FY2023　(Apr. 2023 - Mar. 2024)

# Financial Results

Duskin Co., Ltd.

May 21, 2024

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# Highlights of Consolidated Financial Results (vs. prior year / vs. forecast)

Vs. prior year: Sales declined in the Direct Selling Group and Other Businesses. The Food Group posted a significant increase in sales. Profit decreased due to higher costs associated with the installation of RFID tags, as well as higher expenses, including personnel expenses and expenses incurred in response to the introduction of the qualified invoice system.

Vs. announced forecast: Sales were largely in line with forecasts, while profits were higher. Profit was higher than expected mainly because the cost ratio of Mister Donut was lower than expected.

Millions of yen

| | FY2022 [1] | | Forecast announced on May 15, 2023 [2] | | FY2023 [3] | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Vs. prior year [3] - [1] | | Vs. forecast [3] - [2] | |
| | | Profit margin | | Profit margin | | Profit margin | | Percentage change | | Percentage change |
| Net sales | 170,494 | – | 178,700 | – | 178,782 | – | +8,288 | +4.9% | +82 | +0.0% |
| Operating profit | 8,637 | 5.1% | 4,500 | 2.5% | 5,084 | 2.8% | -3,553 | -41.1% | +584 | +13.0% |
| Ordinary profit | 11,375 | 6.7% | 6,500 | 3.6% | 7,863 | 4.4% | -3,512 | -30.9% | +1,363 | +21.0% |
| Profit attributable to owners of parent | 7,196 | 4.2% | 4,400 | 2.5% | 4,574 | 2.6% | -2,622 | -36.4% | +174 | +4.0% |
| EPS (Yen) | 146.13 | – | 90.72 | – | 95.01 | – | -51.12 | -35.0% | +4.29 | +4.7% |
| ROE | 4.77% | – | – | – | 2.99% | – | -1.77 | – | | – |

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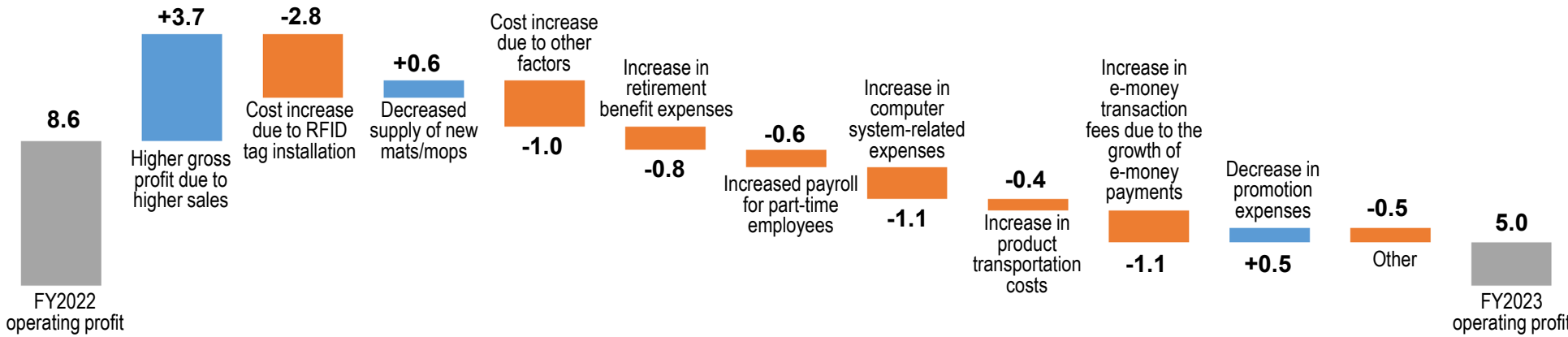
# Results Versus Prior Year

Millions of yen

| | | FY2022 [1] | | FY2023 [2] | | Vs. prior year [2] - [1] | |
|---|---|---|---|---|---|---|---|
| | | | Profit margin | | Profit margin | | Percentage change |
| Direct Selling Group | Net sales | 108,469 | – | 107,464 | – | -1,004 | -0.9% |
| | Operating profit | 8,114 | 7.5% | 4,142 | 3.9% | -3,971 | -48.9% |
| Food Group | Net sales | 48,879 | – | 58,437 | – | +9,557 | +19.6% |
| | Operating profit | 5,473 | 11.2% | 6,916 | 11.8% | +1,443 | +26.4% |
| Other Businesses | Net sales | 16,229 | – | 15,646 | – | -583 | -3.6% |
| | Operating profit | 702 | 4.3% | 440 | 2.8% | -262 | -37.3% |
| Intersegment elm. and corporate exp. | Net sales | -3,085 | – | -2,766 | – | +319 | – |
| | Operating profit | -5,652 | – | -6,415 | – | -762 | – |
| Consolidated | Net sales | 170,494 | – | 178,782 | – | +8,288 | +4.9% |
| | Operating profit | 8,637 | 5.1% | 5,084 | 2.8% | -3,553 | -41.1% |

## Factors affecting increase/decrease in consolidated operating profit

Billions of yen

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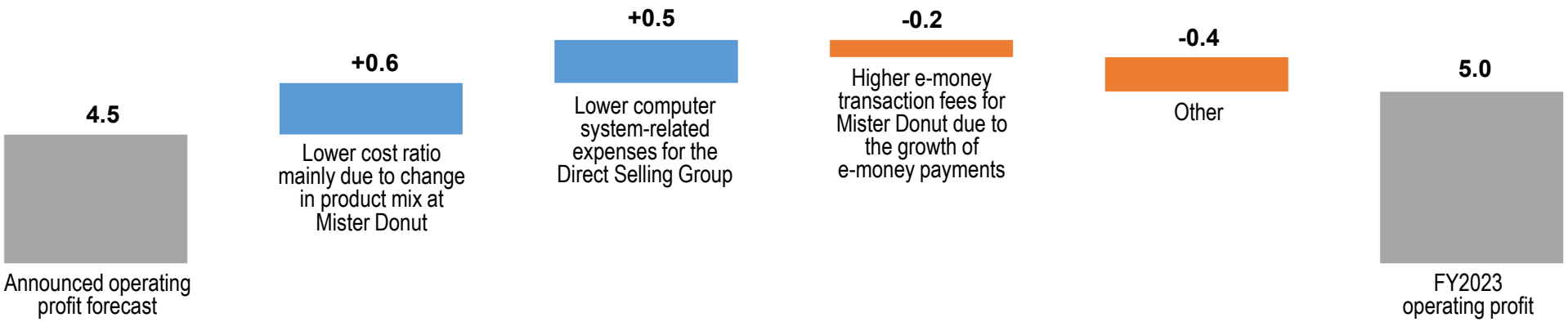
# Results Versus Forecast

Millions of yen

| | | Forecast by segment announced on Nov. 8, 2023 [1] | | FY2023 [2] | | Vs. forecast [2] - [1] | |
|---|---|---|---|---|---|---|---|
| | | | Profit margin | | Profit margin | | Percentage change |
| Direct Selling Group | Net sales | 109,200 | – | 107,464 | – | -1,735 | -1.6% |
| | Operating profit | 4,100 | 3.8% | 4,142 | 3.9% | +42 | +1.0% |
| Food Group | Net sales | 56,700 | – | 58,437 | – | +1,737 | +3.1% |
| | Operating profit | 6,300 | 11.1% | 6,916 | 11.8% | +616 | +9.8% |
| Other Businesses | Net sales | 15,300 | – | 15,646 | – | +346 | +2.3% |
| | Operating profit | 600 | 3.9% | 440 | 2.8% | -159 | -26.6% |
| Intersegment elm. and corporate exp. | Net sales | -2,500 | – | -2,766 | – | -266 | – |
| | Operating profit | -6,500 | – | -6,415 | – | +84 | – |
| Consolidated | Net sales | 178,700 | – | 178,782 | – | +82 | +0.0% |
| | Operating profit | 4,500 | 2.5% | 5,084 | 2.8% | +584 | +13.0% |

## Factors affecting the change in consolidated operating profit from the forecast

Billions of yen

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# Consolidated Balance Sheet Summary

Millions of yen

| | As of Mar. 31, 2023 | As of Mar. 31, 2024 | YoY change |
|---|---|---|---|
| Cash and deposits | 18,207 | 14,434 | -3,772 |
| Trade receivables | 11,553 | 11,158 | -395 |
| Inventories | 11,132 | 11,607 | +475 |
| Securities | 19,864 | 12,200 | -7,663 |
| Other | 8,364 | 9,903 | +1,539 |
| Total current assets | 69,122 | 59,305 | -9,817 |
| Property, plant and equipment | 49,076 | 50,489 | +1,412 |
| Intangible assets | 7,454 | 7,414 | -39 |
| Investment securities | 61,743 | 73,862 | +12,119 |
| Other | 10,127 | 11,008 | +880 |
| Investments and other assets | 71,871 | 84,870 | +12,999 |
| Total non-current assets | 128,402 | 142,774 | +14,372 |
| Total assets | 197,524 | 202,079 | +4,555 |
| Trade payables | 7,594 | 7,800 | +206 |
| Other | 29,238 | 28,978 | -259 |
| Total current liabilities | 36,832 | 36,778 | -53 |
| Long-term borrowings | 1,115 | 747 | -368 |
| Other | 7,802 | 10,099 | +2,297 |
| Total non-current liabilities | 8,917 | 10,847 | +1,929 |
| Total liabilities | 45,750 | 47,626 | +1,875 |
| Share capital | 11,352 | 11,352 | ±0 |
| Retained earnings | 124,943 | 122,518 | -2,425 |
| Treasury shares | -7,102 | -5,464 | +1,638 |
| Valuation difference on AFS securities | 8,532 | 11,342 | +2,809 |
| Other | 14,048 | 14,704 | +656 |
| Total net assets | 151,774 | 154,453 | +2,679 |
| Total liabilities and net assets | 197,524 | 202,079 | +4,555 |
| Interest-bearing debt | 1,115 | 916 | -199 |

## Current assets

Securities decreased, mainly due to redemption of bonds.

## Non-current assets

Investment securities increased, mainly due to acquisition of shares of JP-Holdings, Inc.

## Current liabilities

Deferred tax liabilities increased due to increase in market value of shares held.

## Net assets

- Valuation difference on available-for-sale securities increased due to increase in market value of shares held.
- 527,000 shares (1,696 million yen) repurchased. (995,000 shares were cancelled on March 29, 2024.)

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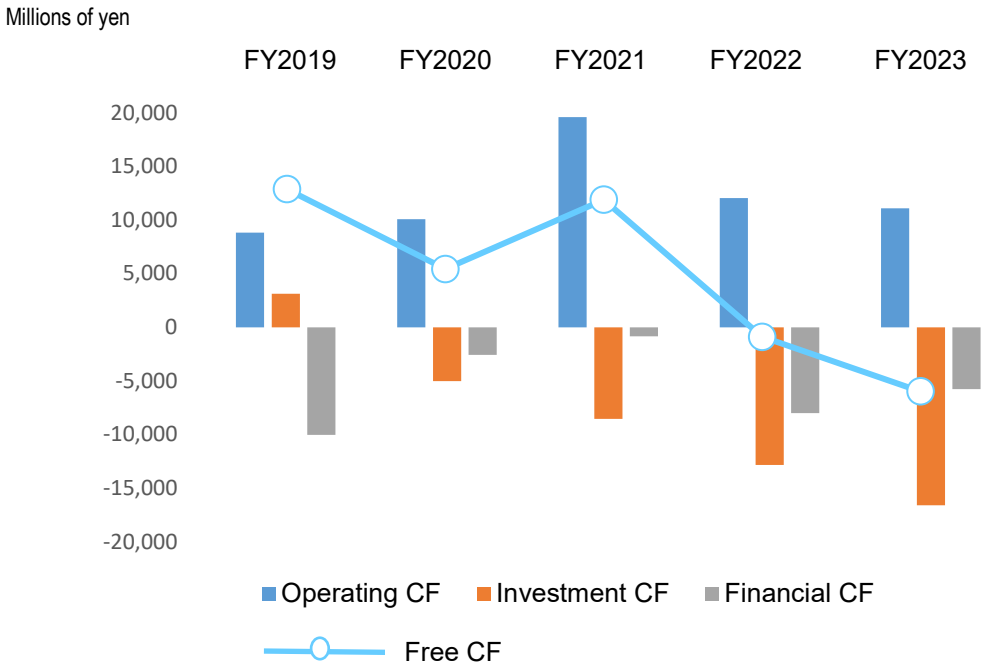
# Consolidated Cash Flow Summary




**Operating CF:**
Decreased due to an increase in RFID tag installation costs and expenses incurred from the introduction of the qualified invoice system.

**Investment CF:**
Expenditures increased due to such factors as the acquisition of shares of JP-Holdings, Inc.

**Financial CF:**
The amount of stock repurchases decreased.
FY2022: 3,303 million yen
FY2023: 1,696 million yen

Millions of yen

| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | YoY change |
|---|---|---|---|---|---|---|
| Operating CF | 8,850 | 10,103 | 19,596 | 12,061 | 11,093 | -968 |
| Investment CF | 3,137 | -5,019 | -8,524 | -12,844 | -16,604 | -3,760 |
| Free CF | 11,988 | 5,083 | 11,071 | -782 | -5,510 | -4,728 |
| Financial CF | -10,022 | -2,563 | -835 | -7,992 | -5,743 | +2,248 |
| Cash and cash equivalents at end of year | 27,167 | 29,674 | 39,963 | 31,275 | 20,024 | -11,250 |

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# Business Performance Summary (vs. prior year / vs. forecast)

Millions of yen

| | FY2022 [1] | | Forecast announced on Nov. 8, 2023 [2] | | FY2023 [3] | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Vs. prior year [3] - [1] | | Vs. forecast [3] - [2] | |
| | | Profit margin | | Profit margin | | Profit margin | | Percentage change | | Percentage change |
| Net sales | 108,469 | – | 109,200 | – | 107,464 | – | -1,004 | -0.9% | -1,735 | -1.6% |
| Operating profit | 8,114 | 7.5% | 4,100 | 3.8% | 4,142 | 3.9% | -3,971 | -48.9% | +42 | +1.0% |

## Net sales (vs. prior year)

- In the mainstay Clean Service business, sales declined in both the residential and commercial markets.
  - The number of customers began to increase at our company-owned sales offices and affiliated companies, thanks to the efforts of the sales teams dedicated to sales visits to households.
  - The number of orders received increased through digital channels, including website.
- Customer-level sales of Care Service increased, with air conditioner cleaning business performing well.
- Sales of Rent-All declined due to a decrease in orders for hygiene services at coronavirus vaccination sites.
  - Number of events is returning to pre-pandemic levels.
  - Services for municipalities to set up a system to provide necessary supplies and equipment in the event of a disaster also performed well.

## Net sales (vs. forecast)

In the core Clean Service business, sales were lower than forecast for both the residential and commercial markets.

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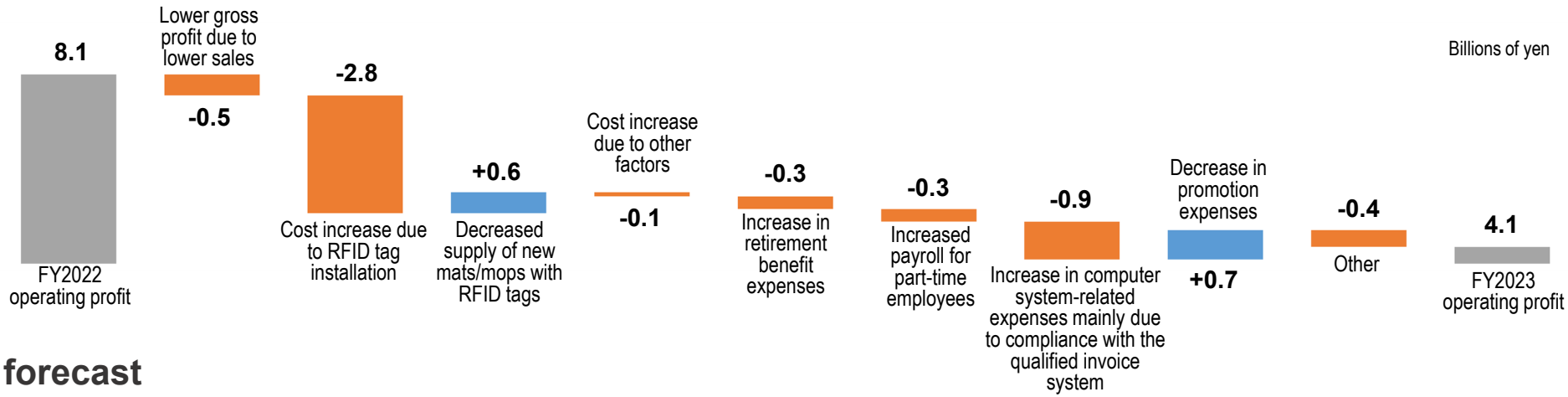
# Operating Profit (vs. prior year / vs. forecast)

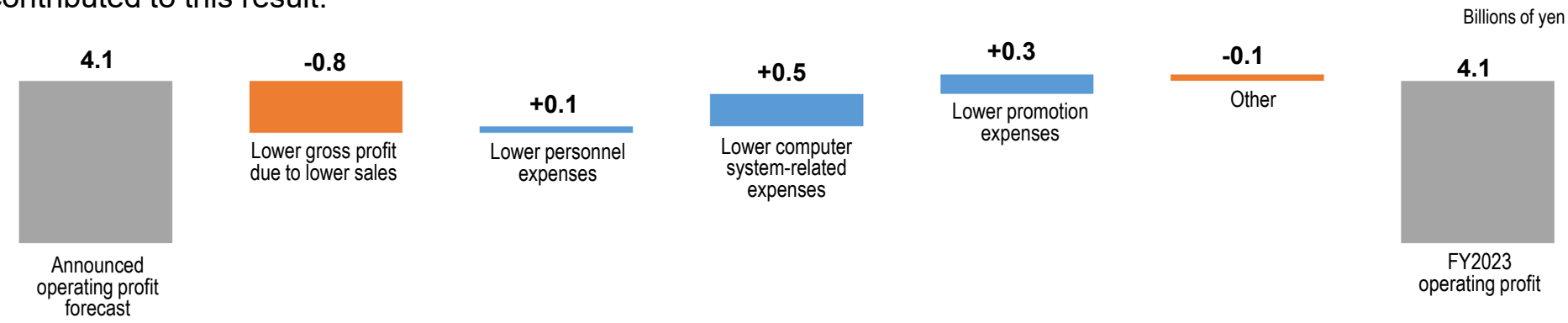
## Vs. prior year

Operating profit decreased from the previous year, mainly due to an increase in RFID tag installation costs and computer system-related expenses incurred from the introduction of the qualified invoice system. Advertising and other sales promotion expenses decreased. (In the previous year, the Group had posted advertising expenses to publicize the price revision.)




## Vs. forecast

The results were in line with the forecast. Although gross profit was down due to lower sales, cost reductions contributed to this result.

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# Business Performance Summary (vs. prior year / vs. forecast)

Millions of yen

| | FY2022 [1] | | Forecast announced on Nov. 8, 2023 [2] | | FY2023 [3] | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Vs. prior year [3] - [1] | | Vs. forecast [3] - [2] | |
| | | Profit margin | | Profit margin | | Profit margin | | Percentage change | | Percentage change |
| Net sales | 48,879 | – | 56,700 | – | 58,437 | – | +9,557 | +19.6% | +1,737 | +3.1% |
| Operating profit | 5,473 | 11.2% | 6,300 | 11.1% | 6,916 | 11.8% | +1,443 | +26.4% | +616 | +9.8% |

## Vs. prior year

- The core business, Mister Donut, continued to perform well.
  - Customer-level sales (total of all shops) +18.3%, sales per customer +6.1%, number of customers +11.9%
- The number of shops in operation during the last month of the fiscal year increased by 19 year-on-year. As a result, the total number of shops in operation for the year, calculated simply by adding the number of shops in operation each day for the year, also increased.
  - Number of shops in operation – Increased from 998 in March 2023 to 1,017 in March 2024
  - Total number of shops in operation during the year: Up 2.4%
- Sales of anniversary products, including the White Pon De Ring for the 20th anniversary of the Pon De Ring, contributed to the increase in sales.

## Net sales (vs. forecast)

In-store dining sales exceeded the forecast, mainly due to the favorable impact of the transition of the coronavirus infection to a Category V infection.

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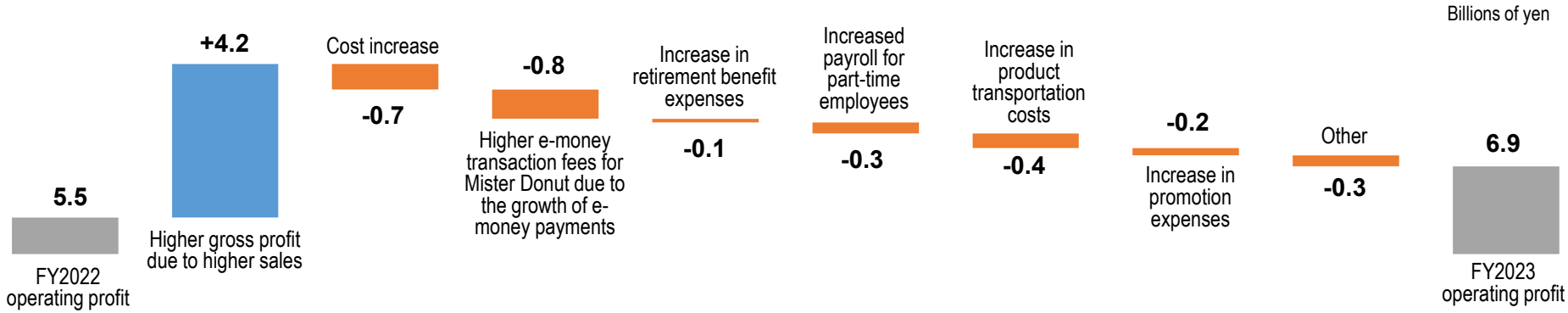
# Operating Profit (vs. prior year / vs. forecast)

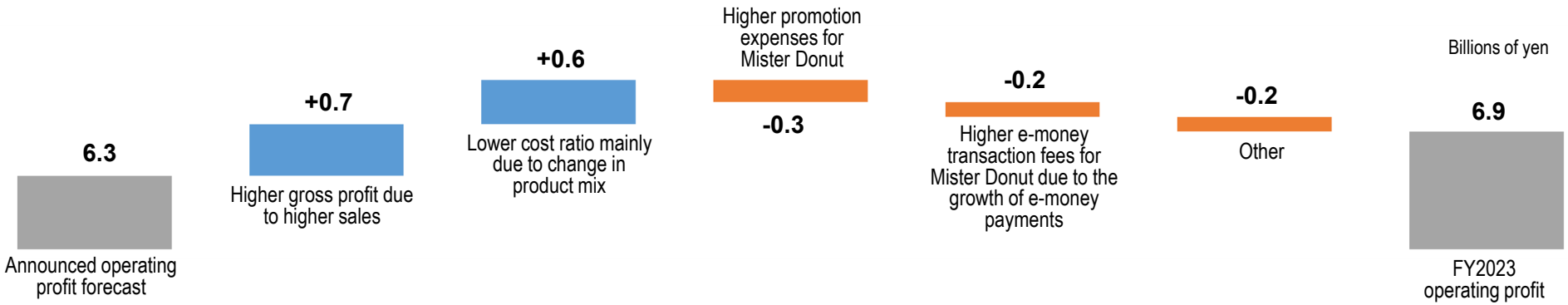
## Vs. prior year

While gross profit increased significantly due to higher sales, the cost-of-sales ratio worsened due to an increase in the sales mix of high-cost products and an increase in the disposal of food ingredients. Advertising and other sales promotion expenses increased due to the beverage price revision.




## Vs. forecast

Originally unscheduled advertising to announce the beverage price revision increased advertising costs.

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# Business Performance Summary / Operating Profit

Millions of yen

| | FY2022 [1] | | Forecast announced on Nov. 8, 2023 [2] | | FY2023 [3] | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Vs. prior year [3] - [1] | | Vs. forecast [3] - [2] | |
| | | Profit margin | | Profit margin | | Profit margin | | Percentage change | | Percentage change |
| Net sales | 16,229 | – | 15,300 | – | 15,646 | – | -583 | -3.6% | +346 | +2.3% |
| Operating profit | 702 | 4.3% | 600 | 3.9% | 440 | 2.8% | -262 | -37.3% | -159 | -26.6% |

## Net sales / operating profit (vs. prior year)

- Duskin Healthcare and Duskin Kyoeki posted higher sales but lower profits. Overseas business recorded declines in both sales and profit.
  - The Malaysia-based Big Apple Group saw a decline in customer traffic due to changes in customer behavior that occurred as the COVID-19 pandemic subsided.
  - Duskin Healthcare and Duskin Kyoeki reported lower profits due to higher cost of sales. For the former, higher labor costs led to an increase in cost of sales, while for the latter, the conversion of some vehicles for lease from sublease to direct lease led to an increase in cost of sales.

## Net sales / operating profit (vs. forecast)

Profits were less than projected, mainly due to higher-than-expected cost of sales at Duskin Healthcare and Duskin Kyoeki.

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# FY2024 Forecast (vs. FY2023)

Millions of yen

| | | | FY2024 (Forecast) | | | | | | YoY change | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 1H | | 2H | | Full Year | | 1H | | 2H | | Full Year | |
| | | | | Profit margin | | Profit margin | | Profit margin | | Percentage change | | Percentage change | | Percentage change |
| | Direct Selling Group | Net sales | 54,100 | – | 55,900 | – | 110,000 | – | +665 | +1.2% | +1,869 | +3.5% | +2,535 | +2.4% |
| | | Operating profit | 5,500 | 10.2% | 5,300 | 9.5% | 10,800 | 9.8% | +2,879 | +109.9% | +3,778 | +248.3% | +6,657 | +160.7% |
| | Food Group | Net sales | 29,200 | – | 36,500 | – | 65,700 | – | +3,255 | +12.5% | +4,007 | +12.3% | +7,262 | +12.4% |
| | | Operating profit | 2,900 | 9.9% | 4,100 | 11.2% | 7,000 | 10.7% | -209 | -6.7% | +292 | +7.7% | +83 | +1.2% |
| | Other Businesses | Net sales | 8,000 | – | 8,100 | – | 16,100 | – | +200 | +2.6% | +253 | +3.2% | +453 | +2.9% |
| | | Operating profit | 300 | 3.8% | 300 | 3.7% | 600 | 3.7% | +56 | +23.2% | +103 | +52.4% | +159 | +36.2% |
| | Intersegment elm. and corporate exp. | Net sales | -1,400 | – | -1,400 | – | -2,800 | – | -42 | – | +8 | – | -33 | – |
| | | Operating profit | -3,300 | – | -4,400 | – | -7,700 | – | -274 | – | -1,010 | – | -1,284 | – |
| | Consolidated | Net sales | 89,900 | – | 99,100 | – | 189,000 | – | +4,078 | +4.8% | +6,138 | +6.6% | +10,217 | +5.7% |
| | | Operating profit | 5,400 | 6.0% | 5,300 | 5.3% | 10,700 | 5.7% | +2,452 | +83.2% | +3,163 | +148.1% | +5,615 | +110.5% |
| Consolidated ordinary profit | | | 7,000 | 7.8% | 7,100 | 7.2% | 14,100 | 7.5% | +2,895 | +70.6% | +3,340 | +88.9% | +6,236 | +79.3% |
| Profit attributable to owners of parent | | | 4,900 | 5.5% | 5,100 | 5.1% | 10,000 | 5.3% | +2,251 | +85.0% | +3,174 | +164.9% | +5,425 | +118.6% |

**Direct Selling Group**
The Group is projecting a significant increase in profits. The main factors are higher sales from commercial and residential customers of Clean Service, higher gross profit based on the sales growth plan and lower RFID tag installation costs.

**Food Group**
The Group projects Mister Donut to continue to increase sales and profits in FY2024. The Kenko Saien Group, which became a subsidiary in FY2023, is expected to make a full-year contribution to the Group's performance.

**Other Businesses**
Both overseas businesses and domestic subsidiaries plan to increase sales and profits.

**Intersegment eliminations and corporate expenses**
Expenses are expected to increase, including those for the company's 60th anniversary, branding measures and data center migration.

**Non-operating income/loss**
We expect an increase in share of profit of entities accounted for using the equity method, including those from JP-Holdings, Inc. which became an equity-method affiliate in FY2023.

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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 repurchase company shares in a timely and flexible manner. 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

| | FY2022 | FY2023 | 2-year total | FY2024 projections | Medium-term Management Policy period total |
|---|---|---|---|---|---|
| Ordinary dividend | 4,350 (88 yen per share) | 3,874 (80 yen per share) | 8,225 | 6,101 (126 yen per share) | 14,327 |
| Commemorative dividend | – | 968 (20 yen per share) *1 | 968 | – | 968 |
| Annual dividend amount | 4,350 (88 yen per share) | 4,842 (100 yen per share) | 9,193 | 6,101 (126 yen per share) | 15,295 |
| Share repurchase | 3,303 (Number of shares repurchased: 1,094,000 shares) | 1,696 (Number of shares repurchased: 527,000 shares) | 4,999 | 1,475 | 6,475 |
| Total shareholder return | 7,654 | 6,538 | 14,193 | 7,577 | 21,771 |
| Payout ratio | 60.2% | 105.3% | 78.1% | 60.6% | 70.3% |
| Total return ratio | 106.4% | 143.0% | 120.6% | 75.8% | 100.0% |
| DOE | 2.87% | 3.17% *2 | | 3.96% | |

*1: 60th anniversary commemorative dividend

*2: DOE (ordinary dividend only) ≒ 2.54%

Notes:

- Dividend payout ratio is calculated on a per-share basis, and total return ratio is calculated on a gross basis.
- The forecast for FY2024 is an estimate based on a target total return ratio of 100% during the current Medium-Term Management Policy period, and is not a commitment to be executed at this time.

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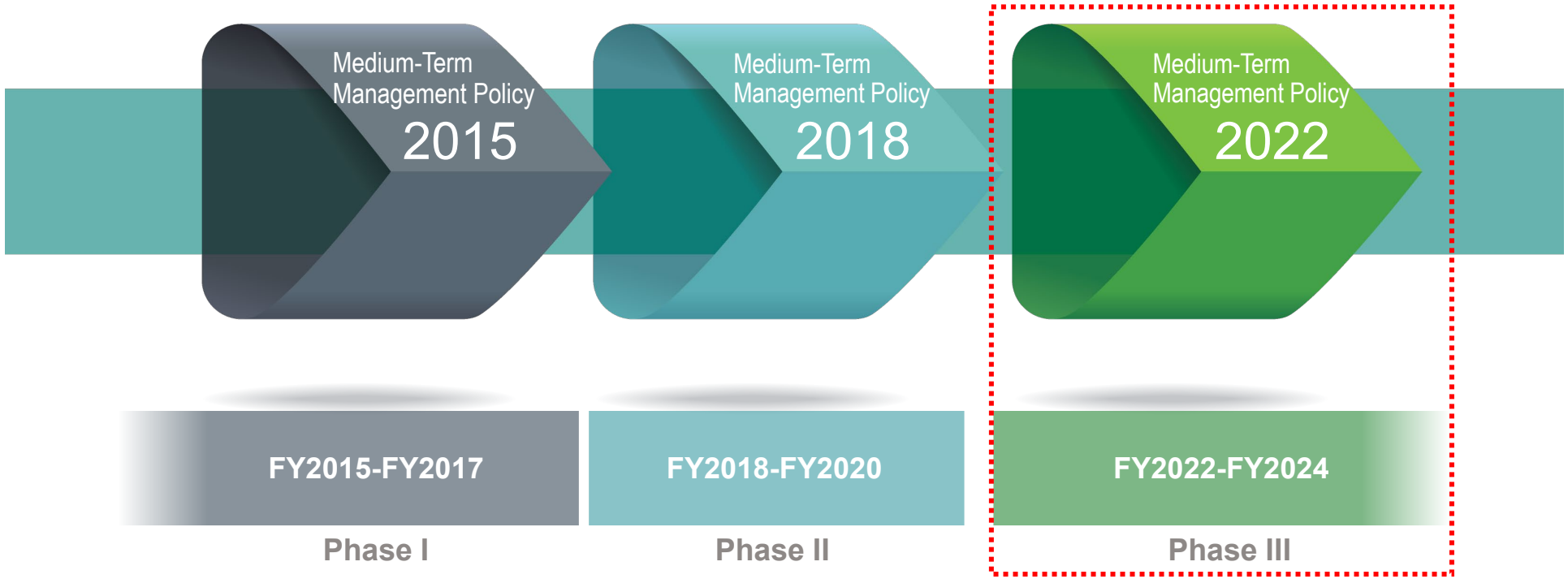
# Medium-Term Management Policy 2022 Goals

# Moving Toward ONE DUSKIN's Third and Final Phase

**ONE DUSKIN**

The most attentive service provider in the world

Our three-year business plan, Medium-Term Management Policy 2022, will span the three years from FY2022 to FY2024.




We are committed to implementing the initiatives within Phase III marking the completion of our long-term strategy ONE DUSKIN while further solidifying the foundation established during Phases I and II. We will make every effort to remain valuable to society and thereby to expand our corporate value.

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# 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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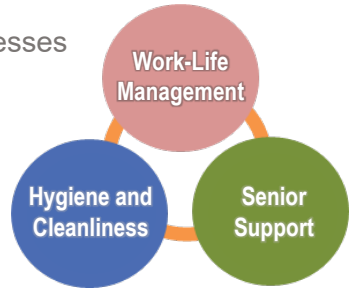
# Medium-Term Management Policy 2022 Initiatives

# 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 will pursue five strategies to deepen and expand its businesses in each of these domains.




### Product/Service Development Strategies

1. We have formally decided to develop Duskin Rescue as a new business.

2. We began rental of a new cleaning mop set for households with pets and started selling a deodorizing cleaning spray for dogs and cats both nationwide on March 18, 2024.

3. An increasing number of municipalities are signing up for our service to set up a system to provide necessary supplies and equipment in the event of a disaster.
   FY2022: Signed with 43 municipalities
   FY2023: Increased to 75 municipalities (Up 74.4% YoY)
   Products offered include partitions, foam hand sanitizers, mats and air purifiers.

4. Iki-iki Life Service Plaza (Adult daycare center)
   Duskin has been commissioned by Wako City in Saitama Prefecture to operate an adult daycare center focused on preventing the elderly in the community from becoming frailty. Currently, we are entrusted with five projects by the city.

暮らしの安心駆けつけ
DUSKIN RESCUE




ダスキン レントオール
DUSKIN RENT-ALL



Iki-iki Life Service Plaza

Note: The above figures are as of March 31, 2024.

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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 customer touchpoints through information and distribution reforms.
We will also work to improve customer retention.

### Organizational Strategies

- Clean Service sales teams specializing in paying sales visits to residential customers introduced to franchisees.
  Already introduced at 123 franchisees.
- Number of new contracts signed by such sales teams
  Approx. 30,000 (Up 80.7% YoY)




### Location Strategies

- Care Service (5 businesses)
  98 new sales locations opened
- Senior Care
  11 new sales locations opened

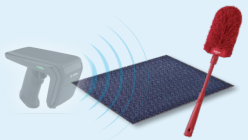
### CX Strategies

- Reinforcement of web advertising
  The number of applications for trial use of rental products increased 3% YoY.
- Increase in the number of DDuet members
  Up 12% YoY to approx. 1.7 million members



### Distribution Strategies

- Introduction of RFID tags for greater efficiency
  Installation of RFID tags on all mats and mops distributed is largely completed.



Note: The above figures are as of March 31, 2024.

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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.

Acquired shares of Kenko Saien Co., Ltd. and made it a subsidiary. Through this acquisition, Duskin acquired the restaurant business, including the Italian restaurant Napoli No Shokutaku, operated by Kenko Saien's subsidiary Boston House Co., Ltd.





### Strengthening of the Current Value Chain

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

The establishment of an in-house manufacturing plant is being considered. This plant will utilize the knowledge of Ever Fresh Hakodate, a consolidated subsidiary.





### Merchandising

Create new products and sales opportunities leveraging the brand.

Expand customer touchpoints by creating new sales opportunities and channels through existing brands.




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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.

### Product/Service Development Strategies

#### Mister Donut




White Pon De Ring, a product commemorating the 20th anniversary of Pon De Ring with a novel look and texture, was launched in FY2023.




MISDO Meets GODIVA Premium Chocolate Collection, jointly developed with the premium Belgian chocolate brand GODIVA, was launched in FY2023.

#### Katsu & Katsu



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

### Shop Opening Strategies

- New shops opened in FY2023: 39
- Number of operating shops nationwide: 1,017
  Of which, drive-through shops: 7
  (Up 19 shops YoY)
- Number of shops renovated in FY2023: 103




### CX Strategies

- Mister Donut renewed its official smartphone application.




- Number of shops offering delivery services*: 646
  (Up 286 from the year before)
  *This refers to the number of shops that have contracted with delivery service providers.

Uber Eats　Wolt　De

Note: The above figures are as of March 31,2024, except for the number of Mister Donut shops in operation, which represents those in operation as of the last month of the fiscal year.

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# Medium-Term Management Policy 2022 Initiatives

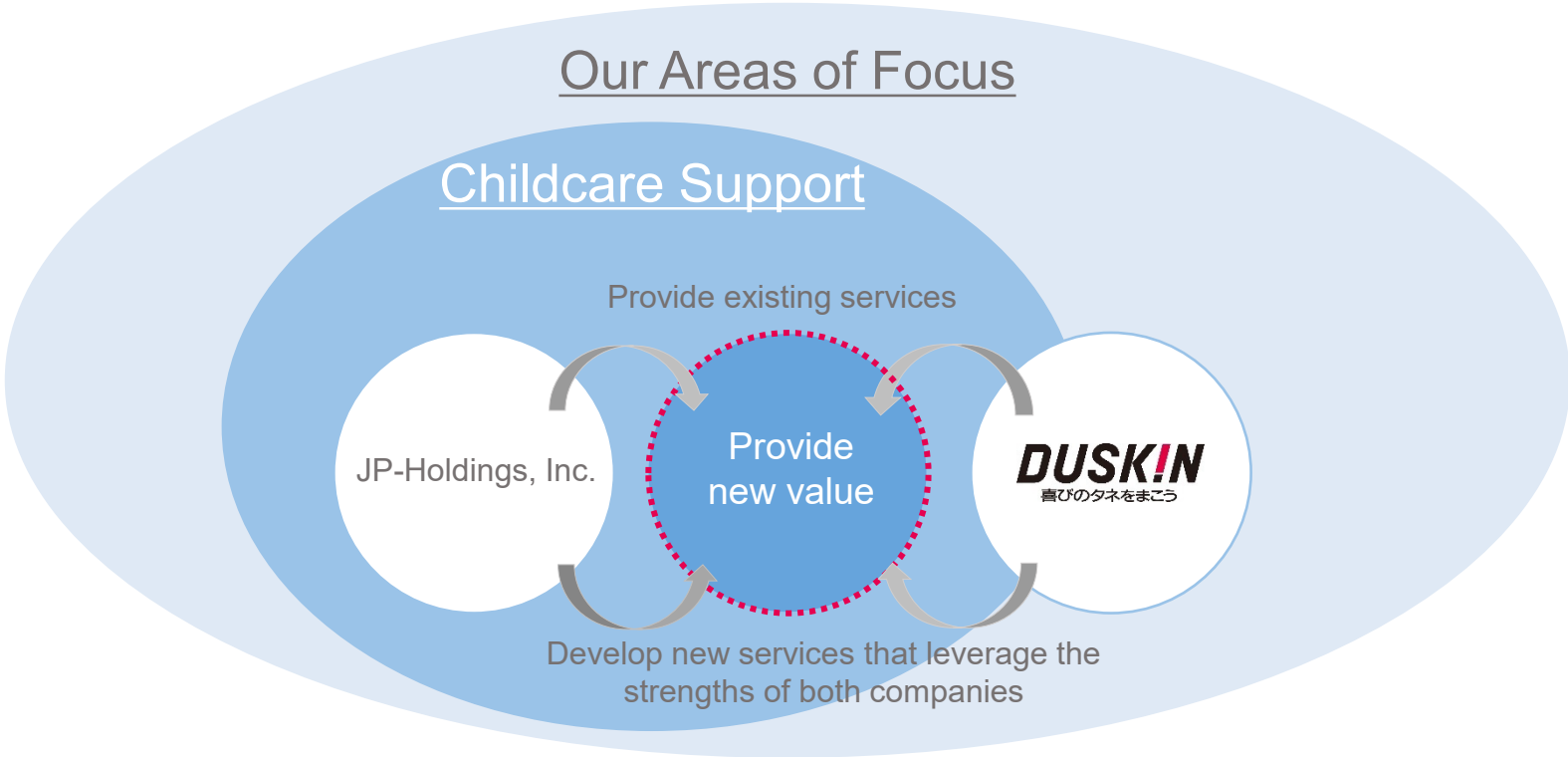
## Theme 1 Reforming our business portfolios

● 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 two Mister Donut shops in Singapore.



First Mister Donut shop in Singapore



Second Mister Donut shop in Singapore

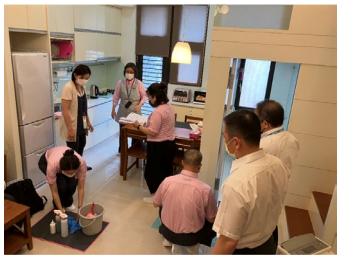



- Concluded a master franchise agreement to develop the Mister Donut business in the Hong Kong Special Administrative Region of the People's Republic of China.

- Introduced a household cleaning service in Taipei, Taiwan, as a service to help consumers achieve an even more pleasant lifestyle.



Signing the household cleaning service agreement


Training in Taiwan

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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 have introduced an educational tool that allows employees to autonomously learn necessary skills. Approximately 460 employees have used this tool, and the number of learning hours has reached 4,300.
- Implemented personality test and growth measurement test to help employees increase their self-understanding.
- We have decided to introduce a tool to centrally manage employee skills and abilities in order to efficiently place the right person in the right job and to promote human resource development.



### Focusing on Core Competencies

- Decided to dissolve EDIST Co., Ltd.

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# Medium-Term Management Policy 2022 Initiatives

## Theme 3 Coexistence with local communities

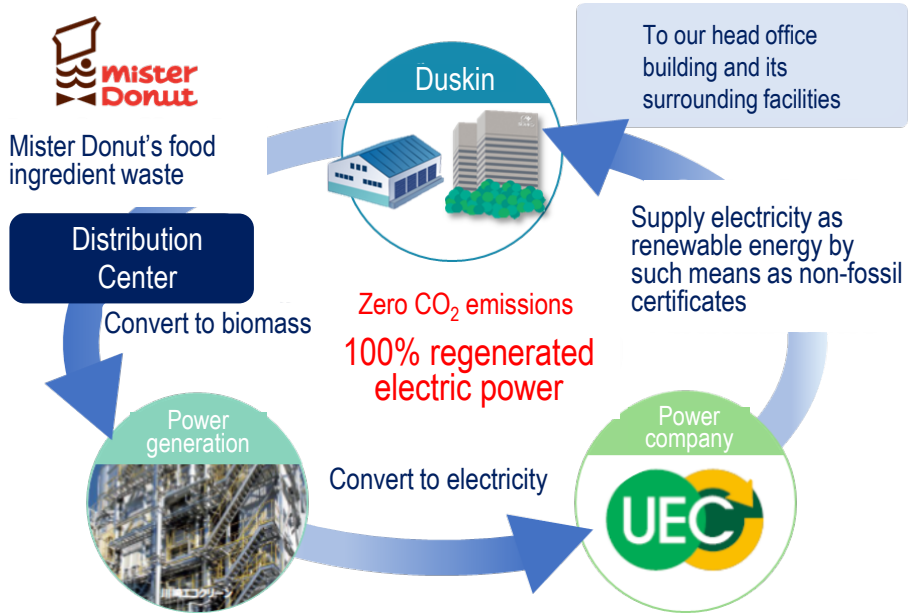
- Contributing to the creation of a sustainable society and strengthening our corporate governance geared to the needs of society

### For Environmental Conservation

- Pursue the Duskin Green Target 2030 goals.
- Conduct practical tests to convert Direct Selling Group sales vehicles to EVs.
- Expand the number of shops that can adopt a system to recycle waste donuts as animal feed.

### Food Recycling + Renewable Energy

- Create a loop to recycle a portion of Mister Donut's food ingredient waste into an energy source.

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# Appendix

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# Duskin Co., Ltd. (Parent Company Only) Financial Summary

Millions of yen

| | FY2022 [1] | | FY2023 [2] | | YoY change [2]- [1] | |
|---|---|---|---|---|---|---|
| | | Profit margin | | Profit margin | | Percentage change |
| Net sales | 138,560 | – | 146,518 | – | +7,957 | +5.7% |
| Operating profit | 5,752 | 4.2% | 2,718 | 1.9% | -3,033 | -52.7% |
| Ordinary profit | 10,125 | 7.3% | 7,270 | 5.0% | -2,855 | -28.2% |
| Net profit | 6,944 | 5.0% | 4,973 | 3.4% | -1,971 | -28.4% |

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# Customer-Level Sales

Millions of yen

| | FY2022 | FY2023 | YoY change | Percentage change |
|---|---|---|---|---|
| **Direct Selling Group** | **270,081** | **267,783** | **-2,297** | **-0.9%** |
| Total Clean Service | 173,558 | 169,828 | -3,729 | -2.1% |
| Clean Service (residential customer) | 81,731 | 79,360 | -2,371 | -2.9% |
| Clean Service (commercial customer) | 91,826 | 90,467 | -1,358 | -1.5% |
| Total Care Service | 56,831 | 58,738 | +1,906 | +3.4% |
| ServiceMaster | 32,195 | 33,189 | +993 | +3.1% |
| Merry Maids | 11,792 | 12,045 | +253 | +2.1% |
| Terminix | 8,917 | 9,303 | +385 | +4.3% |
| Total Green | 3,662 | 3,944 | +282 | +7.7% |
| Home Repair | 263 | 255 | -8 | -3.0% |
| Rent-All | 16,398 | 15,148 | -1,249 | -7.6% |
| Health Rent | 13,365 | 14,094 | +728 | +5.5% |
| Uniform Service | 2,863 | 3,060 | +197 | +6.9% |
| Azare Products | 2,788 | 2,842 | +53 | +1.9% |
| Life Care | 2,273 | 2,187 | -85 | -3.8% |
| Health & Beauty | 2,002 | 1,883 | -118 | -5.9% |
| **Food Group** | **107,388** | **126,729** | **+19,340** | **+18.0%** |
| Mister Donut | 105,570 | 124,848 | +19,277 | +18.3% |
| Katsu & Katsu | 1,755 | 1,849 | +93 | +5.3% |
| Other food businesses | 62 | 31 | -30 | -48.7% |
| **Other Businesses** | **34,302** | **37,941** | **+3,638** | **+10.6%** |
| Clean Service and Care Service (Overseas) | 7,555 | 8,166 | +610 | +8.1% |
| Mister Donut (Overseas) | 16,075 | 18,985 | +2,910 | +18.1% |
| Big Apple | 2,001 | 1,904 | -97 | -4.9% |
| Duskin Healthcare | 8,670 | 8,885 | +215 | +2.5% |
| **Total** | **411,772** | **432,454** | **+20,681** | **+5.0%** |

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 Locations

No. of locations

| | FY2022 | FY2023 | YoY change |
|---|---|---|---|
| **Direct Selling Group** | **5,728** | **5,749** | **+21** |
| Clean Service | 1,838 | 1,823 | -15 |
| ServiceMaster | 1,183 | 1,194 | +11 |
| Merry Maids | 790 | 798 | +8 |
| Terminix | 553 | 555 | +2 |
| Total Green | 166 | 176 | +10 |
| Home Repair | 103 | 105 | +2 |
| Rent-All | 102 | 102 | +0 |
| Health Rent | 180 | 187 | +7 |
| Uniform Service | 215 | 215 | +0 |
| Azare Products | 43 | 43 | +0 |
| Life Care | 96 | 95 | -1 |
| Health & Beauty | 459 | 456 | -3 |
| **Food Group** | **1,014** | **1,033** | **+19** |
| Mister Donut | 998 | 1,017 | +19 |
| Katsu & Katsu | 15 | 16 | +1 |
| Other food businesses | 1 | 0 | -1 |
| **Other Businesses** | **11,474** | **11,611** | **+137** |
| Clean Service and Care Service (Overseas) | 25 | 25 | +0 |
| Mister Donut (Overseas) | 11,362 | 11,494 | +132 |
| Big Apple | 87 | 92 | +5 |
| **Total** | **18,216** | **18,393** | **+177** |

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 number of sales locations represents those in operation as of the last business day of the fiscal year. However, starting from FY2023, the number of Mister Donut sales locations represents the number of shops in operation as of the last month of the fiscal year. (Accordingly, the number of locations for FY2022 has been revised from 993 to 998.)
- The number of overseas sales locations is as of December 31. Sales locations for events and limited-time periods, which were included until FY2022, are excluded as of FY2023.

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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]
- **Napoli No Shokutaku** [Italian restaurant]

## 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 (Liquidation in progress)

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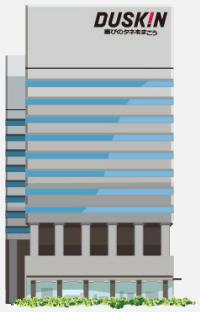
# Dust Control Business Model

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.

**Duskin**




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. **1,820** nationwide

Sales representatives

Approx. **57,000**

Rental

Returning used mops and mats

**Customers**



Households

Approx. **4.06** million

Businesses

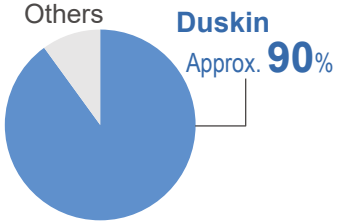
Approx. **1.00** million

## Our competitive advantages

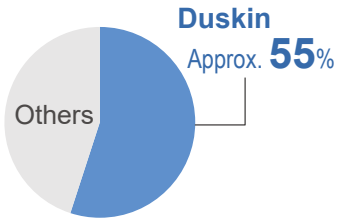
1. A solid customer basis
2. Franchise networks and product delivery systems rooted in the community
3. A reputation for trust and reliability built through our 55-plus-year history
4. Cross-selling opportunities available by way of a synergistic effect between the Direct Selling Group businesses
5.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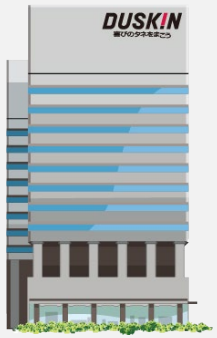
# Care Service and Senior Care Business Models

## Care Service

**Duskin**



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

← Royalties

**Franchisees**
(Number of locations)



- ServiceMaster — 1,194 nationwide
- Merry Maids — 798 nationwide
- Terminix — 555 nationwide
- Total Green — 176 nationwide
- Home Repair — 105 nationwide

Service →

← Service fee

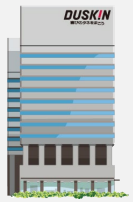
**Customers**



- Households
- Businesses

## Senior Care

**Duskin**



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

← Royalties

↑ Purchase

**Welfare equipment manufacturer**

**Franchisees**



Health Rent
187 nationwide

Equipment rental →

← Collecting used equipment

Cooperation ↕

Elderly people (User)

Service ←

→ Service fee

**Franchisees**

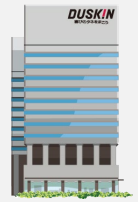


Life Care
95 nationwide

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

→ Royalties

**Duskin**



Care planning and consultation ↕

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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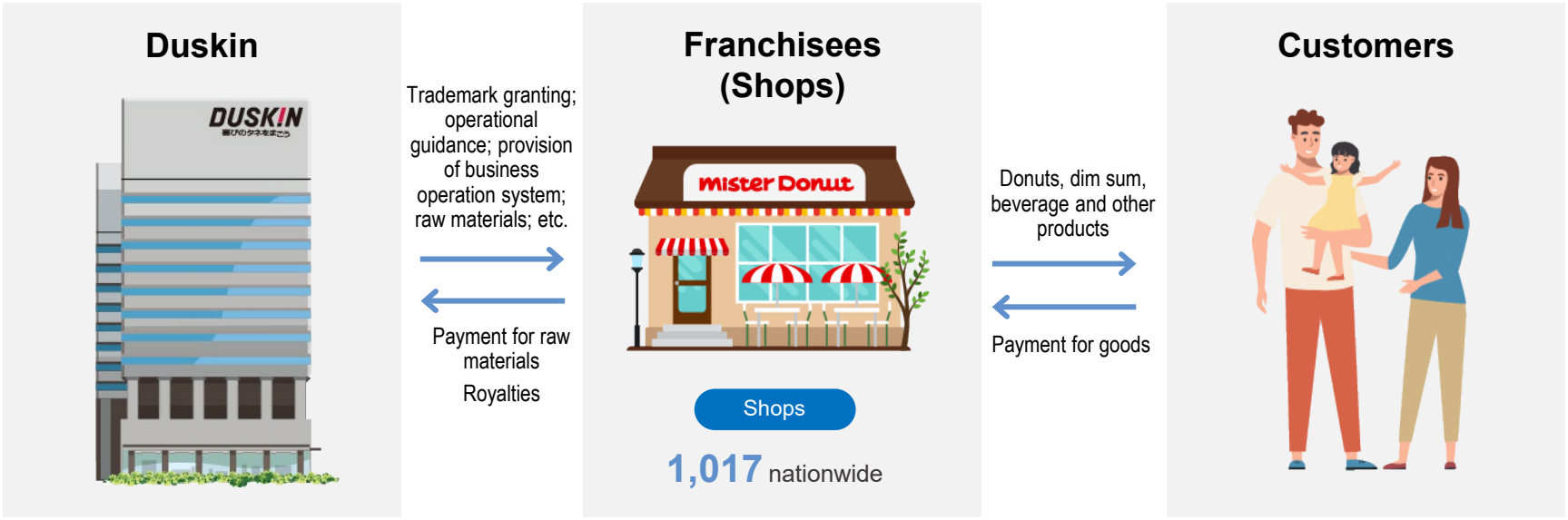
# Mister Donut Business Models

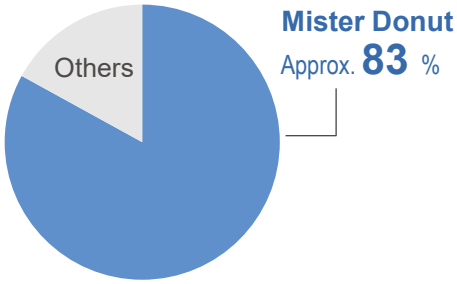
To realize our goal of creating shops where every customer happens upon “something good” at any time, we make the Mister Donut experience fun and our products always delicious.




## 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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DUSKIN
喜びのタネをまこう

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