

Corporate Report 2023

Digest Version



Duskin Co., Ltd.
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<http://www.duskin.co.jp/english>



About the publication of Corporate Report 2023 Digest Version

This report is the digest version of Duskin's Corporate Report 2023. Covering our corporate philosophy, messages from top management, value creation process, business strategies, sustainability, and more, this Digest Version offers a compact summary of our range of initiatives designed to boost corporate value.



The Corporate Report is an important tool designed to help enhance discussions with our stakeholders, including shareholders and investors. It is also a means of explaining our goals to be achieved through the Medium-Term Management Policy 2022 initiatives and the new value we are going to create based on our unique philosophy of sowing the seeds of joy. All in all, the purpose of this report is to facilitate unwavering understanding of our corporate philosophy as well as expectations for Duskin's future.

It is our hope that this report helps create opportunities for dialog, and that it also works to enhance understanding of our company and who we are. For your reference, the original version (in Japanese) will be published in September 2023.

<https://www.duskin.co.jp/ir/library/report/>



Main contents of the original version (in Japanese)

Introduction

- Our founder's philosophy / Our raison d'être
- The history of our growth
- Message from the Chairman
- Message from the President

Our Value Creation Story

- Our value creation process
- Capital reinforcement
- Materiality
- Financial highlights / Non-financial highlights

Value Creation Strategies

- Medium-Term Management Plan 2022
- Message from the CFO
- Message from the COO
- Overseas strategies

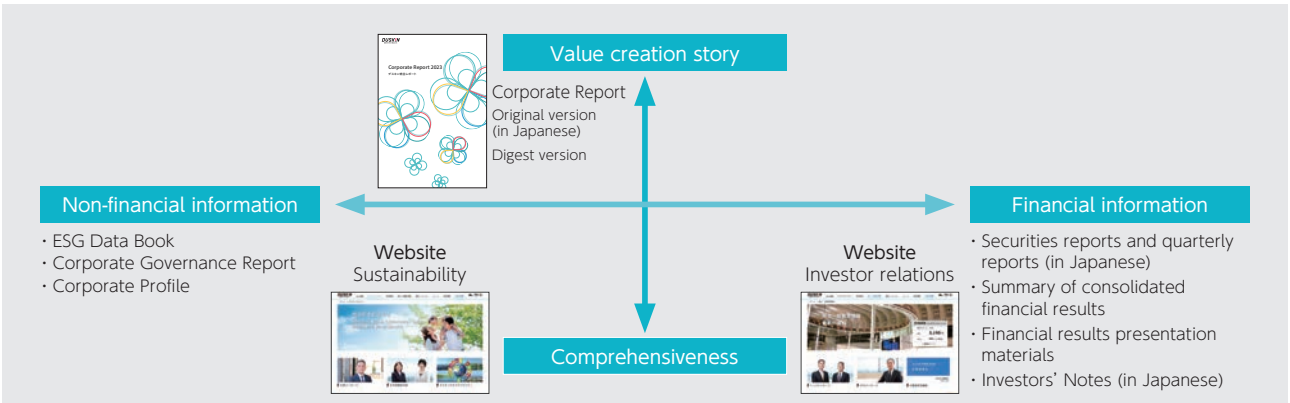
Foundation for Value Creation

- Dialogue between the President and Outside Directors
- Our sustainability strategy
- Corporate governance, etc.

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Positioning of this report



Publications

Corporate Report	A comprehensive report containing both financial and non-financial information. It includes content related to Duskin's long-term value creation, business strategy, business results and sustainability initiatives. https://www.duskin.co.jp/english/ir/library/report/	
ESG Data Book	For stakeholders interested in our ESG (environmental, social, and governance)-related information, this booklet presents detailed data and policy information regarding our ESG-related initiatives. It is available on our website in PDF format. https://www.duskin.co.jp/english/sus/library/databook/	
Corporate Profile	This booklet is mainly intended for people who are interested in learning more about Duskin, such as individuals considering joining Duskin, businesses considering joining a Duskin franchise and corporate customers. It provides a concise summary of Duskin's business and sustainability initiatives. https://www.duskin.co.jp/company/library/pdf/duskin2023e.pdf	

Editorial Policy

- Terms used in this report 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; Duskin Family — Duskin Group and its franchisees (including shops, offices and plants) that agree with Duskin's management philosophy.
- Period covered This report essentially covers the fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023). However, it also covers some business activities prior to that year and for the fiscal year ending March 31, 2024.
- Scope of coverage This report concerns Duskin Co., Ltd., its affiliated companies and franchised units (offices/shops/factories).
- Published in July 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.

1963

The Origin of Duskin

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.



Seiichi Suzuki, Duskin Founder

Seiichi Suzuki was born in Hekinan City, Aichi Prefecture in 1911. In 1938, he joined Ittoen* to serve others and to live a life of faith. In 1944 he established Kentoku Company. 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 its path to becoming Japan's first multi-franchise enterprise. Seiichi Suzuki passed away in 1980 at the age of 68.

* This non-religious self-discipline training community based in Yamashina, Kyoto advocates a life with no possession.

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



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

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.

Our Raison d'être

Sowing the seeds of joy for people and society

By sowing the seeds of joy to make people everywhere happy — in addition to pursuing profit, we share our joy with the people in the areas in which we operate. By doing our part to make peoples' lives both materially and emotionally better, we in fact achieve better ongoing corporate value.

Our founder felt that "profit is the reward of joyous transactions." With the wish that everybody who is in any way working with Duskin be happy, he worked throughout his entire life to sow the seeds of joy.

Based on this raison d'être, which is the unchanging value that forms the foundation of Duskin's business, we do our part for the sustainable development of our society and for corporate growth.



Corporate Objectives

- 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.

Long-Term Strategy ONE DUSKIN

Corporate Vision

The most attentive service provider in the world

Long-Term Strategy

ONE DUSKIN

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

The Value We Provide

Collaborative value creation with stakeholders

Doing our part for society through our business

The Duskin family comes together to accommodate our customers, and to render the company essential to the society we live in

The Long-Term Strategy ONE DUSKIN — the goal of which is for Duskin to be the most attentive service provider in the world — has been in place for eight years, and we continue to steadily implement this strategy.

In realizing the concept of “uniting all Duskin businesses so as to serve our customers in the most effective and courteous manner,” our goal as a corporate group is to create a community where people are more connected, and where they can live safely and happily. In order for us to be the kind of presence that people rely on most in the areas in which we operate, our goal is that the proposals that we make to customers reflect their requests in advance, and that we deliver optimal service to them. The entire Duskin Family is joined together in this initiative.



Collaborative Value Creation with Stakeholders

With customers

Providing products and services that perfectly match the needs of our customers

In order to listen to our customers directly, we hold what we call “fan meetings” around the nation. At these meetings, our Chairman as well as head office and regional staff for each business group, plus franchisee owners, listen to customer opinions and requests directly, which leads to improvements in products and services.



With local communities

Supporting local schools and education

Since 2000, Duskin has supported school education. In collaboration with school teachers, we carry out research on how to use the school cleaning period to develop the abilities of children. The results of this research are presented at feedback seminars held several times a year for the benefit of teaching staff. In addition, our employees visit local elementary schools to present lessons to children on the importance of cleaning.



With employees

Moving forward with diversity and inclusion

In order to effectively address the ever-changing needs of our customers and of society in general, it is critically important that our employees, who have both diverse careers and social backgrounds, have respect for each other and that they are able to exercise their abilities to the fullest. At Duskin, our goal is to foster a workplace where each and every one of our employees derive great satisfaction from their jobs and manifest their capabilities and experience to the fullest.



For the global environment

Planting the seeds of ecology: in familiar places and for the future

Duskin's concept of ecology began with cleaning equipment rentals. We have also had a history of making sure that we treat material items with respect. In line with these stances, and in order to secure the future of the planet, we are reviewing our corporate activities from the time of product and service development, production and delivery up to the time after use — encouraging repeated use, sharing in use, reducing number of items used, and not throwing away items. We are stepping up all of these efforts.



Message from the Chairman

Inheriting the spirit of our founder, we remain committed to enhance our corporate value, balancing both economic and social value.



Unifying business and morals: an approach we have valued since our founding

This fiscal year, Duskin will be celebrating its 60th anniversary. On this occasion, first and foremost, I would like to extend my appreciation to our customers, our shareholders, our franchisees, business partners and our employees for your ongoing support.

What I have always valued in the management of our company is to think about how our founder, Seiichi Suzuki, thought about sowing the seeds of joy and launched a business based on the philosophy of Prayerful Management. Our founder took the leadership to do something that would make people happy and that would benefit society as a whole, spreading his business philosophy both inside and outside the company. The idea here is that a company's profit comes only as a result of how it has served others. Duskin does not put making money first, though we understand that we do have to achieve an appropriate profit level. At present, we are engaged in a variety of different businesses, and if we think of these businesses as the growing branches and leaves of a tree, then Prayerful Management can be likened to the trunk. Never losing the philosophy and spirit of our founder, our enduring

commitment is to continue to be a corporate group that shares this philosophy.

At the present time, from the perspective of sustainability management, it is considered important to generate both economic and social value at the same time. At our company, this has been true since our founding. We have pursued an approach of unifying business and morals. By morals, we mean that we can achieve a sustainable society if we all have kindness and consideration of others. These kinds of values are universal, regardless of time period and generation. Meanwhile, business must continue to generate value to respond to the changing times; otherwise, we will be left behind. In other words, by unifying morals, which must remain unchanged, and business, which must change, we engender the utmost in corporate value.

Through ongoing collaboration with our stakeholders, who agree with our corporate philosophy, and by striving to unify business and morals, we are working toward more sustainable growth as well as boosting our medium to long-term corporate value.

A focus on achieving the Long-Term Strategy ONE DUSKIN

Three years after I became President and on the 50th anniversary of our founding, we announced the ONE DUSKIN concept. At the time, our business divisions were vertically structured. That structure had its own advantages, but we began to believe that if we could generate a multiplier effect as a united single group, we could create even more value toward our goal of being the most attentive service provider in the world.

Since then, we have implemented ONE DUSKIN initiatives, with our franchisees at the forefront. More recently, during the coronavirus pandemic, our Clean Service, Care Service and Rent-All business franchisees came together to offer Event Hygiene Services.

To be honest, we can say that ONE DUSKIN corresponds to the eighth station of a mountain. One issue we are working to address is synergy between the

Direct Selling Group and the Food Group. If we are able to increase synergy between these two, our company will continue to gain in strength. Our goal now is to climb the remaining two stations to the summit. We will continue to maintain the same humble attitude and sense of gratitude to our stakeholders as in the past and will remain focused on responding to social issues and sustainably enhancing our corporate value, while placing priority on our core concept of unifying business and morals.

In closing, I would like to thank you for your continued support.

山村輝治

Teruji Yamamura
Board Director and Chairman

Message from the President



At the turning point of our 60th anniversary, our goal is to bring our concept of sowing the seeds of joy to more of the world and to further develop as a company

Our company's annual motto for the fiscal year ending March 31, 2024 is "Serving customers with sincerity for 60 years, may we — each and every one of us — eagerly think, act and sow the seeds of joy." As we come upon our 60th anniversary, we are returning to our company's founding philosophy of sowing the seeds of joy. This means that the entire Duskin Family, including our franchisees and production and logistics facilities will be united in committing ourselves to living up to our annual motto and our founding philosophy. With each of us having his or her own clear goals and thinking and acting on his or her own initiative, we answer to the expectations of all of our stakeholders, thereby raising corporate value.

Despite the difficult business environment, Duskin has demonstrated its organizational cohesiveness and ability to take action over the past year

Over the coronavirus pandemic of the past few years, the Japanese economy was hindered by restrictions on business activities, greatly impacting the economy. Other factors include the protracted war between Russia and Ukraine, rising energy and raw materials prices, and unstable exchange rates, all of which have impacted revenues. As our company has continued to face difficulties, we have come to realize how much solidarity we really have and how good we are in terms of our ability to take concerted action to tackle these difficult circumstances. Those who work at our franchisees, our employees and everyone who has any relationship with our company share in our philosophy of sowing the seeds of joy — which we have valued ever since we were established — as we work to resolve our issues. As a result, even though it was a difficult year, all of our business segments saw increased revenue. We were reminded that this ability to have a shared philosophy and take action is truly a major asset for us.

Prices on our major products of the Direct Selling Group, mops and mats, were updated for the first time in approximately 30 years in July 2022. Visiting our customers and building communication with them in person helped our customers to understand the reasons

for the price increases. Regarding Mister Donut products, prices were revised twice in 2022 — in March and November. Friendly and welcoming, face-to-face customer service that we have continued to provide at our shops appeared to resonate with our customers, with most of them understanding why the change was necessary. We very much appreciate this.

The Medium-Term Management Policy 2022 initiatives are making progress working together with franchisees. The Direct Selling Group has already achieved the goal of raising the share of antibacterial and antiviral products and services — the Group's most important area — to 55% of the total Direct Selling Group sales in 2023, first year of the plan that was originally targeted for the fiscal year ending March 31, 2025. As for our Mister Donut business in the Food Group, new products such as for MISDO Meets, which is a collaborative development project with various popular brands possessing the highest standard of ingredients and manufacturing skills, are consistently performing well. In addition, a larger number of shops are now in operation mainly due to new shop openings, resulting in higher sales and operating profit than the previous year.

Striving for better customer experience, both in-person and digital

With a view to boosting customer service, we are focusing on digital technologies as a means of bolstering customer experience (CX), not only at the time the product or service is provided, but also prior to and subsequent to purchase.

The Direct Sales Group operates a website for customers called DDuet, which has over 1.5 million members. Customers can not only place orders from the site, but also use the MyPage feature of the DDuet application, which shows the customer products and services that may be of interest to them. At the Food Group, we have introduced MISDO online ordering services for Mister Donut. Customers can use this system via smartphones or other devices to place orders ahead of time, which saves them the time to wait to check out. Through these kinds of measures, in which we combine our personal selling techniques with the ability to accommodate customers 24 hours a day with digital technologies, we believe we can identify new points of interaction and relationships with customers.

Challenging ourselves to create new growth opportunity in Japan and overseas

As of last year, the company has been accelerating investment with a view to generating new growth opportunities. As of February 2022, we have been testing our emergency locksmith service in the Kinki region under our new brand Duskin Rescue. This is part of our service to address problems in our customers' daily lives. In addition, in November of the same year, we entered into a business partnership agreement with Qracian Co., Ltd., a company providing emergency water leak repair services, and invested in its holding company. Having judged that the two companies' businesses share some common features, we decided on this investment as a means of providing services to new customers.

Our goal is to generate value beyond the conventional business framework through various combinations of businesses and services. For example, we may combine our cleaning and key replacement services with Qracian's plumbing services for people relocating.

In addition, regarding our overseas strategies, we have our eyes on the post-COVID era, as we work to cultivate

At the Direct Selling Group, in addition to focusing on the application of digital technologies, we are also increasing opportunities for direct interaction with customers. In the fiscal year ended March 31, 2023, we newly established dedicated sales teams totaling approximately 250 people, working to expand into household markets. Over the past few years, the number of mop product contracts trended downward, but the work of the dedicated sales teams at company-owned sales offices and affiliate companies has proved that it was effective in increasing the number of contracts on a net basis. Based on these developments, we plan to adopt this initiative at our franchisees nationwide, not only for mop sales for households but also for commercial markets.

In addition, at Mister Donut of the Food Group, we are stepping up kitchenless locations, particularly in metropolitan areas. Comparing to conventional shops with kitchens, this setup conserves space at shops, which saves on shop opening and other costs. This trend is projected to accelerate the growth in new shop launches.

new seeds of growth. Specifically, we have established a master franchise contract for our Mister Donut business in Singapore with R E & S Enterprises Pte Ltd and are currently developing this business in the country. In addition, in Taiwan, we have implemented a home cleaning and helper service.

In addition, we are setting up an e-commerce site for overseas customers. We will be re-approaching the vast market of China, now that the country has loosened its strict means of eliminating the coronavirus. As for the Southeast Asian nations, some areas now have higher income levels than Japan, and there are significant market needs. We are considering which products and services we can present to different groups of customers in the different countries and areas of the region.

We have high expectations of our overseas business in the sense that we are moving ahead with initiatives based on the ONE DUSKIN long-term strategy — the same as domestically. Along with expansion of our overseas Clean Service, we are also focusing on our Care Ser-

vice business. By bringing the ONE DUSKIN concept to the world, we are always looking for possibilities for expanding our business.

Meanwhile, boosting productivity with DX has become a major issue. Within fiscal year ending March 31, 2024, we will attach all of our approximately 31 million mop and mat rental products with RFID to improve efficiency of tally and inventory-taking operations by reducing the number of manual operations. Most of the cost associated with RFID are recorded as cost. Although revenues may fall temporarily due to these measures, I hope our stakeholders understand it is in fact a crucial strategic investment designed to encourage growth as well as helping to mitigate the impact of a projected decline in the number of workers over the mid to long term.



Stepping up human capital management, we boost our personnel base for sustainable growth

With a view to sustainable growth over the mid to long term, we are in the process of devising a new vision and working to boost sustainability management.

Building our personnel base is an especially important topic for Duskin. From the perspective of human capital management, we are taking steps to strengthen the personnel base for the future of our company. We revised our personnel system in April 2022. Under this new system — with the goal of helping employees who want to take more responsibility in their work to be more motivated and shape their careers, we have incorporated a new promotion system where employees who have worked for us for at least two years can work in management regardless of age or job grade. We are also creating a corporate environment where any employee can take on challenges, such as submitting ideas pertaining to new business, DX and CX.

As for diversity and inclusion, we have set goals and are taking actions. From the time our company was established, our objective has been to create an organization where anyone can play an active role regardless of age or gender, and with or without physical disabilities. We

work to create an environment where our employees respect each other's values and different approaches, and where employees are evaluated and compensated fairly, as well as where they can fully manifest their skills and experience.

Meanwhile, regarding environmental issues, we have established the Duskin Green Targets with our sights set on 2030. These targets are reviewed annually as we monitor our progress. We also observe all corporate governance code requirements. In the future, whenever we review this code, we will respond with sincerity, taking the appropriate responsibility as a listed company.

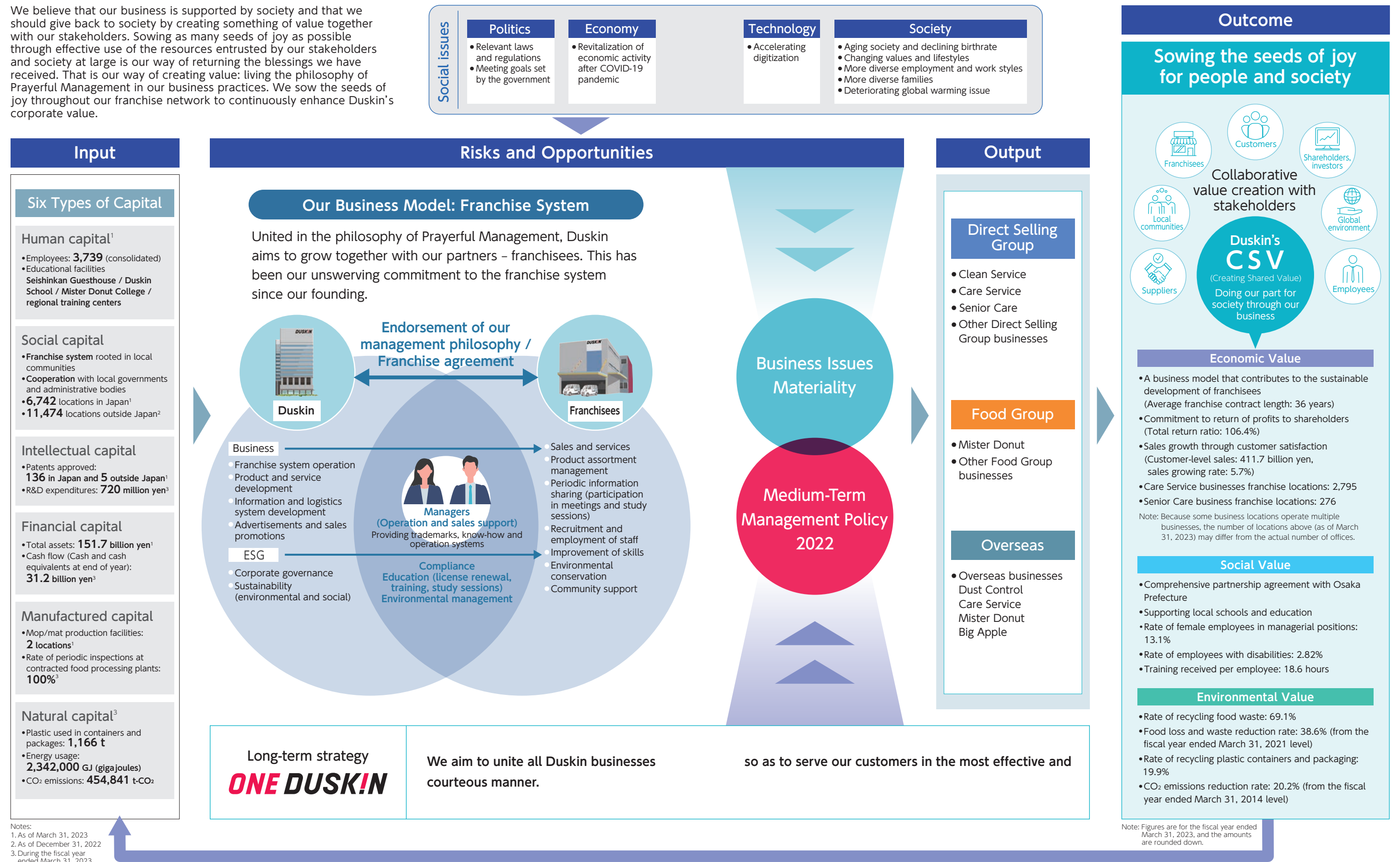
Our Medium-Term Management Policy 2022 initiatives represent the conclusion of the ONE DUSKIN as a long-term strategy. All of the businesses in our Group work together to offer a friendly and welcoming response to customers, and to that end we are steadily implementing the initiatives stipulated in our business policy. We wish to thank all of you our stakeholders, for your unwavering support.

大久保裕行

Hiroyuki Okubo
Representative Director,
President and CEO

Our Value Creation Process

We believe that our business is supported by society and that we should give back to society by creating something of value together with our stakeholders. 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.

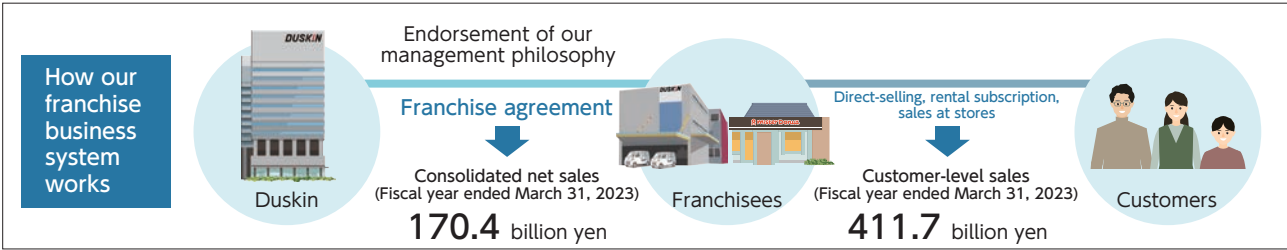
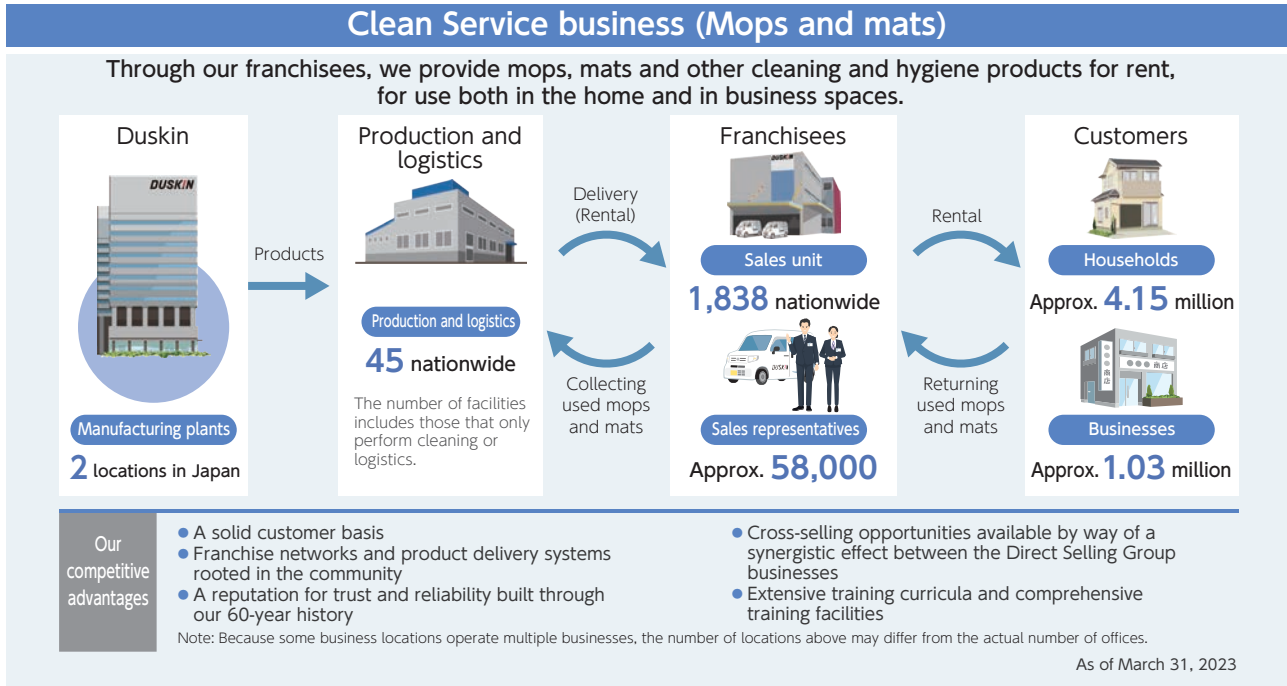


How Duskin's Value Creation Process Works

Our business model

Duskin's business model is broadly divided into two franchise systems: the Clean Service business focused on mop and mat rentals and the Mister Donut business.

The Clean Service business rents and sells cleaning and hygiene products to household and business customers through franchisees. The Mister Donut business provides a fun experience and always-delicious products at shops where "every customer can happen upon 'something good' at any time." Both of these business groups depend on our unique franchise system.



Note: 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.



Inputs

Human capital

Duskin encourages its employees to respect other employees and to reach their full potential regardless of their gender, age, nationality or career background so that they can create new value and excellence by successfully meeting the challenges of a changing business environment and responding accurately to ever more diverse customer needs.

Financial capital

A solid financial foundation and stable cash flow generated by profitably healthy and sustained businesses is what creates new businesses. Sound financial capital also provides solid support for business sustainability and stakeholder value creation even when natural disasters or other unexpected risks occur.

Intellectual capital

Owning and making full use of patents and expertise, brand and data assets, and other intellectual assets bolsters competitiveness and reduces the costs of such risks as unfair competition while also contributing to the development of new products and services, higher productivity and lower costs.

Social capital

The foundation of franchisee human resource development is endowing the owners and staff doing business in their own regions with Duskin's commitment to excellent service. By ensuring Duskin service quality, we sow the seeds of joy that truly meet the needs of customers in each 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.

Natural capital

Duskin has built and grown an environmentally friendly, recycling-oriented hygiene and cleaning product rental business. Today, in every business domain we are reducing environmental impact for all processes, from raw material procurement to product manufacturing, after-use collection and resource recycling.

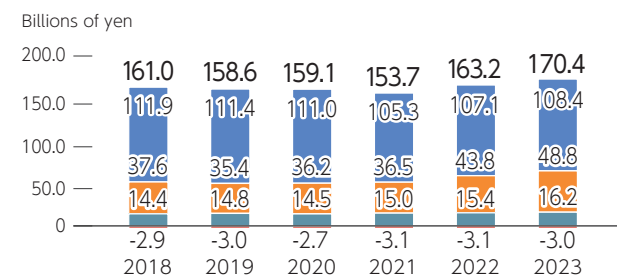
Stakeholder

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), laundry plant tours, Duskin Museum, education 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	Duskin Green Target 2030 initiative, cooperation for 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

Financial Highlights (Years ended March 31)

Amounts here are rounded down.

Consolidated sales 170.4 billion yen

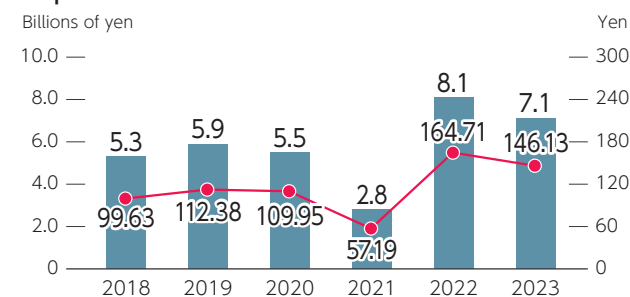


■ Direct Selling Group ■ Food Group ■ Other Businesses
■ Intersegment eliminations

Consolidated sales increased 7,283 million yen (4.5%) from the previous year to 170,494 million yen. Direct Selling Group sales increased for the mainstay Clean Service and some other businesses while sales for Care Service remained flat year-over-year. The Food Group also reported an increase in sales due to higher customer-level sales.

Notes:
1. Business segment sales include intersegment sales.
2. As of April 1, 2018, the Clean & Care Group has been renamed the Direct Selling Group.

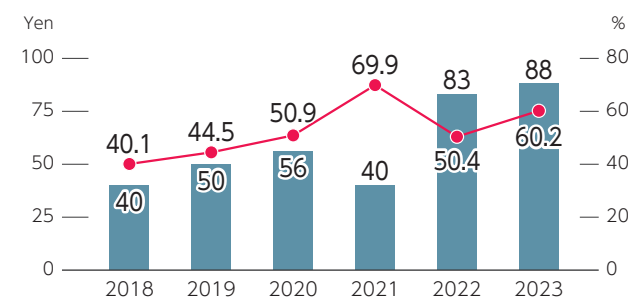
Profit attributable to owners of parent 7.1 billion yen



■ Profit attributable to owners of parent ● Net profit per share

Profit attributable to owners of parent was 7,196 million yen, a decline of 935 million yen (11.5%) from the previous year due to such factors as a decrease in operating profit and the recording of a partial impairment loss on intangible assets. Net profit per share was 146.13 yen.

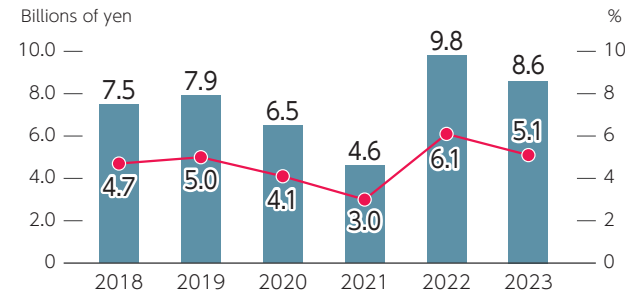
Dividend per share 88 yen



■ Dividend per share ● Dividend payout ratio

The annual dividend for the fiscal year ended March 31, 2023 was 88 yen, in line with our basic dividend policy of 60% payout ratio.

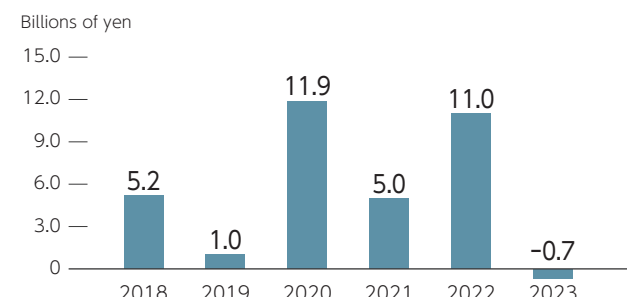
Operating profit 8.6 billion yen



■ Operating profit ● Operating margin

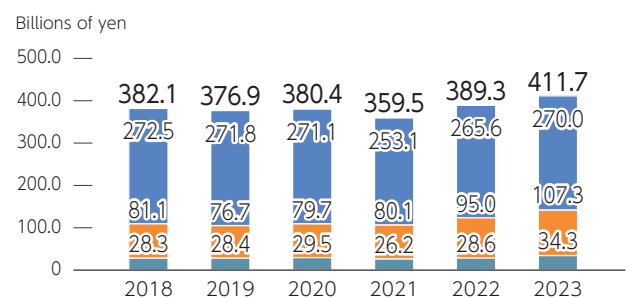
Consolidated operating profit decreased 1,261 million yen (12.7%) year-over-year to 8,637 million yen. This was mainly due to a significant increase in cost of sales as the Direct Selling Group proceeded with strategic investments as planned. In the Food Group, gross profit increased thanks to the continued strong performance of Mister Donut.

Free cash flow -700 million yen



Net cash provided by operating activities for the fiscal year under review totaled 12,061 million yen. Net cash used in investing activities, which included the purchases of marketable and investment securities, was 12,844 million yen. As a result, the company reported negative free cash flow of 782 million yen.

Customer-level sales 411.7 billion yen



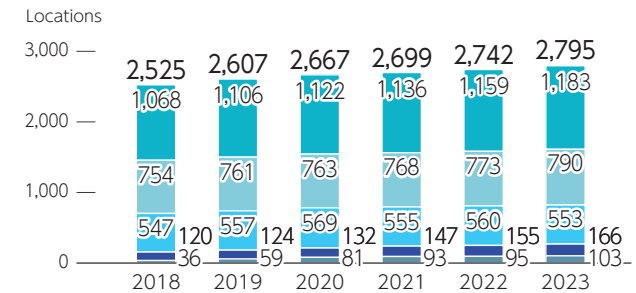
■ Direct Selling Group ■ Food Group ■ Other Businesses

Customer-level sales increased 22,383 million yen from the previous year to 411,772 million yen, with the Direct Selling Group reporting an increase in sales in its mainstay Clean Service businesses, all of its Care Services businesses, the Senior Care businesses and in its Rent-All business, where event business is returning to pre-pandemic level. In the Food Group mainstay Mister Donut business, both customer traffic and sales per customer increased over the previous year, which also contributed to the results.

Notes:
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.
2. Customer-level sales of overseas affiliates included in Other Businesses are the total from January to December of the previous year.

Non-Financial Highlights (Years ended March 31 / *As of March 31)

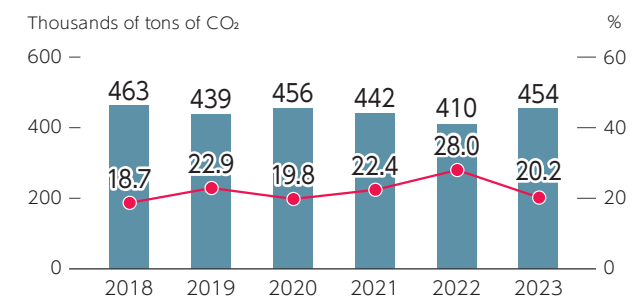
Number of Care Service business locations* 2,795



■ ServiceMaster ■ Merry Maids ■ Terminix
■ Total Green ■ Home Repair

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.

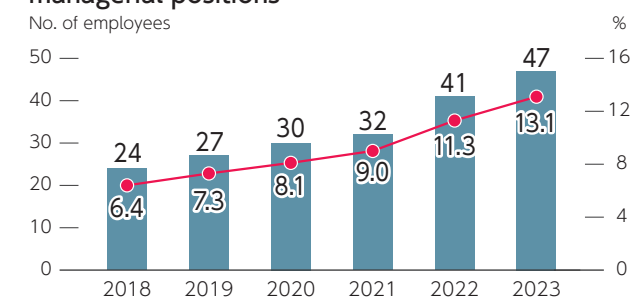
CO₂ emissions and reduction rate 20.2%



■ CO₂ emissions ● Reduction rate (from the fiscal year ended March 31, 2014)

In the 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 CO₂ 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.

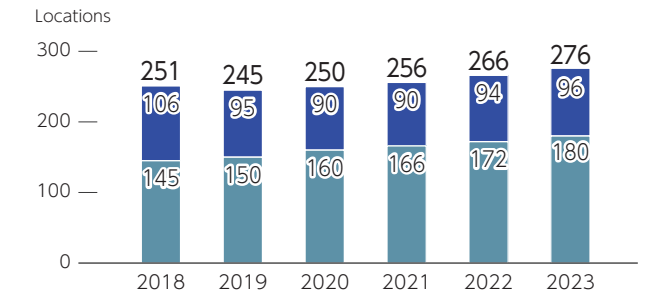
Rate of female employees in managerial positions 13.1%



■ Number of employees ● Rate

Since many of our 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.

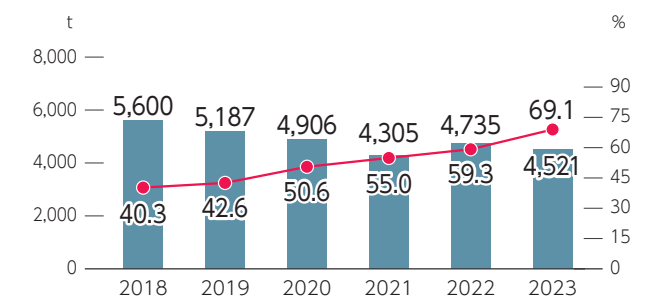
Number of Senior Care business locations* 276



■ Life Care ■ Health Rent

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 assisted-living products that meet the various needs of seniors, attentive services not covered by the Long-Term Care Insurance System, and services for active seniors.

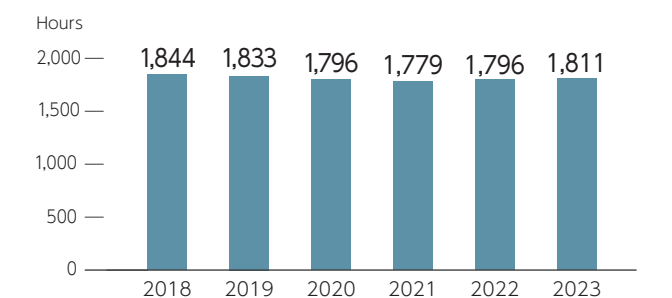
Percentage of food waste recycled 69.1%



■ Volume ● Percentage

Mister Donut 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 and waste 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.

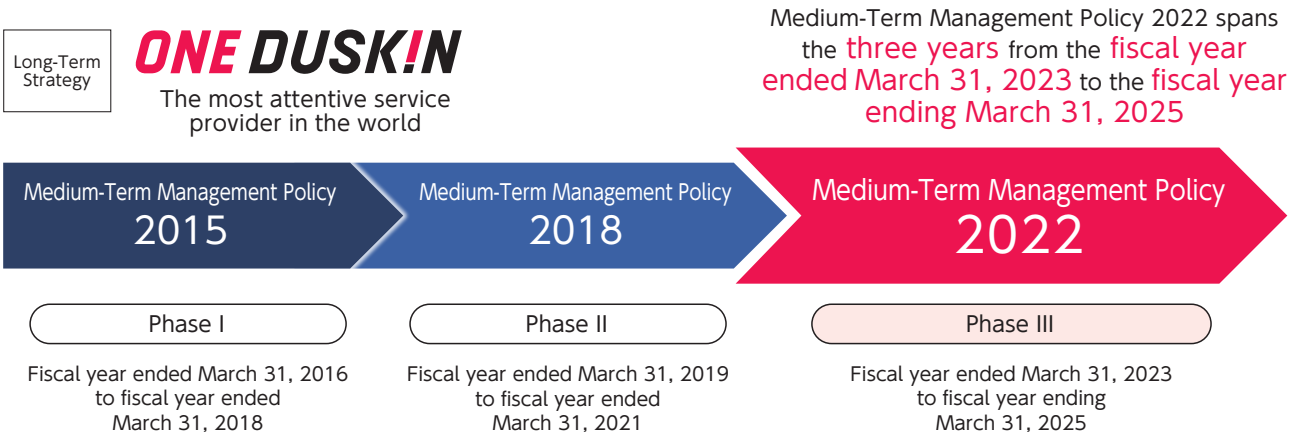
Annual working hours per employee 1,811



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

Basic Policy and Its Positioning within the Long-Term Strategy



Duskin formulated Medium-Term Management Policy 2022 (for the three years from the fiscal year ending March 31, 2023 to the fiscal year ending March 31, 2025) as Phase III of its long-term strategy ONE DUSKIN. Over the three years, the company makes 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.

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

Numerical Targets (Consolidated Basis)

- We expect sales growth at an average annual growth rate of about 4%. Our sales target for the fiscal year ending March 31, 2025 is 183 billion yen.
- Profit decreased temporarily in the fiscal year ended March 31, 2023 and is expected to decrease again in the following year, mainly due to costs associated with the installation of RFID electronic tags. However, we expect profits to rise again in the fiscal year ending March 31, 2025, with targets of 10 billion yen in profit attributable to owners of parent and ROE of 6% or higher.

Billions of yen

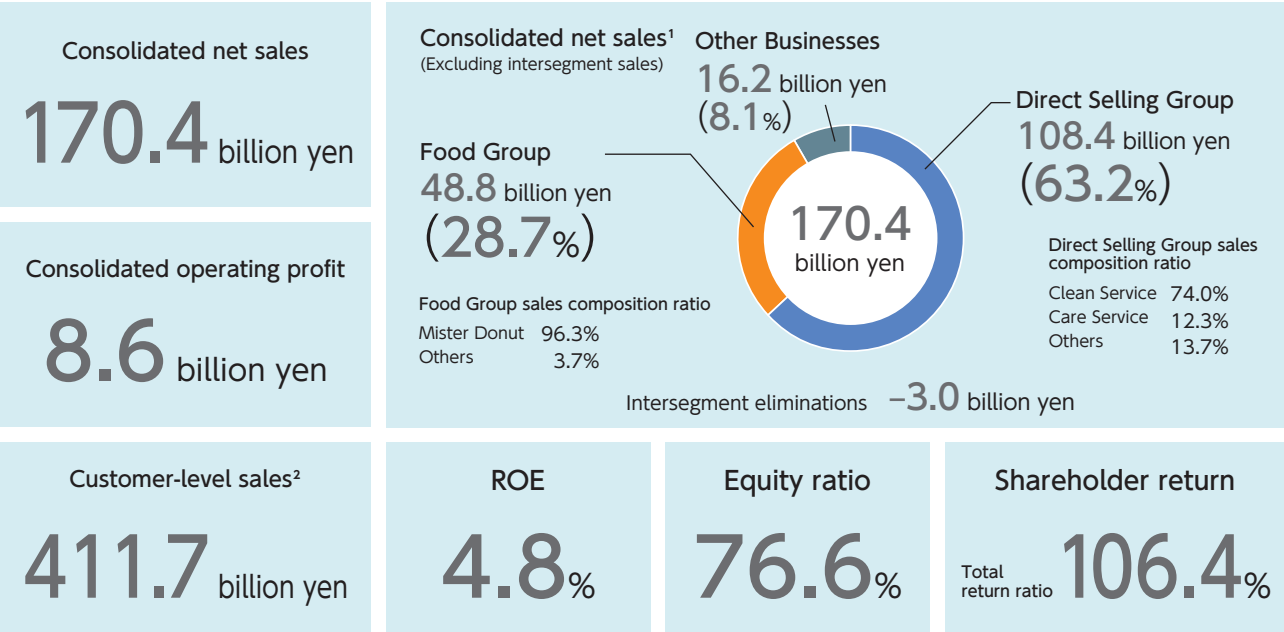
	2022 results (Base year)	2023 (Results)	2024 (Plan)	2025 (Target)	Growth from base year
Sales	163.2	170.4	178.7	183.0	12.1%
Operating profit	9.8	8.6	4.5	12.0	21.2%
Ordinary profit	12.2	11.3	6.5	14.0	14.6%
Profit attributable to owners of parent	8.1	7.1	4.4	10.0	23.0%
ROE	5.5%	4.8%	—	6% or higher	—

Initiatives Based on the Three Strategic Themes

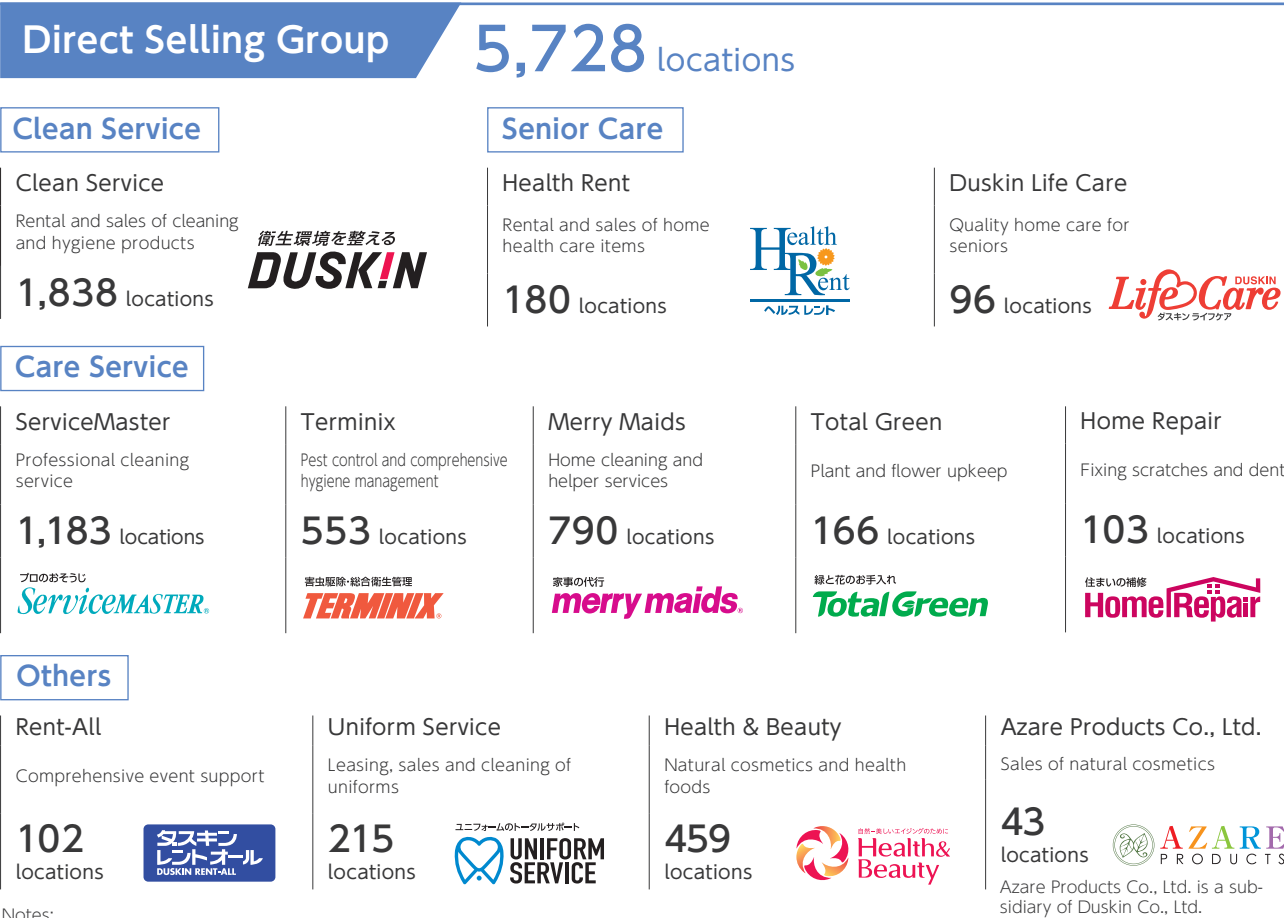
	Major initiatives in the fiscal year ended March 31, 2023	Future initiatives
<div>Theme 1</div> <div>Reforming our business portfolios</div> <div>Reforming and expanding existing businesses</div>	<div>■ Direct Selling Group</div> <ul style="list-style-type: none">● Focused on the hygiene and cleanliness area, placing the highest priority on sterilization, antibacterial and antiviral measures for existing products, as well as the development of new products. As a result, the sales composition ratio of this area has increased to over 50% of total Direct Selling Group sales.● Work-life management domain: Accelerated the opening of new Care Service business locations to meet customer needs and began testing a new emergency locksmith service under the Duskin Rescue brand in the Kinki region.● Senior support domain: Accelerated the establishment of new business locations for the Life Care and Health Rent businesses for the further growth of these businesses. <div>■ Food Group</div> <ul style="list-style-type: none">● Mister Donut continued to focus on MISDO Meets and MISDO GOHAN.● Focused on improving customer convenience while moving forward with shop openings and renovations.● Enhanced online ordering capabilities.	<div>■ Direct Selling Group</div> <ul style="list-style-type: none">● Assign new, dedicated sales teams to acquire new customers.● Complete the installation of RFID electronic tags on approximately 31 million of our products in circulation and link them to our smart factories.● Develop and propose high value-added products with enhanced hygienic functions that are in high demand.● Strengthen our efforts — mainly through our professional cleaning and technical services — in work-life management, a service domain that creates spare time for workers and their families and contributes to the enrichment of their lives.● Expand services in the senior care domain by marketing to early seniors and expanding the menu of services not covered by the Long-Term Care Insurance System. <div>■ Food Group</div> <ul style="list-style-type: none">● Mister Donut will continue to focus on the development of attractive products in MISDO Meets as well as in other categories.● Give customers more reasons to use our products and services through collaborations with other brands and collaborative projects.● Expand our delivery service and penetrate online ordering by further enhancing their service capabilities.● Open new shops — in a variety of store formats — in urban areas where we have yet to open shops, while we continue to renovate existing shops.
<div>Investment in new growth opportunities</div>	<div>■ Business partnership</div> <ul style="list-style-type: none">● Entered into a business partnership agreement with Qracian Co., Ltd., with the goal of further expanding our emergency handyman service and helping people lead better lives. <div>■ Overseas business</div> <ul style="list-style-type: none">● Transferred Duskin Hong Kong's trading functions to the Head Office and subsequently dissolved the company to improve profitability.● Decided to operate the Mister Donut business in Singapore and concluded a master franchise agreement with R E & S Enterprises Pte Ltd.	<div>■ Overseas business</div> <ul style="list-style-type: none">● Introduce our home cleaning and helper services to Taiwan to show progress towards completing comprehensive cleaning and helper services in that region.● Open new Mister Donut shops in Singapore. Our Mister Donut business currently operates in Thailand, the Philippines, Taiwan, and Indonesia, and will continue to focus on Southeast Asia.
<div>Theme 2</div> <div>Establishing a solid foundation</div>	<ul style="list-style-type: none">● Started to install RFID electronic tags on rental items, which is positioned as the most important strategic investment in our Medium-Term Management Plan 2022.● Decided to establish a division called Continuous Process Improvement to take the lead in raising employee awareness, the purpose of which is to create a corporate culture in which employees discover and solve problems on their own.● Revised our personnel system with the goal of creating an environment in which all employees — regardless of age — can make the most of their individuality and work with a sense of fulfillment.	<ul style="list-style-type: none">● Actively invest in human resources — the foundation of our business — in order to strengthen the development of personnel capable of transforming our business portfolio.● Introduce new educational tools for all employees as part of our efforts to create a work environment in which each and every employee can achieve self-fulfillment.● Give due consideration to cost of capital and return on capital in our business operations; moreover, further ensure appropriate allocation and monitoring of organizational resources, with the goals of achieving sustainable growth and increasing corporate value over the medium to long term.
<div>Theme 3</div> <div>Coexistence with local communities</div>	<ul style="list-style-type: none">● Reduce the amount of discarded donuts by, for example, starting to sell individually wrapped muffins. This is part of our effort to reduce waste and make effective use of resources.● The food waste recycling rate has improved to a level of over 60%.● In response to Japan's Plastic Resource Circulation Act, switched some forks, spoons, straws, take-out bags and packaging materials to biomass materials.● Increased the use of renewable energy through procurement from retail electric providers.● Continued to switch to energy-efficient equipment in our shops and plants.	<ul style="list-style-type: none">● Steadily work on the tasks to complete the Duskin Green Target 2030.● Conduct demonstration tests of light, electric vehicles for business use and also establish a battery charge management system.● Purchase non-fossil certificates; consider introducing corporate power purchase agreements.● Enhance disclosure based on TCFD recommendations.● Strengthen initiatives for business continuity planning, including measures against floods and other large-scale disasters.

Duskin at a Glance

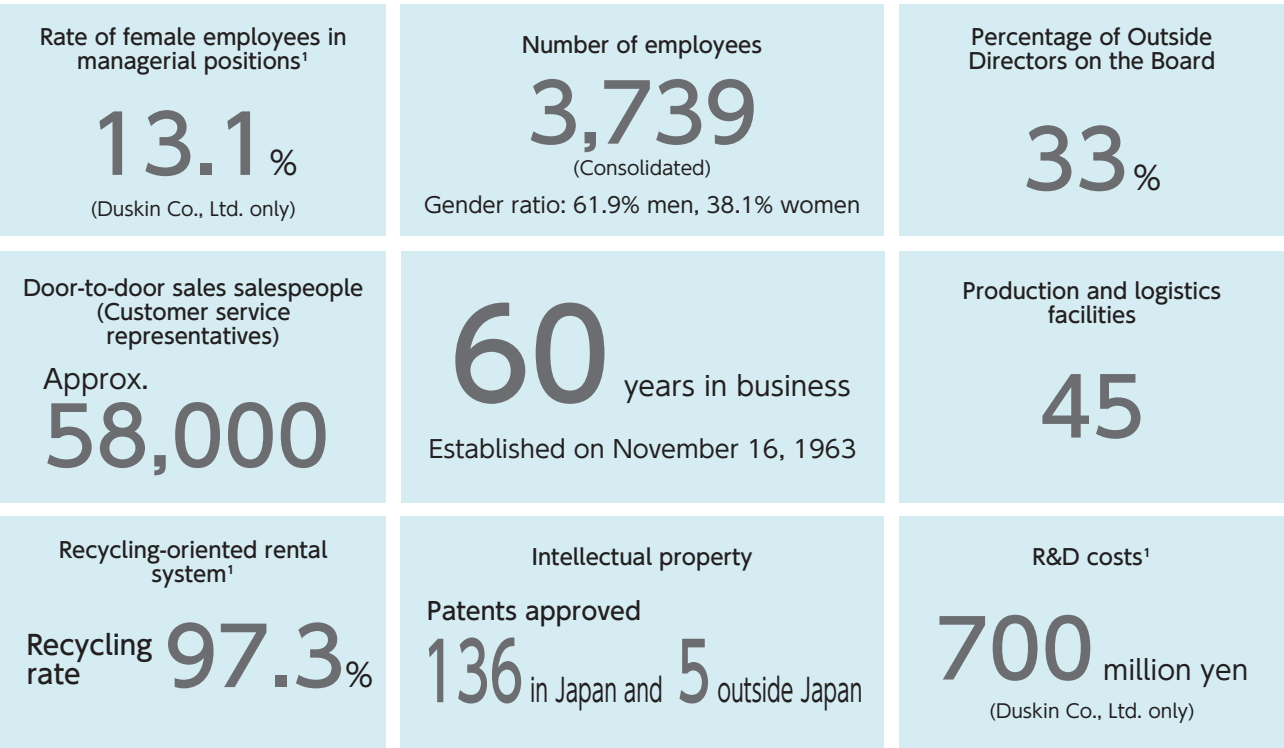
At Duskin, our business is centered on the franchise system. Duskin's history of providing products and services that meet the ever-changing needs of the times and the demands of society is the accumulation of our practice of sowing the seeds of joy.



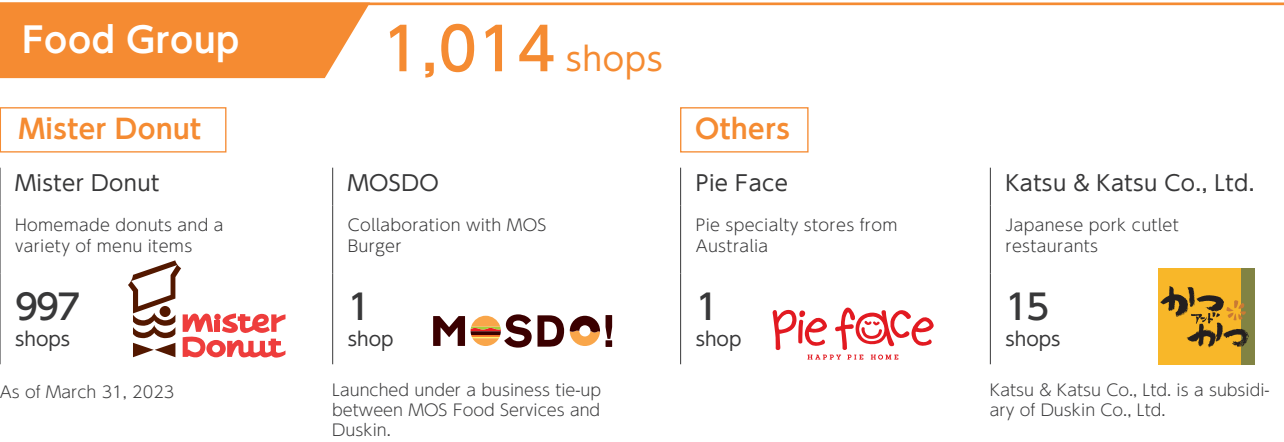
Note: Figures are for the fiscal year ended March 31, 2023.
1. Business segment sales include intersegment sales. Sales composition ratio is calculated excluding intersegment sales.
2. Customer-level sales are presented as a reference and represent the total of sales at company-owned and subsidiary locations and the estimated sales at franchised locations.



Notes:
• The number of locations, franchise units and shops represents domestic operations only, as of March 31, 2023.
• The number of locations for the Direct Selling Group represents the number of franchise agreements. (Sales promotion offices, regional offices and area manager offices are not included.)
• Because some business locations operate multiple businesses, the number of locations above may differ from the actual number of offices.



Note: Figures are as of March 31, 2023.
1. The figure is for the fiscal year ended March 31, 2023.



• The number of sales locations above is as of December 31, 2022.
• The Mister Donut business locations include shops operated under master franchise agreements.

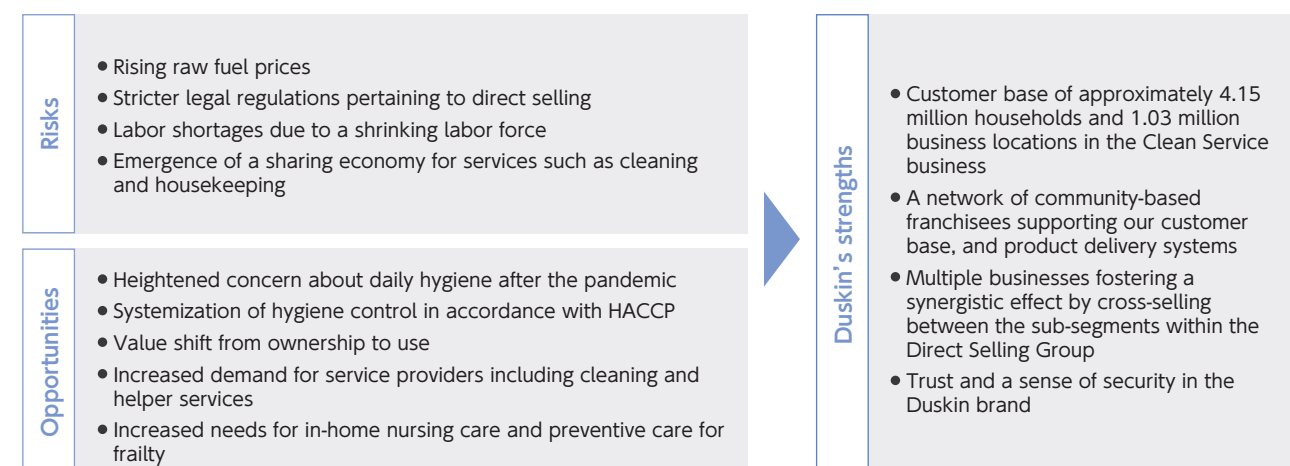
Business Strategies by Group

Direct Selling Group

Duskin is committed to applying its many decades of cleanliness expertise to creating hygienic and comfortable home and workplace environments. Along with helping customers keep their living and working environments looking their best, we develop and provide valued-added hygienic products that combat bacteria, viruses and other unseen dangers. We are also meeting the needs of our customers by incorporating work-life management and senior support services into our existing businesses.



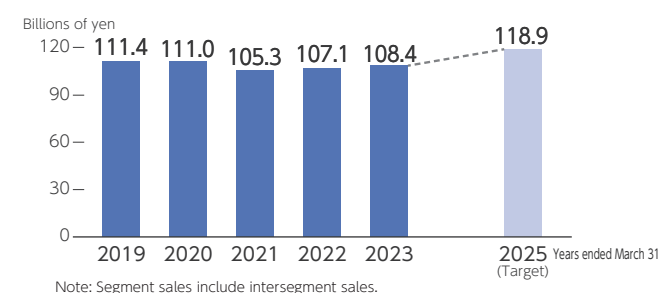
Environmental analysis



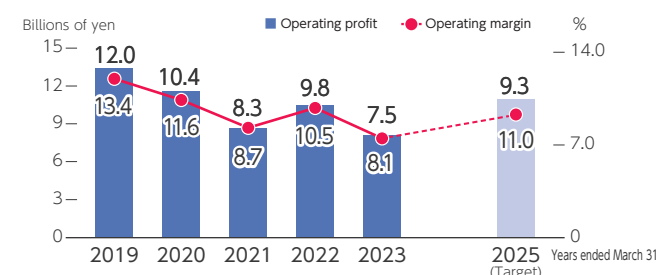
Business results overview

Sales increased overall for the Direct Selling Group despite flat sales compared to the previous year for the Care Service business. The growth is mainly due to increased sales for the core Clean Service business and for the Senior Care business and other direct selling businesses. Sales increased for the Clean Service business following its price revision in July. High demand for hygienic products drove sales of high-performance antibacterial and antivirus mats. Opening new business locations in response to customer needs and other initiatives increased sales for all Care Service and Senior Care businesses. Among other Direct Selling Group businesses, sales increased for the Rent-All business as the event business returns to pre-pandemic levels.

Net sales



Operating profit and operating margin



Medium-Term Management Policy 2022 initiatives

The Medium-Term Management Policy 2022 is focusing on three domains: the high-demand hygiene and cleanliness domain, the work-life management domain, which helps workers and their families create more spare time and enrich their lives, and the senior support domain, which now includes services for the early elderly.

Most notably, in addition to bolstering its existing organization, the Clean Service business has introduced a dedicated structure for sales visits aimed at capturing new customers by expanding the scope of direct-contact opportunities with customers, a Duskin strength, and enhancing the customer experience. Other efforts we are making to expand points of customer contact include disseminating and gathering digital information and activating communication with our customers through the use of character goods.

The Three Priority Domains

Hygiene and Cleanliness	Work-Life Management	Senior Support
Meet hygiene demand by developing and supplying high-valued products	Create and enrich spare time for workers and families	In addition to present services, strengthen support for early elderly customers

The Four Strategies

Reforming information and distribution systems: We facilitate communication by drawing on our strengths of in-person interaction with customers as well as new digital technology

1. Organizational strategies	2. CX strategies
Build organization dedicated to cultivating new 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.	Improve 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.
3. Location strategies	4. Laundry and distribution strategies
Create 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.	Boost 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.

Customer-level sales of our national chains (Years ended March 31)

	Billions of yen	2019	2020	2021	2022	2023
Clean Service	For residential customers	89.7	87.4	84.0	82.1	81.7
	For commercial customers	94.5	94.6	90.5	90.1	91.8
Care Service	ServiceMaster	29.3	29.6	30.0	32.0	32.1
	Terminix	8.3	8.6	8.2	8.4	8.9
	Merry Maids	11.1	11.2	10.8	11.6	11.7
	Total Green	2.7	2.8	3.0	3.3	3.6
Senior Care	Home Repair	0.1	0.1	0.2	0.2	0.2
	Health Rent	9.9	10.5	11.4	12.4	13.3
	Life Care	2.1	2.0	1.8	2.2	2.2
Other Direct Selling businesses	Rent-All	14.3	14.6	4.8	14.8	16.3
	Health & Beauty	2.5	2.5	2.0	2.1	2.0
	Azare Products	3.5	3.2	2.7	2.7	2.7
	Uniform Service	3.3	3.3	3.0	3.1	2.8

The above sales figures represent total sales for our domestic company-owned sales locations and subsidiaries, as well as projected sales for our franchisees. These figures are for reference purposes.

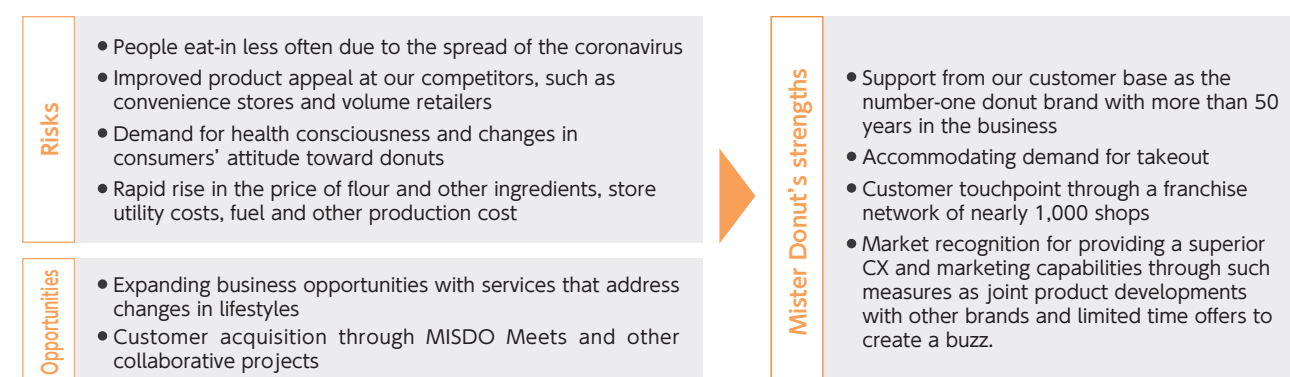
Business Strategies by Group

Food Group

Guided by its slogan “something good,” Mister Donut, the Food Group’s core business, strives to provide delicious taste and fun at shops “where anyone and everyone can enjoy a good time every time.” Efforts to make shops even more convenient and inviting include opening shops in new types of locations and introducing online ordering. Mister Donut is also focusing on merchandizing, such as product tie-ups with other companies. In addition to these business-related initiatives, Duskin is contributing to environmental preservation, clarifying its reduction targets for plastic usage, food loss and waste and CO₂ emissions.



Environmental analysis

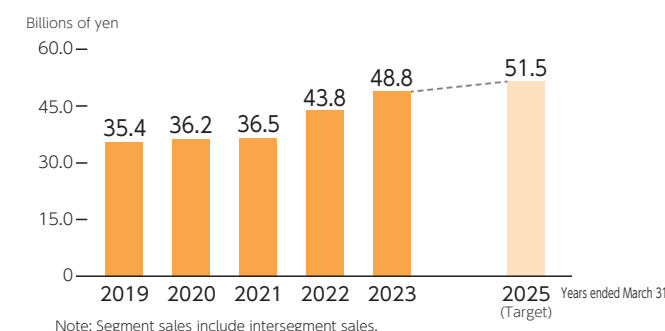


Business results overview

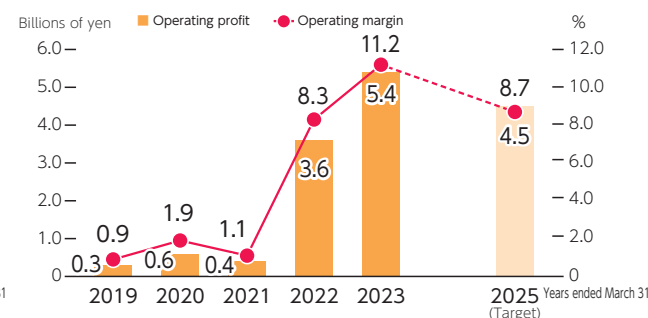
The Food Group recorded higher sales and profits due to such factors as increased customer sales for the core Mister Donut business and increases in the sale of raw materials and royalties. While the prices of certain products were revised in March and November, sales continued to be robust, and both customer traffic and sales per customer were higher than the previous year. In addition, new openings increased the number of shops in operation, and total customer-level sales for all shops exceeded the previous year. Moreover, the enthusiastic response to many products also greatly contributed to higher sales. These products included products jointly developed with other companies, seasonally limited products, collaboration products featuring popular characters and year-end lucky bags.

Among other businesses, Katsu & Katsu increased sales, but the reduced number of Pie Face shops and our withdrawal from the ice cream business in November 2021 with the sale of all shares of Hachiya Dairy Products Co., Ltd., a consolidated subsidiary, resulted in lower sales overall.

Net sales



Operating profit and operating margin



Medium-Term Management Policy 2022 initiatives

In order to give customers even more reasons to use our products and services, for a three-year period starting from the fiscal year ended March 31, 2023, Food Group core business Mister Donut is promoting the popular and jointly developed MISDO Meets series as well as seasonal products. Moreover, in addition to existing shops, our new shops strategy will focus on locations where we have yet to open shops, including shops with drive-through service in suburban locations and kitchen-less shops inside train stations. What's more, in order to provide our customers with new service value, we are reorganizing our information and distribution by improving our online ordering system, expanding the number of shops with delivery service and introducing product pickup boxes.

Reforming information and distribution systems



Mister Donut

While we carried out a second price revision in response to the ongoing sharp rise in raw material prices, customer volume remains steady and sales continue to be robust. Product policy continues its focus on being a specialty donut shop dedicated to uncompromising quality for each and every product served and offering the kind of delicious food and dining experience that only Mister Donut can provide.

Major initiatives

- Offer deliciousness and enjoyment centered around anniversary specials
- Expand contact points with customers with stronger SNS and more shops in operation
- Increase customer satisfaction with superior service at every shop

Katsu & Katsu

To further boost the takeout business that is its strength, Katsu & Katsu will introduce online payment and takeout lockers. Moreover, Katsu & Katsu is working to bolster shop operation efficiency and profitability by taking advantage of such synergetic effects as central kitchen operation thoroughly and repeatedly tested by Duskin and an improved mobile-compatible POS system.

Major initiatives

- Grow core sales through digital transformation and more efficient store operation
- Boost quality and profitability by introducing central kitchens
- Boost store operating efficiency with POS systems

Customer-level sales of our national chains (Years ended March 31)

Billions of yen	2019	2020	2021	2022	2023
Mister Donut	74.0	77.1	78.0	92.9	105.5
Katsu & Katsu	1.7	1.7	1.6	1.6	1.7
Other Food Group businesses	0.9	0.7	0.4	0.4	0.06

Katsu & Katsu Co., Ltd. is a subsidiary of Duskin Co., Ltd.

Our Sustainability Strategy

Duskin's Approach to Sustainability

As an enterprise that aspires to meet society's expectations with joy, the Duskin Group's sustainability policy guides Duskin in its efforts to give back to society and maintain consistent corporate growth at the same time. We believe that identifying ESG priorities through dialogues with stakeholders and taking a diverse and multifaceted approach to achieving SDGs are vital to achieving our sustainability goals. We are committed to continuously improving our sustainability efforts in a way that meets expectations and earns trust as we aspire to be a company that pursues higher corporate value and helps achieve a sustainable society.

Sustainability Vision

Meeting society's expectations with joy

With attentiveness to the linkage between people, the environment and society,
we stay receptive to expectations from society and fulfill them with joy.
Through the supply of safe, secure and excellent products and services,
we contribute to the sustainable development of regional societies that provide affluent living and put smiles on faces.

Sustainability Policy

1. Sustainable growth
We sow the seeds of joy and continually fulfill the trust of society.

2. Respect for human rights
We protect the human rights of every individual and respect individuality.

3. Environmental conservation
In all of our activities, we strive for the conservation of the global environment.

4. Communication and interaction
We care about people and aim for a better society.

5. Products and services
We provide products and services that make customers happy.

6. Workplace environment improvement
We build and maintain workplaces where everyone can develop their individuality and capabilities in a fair environment and find joy in their work.

7. Compliance
We take the perspectives of other people into consideration in our thoughts and actions.

8. Information management
We manage information appropriately, with meticulous care in information handling.

9. Crisis management
In emergencies, we prioritize the safety of life and cooperate with the community to help where we can.

Governance

The Duskin Group recognizes that it is vital for an enterprise to contribute both to company growth and to building a sustainable society, and therefore the Group as a whole advocates CSV approach. In order to integrate a sustainability perspective into corporate management, in 2017, we established the Sustainability Committee as an advisory body to the Board of Directors and assigned the Corporate Planning Operating Officer, who is the executive in charge of sustainability, as its chairperson. The Sustainability Committee meets twice a year to deliberate on basic sustainability policy, how to respond to notable risks and opportunities, and specify indexes and targets. In addition, the committee specifies which initiatives have priority for the year, and it is responsible for studying, deliberating on, evaluating and improving unresolved issues. Moreover, the committee reports to the Board of Directors concerning its most important decisions.



Risk management

When managing and improving Duskin's response to sustainability-related risks and opportunities, together with the Corporate Planning department, the Sustainability Committee evaluates the urgency of risks and opportunities. Based on changes in external factors and their effect on business performance, they identify where in the value chain that the company might be confronted by risk sometime in the future and investigate whether the risk has the potential to become a material issue. For risks evaluated to have the potential to greatly impact company financial performance or strategy, the committee prepares concrete measures aimed at avoiding or minimizing the risk.

Strategies, indexes and targets

To identify risks and opportunities from the stakeholder's point of view, Duskin organizes and analyzes the external environment from political, environmental, social and technological perspectives, and Duskin recognizes what the key material issues are both for company growth and for contributing to the development of a sustainable society.

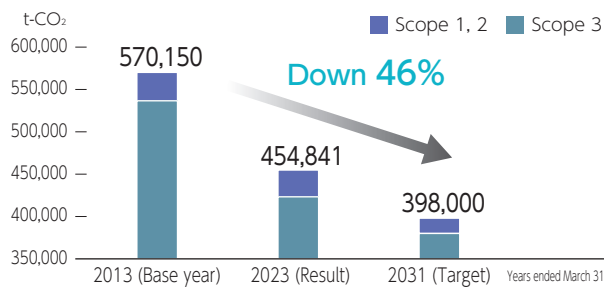
Human capital and diversity is one of these issues, and we have prepared human resource training policies and work environment improvement policies needed for transforming our business portfolio. Moreover, we have established indexes and targets for sustaining and improving these policies.

In addition, responding to climate change is a sustainability issue shared worldwide. The pace and scope of climate change is very hard to predict, so Duskin is focusing on finding solutions to relieve and adapt to climate change, making it a top priority. We also want to note that we have endorsed TCFD recommendations aimed at improving the quality of climate change-related financial information, and to conform with these recommendations we are improving our disclosure of climate change-related information as needed.

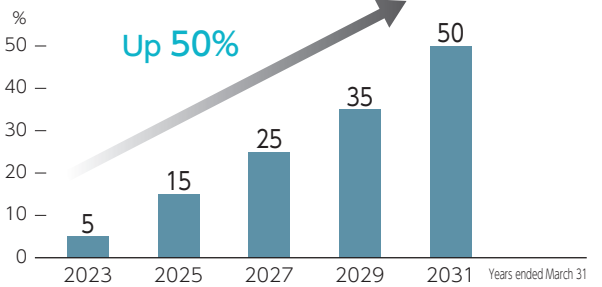
Human resource development and work environment policies

	Human resource development policy	Work environment improvement policy
Concept	i. Conduct employee training that instills the corporate philosophy and makes it the foundation for employee conduct. ii. Conduct training that instills the required knowledge and skills that every employee needs to effectively fulfill their roles and responsibilities.	i. Build an environment that enables employees of diverse career and social backgrounds to achieve their full potential. ii. Strive to sustain and promote the health of employees and their families and build an environment that achieves healthy and prosperous employee development.
Major personnel-related measures	<div>Company-wide training system</div> <div>OJT/Off-JTPersonal development</div> <div>Level-specific trainingSkill enhancement trainingCareer development trainingOutside training for selected employeesCompany-wide training (on management philosophy, etc.)Business-specific trainingSkill development support (Certification acquisition incentive system, etc.)</div>	<div>Employee treatment systemEmployee welfare system</div> <div>New personnel management system (started fiscal year ended March 31, 2023)</div> <div>Career path reevaluationStrengthen career development supportBalance evaluations and treatmentTake into account impact of transfersSecond career assistance systemPromote women to management, foreign hires, hiring people with disabilitiesBalance childcare/caregiving and workPromote work-life balancePromote employee health (Cancer screenings, health awareness, and other health management)Measures to ensure worker safety</div>
Indexes and targets	<ul style="list-style-type: none">Awareness survey: career fulfillment level over 80% for all agesAt least 15 hours per year of training per employee and every employee takes part in training courses	<ul style="list-style-type: none">Women in management positions: 13% or higherMale childcare leave: 100%Annual hours worked per employee: 1,800 hours or less

CO2 emissions



Renewable energy usage rate (Targets)



For more information about Duskin's climate change strategy and climate change indexes and targets, refer to this link.

<https://www.duskin.co.jp/english/sus/ecology/savingenergytcfdf/>



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 business 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	<ul style="list-style-type: none">Quality Assurance Committee (now Sustainability Committee) establishedCompliance Promotion Committee (now Compliance Committee) established
2006	<ul style="list-style-type: none">Risk Management Committee establishedDuskin 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 IncorporationA basic policy for the Internal Control System established
2007	<ul style="list-style-type: none">The Directors' retirement benefit program terminated
2008	<ul style="list-style-type: none">The number of Outside Audit and Supervisory Board Members increased from two to three
2013	<ul style="list-style-type: none">Starts participating in Electronic Voting Platform
2014	<ul style="list-style-type: none">The number of Outside Directors increased from one to two
2015	<ul style="list-style-type: none">Outside Directors and Audit and Supervisory Board Members Council establishedThe number of Outside Directors increased from two to threePosting of shareholders' meeting notice on the web (earlier than distributing printed version) started
2016	<ul style="list-style-type: none">Analysis and evaluation of the effectiveness of the Board of Directors started
2017	<ul style="list-style-type: none">Directors Evaluation Committee establishedDirectors Evaluation and Nomination System introducedA share-based remuneration-type stock option program established
2018	<ul style="list-style-type: none">Operating Officer System introducedIndependent Outside Directors account for at least one third of all DirectorsThe number of Directors decreased from not more than 15 to not more than 12
2019	<ul style="list-style-type: none">Advisory body function of the Directors Evaluation Committee switched to the Board of Directors instead of to the President
2020	<ul style="list-style-type: none">Operations restructured into groups; COO and CFO designatedSuccession Plan to train and develop next-generation management launched
2021	<ul style="list-style-type: none">Share-based remuneration-type stock options replaced with a restricted stock remuneration planHybrid virtual shareholders' meeting (a meeting in which online participants do not have voting rights) held
2022	<ul style="list-style-type: none">Three female independent Outside Directors appointedMoved from the first section of the Tokyo Stock Exchange to its Prime Market

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 one of its most important management issues. 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.

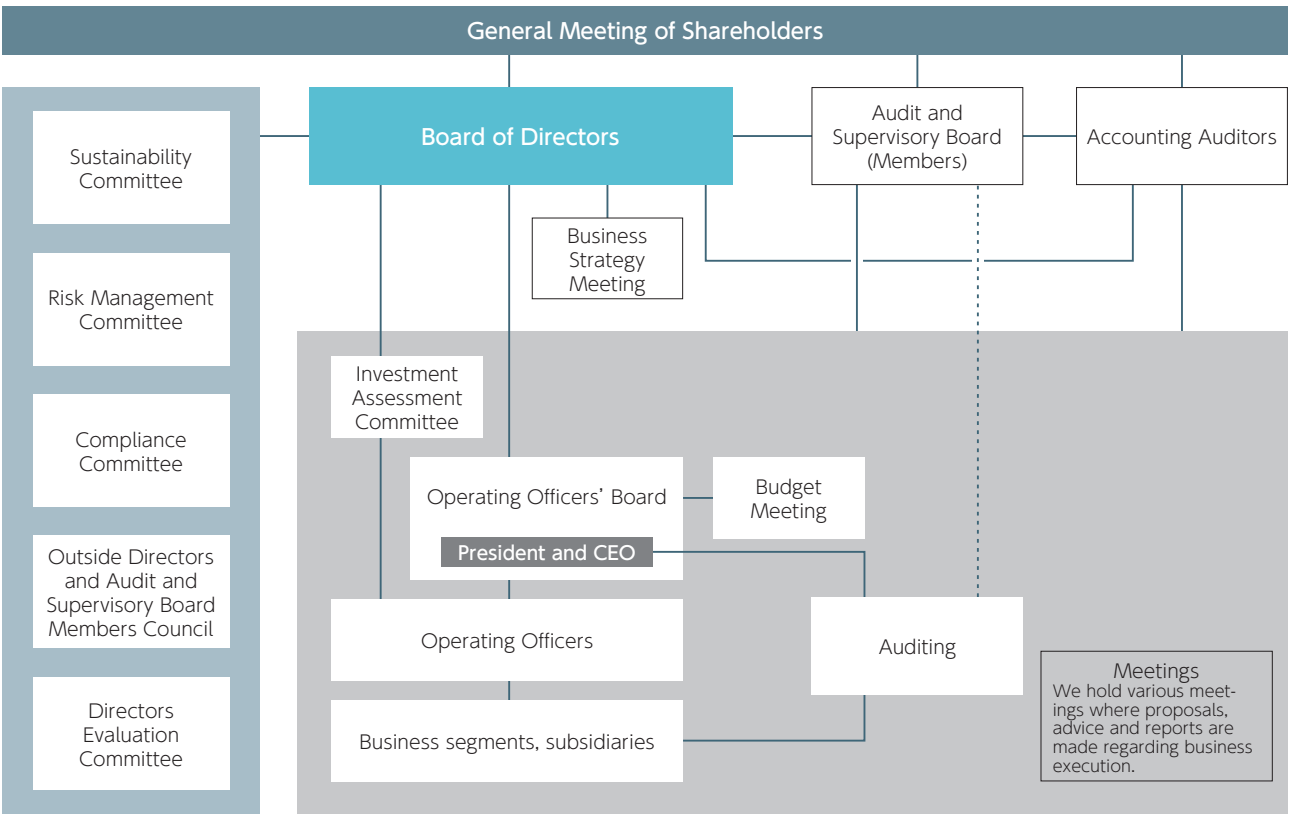
<https://www.duskin.co.jp/english/ir/governance/corporate/pdf/CorporateGovernance.pdf>



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, who typically serve concurrently as Operating Officers, monitor and supervise the performance of other Directors. 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.

Corporate governance structure (as of June 2023)



Eleven-Year Highlights with Key Performance Indicators

Duskin Co., Ltd. and its consolidated subsidiaries Fiscal years ended March 31		Long-Term Strategy ONE DUSKIN											
		Medium-Term Management Policy			Medium-Term Management Policy 2015				Medium-Term Management Policy 2018				Medium-Term Management Policy 2022
		2013	2014	2015	2016		2017	2018	2019	2020	2021	2022	2023
Customer-level sales													
Customer-level sales	(Millions of yen)	411,494	407,225	401,561	394,850		384,547	382,104	376,994	380,425	359,582	389,388	411,772
Of which, the Direct Selling Group	(Millions of yen)	274,665	276,956	270,390	274,005		272,633	272,577	271,811	271,189	253,178	265,659	270,081
Of which, the Food Group	(Millions of yen)	115,484	106,426	105,631	95,549		86,058	81,148	76,741	79,714	80,148	95,031	107,388
Overseas and other businesses*1	(Millions of yen)	21,344	23,842	25,539	25,295		25,855	28,378	28,440	29,521	26,255	28,698	34,302
For the fiscal year													
Sales	(Millions of yen)	168,163	167,745	167,987	165,203		161,880	161,031	158,699	159,102	153,770	163,210	170,494
Operating profit	(Millions of yen)	9,197	6,641	5,067	5,372		6,069	7,557	7,954	6,577	4,651	9,899	8,637
Ordinary profit	(Millions of yen)	11,027	8,322	7,083	6,707		7,554	8,978	10,011	7,929	6,633	12,215	11,375
Profit attributable to owners of parent	(Millions of yen)	6,092	4,448	3,441	2,983		4,318	5,324	5,984	5,591	2,821	8,132	7,196
Comprehensive income	(Millions of yen)	9,095	6,246	7,870	1,401		5,309	7,825	8,571	2,178	6,331	7,477	8,316
Depreciation	(Millions of yen)	7,083	6,953	7,068	6,704		6,878	6,216	6,415	6,938	7,378	7,462	7,439
Capital expenditures	(Millions of yen)	5,285	3,974	6,319	8,520		6,047	6,047	6,324	6,744	9,243	6,238	7,916
At fiscal year-end													
Net assets	(Millions of yen)	152,811	151,903	155,196	143,648		142,108	147,786	149,884	142,031	145,836	151,026	151,774
Total assets	(Millions of yen)	202,375	202,778	198,475	190,322		190,116	196,058	194,223	185,158	188,399	198,055	197,524
Interest-bearing debt	(Millions of yen)	191	246	52	20		91	196	18	14	18	1,539	1,116
Cash flows													
Cash flows from operating activities	(Millions of yen)	16,269	12,086	6,251	11,199		15,803	13,111	13,606	8,850	10,103	19,596	12,061
Cash flows from investing activities	(Millions of yen)	- 6,864	- 14,004	5,515	- 2,826		- 3,565	- 7,909	- 12,555	3,137	- 5,019	- 8,524	- 12,844
Cash flows from financing activities	(Millions of yen)	- 5,980	- 6,553	- 4,514	- 12,952		- 6,800	- 2,232	- 6,671	- 10,022	- 2,563	- 835	- 7,992
Cash and cash equivalents at end of year	(Millions of yen)	28,171	19,775	27,118	22,503		27,902	30,877	25,237	27,167	29,674	39,963	31,275
Per-share data													
Net assets per share	(Yen)	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	3,120.70
Net income per share	(Yen)	95.15	71.13	56.19	52.18		78.95	99.63	112.38	109.95	57.19	164.71	146.13
Dividend per share	(Yen)	40.00	60.00	40.00	40.00		40.00	40.00	50.00	56.00	40.00	83.00	88.00
Price per share at year end	(Yen)	1,878	1,979	2,080	2,022		2,428	2,697	2,635	2,841	2,785	2,689	3,190
Financial indicators													
Equity ratio	(%)	75.1	74.3	77.6	75.0		74.5	75.2	77.0	76.6	77.2	76.1	76.6
Return on equity	(%)	4.1	2.9	2.3	2.0		3.0	3.7	4.0	3.8	2.0	5.5	4.8
Return on assets	(%)	3.1	2.2	1.7	1.5		2.3	2.8	3.1	2.9	1.5	4.2	3.6
Price-earnings ratio		19.74	27.82	37.02	38.75		30.75	27.07	23.45	25.84	48.70	16.33	21.83
Dividend payout ratio	(%)	42.0	84.4	71.2	76.7		50.7	40.1	44.5	50.9	69.9	50.4	60.2
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)	64,994	63,494	63,494	57,494		55,194	55,194	52,694	50,994	50,994	50,994	50,994
Treasury shares at end of year	(1,000 shares)	1,913	1,915	2,947	1,948		1,749	1,750	679	1,659	1,650	1,559	2,492
Repurchase of company stock	(1,000 shares)	1,203	1,500	1,030	5,000		2,100	—	1,430	2,679	—	—	1,094
Repurchase of company stock (amount)	(Millions of yen)	2,015	2,835	1,841	10,503		4,415	—	3,750	7,777	—	—	3,303
Shareholders													
Individuals	(%)	41.5	39.8	40.0	41.1		40.2	38.7	40.2	39.4	40.2	42.2	41.8
Financial institutions	(%)	16.9	15.9	16.7	18.1		19.6	20.6	22.7	23.3	22.9	22.7	22.7
Domestic corporations	(%)	28.5	28.2	26.0	23.9		23.4	22.1	21.0	21.2	20.1	19.3	18.8
Foreign corporations	(%)	10.2	13.0	12.6	13.5		13.7	15.4	14.7	12.8	13.5	12.7	12.7
Treasury shares	(%)	2.9	3.0	4.6	3.4		3.2	3.2	1.3	3.3	3.2	1.9	4.0
Number of employees													
Full-time employees		3,512	3,552	3,487	3,538		3,528	3,773	3,813	3,802	3,819	3,778	3,739
Of which, employees of Duskin Co., Ltd.		1,952	1,936	1,928	1,960		1,954	1,991	2,020	1,974	1,988	2,000	1,989
Part-time employees*3		5,751	5,867	6,041	6,128		6,219	6,029	6,086	6,080	5,925	5,937	5,924
Of which, employees of Duskin Co., Ltd.		1,715	1,541	1,478	1,588		1,607	1,488	1,438	1,121	1,057	1,129	1,074
Number of locations													
Total		9,912	10,143	10,427	11,067		11,610	12,359	13,675	14,688	14,649	16,342	18,216
Of which, the Direct Selling Group*4		5,949	6,031	6,135	6,218		6,200	6,245	6,332	6,365	5,664	5,683	5,728
Of which, the Food Group		1,422	1,398	1,354	1,314		1,195	1,119	1,037	1,003	985	996	1,014
Overseas*1		2,541	2,714	2,938	3,535		4,215	4,995	6,306	7,320	8,000	9,663	11,474

*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
*4 Figures after March 2021 do not include drink service locations.

Corporate Information

Corporate information

Name	Duskin Co., Ltd.	Date established	February 4, 1963
Head Office	1-33 Toyotsu-cho, Suita-shi, Osaka 564-0051	Capital stock	11.3 billion yen (as of March 31, 2023)
Representative	Hiroyuki Okubo, Representative Director, President and CEO	Number of employees	1,989 (Duskin Co., Ltd. only), 3,739 (Consolidated) (as of March 31, 2023)

Subsidiaries and affiliates (as of March 31, 2023)

■ Direct Selling Group ■ Food Group ■ Other businesses

Consolidated subsidiaries

(Japan)

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

(Overseas)

■ Duskin Hong Kong Co., Ltd.	■ Duskin Shanghai Co., Ltd.	■ Big Apple Worldwide Holdings Sdn. Bhd.
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Equity method affiliates

(Japan)

■ NAC Co., Ltd.

(Overseas)

■ Duskin Serve Taiwan Co., Ltd.	■ Mister Donut Taiwan Co., Ltd.
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Directors and Audit and Supervisory Board Members (As of June 23, 2023)

Board of Directors		Audit and Supervisory Board Members		Operating Officers	
Board Director and Chairman	Teruji Yamamura	Audit and Supervisory Board Member	Hideyuki Naito	Operating Officer	Seishi Nemoto
Representative Director, President and CEO	Hiroyuki Okubo		Takashi Yoshida		Keiichi Emura
Board Director and COO	Kazushi Sumimoto	Outside Audit and Supervisory Board Member	Sachiko Kawanishi		Keishi Morita
	Tetsuya Wada		Kyoichiro Arakawa		Kazumi Mori
Board Director and CFO	Naoto Miyata		Hidekazu Saruki		Eiji Hirano
Board Director and Operating Officer	Shinichiro Ueno				Tetsuji Daikuhara
Outside Director	Nobuko Sekiguchi				Kenji Iida
	Yukiko Tsujimoto				Hideyuki Kanoh
	Fumi Musashi				Koji Tsukamoto

Stock Information

Stock summary (as of March 31, 2023)

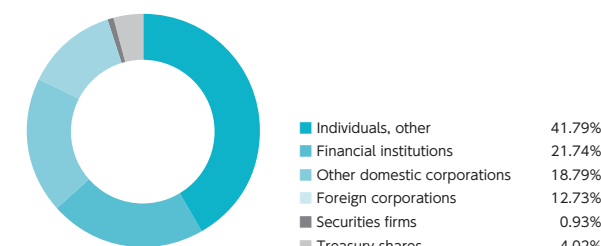
Fiscal year-end	March 31
Annual general meeting of shareholders	June
Securities code	4665
Stock listing	Tokyo Stock Exchange (Prime Market) As a result of the market segment restructuring implemented by the Tokyo Stock Exchange, Duskin transitioned from the First Section to the Prime Market as of April 2022.
Trading unit	100 shares
Number of authorized shares	200,000,000 shares
Number of shares issued	50,994,823 shares (including 2,051,028 shares of treasury stock)
Shareholders	49,151 (increased by 1,379 people compared to March 31, 2022)
Shareholder registry administrator	Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo
Independent auditor	Ernst & Young ShinNihon LLC

Major Shareholders (Top 10 shareholders)

Name	No. of shares owned (1,000 shares)	Ownership ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	6,625	13.53
Custody Bank of Japan, Ltd. (Trust Account)	2,371	4.84
Nippon Corporation	1,800	3.67
Duskin Employee Stock Ownership Plan	1,611	3.29
Hirokata Ogasawara	1,415	2.89
Duskin Franchisee Stock Ownership Plan	1,155	2.36
Sumitomo Mitsui Banking Corporation	840	1.71
MOS Food Services, Inc.	760	1.55
Sumitomo Realty & Development Co., Ltd.	749	1.53
Daiwa House Industry Co., Ltd.	700	1.43

Notes:
1. Our company owns 2,051,028 shares of treasury stock but is excluded from the major shareholder list. The treasury stock does not include 447,500 shares of our company held by Custody Bank of Japan, Ltd.
2. Treasury shares are not included in the ownership ratio.

Types of Shareholders



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		Sompo Asset Management Sompo Sustainability Index	
FTSE Russell FTSE Blossom Japan Index		Ministry of the Environment ESG Finance Award Japan	
The MSCI Japan Empowering Women Index (WIN)	2023 CONSTITUENT MSCI日本株女性活躍指数 (WIN)	Sumitomo Mitsui Banking Corporation ESG/SDGs Assessment Syndication	
The MSCI Japan ESG Select Leaders Index	2023 CONSTITUENT MSCIジャパンESGセレクト・リーダーズ指数	Ministry of Economy, Trade and Industry 2023 Certified Health & Productivity Management Outstanding Organization White 500	
JPX Group S&P/JPX Carbon Efficient Index		Nikkei Smart Work Management	

Third-party ESG evaluations

<https://www.duskin.co.jp/english/sus/evaluation/>

