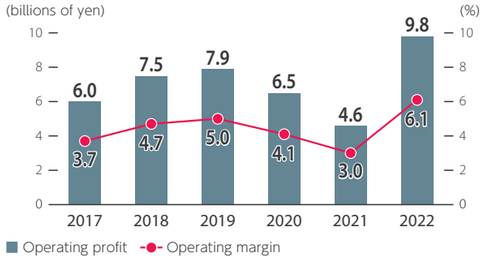
Consolidated sales 163.2 billion yen



Sales increased 9,439 million yen, or 6.1%, from the previous fiscal year to 163,210 million yen. Sales of the Direct Selling Group increased due to higher sales in the Rent-All business, which was hit hard by the coronavirus crisis in the previous fiscal year. The increase was driven by factors including orders from coronavirus vaccination centers across Japan. The Food Group also experienced higher sales, as a result of a rise in customer-level sales.

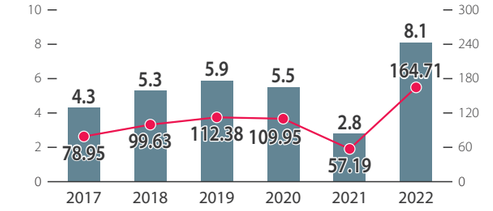
Note 1: Business segment sales include intersegment sales.
Note 2: On April 1, 2018, Clean & Care Group was renamed the Direct Selling Group.

Operating profit 9.8 billion yen



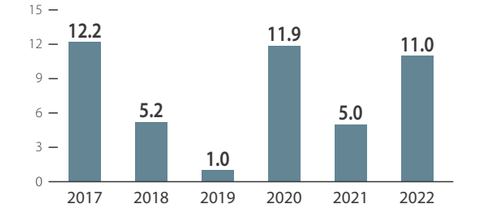
Operating profit came in at 9,899 million yen, an increase of 5,247 million yen, or 112.8%, from the previous fiscal year. This was mainly attributable to an increase in gross profit due to higher sales in both the Direct Selling and Food groups. In addition, advertising expenses designed to promote the Duskin brand as a company Creating Healthy Environments in the Direct Selling Group and expenses to replace showcases at Mister Donut cafeteria-style shops were not incurred this fiscal year.

Profit attributable to owners of parent 8.1 billion yen



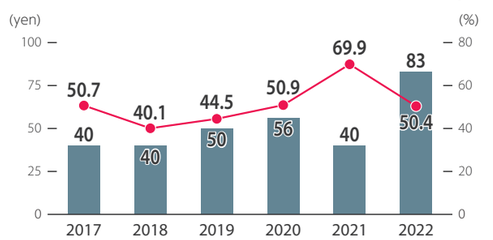
Despite the increase in income taxes paid as a result of the increase in operating profit, profit attributable to owners of parent increased by 5,311 million yen, or 188.2%, from the previous fiscal year to 8,132 million yen. This was due to the substantial decline in distributions of COVID-19 relief money to franchisees seriously affected by the impact of the pandemic in the previous fiscal year.

Free cash flow 11.0 billion yen



Net cash provided by operating activities for the fiscal year under review totaled 19,596 million yen. Net cash used in investing activities came to 8,524 million yen mainly due to the purchase of marketable and investment securities. This resulted in a free cash flow of 11,071 million yen, an increase of 5,987 million yen from the previous fiscal year.

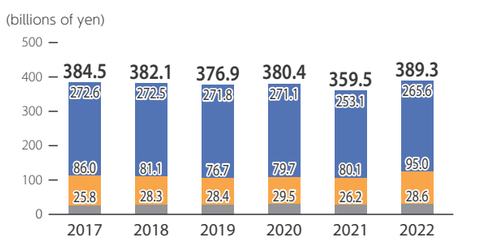
Dividend per share 83 yen



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 the fiscal year ended March 31, 2022 should be 83 yen per share.

Note: The dividend for the fiscal year ended March 31, 2019 includes a 10 yen 55th anniversary commemorative dividend.

Customer-level sales 389.3 billion yen

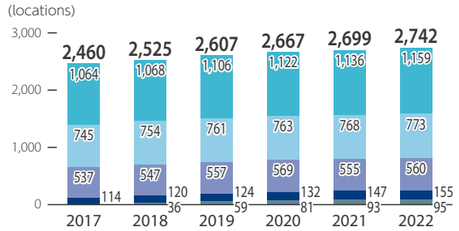


Customer-level sales in the Direct Selling Group increased due to various factors. This included an increase in the number of ServiceMaster and other Care Service business orders due to a growing awareness toward hygiene and cleanliness, and favorable performance in the Rent-All business as a result of orders received from nationwide COVID-19 vaccination and other sites. Customer-level sales in the Food Group also increased because it continued to perform well with strong takeout demand in the mainstay Mister Donut business. As a result, customer-level sales grew 29,806 million yen from the previous fiscal year to 389,388 million yen.

Note 1: Customer-level sales are presented as a reference and represent the total of sales at company-owned and subsidiary locations and the estimated sales at franchised locations.
Note 2: Sales of overseas affiliated companies which are included in Other Businesses are sales from January to December in the previous year.

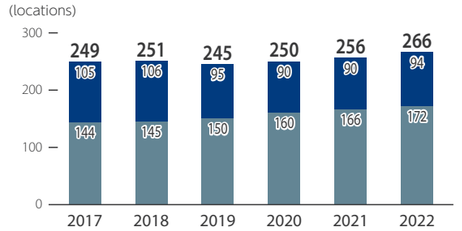
Non-Financial Highlights (12-month period ended March 31 of each fiscal year)

Number of Care Service Businesses locations 2,742



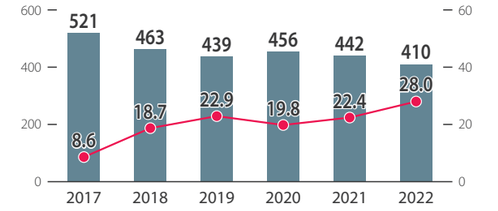
We saw significantly greater demand for our package service for cleaning and disinfection and the residential air conditioner cleaning service because people were more aware of personal hygiene and stayed home longer. This has helped us steadily increase new business locations. We will continue to work hard to recruit more franchisees, expecting that demand for outsourced housework and cleaning services will steadily grow.

Number of Senior Care Businesses locations 266



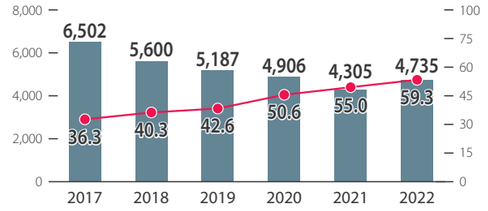
With demand remaining high, the number of business locations steadily increased for the Health Rent and Life Care businesses. We will continue to work hard to recruit more franchisees by focusing mainly on the rental and sales of home health care items that meet the various needs of seniors, attentive services not covered by the Long-Term Care Insurance System, and services for active seniors.

CO_2 emissions and reduction rate 28.0%



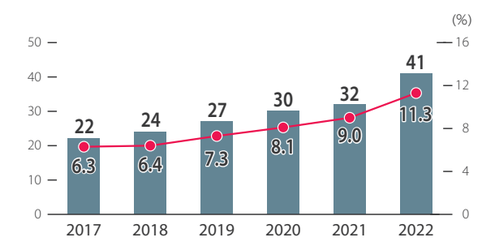
(from the fiscal year ended March 31, 2014 level)
In the newly established Duskin Green Target 2030, our target in the fiscal year ending March 31, 2031 for reduction from the fiscal year ended March 31, 2014 level in CO_2 emissions across Duskin Group locations has been raised to 46% from the previous 26%. We strive for corporate growth and a sustainable society through our climate change actions.

Rate of recycling food waste 59.3%



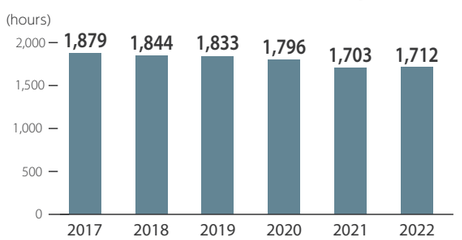
The Food Group has been working on reducing food waste. Unsold donuts are transformed in processing plants into animal feed. Under Duskin Green Target 2030, we aim to reduce food loss in the Food Group by half from the level in the fiscal year ended March 31, 2001 as a way to contribute to the creation of a recycling-oriented society.

Rate of female employees in managerial positions 11.3%



Since many customers are women, Duskin is aware of the importance of supplying products and services that are attractive, convenient and comfortable from the perspective of women. The rate of female employees in managerial positions has been rising steadily. Duskin will remain committed to empowering women, setting a target for the rate of female employees in managerial positions at 13% or above in the fiscal year ending March 31, 2026.

Total annual hours worked per employee 1,712 hours



Duskin considers reducing working hours as one of its highest priorities and has set annual working hours per employee at no more than 1,800. Duskin has been implementing many initiatives, including encouraging employees to take 60% or more of paid annual leave, a No Overtime Work Day at least once every month and continued implementation of telework. A staggered work hour system is also in place to allow employees to work more flexibly.

Medium-Term Management Policy 2022

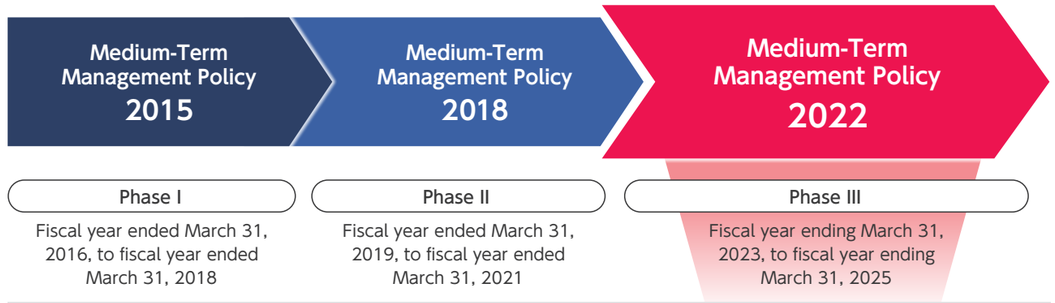
Positioning and Basic Policy of Medium-Term Management Policy 2022

Long-Term Strategy

ONE DUSKIN

The most attentive service provider in the world

Medium-Term Management Policy 2022 will span the **next three years**, from the fiscal year ending **March 31, 2023**, to the fiscal year ending **March 31, 2025**



Medium-Term Management Policy 2022 Basic Policy

Unify business and morals by reforming our portfolios to address the changing business climate and solve social issues

Duskin formulated Medium-Term Management Policy 2022 (fiscal year ending March 31, 2023, to fiscal year ending March 31, 2025) as Phase III of its long-term strategy ONE DUSKIN. Over the next three years, the company will make every effort to remain valuable to society and thereby to expand its corporate value by steadily implementing the initiatives within Phase III marking the completion of its long-term strategy ONE DUSKIN while further solidifying the foundation established during Phases I and II.

Numerical Targets (Consolidated Basis)

- Sales forecast to grow at around 4% per year; targeting sales of 183 billion yen in the fiscal year ending March 31, 2025, up 2.4% year on year
- On the earnings front, temporary decline in profit projected in the fiscal years ending March 31, 2023 and 2024 owing to such factors as the installation of RFID electronic tags; targeting improvements in the fiscal year ending March 31, 2025, with the aim of profit attributable to owners of parent of 10 billion yen and a return on equity (ROE) of 6% or higher

(Billions of yen)

	2022 Results (Base Year)	2023 (Plan)	2024 (Plan)	2025 (Target)	Growth from Base Year
Sales	163.2	170.0	178.7	183.0	12.1%
Operating profit	9.8	7.8	4.5	12.0	21.2%
Ordinary profit	12.2	9.6	6.5	14.0	14.6%
Profit attributable to owners of parent	8.1	6.6	4.4	10.0	23.0%
ROE	5.5%	–	–	6% or higher	–

12-month period ended March 31 of each fiscal year

Three Strategic Themes

Theme 1 Reforming our business portfolios

Reforming our business portfolios to address the changing business climate and solve social issues

Reforming and expanding existing businesses

Direct Selling Group

In line with our goal to help customers fine-tune the rhythm of their daily lives, we place highest priority on hygiene and cleanliness while also focusing on work-life management and senior support.

Food Group

With the goal of creating shops where anyone and everyone can enjoy happy moments at any time, we seek to deliver enjoyment and tastiness to customers.

Investment in new growth opportunities

- Creating social value by contributing to the resolution of pending social issues (active investment using M&As, venture capital, investments in R&D, or industry-academic collaboration)
- Besides pursuing growth in the countries and regions where we are already present, we will consider and proceed with further expanding into new Asian countries after carefully assessing the situation in each country and region, including the market environment

Theme 2 Establishing a solid foundation

Solidifying our business base to enhance corporate value

Driving human capital management

- Secure and develop the human resources required to reform our business portfolio
- Pursue diversity management and inclusion

Boosting R&D

- Enhance Duskin's technological capabilities in hygiene and cleanliness while also driving open innovation

Forging an optimal organization and business structure to achieve both companywide and business-specific strategies

- Use human resources in the customer contact points and business development department as a result of streamlining our business operations via the Shared Services Center

Strengthening management for selection and concentration of business

- Manage business with capital costs in mind

Achieving more effective governance

- Implement initiatives aimed at building the governance systems appropriate for the Prime Market considering the revised Corporate Governance Code

Advancing Digital Transformation (DX)

- Driving new efficiencies and enhanced customer experiences (CX) by making investments in digital transformation, such as the adoption of RFID electronic tags linked with smart manufacturing

Theme 3 Coexistence with local communities

Actions toward a sustainable society and management

Contributing to social sustainability

- Get involved in and contribute to communities in an effort to co-exist and co-prosper with them
- Provide safe, reliable and sustainable products and services

Tackling global environmental conservation

- Contribute to the creation of a recycling-oriented society
- Address climate change

Achieving sustainable management

- Make investments meant to reduce our burden on the environment
- Work on ensuring stable procurement of raw materials and other supplies from both domestic and overseas sources
- Reinforce the business continuity plan (BCP) for a better response to large-scale natural disasters

Financial and Capital Strategy



Message from the CFO

Our goal is to secure sustainable growth by enhancing our ability to identify new growth opportunities while proactively undertaking investments.

Naoto Miyata
Board Director and CFO
Corporate Administration Group

Medium-Term Management Policy 2022 financial targets

Under Medium-Term Management Policy 2022, we have set the consolidated net sales financial target of 183 billion yen through renewed growth in the Clean Service business and sustainable growth in the Mister Donut business.

The Direct Selling Group is targeting growth of approximately 11% compared with the fiscal year ended March 31, 2022. To achieve this goal, the Group will engage in a wide range of activities. This includes expanding sales of hygiene management products in the Clean Service business, increasing online orders on the back of CX strategies, putting in place a dedicated structure for sales visits to residential customers, and increasing Care Service business locations. The Food Group is targeting annual growth of around 6% and expects sales to expand around 17% in the fiscal year ending March 31, 2025, compared with the fiscal year ended March 31, 2022. This projection is based on Mister Donut seeing a positive turnaround in the number of shops opened, and sales entering a recovery trajectory in the fiscal year ended March 31, 2022.

Financial position

(Millions of yen)

	2018	2019	2020	2021	2022
Total assets	196,058	194,223	185,158	188,399	198,055
Shareholders' equity	147,415	149,627	141,739	145,508	150,661
Cash and cash equivalents at end of year	30,877	25,237	27,167	29,674	39,963
Interest-bearing debt	196	18	14	18	1,539
Shareholders' equity ratio	75.2	77.0	76.6	77.2	76.1
Total return ratio	40.2	106.9	189.3	70.0	51.1
Return on equity (ROE)	3.7	4.0	3.8	2.0	5.5

(12-month period ended March 31 of each fiscal year)

On the earnings front, in addition to the increase in gross profit in line with the upswing in sales, costs are projected to decline 1.4 billion yen in the fiscal year ending March 31, 2025, from the effects of the large-scale investments undertaken to incorporate RFID (electronic tags) into all rental mops and mats over the two-year period from the fiscal year ending March 31, 2023, to the fiscal year ending March 31, 2024. Considering these factors, the company is targeting consolidated operating profit of 12 billion yen and profit attributable to owners of parent of 10 billion yen in the fiscal year ending March 31, 2025.

Medium-Term Management Policy 2022 Financial Targets ➞ P.16

Effects of incorporating RFID tags

There are approximately 31 million rental mops and mats currently in circulation. As most of the expenses incurred in incorporating RFID tags (approximately 5.3 billion yen over two years) will be posted as costs, profits are forecast to decline over the next two years.

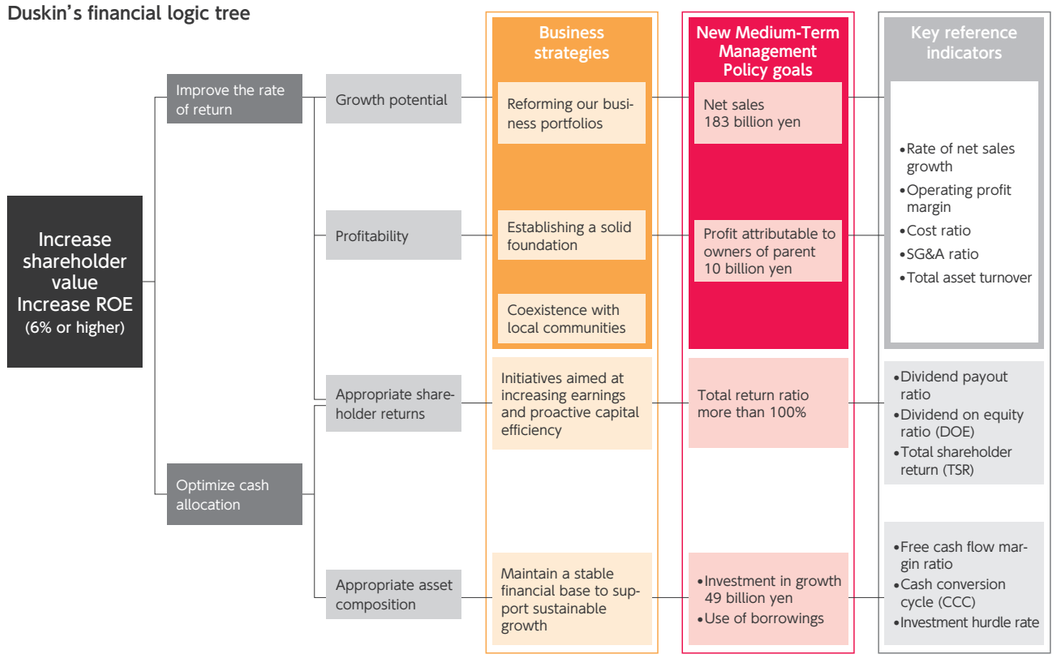
RFID tags store batch count records as data. Currently, both the franchisee and the company count the actual number of products shipped. Both parties also manually count the number of used products when they are returned to plants. The incorporation of RFID tags is expected to considerably reduce the costs associated with these operations.

Capital efficiency

For the fiscal year ending March 31, 2025, the final fiscal year of Medium-Term Management Policy 2022, Duskin has identified an ROE target of 6% or higher. While 6% may not be high, the target was determined with the company's cost of shareholders' equity in mind. We estimate that the current cost of shareholders' equity is around 5%. We believe that achieving a 6% ROE will enable us to achieve a return that exceeds the cost of shareholders' equity. In addition to investing in existing fields, we will work to achieve our ROE target by vigorously investing in growth areas.

Meanwhile, from a shareholder returns perspective, we will raise the dividend payout ratio from 50% to 60% from the fiscal year ending March 31, 2023. We will also set a DOE target of 2.5%. In this manner, we have also revised our dividend policy so that the amount of dividend is determined and returned at whichever amount is higher. Our goal is to achieve a total return ratio of at least 100% over the three years of Medium-Term Management Policy 2022. To this end, Duskin will make the most of such proceeds as cash inflows from the sale and redemption of financial assets as well as other sources to implement the agile and flexible repurchase of shares while taking into consideration the demand for funds for use in various areas including investments.

Duskin's financial logic tree



We will continue to improve our total shareholder return (TSR) and strive to execute our growth strategy and maintain a solid financial foundation while being conscious of the need to control the cost of shareholders' equity.

Investment and financial strategies

Under Medium-Term Management Policy 2022, Duskin plans to undertake investments and provide shareholder returns totaling 77.5 billion yen. Specifically, 21 billion yen for maintenance investment purposes, 49 billion yen for growth investment, and more than 7.5 billion yen will be allocated, to shareholder returns. While free cash flow will total roughly negative 32 billion yen after providing shareholder returns, the company will direct a portion of its accumulated balance of financial assets, which exceeds 100 billion yen, to investments.

Our policy is to hold an appropriate number of cross-shareholdings only when it is reasonable to do so, and to reduce or divest our equity interest where there is no valid reason for holding a particular stock after engaging in detailed dialogue with the subject company. Over and above the aforementioned, our aim is also to reduce the overall balance of cross-shareholdings. In addition, our policy is to adopt a flexible approach toward company stock buybacks.
Utilizing its financial assets, Duskin has also set an investment limit of 20 billion yen over three years under Medium-Term Management Policy 2022. This includes such growth investments as M&As and investments in other companies. The company will consider using borrowings for large-scale M&As to reduce the weighted average cost of capital (WACC). In the past, M&A projects were handled by New Business Development of the corporate office department. Since the fiscal year ended March 31, 2022, however, the system has been revised to allow the Direct Selling Group and the Food Group to also strategically consider M&As. Based on this revised system, New Business Development serves as a bridge with financial and other institutions and makes various decisions based on specialized expertise, while business groups conduct business due diligence of their own accord. Looking ahead, we will make bold investments to realize M&As in areas where there are synergies with our existing businesses.

Environmental and social investments in line with our Corporate Philosophy

Commenting on the relationship between Duskin's management philosophy and business investments, I believe that the recycling-oriented business, including the rental of mops and mats, and the Mister Donut business, which introduced reusable ceramic and glass tableware for customers dining in-store since 1974, are forward-looking businesses when it comes to addressing environmental, social, and governance (ESG) concerns as well as the SDGs. In this regard, our company has always favored recyclables over disposables and has been active in investing in recyclable products, services, and businesses.

In addition, Duskin has a history of environmentally friendly investments, such as in factory waste-water treatment facilities. Here, the company imposes standards that are stricter than those set by governments as it purifies waste-water. In recent years, SDGs have attracted considerable attention. We take great pride in pioneering investments in this area including the environment and will continue to invest aggressively to address the SDGs.

Duskin's growth investments going forward

In April of this year, I announced details of our intention to make a major change in our three-year financial strategy at an internal presentation of our Medium-Term Management Policy. Specifically, the company has heretofore operated in a conservative and extremely sound manner from a financial perspective, with much of its operating cash flow allowed to accumulate (retained earnings). In this instance, our plans are to undertake investments over the next three years that will substantially exceed operating cash flows. As such, we intend to employ our retained earnings to fund growth investments. Since assuming the position of CFO, I have initiated steps to put in place internal investment rules and to outline a clear vision. For example, the Accounting department has taken the lead in investment-related education. This includes perspectives for maintenance, growth, efficiency enhancement and other investment purposes and approaches toward investment indicators for such different investment purposes and how to refine plans for a return on investment. While gradual, I believe these efforts are beginning to bear fruit.

The Direct Selling Group launched the emergency service Duskin Rescue (rapid maintenance), not as an M&A, but as a new business in February 2022 on a trial basis. In the first phase of its service menu, the company initiated trials of rapid key maintenance in the Kinki region centered mainly in Osaka to address a particularly common concern among households. In general, this type of service has a public image of non-transparent structures including fees, however, we believe that our company's involvement will help ensure transparency in the industry as a whole. We hope this will serve as a foothold for expansion into various fields.

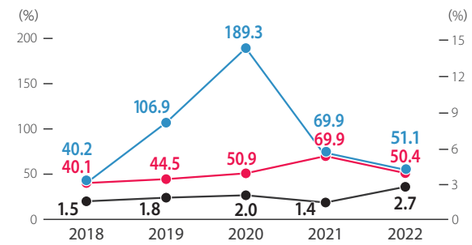
In the Food Group, we have largely looked into new business formats with the potential to develop into franchise chains. Turning to the value chain, we are expanding our horizons to look at companies with expertise in the purchasing, logistics, and product development functions fields.

Over the next three years, Duskin will work to further hone its ability to identify new business opportunities. By engaging vigorously in growth investments, we will restructure our business portfolio and strive to enhance our corporate value on a sustainable basis.

Shareholder returns

- The annual dividend payout is based on a consolidated dividend payout ratio of 60% or a dividend on equity (DOE) of 2.5%, whichever amount is higher.
- During the three-year period of Medium-Term Management Policy 2022, we will actively execute flexible and timely stock buybacks.
- Our policy is to provide our shareholders a cumulative three-year total return ratio of 100% or higher

Dividend payout ratio/total return ratio/dividend on equity ratio (12-month period ended March 31 of each fiscal year)



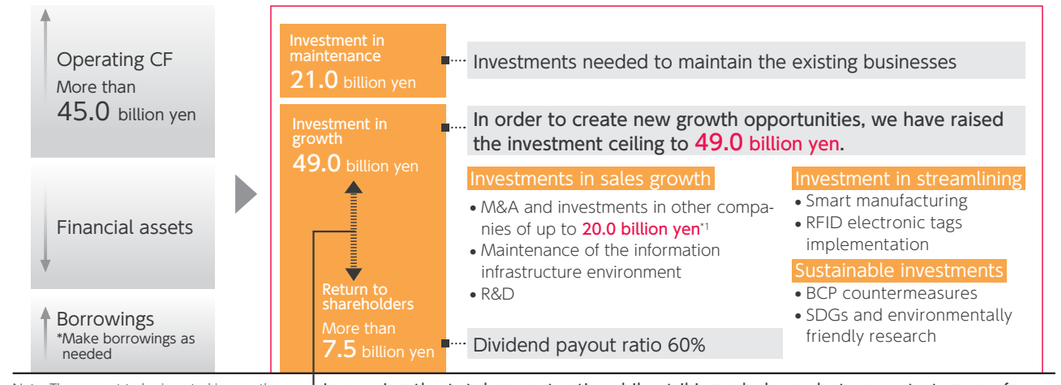
*Dividend payout ratio was calculated based on the per share values and total return ratio was calculated based on the monetary values.

Total shareholder return

Year	1 year	3 years		5 years		10 years	
	Cumulative/ annual rate	Cumulative	Annual rate	Cumulative	Annual rate	Cumulative	Annual rate
Duskin	99.5%	108.8%	102.9%	121.8%	104.0%	192.3%	106.8%
TOPIX	102.0%	131.2%	109.5%	144.3%	107.6%	283.3%	111.0%

Notes:
- Total shareholder return (TSR): Total rate of return on investment that combines capital gains with dividends
- Duskin calculates TSR based on cumulative dividend and stock price fluctuations; TOPIX is calculated using a stock price index including dividends (created by Duskin based on Bloomberg data)

Cash allocation for 3 years



Note: The amount to be invested in growth includes expensing investments to be expensed for accounting purpose.
*1 Depending on the investment, we are considering going beyond 20.0 billion yen.

Improving the total payout ratio while striking a balance between strategy performance and financial soundness

Message from the Operating Officer in Charge of Human Resources



Under a new human resources system that enables the promotion of younger employees, we will place additional emphasis on further empowering women while working to build a robust organization that is geared toward sustainable growth.

Sachiko Hashimoto

Operating Officer
Quality Assurance & Risk Management Manager,
Human Resources

A new human resources system that underpins efforts to transition into a robust organization that is capable of securing long-term growth

Duskin undertook a major overhaul of its human resources system in April 2022. The goal is for the company as a whole to become a robust organization that is capable of securing sustainable growth by allowing employees to participate in interviews with managers, who offer their advice in line with each employee's career aspirations, and supporting employees to follow a growth cycle by providing a host of opportunities. We have also introduced a system that caters to the promotion of employees who have been with the company for three years or more to managerial positions regardless of their current positions. In July 2020, we conducted an extensive survey to ascertain the attitudes of full-time employees toward a wide array of issues including satisfaction, productivity, systems, transfers, assignments, career evaluations, wages, and work location. The results of the survey were analyzed after collating responses into 5-year age groups. As far as the level of satisfaction is concerned, the company received extremely high marks compared with other companies across all age groups in response to the question "Are you happy to work for Duskin?" However, in the 25-29 age group, employees who have been with the company for a few to less than 10 years, had a noticeably lower job satisfaction score compared with other age groups.

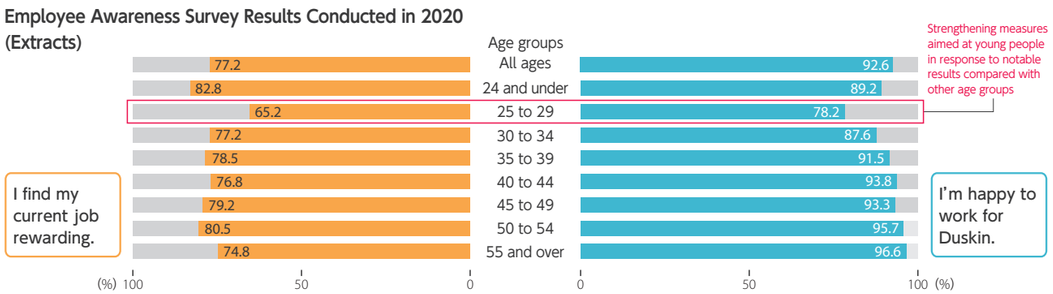
In adopting a new system that caters to the promotion of younger employees to managerial positions, the results of the survey have highlighted the need for measures aimed specifically at younger employees including a modulated and balanced evaluation system.

Moreover, the retirement age, previously set at 60 years of age, was raised by two years from April of this year. We plan to maintain the retirement age at 62 for the next four years, and then raise it by one year every two years, up to 65 years of age. We will, however, retain the option to retire at age 60 for the next eight years. In order for the company to remain competitive and survive amidst a declining working-age population and increasing difficulty in recruiting younger workers, we believe that measures that allow the senior age group to play an active role will become increasingly important.

How will we empower women?

Duskin's rate of female employees in managerial positions in the fiscal year ended March 31, 2022 increased 2.3 percentage points compared with the previous fiscal year, to 11.3%, exceeding the target of 10%. When setting the target rate of 10% and embarking on appropriate measures in the fiscal year ended March 31, 2019, the rate of female employees in managerial positions stood at 7.2%. The fact that we were able to achieve the target in three years is partially because last year we moved up the human resources development meeting to November in the lead-up to periodic employee transfers in April each year and in advance of the company's recent human resources system overhaul. In the past, the meeting was held around May each year in conjunction with personnel evaluations. However, this left too much time until April of the following year, during which time employees' aspirations would often change. Revising the timing of the meeting has made it easier to conduct discussions on specific assignments closer to the time of actual transfer. Moreover, revisions to the system have helped managers identify where employees, who would like to work in their department, are across the division, which in turn has made it easier to consider transfers. During the meeting held in November 2021, we drew up a list of specific candidates with the appointment of female employees to managerial positions very much in mind. The increase in the rate is therefore attributable to the fact that female employees on the list received actual endorsements and promotions.

Employee Awareness Survey Results Conducted in 2020 (Extracts)



Duskin has many female customers, so it is becoming increasingly important to develop products and provide services from a woman's perspective. Moving forward, we will continue to reform our human resources system to eliminate the wage gap between men and women. Through a process of awareness reform, we will also create a workplace where women can work comfortably for a long period of time while further targeting an increase in the rate of female employees to managerial positions.

Further promoting diversity and inclusion

Duskin has maintained a 50/50 male/female hiring ratio for more than a decade. As far as the company's childcare leave system is concerned, the rate taken by female employees remains at 100% with virtually no employee leaving the company due to the birth of a child or childcare. While our system does not improve on statutory requirements to any significant degree, I am convinced that the high acquisition rate is largely due to the company's culture and widespread spirit of mutual support, which make it easy for employees to use the system. On the other hand, the most recent rate of childcare leave taken by the company's male employees stands at 23%. On a more positive note, Duskin offers its male employees a three-day special guardian childcare leave. The rate taken for the five days available, when including Saturday and Sunday, is nearly 70%. Recognizing that the combined rate is over 70%, our goal is to increase this to 100%.

Duskin has identified various KPIs and is working to promote diversity and inclusion in an effort to empower all employees to exert their talents to the fullest of their potential regardless of gender, nationality, or disability.

Future issues and countermeasures

As one measure aimed at advancing human capital management, Duskin has identified the importance of securing and developing the human resources needed to reform its business portfolio under Medium-Term Management Policy 2022. I believe the company's role is to provide its employees with every opportunity to achieve their career-oriented goals set by themselves and to develop self-directed employees who can take on challenges. Historically, Duskin has focused more attention on developing human resources to become generalists. By transferring employees from one department to another, the company has provided little incentive to become a professional in a particular field. In our new human resources system, we have established a Professional Track to meet the needs of employees who wish to hone their specialized skills and make a long-lasting contribution to the company. We are also shifting to measures that focus on education. This includes increasing the number of select employees dispatched for outside training and requiring correspondence courses in lieu of promotion screening. In the case of the latter, assessments will be undertaken upon completion of the course.

To promote human capital management that is conducive to sustainable growth, it is important for companies to address harassment and mental health issues in addition to their everyday management. Managers today must maintain a keen awareness toward harassment and possess the ability to respond appropriately. In conjunction with the overhaul of our human resources system last year, all of the company's managers undertook training on management, harassment, and mental care over a two-day period. Top management is also highly conscious of these issues and is making efforts to promote increased awareness within the company through various measures including video messages from the management team.

In addition, Outside Directors have commented on the importance of promoting management strategies and human resources strategies in tandem. With this in mind, I would like to see the company promote human resources development initiatives, including the setting of KPIs, as soon as possible. Furthermore, I would hope the assignment of employees in the future will reflect more of a management strategy perspective based on the analysis of data on experience, skills, evaluations, and aptitude.

Looking ahead, we will work toward generating new value together with a competitive edge and enhance our corporate value by promoting the development of a human resources system and organization in which diverse human resources can play an active role and feel great pride in working for Duskin.

Action on Climate Change

Action on Climate Change

Duskin positions the risks and opportunities associated with climate change as critical management issues. In order to advance information disclosure based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), we classify and study climate-related risks as risk associated with the transition to a low-carbon economy and risk associated with the physical impacts of climate change.

■ Governance

We established the Sustainability Committee, which consist of the Outside Directors, the Operating Officers, and the Standing Audit and Supervisory Board Members. This committee, serving as an advisory body to the Board of Directors, studies and deliberates the basic policies and key issues associated with climate change.

We also established the Quality Assurance & Environment Committee, which studies and determines agreements concerning environmental conservation and improvement issues, and the Environmental Liaison Committee, which manages the progress of environmental policies, as sub-organizations under the Sustainability Committee. This structure helps the Board of Directors to identify and monitor actual risks and opportunities, and to enhance climate change-related governance.

■ Strategy

Unusual weather and other effects of climate change are becoming increasingly serious, and how to respond to climate change has become an issue of global concern. To help realize a decarbonized society, which is a target established in the Environmental Policy, we are analyzing multiple scenarios in the near-future from 2030 to 2050 concerning physical changes brought about by climate change around the world as well as socioeconomic trends. Based on these analyses, we estimate the financial impact on Duskin's business performance, investigate what kind of measures to take in response, and formulate a strategy.

■ Risk management

We conducted a qualitative provisional climate change risk assessment to evaluate the possibility of climate change having a significant impact on the financial performance of our businesses.

Through a careful review of the results, we have identified the key drivers that could ultimately have a major impact on the business continuity of the Duskin Corporate Group and franchisees. We will continue to employ scenario analysis to evaluate and assess the risk posed by these key drivers.

■ Indicators and targets

To contribute toward achieving a decarbonized society, we have established two targets to be met by 2030: shifting 50% of the energy consumed for the Duskin Group's business activities to renewable energy by 2030 and reducing CO_2 emissions at company-owned facilities by 46% from their 2013 level.

Also, to ensure accurate and transparent information disclosure, Scopes 1, 2, and 3* energy consumption and CO_2 emission figures have been certified as accurate by a third party.

* Scope 1: Greenhouse gas emissions directly emitted by the Duskin Group
Scope 2: Indirect emissions from the use of electricity, heat or steam supplied by other companies
Scope 3: Indirect emissions not included in Scope 1 and Scope 2 (emissions by other companies engaged in activities related to the business)

• Adopted scenarios

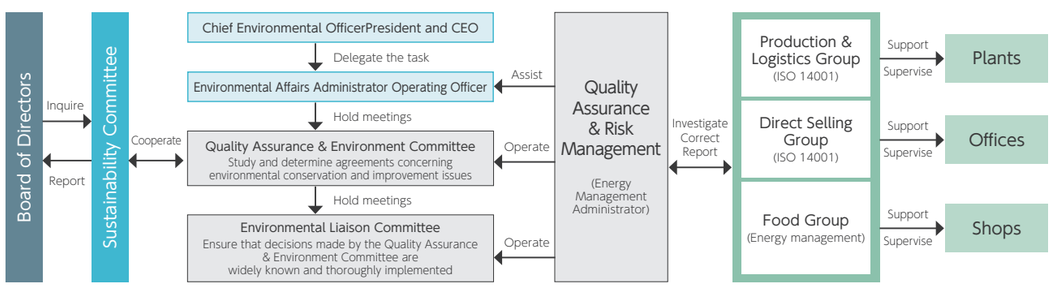
Transition risks

- IEA Net Zero Emissions by 2050 Scenario (NZE2050): 1.5°C scenario
- IEA Stated Policies Scenario (STEPS): 3°C scenario

Physical risks

- IPCC-RCP 2.6: Global average temperature rise of approximately 2°C above pre-industrial levels
- IPCC-RCP 8.5: Global average temperature rise of approximately 4.3°C above pre-industrial levels

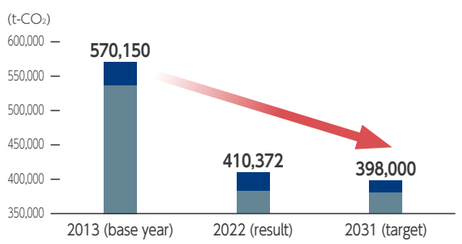
Environmental management structure



Climate change–related risks and opportunities

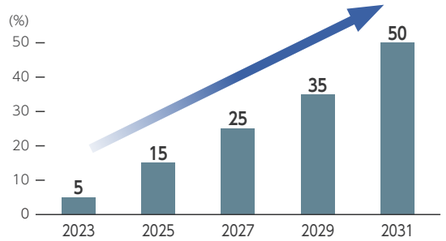
	Category	External environmental changes	Key drivers	Impact on business	Financial impact
Transition risks	Policy, legal regulations	• Stronger GHG (greenhouse gas) emission regulations	• Higher carbon tax rates	• Higher tax costs	• Higher cost of products and services
	Technologies		• Progress in energy-saving technologies among competitors	• Delayed development of next-generation products (developed through manufacturer tie-ups)	• Lower profits
	Markets and reputation	• Higher market sensitivity to climate change	• Divestment from companies that do not reduce GHG emissions	• Higher GHG emission reduction initiative costs	• Higher capital control and adjustment costs
Physical risks	Acute	• Higher average temperatures	• Larger typhoons • Higher typhoons frequency	• Higher flooding frequency at plants, shops and offices; higher power outage frequency • Procurement and logistics channel disruptions • Increased number of employees standing by at home due to disasters	• Higher recovery costs • Lower sales until recovery
	Chronic	• Higher sea levels • New rainfall patterns			
		• Higher average temperatures	• Lower yields of farm product such as wheat and coffee	• Higher raw material costs	• Higher cost of sales
Opportunities	Resource efficiency	• More common use of next-generation automobiles	• Lower storage battery prices	• Lower total cost of vehicle maintenance	• Lower costs
	Energy sources	• More common use of renewable energy devices and technology	• Lower electricity costs	• Lower product and service costs	
	Markets	• New consumer preferences	• Greater demand for environmentally responsible products	• Greater demand for circular economy products and services	• Higher profits

CO_2 emissions



(12-month period ended March 31 of each fiscal year)
■ Scope 1+2 ■ Scope 3

Portion of electricity from renewable energy



(12-month period ended March 31 of each fiscal year)

Duskin has endorsed the Task Force on Climate-related Financial Disclosures (TCFD) established by the Financial Stability Board (FSB). Along with analyzing the risks and opportunities posed by climate change, Duskin will properly disclose climate change-related information and contribute to building a sustainable society.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Direct Selling Group

Contributing to the realization of healthy and comfortable customer lifestyles through our transformation into a business that helps fine-tune the rhythm of their daily lives

Since our founding, we have delivered cleanliness to the lifestyles of our customers through cleaning, and have contributed to realizing hygienic and comfortable living environments. In response to the dramatic increase in demand to maintain hygienic environments in recent times, we will further strengthen our hygiene-related knowledge, know-how, products, and services accumulated over the years so as to address the invisible risks of bacteria and viruses, and will continue our progress toward creating clean and healthy environments.

In addition, we have defined the fields involving the lifestyles and health of seniors, as well as those fields addressing the lifestyle concerns of working people and their families, as priority domains that can contribute to solutions for social issues. This will allow us to further advance our transformation into a business that helps fine-tune the rhythm of our customers' lives. Starting from our existing businesses, we will engage in cultivating and expanding our domains in order to further evolve in a way that meets the expectations of our customers.



Kazushi Sumimoto
Board Director and COO
Direct Selling Group



Hygiene

Enhance "hygienic functions" with strong market demand



Work-life management

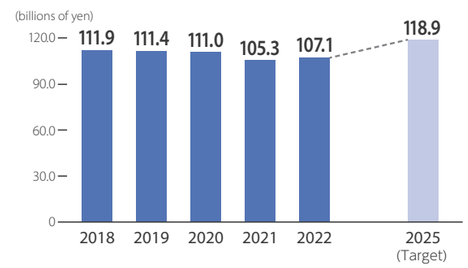
Help working people and their families create and optimize their time



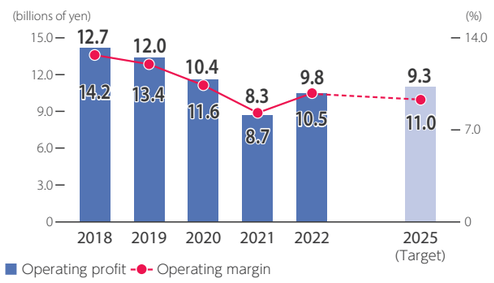
Senior support

In addition to existing domains, also approach the early elderly

Direct Selling Group net sales



Direct Selling Group operating profit/operating margin



Notes: 1. 12-month period ended March 31 of each fiscal year.
2. Segment sales includes intersegment sales.

Environmental analysis

Opportunities	● Increased awareness of day-to-day hygiene and cleanliness as a result of the pandemic ● Systemization of hygiene control in accordance with HACCP ● Value of the sharing economy ● Increased demand for service providers including cleaning and helper services ● Increased needs for in-home nursing care and preventive care for frailty	Risks	● Stricter legal regulations pertaining to direct selling ● Decline in number of small-scale businesses and increasing difficulty with sales due to the emergence of broad-scale national chains requiring the attention of a headquarters ● Uneven supply and demand caused by seasonal fluctuations in the Care Service business ● Market changes caused by revisions in Long-Term Care Insurance system

Duskin's strengths

- Customer base of approximately 4.3 million households and 1.09 million business locations in the Clean Service business
- A network of community-based franchisees supporting our customer base, and product delivery systems
- Multiple businesses fostering a synergistic effect by cross-selling between the sub-segments within the Direct Selling Group
- Trust and a sense of security in the Duskin brand

Medium-Term Management Policy 2022 initiatives
During the three-year period starting in fiscal year ending March 31, 2023, we will apply digital technologies to our in-person customer touchpoints of sales representatives and physical locations, the greatest strengths of Duskin, in order to reform our information and distribution systems in a way that will facilitate communication.

Specifically, we will implement four strategies to build Duskin into a company that works closely with each customer.

1. Organizational strategies

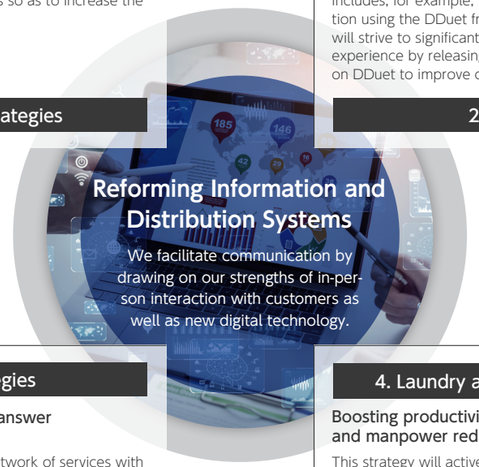
Building a structure where we work closely with customers

This strategy aims to further strengthen our sales representatives as in-person channels and build a structure where we work closely with customers in a way that focuses on uncovering new customers in the residential domain. It will also deepen our relationships with customers so as to increase the number of customers.

2. CX strategies

Improving the customer experience(CX) with the help of digitalization

In order to strengthen the organization into one that provides and proposes accurate information corresponding to the situation of individual customers, this strategy will expand e-commerce and SNS-based information dissemination channels. This includes, for example, the strengthening of digital communication using the DDuet free membership website. Moreover, it will strive to significantly broaden the value of the customer experience by releasing a new version of the My Page function on DDuet to improve convenience.



3. Location strategies

Creating a network of services to answer to customer needs

This strategy will work to expand our network of services with a focus on home cleaning, helper services, and other care services for which further growth is anticipated due to an expanding market, as well as on services for seniors, like nursing-care and nursing-care item rentals. It will also build a location network that can reliably address the needs of customers.

4. Laundry and distribution strategies

Boosting productivity by way of improved efficiency and manpower reduction

This strategy will actively incorporate RFID tags, smart factories, and other digital technologies in order to streamline business operations and reduce manpower. By boosting productivity, the strategy will allow us to open up time and human resources that can focus on facilitating communication with customers.

Food Group

Aiming to expand sales by accelerating new location openings, developing new business models, and strengthening the current value chain

With the goal of creating shops where anyone and everyone can enjoy happy moments at any time, the Food Group seeks to deliver enjoyment and tastiness to customers. In order to address changes in the business environment, we are developing new business models that satisfy new locations, customer segments, and reasons to visit our shops, strengthening the current value chain by in-housing food processing and distribution, and strengthening merchandising through tie-ups with other companies. Another area that we must further strengthen is our environmental conservation initiatives. Taking responsibility for the impacts of our business activities on the environment is the minimum requirement for business continuity in today's world which questions corporate value depending on how companies approach this issue and the effectiveness of their efforts. The Food Group is working to revise and improve upon the ways in which we manage our locations and deliver products and services, and has set clear goals for our efforts to reduce plastic use, CO_2 emissions, and food loss, as well as to recycle food waste.



Tetsuya Wada
Board Director and COO
Food Group

Environmental conservation and social contribution initiatives

Based on the DUSKIN Green Target 2030 and SDGs (Sustainable Development Goals), we are working to help create a recycling-oriented society and address climate change.

SUSTAINABLE DEVELOPMENT GOALS

Renewable energy / Reduce waste / Reduce CO_2 emissions / Reduce plastics / Recycle / Promote gender equality

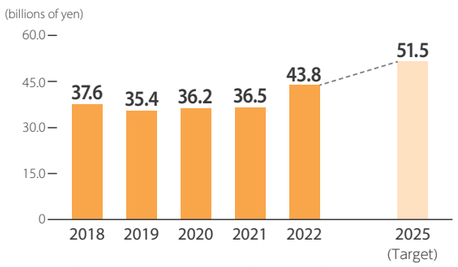
Reducing food loss
- Reduce unsold donuts
- Recycle unsold donuts
- Recycle used cooking oil

Reducing plastic use
- Discontinue use of secondary materials made of plastic or switch to alternative raw materials

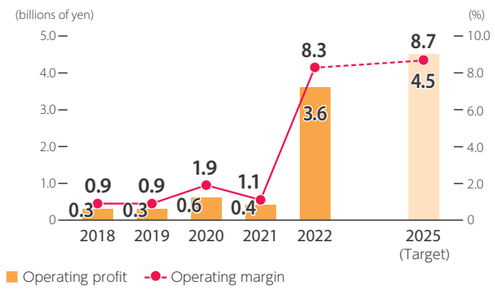
Reducing CO_2 emissions
- Switch to LED lighting through shop renovations
- Use renewable energy
- Optimize raw material delivery frequency to shops

Contributing to society and communities
- Participate in Child Refuge Center activities
- Support stranded commuters during natural disasters
- Create jobs in the community
- Engage in initiatives with the Duskin AINOWA Foundation

Food Group net sales



Food Group operating profit/operating margin



Notes: 1. 12-month period ended March 31 of each fiscal year.
2. Segment sales includes intersegment sales.

Environmental analysis

Opportunities	● Expanding business opportunities with services that address changes in lifestyles ● Customer acquisition through MISDO Meets and other collaborative projects
Risks	● Drop in demand for dine-in due to the impact of the coronavirus pandemic ● Improved product appeal at our competitors, such as convenience stores and volume retailers ● Demand for health consciousness and changes in consumers' attitude toward donuts

Mister Donut's strengths

- Support from our customer base as the number one donut brand with more than 50 years in the business
- Accommodating demand for takeout
- Customer touchpoint through a franchise network of over 900 shops
- A well-established marketing strategy; one initiative is a joint development with other brands to deliver "something good" to customers, which has sparked their interest to buy our products

Medium-Term Management Policy 2022 Group Strategy

As the core business in the Food Group, Mister Donut is pursuing greater tastiness by strengthening the MISDO GOHAN and MISDO Meets series, and is striving to expand upon the reasons for customers to visit our shops. In addition, the shop opening strategy includes opening drive-through shops, expanding openings of kitchen-less shops and takeout specialty shops, and opening shops in areas where we do not have a presence yet. Moreover, under the customer experience (CX) strategies, we are working to reform our information and distribution systems in order to deliver new value to the customer experience. Specifically, we will strengthen online ordering systems, expand the number of shops that have introduced delivery services, increase the number of drive-through shops, and introduce pick-up boxes.

Reforming Information and Distribution Systems

Shop opening strategies

Open shops in suburban and urban locations
- Kitchen-less shops inside train stations
- Suburban drive-through locations



CX strategies

Deliver new value to customer experiences
- Food delivery
- Product pick-up box





Other Businesses

Performance and evaluation for the fiscal year ended March 31, 2022

At our domestic consolidated subsidiaries, sales increased at Duskin Healthcare Co., Ltd. (medical facility management services). Despite the impact attributable to application of the Revenue Recognition Accounting Standard and other standards, this increase largely reflected cleaning service orders for the Olympic Village at the Tokyo 2020 Olympic and Paralympic Games. Sales at Duskin Kyoeki Co., Ltd. (leasing and insurance agency) also increased on the back of higher leasing sales. This was in line with the progress made in replacing existing fleets with lease vehicles equipped with automatic brakes.

Sales at consolidated subsidiaries overseas increased overall, due to a rise in sales at Duskin Shanghai Co., Ltd. (rental and sale of dust control products in Shanghai, China) and at Big Apple Group (operation of donut shops mainly in Malaysia), which experienced growth in takeout and delivery sales. This was despite a decline in sales at Duskin Hong Kong Co., Ltd., which procures raw materials and equipment and had posted sales of face masks to the Duskin Group in the fiscal year ended March 31, 2022.

Strategies for Duskin Healthcare

Guided by the core "creation" theme of its medium-term management plan, Duskin Healthcare will specifically implement four strategies. To differentiate itself from other companies, Duskin Healthcare will identify changes in the healthcare industry and further enhance its highly regarded proprietary services. With these efforts, the company will capture new customers while retaining existing customers.

Four strategies to achieve Duskin Healthcare's vision

Vision: Comprehensive healthcare support company

Differentiation from other companies (Create added value by collaborating with other companies and leveraging Duskin's comprehensive strengths)	**Expansion of business areas** (Expand the catering business and enter the nursing care domain)
Reinforcement of the operating platform (Strengthen efforts to recruit and retain personnel while putting in place a rewarding workplace environment)	**Reinforcement of the corporate structure** (Promote operating efficiency and human resources development)

Overseas strategies

Drawing on its know-how cultivated over many years in Japan, the Duskin Group will look beyond the confines of national borders in its efforts to enrich its customers' lives by providing tastier, safer, and more reliable food experiences while creating healthy environments.

Key strategies

Clean Service and Care Service
[Current operating areas: China, Taiwan]
Promote comprehensive cleaning and technical services in East Asia, driven by growing awareness toward hygiene

Mister Donut
[Current operating areas: Taiwan, Thailand, the Philippines, Indonesia]
Expand the delicious donuts business with partner companies, mainly in Southeast Asia

Big Apple
[Current operating areas: Malaysia, Cambodia]
Expand franchisees in Malaysia and promote franchise expansion in other countries

Initiatives by business

Leverage Duskin's strengths to create new business opportunities overseas

■ Food Group Businesses

Deliver tastier, safer, and more reliable donuts to the world

- Original recipes developed over many years coupled with safe and reliable quality control in accordance with Japanese standards
- Delicious food experiences tailored to the food habits of global customers

■ Direct Selling Businesses

Promote Duskin's corporate image worldwide as a company forging healthy environments

- Meticulous services and product strengths as a manufacturer cultivated over many years in Japan
- Response to growing global hygiene needs and diversifying customer lifestyles
- Contributions to the enrichment of customers' lives that extend beyond national borders

Corporate Governance

Initiatives to strengthen corporate governance

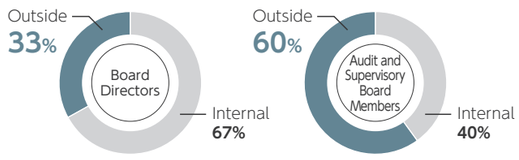
We are strengthening corporate governance, as we believe it to be one of the most important issues for management. In 2017 we created a Directors Evaluation Committee and introduced an Operating Officer System in 2018. In 2019, we changed the Directors Evaluation Committee to consist of only independent Directors and to function as an advisory body to the Board of Directors. In 2022, we also increased the number of female Outside Directors by one to three. Taking into account amendments to laws and changing society, we will continue to work toward further improvements in corporate governance.

Changes in the corporate governance structure

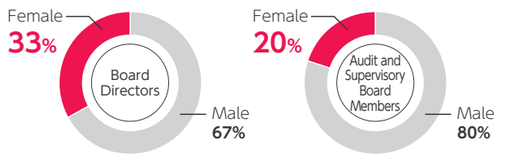
2003	• Quality Assurance Committee (now Sustainability Committee) established
	• Compliance Promotion Committee (now Compliance Committee) established
2006	• Risk Management Committee established
	• Duskin stock listed on the first section of Tokyo Stock Exchange and Osaka Securities Exchange* * The cash equity markets of Tokyo Stock Exchange and Osaka Securities Exchange were integrated on July 16, 2013.
	• Management Philosophy included in the Articles of Incorporation
	• A basic policy for the Internal Control System established
2007	• The Directors' retirement benefit program terminated
2008	• The number of Outside Audit and Supervisory Board Members increased from two to three
2013	• Starts participating in Electronic Voting Platform
2014	• The number of Outside Directors increased from one to two
2015	• Outside Directors and Audit and Supervisory Board Members Council established
	• The number of Outside Directors increased from two to three
	• Posting of shareholders' meeting notice on the web (earlier than distributing printed version) started
2016	• Analysis and evaluation of the effectiveness of the Board of Directors started
2017	• Directors Evaluation Committee established
	• Directors Evaluation and Nomination System introduced
	• A share-based remuneration-type stock option program established
2018	• Operating Officer System introduced
	• Independent Outside Directors account for at least one third of all Directors
	• The number of Directors decreased from not more than 15 to not more than 12
2019	• Advisory body function of the Directors Evaluation Committee switched to the Board of Directors instead of to the President
2020	• Operations restructured into groups; COO and CFO designated
	• Succession Plan to train and develop next-generation management launched
2021	• Share-based remuneration-type stock options replaced with a restricted stock remuneration plan
	• Hybrid virtual shareholders' meeting (a meeting in which online participants do not have voting rights) held
2022	• Three female independent Outside Directors appointed
	• Moved from the first section of the Tokyo Stock Exchange to its Prime Market

Board Director/Audit and Supervisory Board Member Composition (as of June 23, 2022)

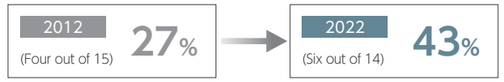
Ratio of Outside Directors and Audit and Supervisory Board Members



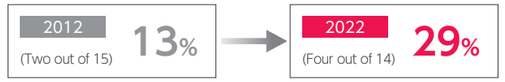
Female to Male Ratio



Ratio of Outside Directors and Outside Audit and Supervisory Board Members in the Board



Female to Male Ratio in the Board



Basic policy

To meet the expectations of various stakeholders and to become a company that achieves sustainable growth while increasing its corporate value over the medium to long term, Duskin understands that strengthening of corporate governance is its most important management issue. In addition to establishing a management system that can respond quickly and accurately to changes in the business environment, Duskin will further bolster its structure, organization and systems to ensure sound and highly transparent management. Duskin will also place compliance at the center of all corporate activities to continuously improve its corporate value.

Details of the Corporate Governance Report are available on the following web page. (Available in Japanese only)

https://www.duskin.co.jp/ir/governance/corporate/pdf/governance.pdf

Corporate governance structure

Duskin corporate governance uses an audit and supervisory board system. We have introduced the Operating Officer System to streamline the Board of Directors' decision-making process and strengthen its supervision of company business. To ensure the system's effectiveness, we have also set up the Directors Evaluation and Nomination System. Additionally, to ensure that the process of determining the remuneration of individual directors is objective and transparent, we have established the Directors Evaluation Committee. At the Board of Directors, Directors monitor and supervise other Directors' performance. The Audit and Supervisory Board consists of independent outside Audit and Supervisory Board Members capable of objectively conducting audits and internal full-time Audit and Supervisory Board Members, who are well acquainted with our business operations and have skills needed to gather information. Under this system, the Audit and Supervisory Board Members, internal and outside, perform accurate audits. We consider this structure highly effective as it supports customer-oriented management while ensuring sound and efficient business operations. This system also enables us to swiftly and precisely respond to changes in the business environment.

Board skills matrix

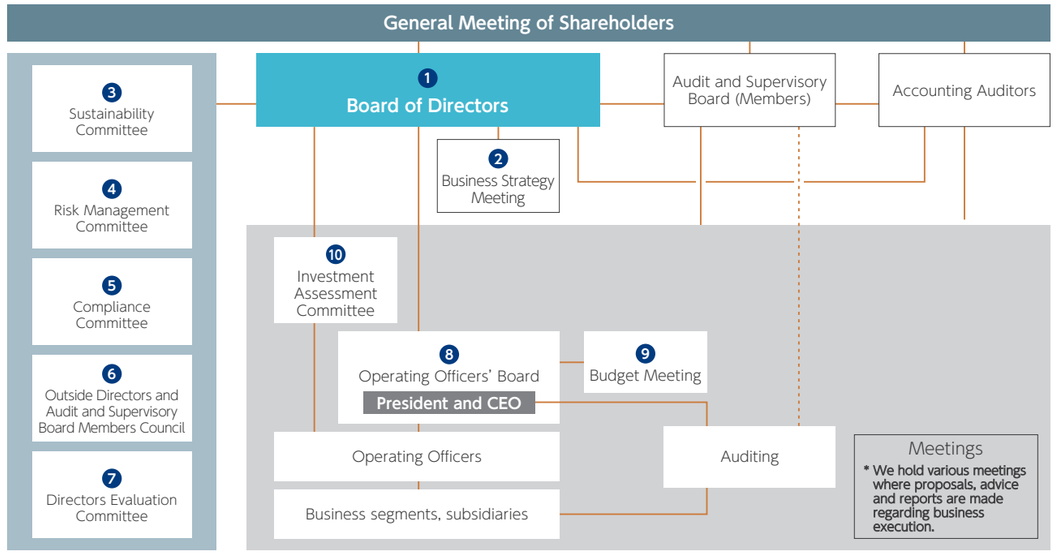
(As of June 2022)

Name	Positions	Collective Skills			Industry Skills			
		Corporate Management	Sustainability	Finance and Accounting	Sales and Marketing	IT and Digital Transformation	Global Expansion	Franchise Operation
Teruji Yamamura	Representative Director and Chairman	●	●		●			●
Hiroyuki Okubo	Representative Director, President and CEO	●	●		●	●		●
Kazushi Sumimoto	Board Director and COO Direct Selling Group	●	●		●	●		●
Tetsuya Wada	Board Director and COO Food Group	●	●		●		●	●
Naoto Miyata	Board Director and CFO Corporate Administration Group	●	●	●				
Shinichiro Ueno	Board Director and Operating Officer Corporate Planning Group	●	●				●	
Nobuko Sekiguchi	Outside Director	●	●	●	●	●		
Yukiko Tsujimoto	Outside Director	●	●		●		●	
Fumi Musashi	Outside Director	●	●				●	

To find out more about our Board Directors' expertise and experience please visit the webpage provided below.

https://www.duskin.co.jp/english/ir/governance/corporate/

Corporate governance structure (as of June 2022)



	Meetings	Chairperson/ Committee Chair	Main functions	Members (including Chairperson/ Committee Chair)	Number of meetings held
	1 Board of Directors	Hiroyuki Okubo, Representative Director, President and CEO	Make decisions on important management matters of the Group and supervise business execution	Six Internal Directors, two Standing Audit and Supervisory Board Members, three Outside Directors and three Outside Audit and Supervisory Board Members	17
	2 Business Strategy Meeting		Discuss companywide business strategies, business portfolios and the allocation of Duskin Group resources from a medium- to long-term perspective	Six Internal Directors, two Standing Audit and Supervisory Board Members, three Outside Directors and three Outside Audit and Supervisory Board Members	2
Advisory bodies	3 Sustainability Committee	Keiichi Emura, Operating Officer	Determine medium-term framework and annual action plans regarding sustainability and deliberate on how to address unresolved sustainability issues	One Chairman, two Outside Directors, six Operating Officers and one Standing Audit and Supervisory Board Member	2
Advisory bodies	4 Risk Management Committee	Sachiko Hashimoto, Operating Officer	In addition to ascertaining the incidence of risks in advance and taking countermeasures, established for the purpose of avoiding or minimizing damages in the event that risks occur	One Operating Officer, 10 department supervisors	2
Advisory bodies	5 Compliance Committee	Naoto Miyata, Board Director and CFO	Established for the purpose of implementing and instilling as well as ensuring adherence to a compliance system for the Duskin Corporate Group	Two Outside Directors, one attorney, seven Operating Officers, one Standing Audit and Supervisory Board Member and one President of the Duskin Workers' Union	4
Advisory bodies	6 Outside Directors and Audit and Supervisory Board Members Council	Nobuko Sekiguchi, Outside Director	Make recommendations for increasing corporate value over the medium to long term	Three Outside Directors and three Outside Audit and Supervisory Board Members	15
Advisory bodies	7 Directors Evaluation Committee		Provide necessary advice in response to consultations from the Board of Directors in selecting candidates for Directors and Operating Officers and in determining their remuneration	Two Outside Directors and one Outside Audit and Supervisory Board Member	4
Business execution bodies	8 Operating Officers' Board	Hiroyuki Okubo, Representative Director, President and CEO	Deliberate important matters related to business execution	One Chairman and 13 Operating Officers	12
Business execution bodies	9 Budget Meeting		Monitor budget progress for each business division, identify the discrepancies between forecasts and actual results and discuss measures to be taken	One Chairman, six Operating Officers and two Standing Audit and Supervisory Board Members	8
Business execution bodies	10 Investment Assessment Committee	Naoto Miyata, Board Director and CFO	Raise the quality of plant, equipment and similar investments, and monitor the effectiveness of these investments after they are implemented	Three Operating Officers and three department supervisors	3

Evaluating Board of Directors' effectiveness

Outline

Duskin analyzes and evaluates the effectiveness of the entire Board of Directors annually in order to achieve medium- and long-term sustainable growth and stronger corporate value.

The analysis and evaluation process for the fiscal year ended March 31, 2022, as well as its results and plans for the fiscal year ending March 31, 2023, are as follows.

Analysis and evaluation process

Target and period: 13 meetings of the Board of Directors held between April 2021 and December 2021

1	Third party expert	Distributes questionnaires to all Directors and Audit and Supervisory Board Members, and collects the replies.
2	Outside Directors and Audit and Supervisory Board Members Council	Analyzes, evaluates the results, provides a summary for the current year and makes recommendations for the following year to the Board of Directors.
3	Board of Directors	Discusses the recommendations for improving the Board's effectiveness.

Implements measures for improvements based on the results of discussions.

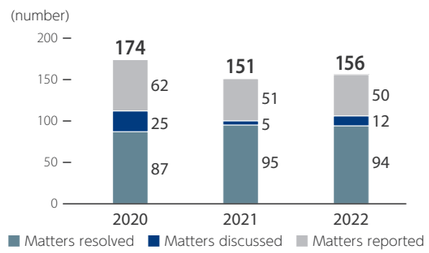
Issues for the fiscal year ended March 31, 2022		Initiatives for the fiscal year ending March 31, 2023
Increase the effectiveness of supervisory functions and broaden discussions on strategies for enhancing corporate value	Further strengthen the Board of Directors' supervisory function in order to implement a clearer growth strategy, optimize the business portfolio and ensure steady progress on executing key strategies	1. Implement portfolio supervision on a business unit basis at Business Strategy Meetings 2. At Board of Directors' meetings, debating time to be to set aside and discussions on business selection and concentration from a company-wide perspective accelerated
	Supervise how and in which domains Duskin utilizes its strengths to respond to a changing social environment while advancing DX and strengthening the entire value chain	For advancing DX 1. Decide to make large-scale investments toward the switch to RFID-linked smart factories 2. Establish a cloud shift appointment organization under the umbrella of the Operating Officer, Corporate Planning Group, while building a company-wide initiative system
	Accelerate the pace of evaluating, selecting and training future management personnel, including Board of Directors members, and reflect the results in the company's management structure	1. At meetings of the Directors Evaluation Committee, an advisory body to the Board of Directors, hold discussions on the next generation of management personnel and conduct reviews toward the presentation of skills matrix 2. Also, at meetings of the Outside Directors and Audit and Supervisory Board Members Council, exchange opinions with Internal Directors on future management personnel

Plans for the fiscal year ending March 31, 2023

Issues	Plans
To improve corporate value, the Board of Directors will monitor measures in line with strategies and work to enhance management's supervision of business by quickly and accurately analyzing, making judgments and giving instructions	1. With the aim of ensuring a return to growth, and in order to facilitate the PDCA cycle, the performance evaluation units spread over a wide range will be redefined into business group units, based on profit models, competitive environments, and value chains 2. Set KPIs in line with business strategies and work to enhance monitoring and discussion

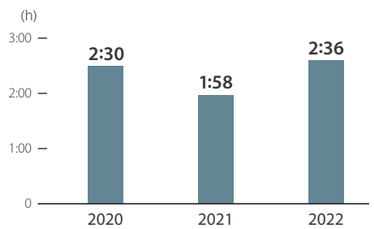
Number of proposals made to the Board meetings and the time devoted to deliberation

Number of proposals



In the fiscal year ended March 31, 2022, the number of matters for discussion increased due to the formulation of Medium-Term Management Policy 2022.

Average time per deliberative session



As the number of matters discussed increased compared with the fiscal year ended March 31, 2021, the average deliberation time per meeting also increased. The time secured for discussion and debate on important matters is deemed to have been sufficient.

(12-month period ended March 31 of each fiscal year)

Board Directors' remuneration

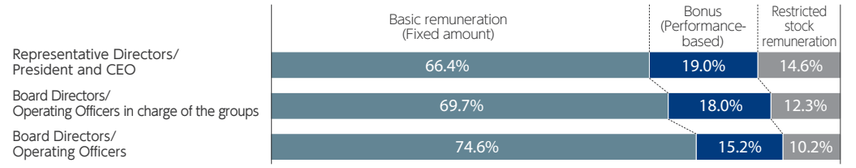
Duskin positions Directors' remuneration as an important issue for our corporate governance. To raise Directors' motivation to achieve medium- and long-term sustainable growth and enhance corporate value, Duskin established the Directors Evaluation and Nomination System. With this system in place, their contributions and capabilities are determined and reflected in their remuneration. The methods used in calculating Director remuneration and actual remuneration in the fiscal year ended March 31, 2022 are as follows.

Process and calculation methods of Director remuneration and actual remuneration

	Methods applied in the fiscal year ended March 31, 2022		
Items	Board Directors	Outside Directors	Audit and Supervisory Board Members
Decision-making process	• The determination of remuneration by the Board of Directors is based on officer remuneration survey data provided by an external research organization comparing Duskin to companies of a similar size and companies in similar business sectors and with similar operations. • The Board of Directors makes the final decisions, taking into consideration the advice of the Directors Evaluation Committee, after thorough discussions (see page 33).	• A certain amount is set as base remuneration and bonuses for Outside Directors, after taking into account their backgrounds and other matters.	• Remuneration is determined within the amount resolved at the general shareholders' meeting.
Remuneration	The remuneration consists of basic remuneration (fixed amount), a bonus (performance-based) and restricted stock remuneration* (medium- to- long-term incentive). * This is to allocate share acquisition rights in an amount not exceeding 50 million yen per year in lieu of a portion of basic remuneration.	• A certain amount is set as base remuneration and bonuses for Outside Directors, after taking into account their backgrounds and other matters.	• Remuneration for each Audit and Supervisory Board Member is determined based on discussions with those members.

Note: Remuneration is determined within the amount resolved at the general shareholders' meeting.

Composition of remuneration



(Note) Basic remuneration consists of a fixed amount and role-based remuneration for each position, and the composition ratio is calculated using the median value of five levels of role-based remuneration. The short-term incentive is a standard model stipulated by the company, and the ratio varies in accordance with performance.

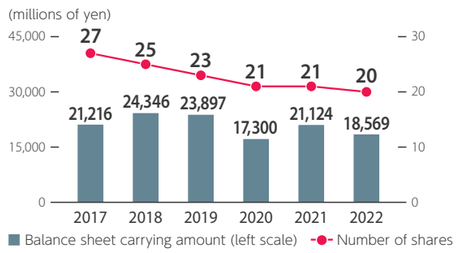
Actual remuneration (for the fiscal year ended March 31, 2022, thousands of yen)

		Type of remuneration			
Category	Total remuneration	Basic remuneration (Fixed amount)	Bonus (Performance-based)	Share-based remuneration	Number of directors
Board Directors	278,272	171,345	76,200	30,726	6
Outside Directors	23,400	18,600	4,800	—	3
Standing Audit and Supervisory Board Members	56,850	46,650	10,200	—	2
Outside Audit and Supervisory Board Members	30,000	25,200	4,800	—	3

Policy on cross-shareholdings

The policy with regard to cross-shareholdings is for the company to hold a suitable number of shares only when there is a legitimate reason for owning these shares. Investments in stocks for which there is no legitimate reason for ownership are reduced or eliminated following appropriate dialogue with the companies concerned and other formalities.

Trends in number of listed shares held for purposes other than pure investment and the amounts recorded on the balance sheet



(12-month period ended March 31 of each fiscal year)

Interview with Outside Directors



Outside Director **Nobuko Sekiguchi**

After working at a foreign affiliated company and as a management consultant, Ms. Sekiguchi joined Capcom Co., Ltd. in 2005, where she was appointed as a Corporate Officer in 2011. During her time at Capcom Co., Ltd., she was engaged in leadership roles including, Head of Corporate Planning & Human Resources Division. An Outside Director of Duskin Co., Ltd. since June 2019.

Outside Director **Yukiko Tsujimoto**

Ms. Tsujimoto joined Procter & Gamble Far East Inc. in 1986. After resigning the position of Director at Procter & Gamble Japan in 2014, she assumed the post of Representative Director at Shapes Co., Ltd. An Outside Director of Duskin Co., Ltd. since June 2020.

Supporting efforts to reform the organization into one that can fully demonstrate its ability to take action as it strives to secure sustainable growth

How has Duskin's governance changed?

Sekiguchi The Board of Directors deliberated on various issues when formulating the new Medium-Term Management Policy. A considerable amount of time was spent on discussing the significance and efficacy of investments. This was especially true for the large-scale investment in introducing RFID (electronic tags), which will have a significant impact on the company's profit and loss. As the Board of Directors now engages in multi-faceted, in-depth discussions, it might be better to say that the company's governance is evolving rather than changing.

Tsujimoto This is my third year as an Outside Director. From an outsider's perspective, I feel that the Board of Directors welcomes external comments. Opinions that differ from those within the company are taken extremely seriously. The number of agenda items subject to discussion increased in the last fiscal year. Internal Directors have been active in voicing their opinions and engaging in substantive discussions, deepening the debate on important management issues. The Medium-Term Management Policy in particular, attracted in-depth discussion. We were able to engage in good discussions on how to restructure the mainstay Clean Service business in a bid to secure further growth.

Sekiguchi From a management resources selection and concentration perspective, the Food Group has withdrawn from certain businesses. Over the past two years, the Board of Directors has deliberated and made decisions from a medium-term outlook. In the Mister Donut business, the deployment of master control kitchens has enabled the company to open shops in favorable urban locations. Such a move had been difficult in the past. The results of these endeavors will gradually emerge in the future. I believe that the Board of Directors is now becoming more and more involved in proactive discussions on strategies for the next stage of development, including overseas expansion.



What are your thoughts on the process employed to select a new president?

Sekiguchi Building relationships of trust with its franchisees is a crucial component of Duskin's business activities. To enable the president to accomplish this task, I believe a certain period of tenure is required. Concerning the company's recent change of President, the Directors Evaluation Committee identified, several years ago, several candidates with the potential to assume the position of President. In addition to business expertise, other skills and competencies that a president should possess were proposed by the three Outside Directors and discussions were held from multiple perspectives. During the process of deliberation, Duskin's Chairman, Teruji Yamamura, proceeded along a process that took the time to hear not only from the Directors Evaluation Committee but also from Outside Directors, Outside Audit and Supervisory Board Members as well as from inside the company. The fact that both Chairman Yamamura and the company, as a whole, are receptive to outside input and opinions indicates the efficacy of Duskin's governance.

Tsujimoto Duskin has established the Outside Directors and Audit and Supervisory Board Members Council as an advisory body to the Board of Directors to make recommendations to improve the effectiveness of corporate governance and enhance corporate value over the medium- to long-term. In the previous fiscal year, we had the opportunity to hear from internal executives on each occasion about their ideas on management and thoughts on the future. This enabled us to understand each individual's approach and served as a reference for discussions on the ideal image of leadership.

Diversity of the Board of Directors

Tsujimoto Ensuring that the company secures diverse management personnel is important in promoting diversity going forward. Mr. Miyata, Board Director and CFO is from a financial institution and, as such, has a high level of financial expertise. In a similar fashion, the company is made up of a wide range of people from diverse and varied fields. Having said this, I acknowledge the need to continue our deliberation on the future composition of the Board of Directors. Currently, the Board consists of six Internal and three Outside Directors.

Sekiguchi Women make up a significant portion of Duskin's customer base. With this in mind, I would like to see the further empowerment of women both inside and outside the company. Duskin's Human Resources department is currently headed by a female Operating Officer. Appointing a female Operating Officer or Board Director to oversee certain business operating divisions would, I believe, help bring broader perspectives to Duskin's growth strategies. The company has a higher percentage of women in managerial positions, participating in the decision-making process, compared with other companies. I am confident that Duskin has created a comfortable and rewarding workplace environment. Looking ahead, I hope that women play an even more active role in the company's management.



Tsujimoto Under the company's new human resource system that began in the current fiscal year, young employees can be appointed to managerial positions from their third year of employment. From now on, I think more and more young people, irrespective of gender, will be promoted to such advanced positions. In recent years, the number of women in managerial positions has been increasing, with outstanding women appointed to such positions as Operating Officer and, division managers. I would like to help such women further expand their fields of activity.

What challenges do you see the company facing in the future, and what would you like to achieve as Director?

Sekiguchi How to keep on strengthening its execution capacity to achieve objectives is of utmost importance to the company. Incorporating the opinions of Outside Directors may be a step, but such opinions should be reflected in figures such as sales. Otherwise, growth will not be achieved. While it is extremely important to address the SDGs and sustainability, it is also important for a company to grow sustainably. From this perspective, I believe that the ability to execute is of utmost importance to the company right now.

Tsujimoto Duskin's mainstay businesses are Clean Service and Mister Donut. Both were created by the company's founder. Looking ahead to the next 50 years, I believe it is critical that the company create a third and fourth pillar while making the most of the assets left by the founder. As Director Sekiguchi pointed out, the most critical attribute is to maintain a commitment to producing results. In this regard, I would like to help the company in its efforts to raise awareness of this commitment.

Sekiguchi Duskin's management philosophy of sowing the seeds of joy and unifying business and morals brings together the positive attributes of Japan, including the spirit of service. At the same time, however, the emphasis on tending to others might be working as a factor that does not immediately connect with taking on new challenges. I believe that the company should once again identify its inherent strengths. By focusing on new values without being bound to past success, I am confident that Duskin will be better placed to develop new business pillars. With this in mind, I would like to contribute as an Outside Director to deepening discussions on strategies and the direction that the company should take from a medium- to long-term perspective at meetings of the Board of Directors.

Directors and Audit and Supervisory Board Members

(As of June 23, 2022)

Board of Directors

Representative Director and Chairman

Teruji Yamamura



- Number of shares owned 39,106
- Board meeting attendance 17/17

June 2022 Representative Director and Chairman (to the present)
Apr. 2018 Representative Director, President and CEO
Apr. 2009 President and CEO
Apr. 2007 Director; Care Service Business Group, Rent-All and Home Instead (now Life Care)
June 2004 Director and Assistant General Manager, Clean Service Business Group
Jan. 1982 Joined the Company

Representative Director, President and CEO

Hiroyuki Okubo



- Number of shares owned 6,721
- Board meeting attendance 17/17

June 2022 Representative Director, President and CEO, Auditing, Cloud Promotion Project (to the present)
June 2021 Director and Operating Officer, Corporate Planning Group
Apr. 2021 Director and Operating Officer; President's Office, Corporate Planning, Information System and Shared Services Center
Dec. 2020 Director and Operating Officer; President's Office, Information System and Shared Services Center Manager, Corporate Planning
June 2020 Director and Operating Officer; President's Office and 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

Board Director and COO

Kazushi Sumimoto



- Number of shares owned 16,040
- Board meeting attendance 17/17

Apr. 2022 Board Director and COO, Direct Selling Group (to the present)
June 2020 Director and COO, Direct Selling Group General Manager; Strategy Management, Direct Selling Group
Apr. 2020 Director and Executive Operating Officer, Direct Selling Group General Manager; Strategy Management, Direct Selling Group
Apr. 2019 Director and Executive Operating Officer; Corporate Planning, General Affairs, Accounting, Public Relations, Information System and Production & Logistics
Apr. 2018 Director and Senior Operating Officer, Corporate Planning and Production & Logistics
May 2016 Director; Corporate Planning, Life Care Development Group, Rent-All, Uniform Service and Health & Beauty
June 2014 Director, Home Instead (now Life Care); Division Manager, Rent-All
Apr. 1983 Joined the Company

Board Director and COO

Tetsuya Wada



- Number of shares owned 6,075
- Board meeting attendance 17/17

Oct. 2020 Board Director and COO, Food Group (to the present)
June 2020 Director and 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

Board Director and CFO

Naoto Miyata



- Number of shares owned 5,276
- Board meeting attendance 17/17

Apr. 2021 Board Director and CFO, Corporate Administration Group (to the present)
June 2020 Director and CFO; Legal Affairs and Corporate Compliance, Accounting and 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

Board Director and Operating Officer
New appointment

Shinichiro Ueno



- Number of shares owned 2,263

June 2022 Board Director and Operating Officer, Corporate Planning Group (to the present)
Apr. 2021 Operating Officer, Public Relations, Manager, International Division
May 2019 Manager, International Division
June 2012 Chairman and CEO Duskin Shanghai Co., Ltd.
Mar. 2009 Manager, Clean Service Sales Planning
May. 2000 Joined the Company

Director
Outside Director (Independent)

Nobuko Sekiguchi



- Number of shares owned 100
- Board meeting attendance 17/17

June 2022 Outside Director, Audit and Supervisory Committee Member, Kobe Steel, Ltd. (to the present)
June 2020 Outside Director, Audit and 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 and 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 positions)
Outside Director, Audit and Supervisory Committee Member, H2O Retailing Corporation

Director
Outside Director (Independent)

Yukiko Tsujimoto



- Number of shares owned –
- Board meeting attendance 17/17

Apr. 2022 Advisor to the City of Kobe (Recruitment and Training) (to the present)
Mar. 2022 Outside Director SAKATA INX CORPORATION (to the present)
June 2020 Director, the Company (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.

(Significant concurrent position)
Representative Director, Shapes Co., Ltd.
Outside Director, SAKATA INX CORPORATION

Director
New appointment
Outside Director (Independent)

Fumi Musashi



- Number of shares owned –

June 2022 Director, the Company (to the present)
June 2022 Resigned from CHORI CO., LTD
Jan. 2022 Part-time Adviser CHORI CO., LTD
Dec. 2020 Assistant General Manager of Corporate Planning Division and Assistant to the Executive Chief Representative for China CHORI CO., LTD
June 2018 Chairman and President CHORI (CHINA) CO., LTD.
Apr. 2016 President CHORI (CHINA) CO., LTD.
Apr. 1982 Joined CHORI CO., LTD

Audit and Supervisory Board Members

Audit and Supervisory Board Member

Takashi Yoshida



- Number of shares owned 7,885
- Meeting attendance Board meetings: 17/17 Audit and Supervisory Board meetings: 13/13

June 2016 Audit and Supervisory Board Member (to the present)
June 2008 Manager, Legal Affairs and Corporate Compliance
Apr. 2006 Section Chief, Legal Affairs, Legal Affairs and Corporate Compliance
Apr. 1985 Joined the Company

Audit and Supervisory Board Member

Hideyuki Naito



- Number of shares owned 7,375
- Meeting attendance Board meetings: 17/17 Audit and Supervisory Board meetings: 13/13

June 2020 Audit and Supervisory Board Member (to the present)
Apr. 2020 Senior Operating Officer, General Affairs
June 2018 Senior Operating Officer, General Affairs and Accounting
June 2016 Director, Corporate Management; Manager, Accounting
Nov. 2007 Manager, Auditing
Apr. 1982 Joined the Company

Audit and Supervisory Board Member
Outside Audit and Supervisory Board Member (Independent)

Sachiko Kawanishi



- Number of shares owned –
- Meeting attendance Board meetings: 17/17 Audit and Supervisory Board meetings: 13/13

June 2016 Audit and Supervisory Board Member, the Company (to the present)
Aug. 2000 Senior Managing Director, Internet Disclosure, Co., Ltd. (to the present)
Mar. 1992 Registered as Certified Public Accountant
Oct. 1988 Joined Tohmatsu Awoki & Sanwa (now Deloitte Touche Tohmatsu LLC)
Apr. 1981 Joined Honeywell Information Systems Japan, Inc. (now NEC Nexsolutions, Ltd.)

(Significant concurrent position)
Senior Managing Director, Internet Disclosure Co., Ltd.

Audit and Supervisory Board Member
Outside Audit and Supervisory Board Member (Independent)

Kyoichiro Arakawa



- Number of shares owned 6,000
- Meeting attendance Board meetings: 17/17 Audit and Supervisory Board meetings: 13/13

Mar. 2020 Representative, BP Asia Consulting Co., Ltd. (to the present)
June 2016 Audit and Supervisory Board Member (to the present)
Mar. 2014 President and CEO, Best Partners Co., Ltd. (to the present)
Sept. 2007 Director MIT Corporate Advisory Services, Co., Ltd.
July 1997 Joined KPMG Century Audit Corporation (now KPMG AZSA LLC)
Apr. 1997 Registered as Certified Public Accountant
Oct. 1992 Joined Showa Ota & Co. (now Ernst & Young ShinNihon LLC)

(Significant concurrent positions)
President and CEO, Best Partners Co., Ltd.;
Representative, BP Asia Consulting Co., Ltd.

Audit and Supervisory Board Member
New appointment
Outside Audit and Supervisory Board Member (Independent)

Hidekazu Saruki



- Number of shares owned –

June 2022 Audit and Supervisory Board Member, the Company (to the present)
Sep. 2015 Outside Audit and Supervisory Board Member, Nishimura Securities Co., Ltd. (to the present)
May 2011 Partner, Miyake & Partners (to the present)
Oct. 2001 Registered at Osaka Bar Association and joined Miyake Godo Law Office (now Miyake & Partners)
Nov. 1999 Passed National Bar Examination

(Significant concurrent position)
Outside Audit and Supervisory Board Member, Nishimura Securities Co., Ltd.
Director, Infection Control Sterilization Association (ICSA)

Operating Officers

Representative Director, President and CEO	**Hiroyuki Okubo**	Auditing Cloud Promotion Project
Board Director and COO	**Kazushi Sumimoto**	Direct Selling Group
Board Director and COO	**Tetsuya Wada**	Food Group
Board Director and CFO	**Naoto Miyata**	Corporate Administration Group
Board Director and Operating Officer	**Shinichiro Ueno**	Corporate Planning Group
Operating Officer	**Taku Suzuki**	New Business Development Corporate Account
Operating Officer	**Sachiko Hashimoto**	Quality Assurance & Risk Management Manager, Human Resources
Operating Officer	**Seishi Nemoto**	General Manager, Mister Donut Business Group
Operating Officer	**Keiichi Emura**	Information System Manager, Corporate Planning
Operating Officer	**Keishi Morita**	General Manager, Production & Logistics
Operating Officer	**Kazumi Mori**	General Manager, Strategy Management, Direct Selling Group
Operating Officer	**Eiji Hirano**	General Manager, Sales & Operations, Direct Selling Group
Operating Officer	**Tetsuji Daikuhara**	General Manager, Planning & Development, Direct Selling Group

Eleven-Year Highlights with Key Performance Indicators

Duskin Co., Ltd. and its consolidated subsidiaries
Fiscal years ended March 31

			Medium-Term Management Policy				Long-Term Strategy ONE DUSKIN						
							Medium-Term Management Policy 2015			Medium-Term Management Policy 2018			
		2012	2013	2014	2015		2016	2017	2018	2019	2020	2021	2022
Customer-level sales													
Customer-level sales	(Millions of yen)	414,401	411,494	407,225	401,561		394,850	384,547	382,104	376,994	380,425	359,582	389,388
Of which, the Direct Selling Group	(Millions of yen)	275,830	274,665	276,956	270,390		274,005	272,633	272,577	271,811	271,189	253,178	265,659
Of which, the Food Group	(Millions of yen)	119,479	115,484	106,426	105,631		95,549	86,058	81,148	76,741	79,714	80,148	95,031
Overseas and other businesses*1	(Millions of yen)	19,091	21,344	23,842	25,539		25,295	25,855	28,378	28,440	29,521	26,255	28,698
For the fiscal year													
Sales	(Millions of yen)	171,118	168,163	167,745	167,987		165,203	161,880	161,031	158,699	159,102	153,770	163,210
Operating profit	(Millions of yen)	9,841	9,197	6,641	5,067		5,372	6,069	7,557	7,954	6,577	4,651	9,899
Ordinary profit	(Millions of yen)	11,609	11,027	8,322	7,083		6,707	7,554	8,978	10,011	7,929	6,633	12,215
Profit attributable to owners of parent	(Millions of yen)	4,583	6,092	4,448	3,441		2,983	4,318	5,324	5,984	5,591	2,821	8,132
Comprehensive income	(Millions of yen)	5,320	9,095	6,246	7,870		1,401	5,309	7,825	8,571	2,178	6,331	7,477
Depreciation	(Millions of yen)	6,225	7,083	6,953	7,068		6,704	6,878	6,216	6,415	6,938	7,378	7,462
Capital expenditures	(Millions of yen)	6,541	5,285	3,974	6,319		8,520	6,047	6,047	6,324	6,744	9,243	6,238
At fiscal-year-end													
Net assets	(Millions of yen)	149,604	152,811	151,903	155,196		143,648	142,108	147,786	149,884	142,031	145,836	151,026
Total assets	(Millions of yen)	197,316	202,375	202,778	198,475		190,322	190,116	196,058	194,223	185,158	188,399	198,055
Interest-bearing debt	(Millions of yen)	254	191	246	52		20	91	196	18	14	18	1,539
Cash flows													
Cash flows from operating activities	(Millions of yen)	14,057	16,269	12,086	6,251		11,199	15,803	13,111	13,606	8,850	10,103	19,596
Cash flows from investing activities	(Millions of yen)	- 8,686	- 6,864	- 14,004	5,515		- 2,826	- 3,565	- 7,909	- 12,555	3,137	- 5,019	- 8,524
Cash flows from financing activities	(Millions of yen)	- 4,355	- 5,980	- 6,553	- 4,514		-12,952	- 6,800	- 2,232	- 6,671	- 10,022	- 2,563	- 835
Cash and cash equivalents at end of year	(Millions of yen)	24,724	28,171	19,775	27,118		22,503	27,902	30,877	25,237	27,167	29,674	39,963
Per-share data													
Net assets per share	(Yen)	2,314.38	2,407.88	2,446.24	2,544.09		2,569.53	2,651.76	2,758.28	2,876.63	2,872.99	2,948.85	3,047.67
Net income per share	(Yen)	71.07	95.15	71.13	56.19		52.18	78.95	99.63	112.38	109.95	57.19	164.71
Dividend per share	(Yen)	40.00	40.00	60.00	40.00		40.00	40.00	40.00	50.00	56.00	40.00	83.00
Price per share at year end	(Yen)	1,653	1,878	1,979	2,080		2,022	2,428	2,697	2,635	2,841	2,785	2,689
Financial indicators													
Equity ratio	(%)	75.4	75.1	74.3	77.6		75.0	74.5	75.2	77.0	76.6	77.2	76.1
Return of equity	(%)	3.1	4.1	2.9	2.3		2.0	3.0	3.7	4.0	3.8	2.0	5.5
Return of assets	(%)	2.3	3.1	2.2	1.7		1.5	2.3	2.8	3.1	2.9	1.5	4.2
Price-earnings ratio		23.26	19.74	27.82	37.02		38.75	30.75	27.07	23.45	25.84	48.70	16.33
Dividend payout ratio	(%)	56.3	42.0	84.4	71.2		76.7	50.7	40.1	44.5	50.9	69.9	50.4
Stock information*2													
Capital stock	(Millions of yen)	11,352	11,352	11,352	11,352		11,352	11,352	11,352	11,352	11,352	11,352	11,352
Outstanding shares	(1,000 shares)	66,294	64,994	63,494	63,494		57,494	55,194	55,194	52,694	50,994	50,994	50,994
Treasury shares at end of year	(1,000 shares)	2,009	1,913	1,915	2,947		1,948	1,749	1,750	679	1,659	1,650	1,559
Repurchase of company stock	(1,000 shares)	1,016	1,203	1,500	1,030		5,000	2,100	—	1,430	2,679	—	—
Repurchase of company stock (amount)	(Millions of yen)	1,612	2,015	2,835	1,841		10,503	4,415	—	3,750	7,777	—	—
Shareholders Individuals	(%)	41.3	41.5	39.8	40.0		41.1	40.2	38.7	40.2	39.4	40.2	42.2
Financial institutions	(%)	18.4	16.9	15.9	16.7		18.1	19.6	20.6	22.7	23.3	22.9	22.7
Domestic corporations	(%)	28.5	28.5	28.2	26.0		23.9	23.4	22.1	21.0	21.2	20.1	19.3
Foreign corporations	(%)	8.7	10.2	13.0	12.6		13.5	13.7	15.4	14.7	12.8	13.5	12.7
Treasury shares	(%)	3.0	2.9	3.0	4.6		3.4	3.2	3.2	1.3	3.3	3.2	1.9
Number of employees													
Full-time employees	(Persons)	3,422	3,512	3,552	3,487		3,538	3,528	3,773	3,813	3,802	3,819	3,778
Duskin Co., Ltd.	(Persons)	2,039	1,952	1,936	1,928		1,960	1,954	1,991	2,020	1,974	1,988	2,000
Part-time employees*3	(Persons)	5,890	5,751	5,867	6,041		6,128	6,219	6,029	6,086	6,080	5,925	5,937
Duskin Co., Ltd.	(Persons)	2,079	1,715	1,541	1,478		1,588	1,607	1,488	1,438	1,121	1,057	1,129
Number of locations													
Total		9,304	9,912	10,087	10,425		11,610	11,693	12,359	13,675	14,688	15,353	16,558
Direct Selling Group		5,537	5,949	6,031	6,135		6,218	6,200	6,245	6,332	6,365	6,368	5,683
Food Group		1,450	1,422	1,398	1,354		1,314	1,195	1,119	1,037	1,003	985	996
Overseas and other businesses*1		2,317	2,541	2,658	2,936		4,215	4,298	4,995	6,306	7,320	8,000	9,879

*1 As of December 31 of the previous year
*2 Numbers of shares less than one thousand are rounded down.
*3 Annual average number of employees

Corporate Information

Corporate information (as of June 23, 2022)

Name	Duskin Co., Ltd.
Head Office	1-33 Toyotsu-cho, Suita-shi, Osaka 564-0051
Representative	Hiroyuki Okubo, Representative Director, President and CEO
Date established	February 4, 1963
Capital stock	11.3 billion yen (as of March 31, 2022)
Number of employees	2,000 (Duskin Co., Ltd. only), 3,778 (Consolidated) (as of March 31, 2022)

Subsidiaries and affiliates (as of June 30, 2022)

■ Direct Selling Group ■ Food Group ■ Other businesses

Consolidated subsidiaries

(Japan)

- Duskin Serve Hokkaido Co., Ltd.
- Duskin Serve Tohoku Co., Ltd.
- Duskin Serve Kita Kanto Co., Ltd.
- Duskin Serve Tokai Hokuriku Co., Ltd.
- Duskin Serve Kinki Co., Ltd.
- Duskin Serve Chugoku Shikoku Co., Ltd.
- Duskin Serve Kyushu Co., Ltd.
- Duskin Towada Co., Ltd.
- Duskin Utsunomiya Co., Ltd.
- Duskin Ina Co., Ltd.
- Duskin Echizen Co., Ltd.
- Duskin Yatsushiro Co., Ltd.
- Duskin Kagoshima Co., Ltd.
- Duskin Okinawa Co., Ltd.
- Duskin Shuttle Tokyo Co., Ltd.
- Azare Products Co., Ltd.
- Kyowa Cosmetics Co., Ltd.
- Chugai Sangyo Co., Ltd.
- EDIST Co., Ltd.
- Wakura Duskin Co., Ltd.
- Ono Duskin Co., Ltd.
- Duskin Product Hokkaido Co., Ltd.
- Duskin Product Tohoku Co., Ltd.
- Duskin Product Higashi Kanto Co., Ltd.
- Duskin Product Nishi Kanto Co., Ltd.
- Duskin Product Tokai Co., Ltd.
- Duskin Product Chu Shikoku Co., Ltd.
- Duskin Product Kyushu Co., Ltd.
- MD Food Co., Ltd.
- MD Food Tohoku Co., Ltd.
- MD Food Kyushu Co., Ltd.
- Katsu & Katsu Co., Ltd.
- Ever Fresh Hakodate Co., Ltd.
- Duskin Kyoeki Co., Ltd.
- Duskin Healthcare Co., Ltd.

(Overseas)

- Duskin Hong Kong Co., Ltd.
- Duskin Shanghai Co., Ltd.
- Big Apple Worldwide Holdings Sdn. Bhd.

Equity method affiliates

(Japan)

- NAC Co., Ltd.

(Overseas)

- Duskin Serve Taiwan Co., Ltd.
- Mister Donut Taiwan Co., Ltd.

History

1963	Feb.	Sani-Clean Company established.
	Nov.	Suita Laundry Plant opens as our first plant, manufacturing dust control products.
1964	June	Company name changed to Duskin Co., Ltd.
	Oct.	Home Duskin products launched throughout Japan.
1967	Sept.	Mop sewing plant (now operated by Wakura Duskin Co., Ltd.) opens.
1969	Aug.	Full membership in International Franchise Association (IFA) granted, in a first for a Japanese company.
1971	Jan.	ServiceMaster business launched.
	Apr.	Mister Donut business launched. First shop opens in Minoh, Osaka.
	July	Business renting industrial wiper cloth reutilizing scrapped Home Duskin cloths launched.
1976	Nov.	Cosmetics sales business (now called Health & Beauty) launched through a tie-up with AGA Co., Ltd.
1977	Apr.	Pest control business (now called Terminix) launched.
1978	Jan.	Mat manufacturing plant (now operated by Ono Duskin Co., Ltd.) opens.
	Oct.	Comprehensive rental business renting daily commodities (now called Rent-All) launched.
	Dec.	Uniform rental business (now called Uniform Service) launched.
1982	July	Management service of medical institutions (now operated by Duskin Healthcare Co., Ltd.) launched.
1989	July	Merry Maids business launched.
1990	Sept.	Corporate Headquarters, Duskin Pia, completed in Esaka, Osaka.
	Sept.	Ever Fresh Hakodate Co., Ltd. established.
1993	Oct.	New franchise system, Duskin Serve 100 launched.
1994	Dec.	Dust control business launched in Taiwan.
1999	Feb.	Katsu & Katsu business launched.
	Apr.	Catering business (now called Drink Service) launched.
	Nov.	TruGreen business (now rebranded as Total Green) launched.
2000	June	Home Instead Senior Care business (now rebranded as Duskin Life Care) launched.
2003	Apr.	Quality Assurance Committee (now called Sustainability Committee) initiated to establish quality assurance structure within the company.
	Apr.	Compliance Promotion Committee (now called Compliance Committee) initiated to build compliance structure within the company.
2004	July	Health Rent business launched.
	Sept.	Comprehensive capital and business alliance established with Mitsui & Co., Ltd.
	Oct.	Mister Donut business launched in Taiwan.
2006	May	Risk Management Committee was initiated to establish risk management structure within the company.
	Nov.	Dust control business launched in Shanghai, China.
	Dec.	Duskin stocks listed on the first section of the Tokyo Stock Exchange and the Osaka Securities Exchange. Note: The cash equity markets of the Tokyo Stock Exchange and the Osaka Securities Exchange were integrated on July 16, 2013.
2008	Feb.	Capital and business alliance with MOS Food Services Inc. established.
2010	Oct.	Azare Products Co., Ltd. and Kyowa Cosmetics Co., Ltd. acquired as wholly owned subsidiaries.
2014	Mar.	Chugai Sangyo Co., Ltd. acquired as a wholly owned subsidiary.
2015	May	First Mister Donut shop opens in Jakarta, Indonesia.
	Oct.	Pie Face business launched.
	Oct.	Duskin Museum opens.
2016	Apr.	Home Repair business launched.
2017	Feb.	Big Apple Worldwide Holdings Sdn. Bhd. acquired as a subsidiary.
2018	Sept.	Capital and business alliance with NAC Co., Ltd. established.
2019	Jan.	Katsu & Katsu Co., Ltd. established.
2021	May	EDIST Co., Ltd. acquired as a wholly owned subsidiary
2022	Apr.	Transitioned from the Tokyo Stock Exchange's First Section to the Prime Market

Stock Information

Stock summary (as of March 31, 2022)

Fiscal year-end	March 31
Annual general meeting of shareholders	June
Securities code	4665
Stock listing	Tokyo Stock Exchange (Prime Market) * As a result of the market segment restructuring implemented by the Tokyo Stock Exchange, Duskin transitioned from the First Section to the Prime Market.
Trading unit	100 shares
Number of authorized shares	200,000,000 shares
Number of shares issued	50,994,823 shares (including 975,229 shares of treasury stock)
Shareholders	47,772 (increased by 7,209 people compared to March 31, 2021)
Shareholder registry administrator	Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo
Independent auditor	Ernst & Young ShinNihon LLC

Types of Shareholders



- Individuals, other 42.17%
- Financial institutions 22.70%
- Other domestic corporations 19.33%
- Foreign corporations 12.74%
- Securities firms 1.15%
- Treasury shares 1.91%

Major Shareholders (Top 10 shareholders)

Name	No. of shares owned (1,000 shares)	Ownership ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	6,821	13.63
Custody Bank of Japan, Ltd. (Trust Account)	2,373	4.74
Nippn Corporation	1,800	3.59
Duskin Employee Stock Ownership Plan	1,582	3.16
Hirokata Ogasawara	1,415	2.82
Duskin Franchisee Stock Ownership Plan	1,108	2.21
Sumitomo Mitsui Banking Corporation	840	1.67
MOS Food Services, Inc.	760	1.51
Sumitomo Realty & Development Co., Ltd.	749	1.49
Daiwa House Industry Co., Ltd.	700	1.39

Notes: 1. Our company owns 975,229 shares of treasury stock but is excluded from the major shareholder list. The treasury stock does not include 584,100 shares of our company held by Custody Bank of Japan, Ltd.
2. Treasury shares are not included in the ownership ratio.

Third-party ESG evaluations

Duskin continues efforts to address various issues from the perspective of environmental, social and governance (ESG) criteria. These efforts have been recognized and awarded by socially responsible investment (SRI) rating agencies and external organizations.

FTSE Russell
FTSE Blossom Japan Sector Relative Index

FTSE Russell
FTSE Blossom Japan Index

The MSCI Japan Empowering Women Index (WIN)

The MSCI Japan ESG Select Leaders Index

JPX Group: S&P/JPX Carbon Efficient Index

Sompo Asset Management: Sompo Sustainability Index

Ministry of the Environment ESG Finance Award Japan

Sumitomo Mitsui Banking Corporation ESG/SDGs Assessment Syndication

Ministry of Economy, Trade and Industry 2022 Certified Health & Productivity Management Outstanding Organization White 500

Nikkei Smart Work Management

Third-party ESG evaluations https://www.duskin.co.jp/english/sus/evalution/