FY2023 1H (Apr. - Sept. 2023)

Financial Results

Duskin Co., Ltd.

November 22, 2023

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Highlights of Consolidated Financial Results (YoY comparison / vs. forecast)

YoY comparison: Net sales increased 4.8% year-on-year. Higher sales in the Food Group contributed to this result, despite lower sales in the Direct Selling Group and Other Businesses.
Profit decreased mainly due to a significant increase in Direct Selling Group cost of sales, which included the cost for RFID tag installation.

Vs. announced forecast: While Food Group sales were higher than forecast, sales of the Direct Selling Group and Other Businesses were lower than forecast. This resulted in higher-than-projected profits for the Food Group and lower-than-projected profits for the Direct Selling Group and Other Businesses.

Millions of yen

	1H FY2022 [1]		Forecast announced on May 15, 2023 [2]		1H FY2023 [3]		YoY [3] - [1]		Vs. forecast [3] - [2]	
		Profit margin		Profit margin		Profit margin		Percentage change		Percentage change
Net sales	81,913	–	86,200	–	85,821	–	+3,908	+4.8%	-378	-0.4%
Operating profit	5,300	6.5%	2,300	2.7%	2,947	3.4%	-2,352	-44.4%	+647	+28.2%
Ordinary profit	6,640	8.1%	3,300	3.8%	4,104	4.8%	-2,536	-38.2%	+804	+24.4%
Profit attributable to owners of parent	4,533	5.5%	2,000	2.3%	2,648	3.1%	-1,884	-41.6%	+648	+32.4%
EPS (Yen)	91.65	–	41.24	–	54.97	–	-36.68	-40.0%	+13.73	+33.3%

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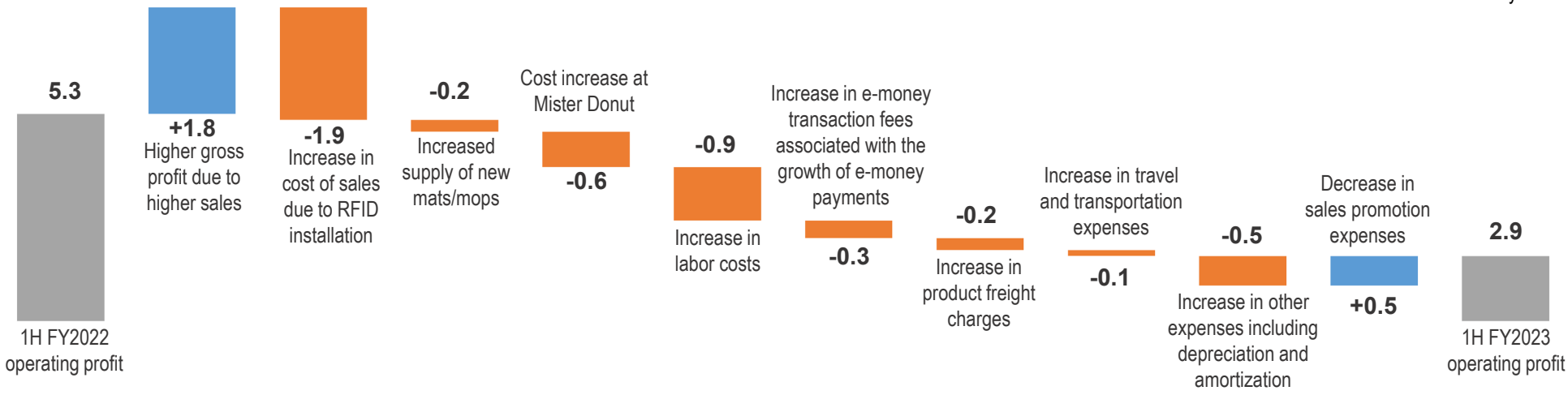
Year-on-Year Comparison

Millions of yen

		1H FY2022 [1]		1H FY2023 [2]		YoY [2] - [1]	
			Profit margin		Profit margin		Percentage change
Direct Selling Group	Net sales	54,188	–	53,434	–	-754	-1.4%
	Operating profit	5,081	9.4%	2,620	4.9%	-2,460	-48.4%
Food Group	Net sales	21,359	–	25,944	–	+4,585	+21.5%
	Operating profit	2,431	11.4%	3,109	12.0%	+678	+27.9%
Other Businesses	Net sales	8,029	–	7,799	–	-229	-2.9%
	Operating profit	443	5.5%	243	3.1%	-199	-45.1%
Intersegment elm. and corporate exp.	Net sales	-1,664	–	-1,357	–	+306	–
	Operating profit	-2,655	–	-3,025	–	-370	–
Consolidated	Net sales	81,913	–	85,821	–	+3,908	+4.8%
	Operating profit	5,300	6.5%	2,947	3.4%	-2,352	-44.4%

Factors affecting increase/decrease in consolidated operating profit

Billions of yen



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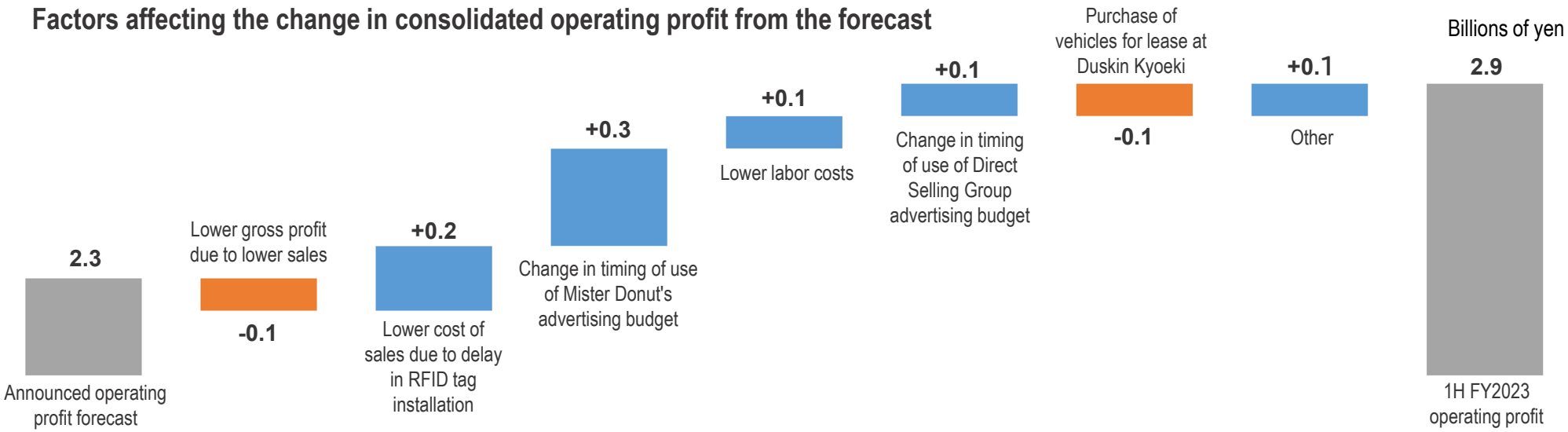
Results Versus Forecast

Millions of yen

		Forecast by segment announced on May 15, 2023 [1]		1H FY2023 [2]		Vs. forecast [2] - [1]	
			Profit margin		Profit margin		Percentage change
Direct Selling Group	Net sales	56,000	–	53,434	–	-2,565	-4.6%
	Operating profit	2,900	5.2%	2,620	4.9%	-279	-9.6%
Food Group	Net sales	22,800	–	25,944	–	+3,144	+13.8%
	Operating profit	1,900	8.3%	3,109	12.0%	+1,209	+63.7%
Other Businesses	Net sales	9,100	–	7,799	–	-1,300	-14.3%
	Operating profit	600	6.6%	243	3.1%	-356	-59.4%
Intersegment elm. and corporate exp.	Net sales	-1,700	–	-1,357	–	+342	–
	Operating profit	-3,100	–	-3,025	–	+74	–
Consolidated	Net sales	86,200	–	85,821	–	-378	-0.4%
	Operating profit	2,300	2.7%	2,947	3.4%	+647	+28.2%

Factors affecting the change in consolidated operating profit from the forecast



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Consolidated Balance Sheet Summary

Millions of yen

	As of Mar. 31, 2023	As of Sept. 30, 2023	Change
Cash and deposits	18,207	15,623	-2,584
Trade receivables	11,553	10,907	-645
Inventories	11,132	12,161	+1,028
Securities	19,864	18,097	-1,767
Other	8,364	8,925	+561
Total current assets	69,122	65,715	-3,406
Property, plant and equipment	49,076	49,546	+470
Intangible assets	7,454	7,116	-338
Investment securities	61,743	63,164	+1,421
Other	10,127	9,568	-559
Investments and other assets	71,871	72,733	+861
Total non-current assets	128,402	129,396	+993
Total assets	197,524	195,111	-2,413
Trade payables	7,594	7,096	-497
Other	29,238	24,879	-4,359
Total current liabilities	36,832	31,975	-4,856
Long-term borrowings	1,115	892	-223
Other	7,802	9,474	+1,672
Total non-current liabilities	8,917	10,367	+1,449
Total liabilities	45,750	42,343	-3,407
Share capital	11,352	11,352	±0
Retained earnings	124,943	125,240	+297
Treasury shares	-7,102	-8,583	-1,481
Valuation difference on AFS securities	8,532	10,815	+2,282
Other	14,048	13,943	-104
Total net assets	151,774	152,768	+994
Total liabilities and net assets	197,524	195,111	-2,413

Current assets

A decrease was posted in securities, mainly due to a decrease in the amount of money held in jointly-managed money trusts.

Non-current assets

An increase was posted in investment securities, mainly due to an increase in latent profit on equities held.

Current liabilities

Decreases were posted in accounts payable-other, income taxes payable, and provision for bonuses.

Net assets

527,000 shares (1,696 million yen) repurchased.

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Business Performance Summary (YoY comparison / vs. forecast)

Millions of yen

	1H FY2022 [1]		Forecast announced on May 15, 2023 [2]		1H FY2023 [3]					
							YoY [3] - [1]		Vs. forecast [3] - [2]	
		Profit margin		Profit margin		Profit margin		Percentage change		Percentage change
Net sales	54,188	–	56,000	–	53,434	–	-754	-1.4%	-2,565	-4.6%
Operating profit	5,081	9.4%	2,900	5.2%	2,620	4.9%	-2,460	-48.4%	-279	-9.6%

Net sales (YoY comparison)

- While sales in the mainstay Clean Service, Rent-All and cosmetics-related businesses declined, Care Service, Uniform Service, Life Care and Health Rent posted higher sales.
- Clean Service saw a drop in sales for both the residential and commercial markets, mainly due to lower sales of kitchen sponges, for which there had been a last-minute spike in demand ahead of their price revision on July 1 last year. Fewer business days than in the same period last year also affected the results.
- This fiscal year we began introducing dedicated sales teams for residential customers to our franchisee locations. Although they did not achieve their target numbers, company-owned sales offices and affiliated companies won more new contracts than they lost.

Net sales (vs. forecast)

- Clean Service
  - Residential market: 5.7% less than forecast
  - Commercial market: 3.4% less than forecast
- Rent-All: 4.0% less than forecast due to a drop in orders for hygiene services at coronavirus vaccination sites.

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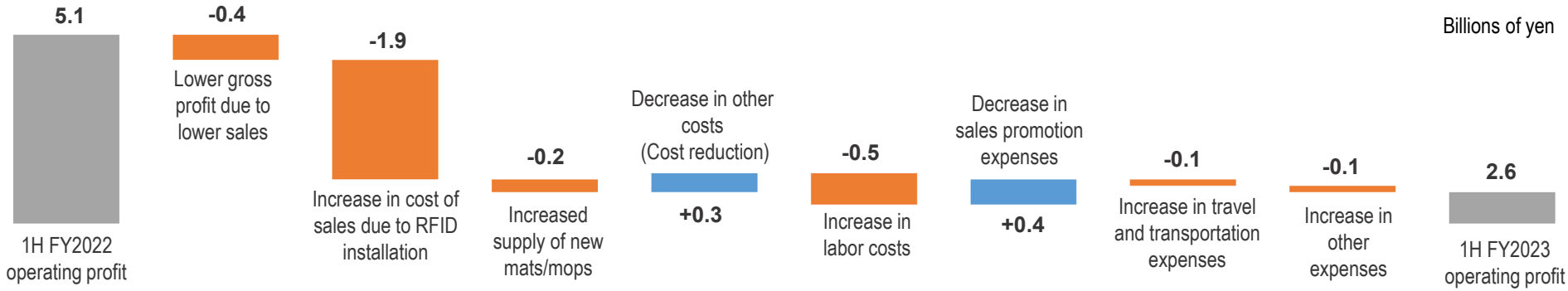
Operating Profit (YoY comparison / vs. forecast)

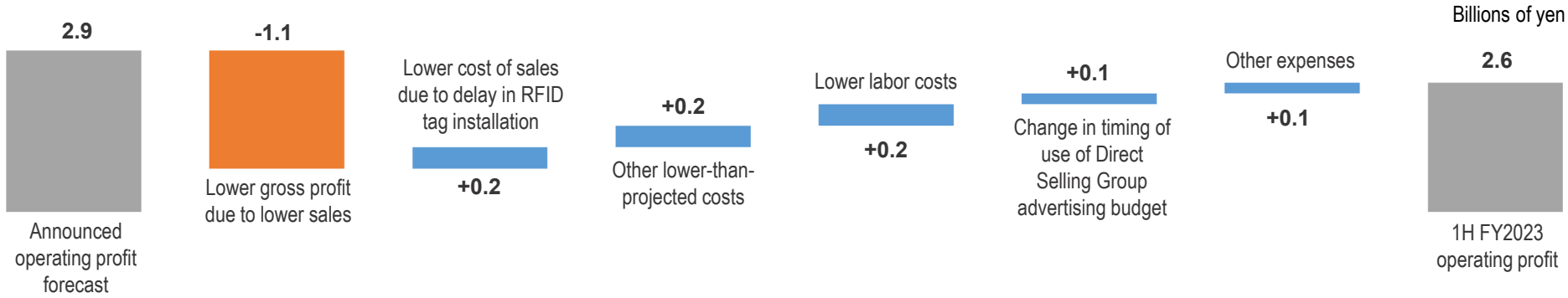
YoY comparison

Operating profit decreased, mainly due to a decrease in gross profit resulting from lower sales and an increase in cost of sales resulting from RFID installation. In addition, expenses — such as for personnel and for travel and transportation — increased as a result of the rollout of the sales teams specializing in paying sales visits.



Vs. forecast

The main reason for the lower-than-projected operating profit was that the dedicated sales teams did not meet their targets, resulting in lower overall sales than projected. We expect to complete the RFID tag installation during the current fiscal year as originally planned, although there is currently a slight delay.



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Business Performance Summary (YoY comparison / vs. forecast)

Millions of yen

	1H FY2022 [1]		Forecast announced on May 15, 2023 [2]		1H FY2023 [3]					
							YoY [3] - [1]		Vs. forecast [3] - [2]	
		Profit margin		Profit margin		Profit margin		Percentage change		Percentage change
Net sales	21,359	–	22,800	–	25,944	–	+4,585	+21.5%	+3,144	+13.8%
Operating profit	2,431	11.4%	1,900	8.3%	3,109	12.0%	+678	+27.9%	+1,209	+63.7%

Net sales (YoY comparison)

- Mister Donut maintained its strong performance.
  - Customer-level sales of existing shops are up 17.1% YoY.
  - Steady progress was also made in shop openings, with the number of shops in operation increasing by 10, from 998 at the end of the previous fiscal year to 1,008.
  - As a result, total customer-level sales for all shops were up 20.0% YoY.
- Katsu & Katsu opened one new restaurant and increased sales, while Pie Face closed one restaurant, resulting in a decrease in sales.

Net sales (vs. forecast)

- White Pon de Ring commemorating the 20th anniversary of Pon de Ring: 15.1% higher than forecast
- Soft French Cruller commemorating the 50th anniversary of Mister Donut's French Cruller: 14.0% higher than forecast

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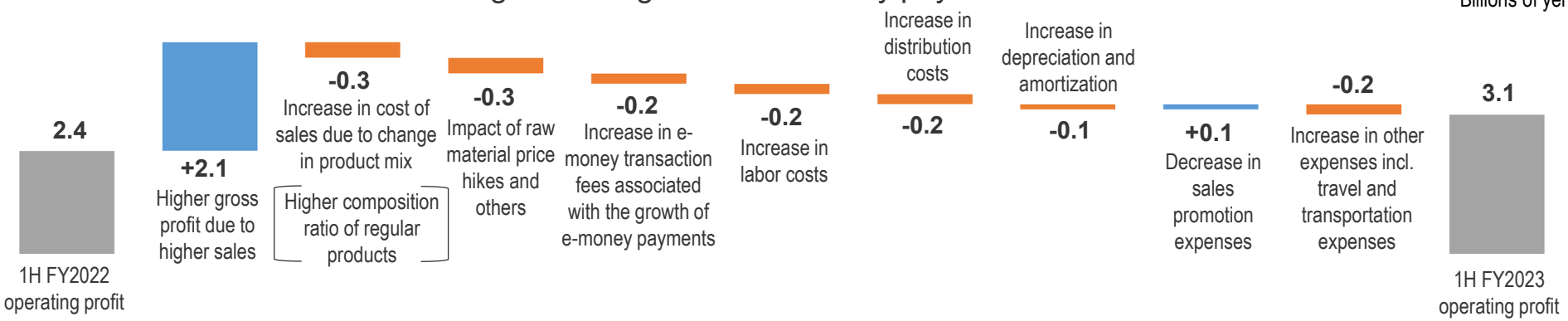
Operating Profit (YoY comparison / vs. forecast)

YoY comparison

Operating profit increased due to an increase in gross profit resulting from higher sales. Meanwhile, cost of sales increased, mainly due to higher composition ratio of regular products. Expenses were also higher due to an increase in transaction fees resulting from the growth of e-money payments.

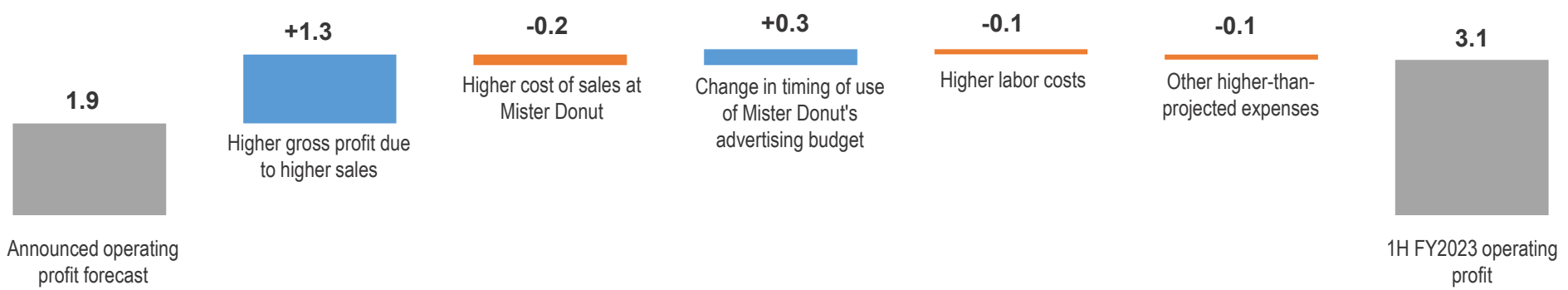
Billions of yen



Vs. forecast

Sales were higher than projected, and so was gross profit. We decided to carry over some of our advertising budget to the second half of the year.

Billions of yen



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Business Performance Summary (YoY comparison / vs. forecast)

Millions of yen

	1H FY2022 [1]		Forecast announced on May 15, 2023 [2]		1H FY2023 [3]					
							YoY [3] - [1]		Vs. forecast [3] - [2]	
		Profit margin		Profit margin		Profit margin		Percentage change		Percentage change
Net sales	8,029	—	9,100	—	7,799	—	-229	-2.9%	-1,300	-14.3%
Operating profit	443	5.5%	600	6.6%	243	3.1%	-199	-45.1%	-356	-59.4%

Net sales / operating profit (YoY comparison)

- Duskin Healthcare and Duskin Kyoeki reported higher sales.
- Overall sales declined YoY, mainly because we no longer procure paper towels from Duskin Hong Kong, which is slated for liquidation, and switched to sourcing from domestic suppliers.
- Big Apple Worldwide Holdings reported lower sales due to decreased customer traffic. This was because the pandemic has subsided and the flow of people has shifted from shopping malls, where the Big Apple shops are usually located, to the suburbs.

Net sales / operating profit (vs. forecast)

Due to an error in the target amount for overseas transactions, there was a large discrepancy between the forecast and actual results. (This will not affect the full-year forecast.)

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FY2023 Earnings Forecast by Segment

Millions of yen

		2H FY2022 results [1]		Pre-revision 2H FY2023 forecast announced on May 15, 2023 [2]		Revised 2H FY2023 forecast announced on Nov. 8, 2023							
						Full year		2H [3]		YoY [3] - [1]		Revised amount [3] - [2]	
			Profit margin		Profit margin		Profit margin		Profit margin		Percentage change		Revision rate
Direct Selling Group	Net sales	54,281	—	57,100	—	109,200	—	55,765	—	+1,484	+2.7%	-1,334	-2.3%
	Operating profit	3,032	5.6%	1,600	2.8%	4,100	3.8%	1,479	2.7%	-1,553	-51.2%	-120	-7.5%
Food Group	Net sales	27,520	—	30,100	—	56,700	—	30,755	—	+3,234	+11.8%	+655	+2.2%
	Operating profit	3,041	11.1%	3,700	12.3%	6,300	11.1%	3,190	10.4%	+148	+4.9%	-509	-13.8%
Other Businesses	Net sales	8,200	—	6,900	—	15,300	—	7,500	—	-700	-8.5%	+600	+8.7%
	Operating profit	259	3.2%	200	2.9%	600	3.9%	356	4.8%	+96	+37.3%	+156	+78.2%
Intersegment elm. and corporate exp.	Net sales	-1,421	—	-1,600	—	-2,500	—	-1,142	—	+278	—	+457	—
	Operating profit	-2,997	—	-3,300	—	-6,500	—	-3,474	—	-476	—	-174	—
Consolidated	Net sales	88,580	—	92,500	—	178,700	—	92,878	—	+4,297	+4.9%	+378	+0.4%
	Operating profit	3,337	3.8%	2,200	2.4%	4,500	2.5%	1,552	1.7%	-1,784	-53.5%	-647	-29.4%

What We Expect in the 2H

Direct Selling Group

In light of the sales trends in the 1H, we have revised our sales forecast for Clean Service downward for both the commercial and residential markets. For the 2H, we expect more vibrant sales activities, including 60th anniversary appreciation promotions. Sales are expected to be lower than projected, and gross profit will also be lower. The forecast takes into account some RFID installation costs carried over from the 1H and cost reduction efforts in the 2H.

Food Group

Mister Donut, which continues to perform well, is expected to post higher-than-forecast sales and profit in the 2H. However, operating profit is expected to be lower than initial projection. This is due to the carry-over of a portion of advertising expenses scheduled for use in the 1H to the 2H, as well as the addition of expenses associated with the drink product price revisions decided during the current fiscal year.

Other Businesses

Leasing sales of ovens leased to Mister Donut shops by Duskin Kyoeki, a consolidated subsidiary that operates a leasing business, are expected to be higher than projected. An error in the target amount for overseas transactions has been adjusted in the latest forecast.

Intersegment eliminations and corporate expenses

The forecast takes into account increased labor costs.

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Returns to Shareholders

Shareholder Return Policy during the Medium-Term Management Policy 2022 Period

- In addition to the payment of dividends, we will actively carry out the timely and flexible repurchasing of company shares. Our policy is to provide a profit return targeting a cumulative three-year total return ratio of 100% or higher.
- Our basic policy for shareholder return is to distribute profits in line with business performance while taking financial soundness into full consideration. 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.

Millions of yen

		1H FY2022 results		FY2023 projections		2-year total
Annual dividend amount	Ordinary dividend	4,350	(88 yen per share)	3,777	(78 yen per share)	8,128
	Commemorative dividend	–		968	(20 yen per share)*	968
Share repurchase		3,303	(Number of shares repurchased: 1,094,000 shares)	1,696	(Number of shares repurchased: 527,000 shares)	4,999
Total shareholder return		7,654		6,442		14,096
Total return ratio		106.4%		146.4%		121.6%

* 60th anniversary commemorative dividend

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Progress of the Medium-Term Management Policy 2022 Initiatives

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
  Expanding our areas of business and boosting the value chain by bringing new products and services to market
- Investment in new growth opportunities
  Creating social values by contributing to the resolution of pending social issues

Theme 2 | Establishing a solid foundation

Solidifying our business base to enhance corporate value

- Strengthening human and technology resources; reinforcing management systems for our organization and businesses

Theme 3 | Coexistence with local communities

Actions towards a sustainable society and management

- Contributing to the creation of a sustainable society and strengthening our corporate governance geared to the needs of society

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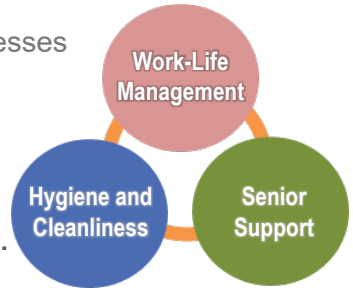
Medium-Term Management Policy 2022 Initiatives: Direct Selling Group

Theme 1 Reforming our business portfolios

● Reforming and expanding existing businesses

In line with our goal of helping both residential and commercial customers fine tune the rhythm of their daily lives, the Direct Selling Group is focusing on the three domains: hygiene and cleanliness, work-life management and senior support. The group is pursuing five strategies to deepen and expand its businesses in each of these domains.



Product/Service Development Strategies

Work-Life Management

- Verification of the Duskin Rescue services
  Kobe, Nagoya and Tokyo were added as new verification areas.

暮らしの安心駆けつけ DUSKIN RESCUE

- Collaborative project with Qracian Co., Ltd.
  Started on a trial basis in the Kansai region.

くらし安心－クラシアン QRACIAN

Hygiene and Cleanliness

- Growth of the Disaster Risk Reduction Support Services
  Number of participating municipalities increased 60%, from 32 last year to 51.

タスキン レントオール DUSKIN RENT-ALL

Senior Support

- A new preventive nursing care facility
  Opened a preventive nursing care facility in Wako, Saitama to support the energetic living and help prevent frailty of local elderly residents.



Preventive nursing care facility, Wako Iki-Iki Life Service Plaza

Note: The above figures are as of September 30, 2023.

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Medium-Term Management Policy 2022 Initiatives: Direct Selling Group

Theme 1 Reforming our business portfolios

● Reforming and expanding existing businesses

Our immediate goal is to create new points of contact with our customers through information and distribution reforms. We will also work to improve customer retention.

Organizational Strategies

- Sales teams specializing in paying sales visits to residential customers introduced to franchisees.
  Already introduced at 113 franchisees.
- Number of new contracts signed by such sales teams
  Approx. 15,000 (Up 133% YoY)



Location Strategies

- Care Service
  39 new sales locations opened
- Senior Care
  7 new sales locations opened

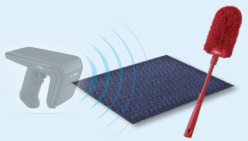
CX Strategies

- Reinforcement of web advertising
  The number of applications for trial use of rental products increased 16% YoY.
- Increase in the number of DDuet members
  Up 22% YoY to approx. 1.58 million members



Distribution Strategies

- Introduction of RFID tags for greater efficiency
  Installation on the target products is scheduled to be completed by the end of FY2023.



Note: The above figures are as of September 30, 2023.

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Medium-Term Management Policy 2022 Initiatives: Food Group

Theme 1 Reforming our business portfolios

● Reforming and expanding existing businesses

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

New Business Model Development

Develop new business models that cater to different locations, customer base and needs than the existing brands.

Strengthening of the Current Value Chain

Realize in-house processing of key raw materials and in-house distribution in existing businesses.

Merchandising

Create new products and sales opportunities leveraging the brand.

Product/Service Development Strategies

Mister Donut



The second installment of MISDO Meets Gion Tsujiri, a series of products jointly developed with Kyoto green tea specialty brand Gion Tsujiri.



Crunchy Soft Ring, a crunchy yet soft donut with two flavors inside.



White Pon de Ring, a product commemorating the 20th anniversary of Pon de Ring with a novel look and texture, was launched.



Soft French Cruller, a soft, moist and melt-in-your-mouth donut celebrating the 50th anniversary of the French Cruller, was launched.

Katsu & Katsu



A series of summer seasonal set menus were offered, including cold “hiyajiru” soup set and soba noodles made from stone-ground buckwheat flour.



A series of autumn seasonal set menus were offered, including fresh-from-oven, crispy fried oysters made from large, plump oysters from Hiroshima.

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Medium-Term Management Policy 2022 Initiatives: Food Group

Theme 1 Reforming our business portfolios

● Reforming and expanding existing businesses

Our current objective is to expand sales opportunities through information and distribution reforms.

Shop Opening Strategies

- New shops opened during the 1H: 22
- Number of operating shops nationwide: 1,008
  Of which, drive-through shops: 8
  (Number of shops increased during the 1H: 1)
- Number of shops renovated during the 1H: 78





CX Strategies

- Online order recognition rate: 49%
  (+2.0 pp over the same month last year)

misdo ネットオーダー

- Number of shops offering delivery services*: 523
  (Number of shops increased during the 1H: 163)

*This refers to the number of shops that have contracted with delivery service providers.

Uber Eats

Wolt



Note: The above figures are as of September 30, 2023.

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Medium-Term Management Policy 2022 Initiatives

Theme 1 Reforming our business portfolios

● Investment in new growth opportunities

We will create social value by doing our part to solve the social issues that need to be addressed in the future.

Invest actively through M&A, venture investments, R&D investments and industry-academia collaborations.

- Invested in and signed a business alliance agreement with JP-Holdings, Inc., a leading childcare support company that operates more than 300 childcare facilities (daycare, after-school clubs and children's clubs) mainly in the Tokyo and Kanto area.



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Medium-Term Management Policy 2022 Initiatives

Theme 1 Reforming our business portfolios

● Investment in new growth opportunities

Overseas Strategy

- R E & S Enterprises Pte Ltd, with whom we concluded a master franchise agreement for the Mister Donut business, opened its first Mister Donut shop in Singapore.
  - First shop opened in Bishan in May 2023
    Second shop opened in Novena in July 2023





First Mister Donut shop in Singapore

- A household cleaning service was introduced in Taipei, Taiwan, as a service to help consumers achieve a more affluent lifestyle.

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Medium-Term Management Policy 2022 Initiatives

Theme 2 Establishing a solid foundation

● Strengthening human and technology resources; reinforcing management systems for our organization and businesses

Human Capital Management

- In response to recent technological and social changes, we introduced an educational tool that allows employees to autonomously learn necessary skills. Approximately 350 employees have used this tool, and the number of learning hours has reached 2,306 (as of September 30, 2023).



Digital Transformation (DX)

- We initiated a project to examine methods to restructure computer systems to migrate from legacy systems to cloud computing.

Theme 3 Coexistence with local communities

● Contributing to the creation of a sustainable society and strengthening our corporate governance geared to the needs of society

Commitment to Global Conservation

- We will continue to pursue the Duskin Green Target 2030 goals.
- As a measure to further reduce CO_2 emissions, we began sales fleet EV conversion demonstration tests.

Responding to climate change helps
achieve a decarbonized society

2030 targets
- Renewable energy use rate of **50%**
- Reduce CO2 emissions across Duskin Group locations by **46%** compared to 2013

Scope 1 and 2: 46% reduction;
Scope 3: 26% reduction.



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Appendix

Duskin Co., Ltd. (Non-consolidated) Financial Summary

Millions of yen

	1H FY2022 [1]		1H FY2023 [2]		YoY change [2] – [1]	
		Profit margin		Profit margin		Percentage change
Net sales	66,331	–	69,960	–	+3,628	+5.5%
Operating profit	3,910	5.9%	1,799	2.6%	-2,110	-54.0%
Ordinary profit	7,315	11.0%	5,097	7.3%	-2,218	-30.3%
Net profit	5,659	8.5%	3,983	5.7%	-1,675	-29.6%

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Customer-Level Sales

Millions of yen

	1H FY2022 [1]	1H FY2023 [2]	YoY change	Percentage change
Direct Selling Group	**134,436**	**133,869**	**-567**	**-0.4%**
Total Clean Service	86,671	85,003	-1,667	-1.9%
Clean Service (residential customer)	40,970	39,727	-1,242	-3.0%
Clean Service (commercial customer)	45,700	45,276	-424	-0.9%
Total Care Service	28,835	29,791	+955	+3.3%
ServiceMaster	16,373	16,803	+429	+2.6%
Merry Maids	5,647	5,770	+123	+2.2%
Terminix	4,763	4,994	+230	+4.8%
Total Green	1,921	2,095	+174	+9.1%
Home Repair	128	126	-1	-1.4%
Rent-All	7,517	7,296	-221	-2.9%
Health Rent	6,592	6,965	+372	+5.6%
Uniform Service	1,476	1,482	+6	+0.4%
Azare Products	1,224	1,335	+111	+9.1%
Life Care	1,181	1,110	-71	-6.0%
Health & Beauty	937	883	-53	-5.8%
Food Group	**47,222**	**56,535**	**+9,312**	**+19.7%**
Mister Donut	46,356	55,628	+9,271	+20.0%
Katsu & Katsu	840	890	+50	+6.0%
Other food businesses	25	15	-9	-37.8%
Other Businesses	**17,066**	**18,723**	**+1,657**	**+9.7%**
Clean Service and Care Service (Overseas)	3,919	3,989	+70	+1.8%
Mister Donut (Overseas)	7,868	9,380	+1,512	+19.2%
Big Apple	1,011	965	-46	-4.6%
Duskin Healthcare	4,266	4,387	+112	+1.3%
Total	**198,725**	**209,127**	**+10,402**	**+5.2%**

Notes:
- The above sales figures represent total sales for our domestic and overseas company-owned sales locations and subsidiaries, as well as projected sales for our franchisees. These figures are for reference purposes.
- Figures for the customer-level sales of our overseas businesses are noted in total figures for January-December in order to accommodate the fiscal year-end for our overseas subsidiaries included in our consolidated financial statements.
- Sales of MOSDO are included in those of Mister Donut.

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Number of Sales Units

No. of units

	As of Mar. 31, 2023	As of Sept. 30, 2023	Change
Direct Selling Group	**5,728**	**5,732**	**+4**
Clean Service	1,838	1,825	-13
ServiceMaster	1,183	1,189	+6
Merry Maids	790	795	+5
Terminix	553	550	-3
Total Green	166	167	+1
Home Repair	103	106	+3
Rent-All	102	102	+0
Health Rent	180	184	+4
Uniform Service	215	215	+0
Azare Products	43	43	+0
Life Care	96	97	+1
Health & Beauty	459	459	+0
Food Group	**1,014**	**1,025**	**+11**
Mister Donut	998	1,008	+10
Katsu & Katsu	15	16	+1
Other food businesses	1	1	+0
Other Businesses	**11,474**	**11,957**	**＋483**
Clean Service and Care Service (Overseas)	25	25	+0
Mister Donut (Overseas)	11,362	11,842	+480
Big Apple	87	90	+3
Total	**18,216**	**18,714**	**+498**

Notes:
- Because some business locations operate multiple businesses, the number of locations above may differ from the actual number of offices.
- The number of sales locations is the total of company-owned sales locations, those operated by subsidiaries and franchisees. (The figures show the number of locations in operation.)
- The number of overseas sales locations is as of December 31.

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Business Segments and Their Businesses

Direct Selling Group

Direct Selling

For residential customer market

- **Clean Service** (Rental service through periodic visits)
  - Dust Control [Mops and mats]
  - Air Control [Air purifiers]
  - Water Control [Water purifiers]
  - Drink Service [Mineral water delivery]
- **Care Service** (Professional cleaning and technical services)
  - ServiceMaster [Professional cleaning]
  - Merry Maids [Home cleaning and helper services]
  - Terminix [Pest control and prevention]
  - Total Green [Plant and flower upkeep]
  - Home Repair [Wall and floor repair]
- **Health & Beauty** [Cosmetics and health food]
- **Life Care** [Support services for seniors]

For commercial customer market

- **Clean Service** (Rental service through periodic visits)
  - Dust Control [Mops and mats]
  - Clean Service [Restroom products]
  - Air Control [Air purifiers]
  - Water Control [Water purifiers]
  - Wipeful Service [Wiper cloths]
  - Drink Service [Office coffee service]
- **Care Service** (Professional cleaning and technical services)
  - ServiceMaster [Office cleaning]
  - Terminix [Pest control and prevention]
  - Total Green [Plant and flower upkeep]
  - Home Repair [Wall and floor repair]
- **Uniform Service** [Leasing, sales and cleaning]

In-Store Sales

- **Rent-All** [Event planning/operation and rental of daily items]
- **Health Rent** [Rental and sales of assisted-living products]

Food Group

- **Mister Donut** [Homemade donut shops]
- **MOSDO** [Collaborated shops with MOS Burger]
- **Katsu & Katsu** [Pork cutlet restaurants]
- **Pie Face** [Pie specialty shops]

Other Businesses

- **Duskin Healthcare** [Hospital hygiene management service]
- **Duskin Kyoeki** [Leasing business and insurance services]
- **Overseas businesses**
  - Clean Service and Care Service
  - Mister Donut
  - Big Apple
  - Duskin Hong Kong (Slated for liquidation)

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Dust Control Business Model

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.

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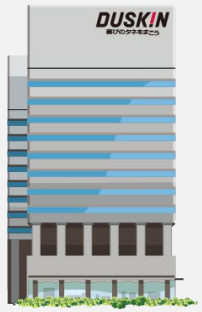


Products →

Production & logistics



Production & logistics

45 nationwide

The number of facilities includes those that only perform cleaning or logistics.

Delivery (Rental) →

← Collecting used mops and mats

Franchisees



Sales unit

Approx. **1,830** nationwide

Sales representatives

Approx. **58,000**

Rental →

← Returning used mops and mats

Customers



Households

Approx. **4.15** million

Businesses

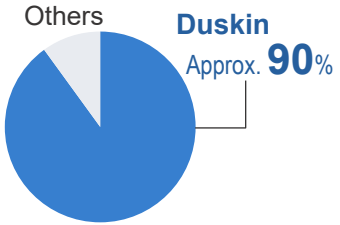
Approx. **1.03** million

Our competitive advantages

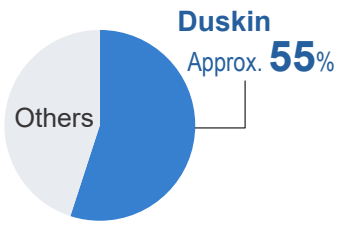
1. A solid customer basis
2. Franchise networks and product delivery systems rooted in the community
3. A reputation for trust and reliability built through our 55-plus-year history
4. Cross-selling opportunities available by way of a synergistic effect between the Direct Selling Group businesses
5. Extensive training curricula and comprehensive training facilities

Market share

Residential customer



Commercial customer



Source: Japan Dust Control Association data (assembled by Duskin)

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Care Service and Senior Care Business Models

Care Service

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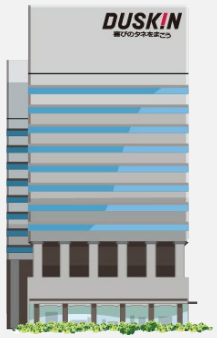

Trademark granting; provision of know-how; provision of chemicals, equipment and materials; assistance in recruiting human resources →

← Royalties

Franchisees
(Number of locations)



- ServiceMaster — **1,189** nationwide
- Merry Maids — **795** nationwide
- Terminix — **550** nationwide
- Total Green — **167** nationwide
- Home Repair — **106** nationwide

Service →

← Service fee

Customers



- Households
- Businesses

Senior Care

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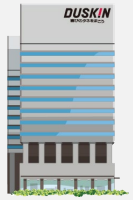

Trademark granting; provision of know-how; assistance in recruiting human resources →

← Royalties

↑ Purchase

Franchisees



Health Rent
184 nationwide

Equipment rental →

← Collecting used equipment

Cooperation ↕

Elderly people (User)

Care planning and consultation ↕

Service ←

→ Service fee

Franchisees



Life Care
97 nationwide

Trademark granting; provision of know-how; assistance in recruiting human resources ←

→ Royalties

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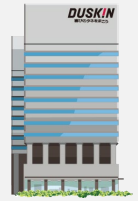

Welfare equipment manufacturer

Nursing-care insurance system
Care managers

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

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Mister Donut Business Models

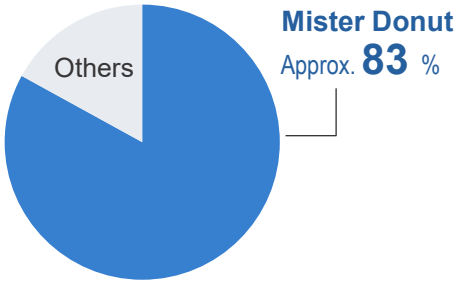
To realize our goal of creating shops where every customer happens upon “something good” at any time, we make the Mister Donut experience fun and our products always delicious.



Our competitive advantages

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

Market share



Source: Calculated by Duskin

Note: As some shops operate multiple businesses, the number of shops above may differ from the actual number of shops.

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Cautionary Note Regarding Forward-Looking Statements
These materials contain forward-looking statements concerning forecasts, goals, strategies and other matters of the Company and its consolidated subsidiaries. These forward-looking statements are based on information currently available to the Company and certain assumptions that the Company deems reasonable and are not intended to be a promise by the Company that they will be achieved. Actual results may differ materially due to various factors.