



Duskin Co., Ltd.

**Medium-Term
Management Policy
2022**



***ONE* DUSKIN**

The most attentive service provider in the world

ONLY ONE

A one and only franchise system where franchisor and franchisees share our Management Philosophy

NUMBER ONE

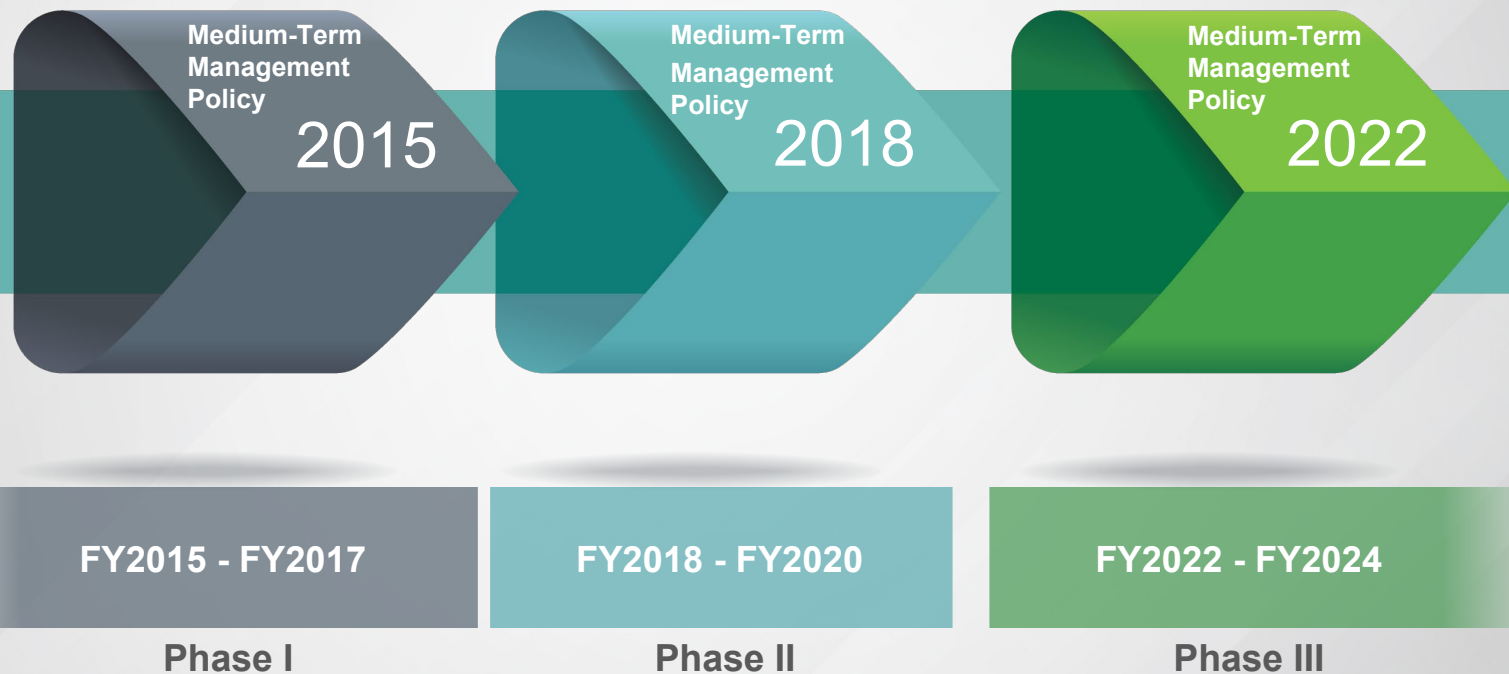
The most trusted franchise business in the community

ALL FOR ONE

All business units and services join to respond to the needs of our customers

ONE DUSKIN
The most attentive service provider in the world

Our Medium-Term Management Policy 2022
**will span the next 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.

We are witnessing abrupt and rapid changes in the business environment at an unprecedented rate.



Social trends

- Pandemic-induced change in our social environment. With the spread of working from home, more people are staying at home during daytime.
- Change in consumer lifestyles and business operations due to the increased awareness of hygienic and cleaning products
- Food delivery services gained a foothold prompted by the surge in demand, allowing digitalization to spread also in store.
- In an increasingly globalized world, nations are accelerating their efforts to enhance economic security.

Technology trends

- More advanced and affordable camera and sensor technologies. The pandemic has accelerated the visualization of how congested restaurants and retail stores are.
- The shift to “going remote” normalized first in business and education and then progressed in the medical field, manufacturing and infrastructure development thanks to the spread of 5G, a faster, higher capacity and more reliable communication system.
- The dramatically improved self-driving technology facilitated its adoption as a new mode of factory transportation, resulting in a more accurate and flexible system than conventional AGVs*.

*AGV (Automatic Guided Vehicle) is an unmanned load carrier or mobile robot used for transporting goods.

Global environmental consciousness

- Going carbon neutral by 2050. Creating a decarbonized, recycling-oriented society at a faster pace
- As companies are more aware of their responsibility to address climate change, they need to mitigate environmental impacts as well.
- Global actions to pave the way for a sustainable society

Continue to build upon the foundation laid around our existing businesses under the previous medium-term management policy in the pursuit of our ONE DUSKIN strategy

Go more digital in existing businesses to address pandemic-induced changes in the business environment. Reinforce businesses revolving around the following concepts: information and distribution system reform, hygiene and cleanliness in the Direct Selling Group and meeting customer needs in the Food Group

Establish a corporate structure capable of keeping up with the ever-changing business environment by actively investing in new growth opportunities and reforming our business portfolios

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

Since its founding, Duskin has placed the philosophy of unifying business and morals at the heart of all its operations.

The business element hints at our pursuit of sustainable growth while serving our local communities, that is, enhancing economic value. To this we add our goal to enhance social value implied by the morals as we take genuine pleasure in striving to live up to society's expectations. In other words, unifying business and morals is all about pursuing greater economic and social value alike, which will ultimately enhance our corporate value.

We will continue to stay true to this belief.

Numeric Forecasts and Goals (Consolidated)

(Millions of yen)

	FY2021 Forecast Announced Figures	FY2024 Goals
Sales	160,500	183,000
Operating income	8,400	12,000
Operating margin	5.2%	6.6%
Net income attributable to owners of parent	7,200	10,000
ROE	4.8%	6% or higher

Three Strategic Themes

Theme 1

Reforming our business portfolios



Theme 2

Establishing a solid foundation



Theme 3

Coexistence with local communities



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

- **Boosting our human resource and technology management capital and reinforcing the organizational and business control systems**



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**



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

- ▶ Keep growing together with our franchisees sharing Duskin's Management Philosophy
 - Develop products and services, train and nurture personnel, drive various policies in collaboration with our franchisees
- ▶ Boost revenues and expand business scope with new products and services that address changes in the market environment and customer needs
- ▶ Expand existing peripheral areas where we can leverage our current services and technologies
- ▶ Select and concentrate our businesses through portfolio analyses and reviews
- ▶ Bring new value to customer experiences by restructuring the information and distribution systems through digital transformation strategies

Direct Selling Group

Improve user experience by focusing on three areas — hygiene and cleanliness (most important), work-life management and senior support — in harmony with the diversified lifestyles and business operations of our customers

Food Group

Enhance customer satisfaction by constantly pursuing tastiness, creating hygiene-conscious shops and making our systems easy to access



Theme 1 | Reforming our business portfolios

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

● Reforming and expanding existing businesses | Direct Selling Group

In line with our goal to help customers fine-tune the rhythm of their daily lives and working environments, the Direct Selling Group places highest priority on hygiene and cleanliness while also focusing on work-life management and senior support areas.

Hygiene and cleanliness

- Develop and expand sales of high value-added products with enhanced hygiene attributes in great demand
- Expand the information and distribution systems to meet market demand

Work-life management

- Help working people and their families create and optimize their time by solving daily housework challenges
- Enhance the existing areas and explore the possibilities of expanding into unexplored areas in the pursuit of becoming a lifestyle partner

Senior support

- Approach the early elderly and enhance our service offerings falling outside long-term care insurance coverage

Development Strategies

Developing products and services that meet customer needs

Establish our sales foundation by further cultivating and expanding the primary domains

Laundry and Distribution Strategies

Creating a sustainable structure for laundry and distribution

Optimize and save manpower through the introduction of RFID electronic tags and smart manufacturing

CX Strategies

Delivering new value to customer experiences

Improve customer experience by stepping up e-commerce and social media as well as enhancing app functionality

Organizational Strategies

Reinforcing customer contacts

Create a dedicated structure for sales visits to residential customers and introduce it across our franchisees

Location Strategies

Strengthening our service delivery system

Establish a structure for delivering services through the opening of new locations aligned to market demands

Reforming the information and distribution systems



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 | Food Group

As we seek to always deliver enjoyment and tastiness to customers, the Food Group has been committed to creating shops where anyone and everyone can enjoy happy moments at any time. To make “something good” happen to as many customers as possible, its core business Mister Donut strives to capture new markets as well as to maintain and bolster sales of primary products.

New business model development

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

Strengthening of the current value chain

- Realize the internalization of major raw material processing and distribution for existing businesses

Merchandising

- Create new products and sales opportunities leveraging the brand

Development Strategies

Giving customers more reasons to visit our shops

Pursue taste by enhancing our MISDO GOHAN light meal menu and the MISDO Meets collaborative products

Shop Opening Strategies

Improving customer convenience

Open drive-through shops, central kitchens and takeout specialty shops in areas where we do not have a presence yet

CX Strategies

Delivering new value to customer experiences

Introduce delivery ordering and drive-through pickup functions, as well as locker-style drop boxes

Reforming the information and distribution systems



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

● Investment in new growth opportunities

Creating social values by contributing to the resolution of pending social issues (active investment using M&A, venture capital, investments in R&D, or industry-academic collaborations)

- ▶ Create new value in existing businesses and in domains that allow harnessing of synergies in the future by tackling social issues such as conservation of the global environment, declining birthrate, aging society and regional revitalization
- ▶ Develop domains meant to maintain lifelong relationships with Duskin
- ▶ Create new value through the introduction of new technologies and restructuring of our business model

Overseas strategies

- ▶ Besides pursuing growth in the countries where we are already present, we will consider and proceed with further expanding into new Asian countries after carefully assessing the situation in each country, including the market environment.



Solidifying our business base to enhance corporate value

● Boosting our human resource and technology management capital and reinforcing the organizational and business control systems

Driving human capital management

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

Boosting R&D

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

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

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

Strengthening management for selection and concentration of business

- ▶ Manage business with capital costs in mind

Achieving more effective governance

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



Theme 2 | Establishing a solid foundation

Solidifying our business base to enhance corporate value

● Boosting our human resource and technology management capital and reinforcing the organizational and business control systems

Advancing Digital Transformation (DX)

Duskin's Digital Transformation: Customer experience (CX) could only get better with the help of digitalization. By harmonizing digital touchpoints with the attentive distribution functionality of in-person customer contact points, DX can bring even more benefits to customers.

Digital optimization

Digital transformation

Rationalization and streamlining

Strengthening customer relationships

New business model development

RFID
implementation

Stepping up
e-commerce

Business platform
development

Smart factory transformation

Enhancing app functionality

Cloud shift

Strengthening site tie-ups
with other companies

Key Items in the Medium-Term Management Policy 2022

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

- ▶ Establishing a sustainable supply chain through digital optimization
 - Introduce RFID electronic tagging for rental products and convert laundry plants into smart factories
- ▶ Moving forward from Digital Optimization to Digital Transformation
 - Lay the foundation for our digital transformation initiative by establishing a cloud shifting-dedicated structure



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

Contributing to social sustainability

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

Tackling global environmental conservation

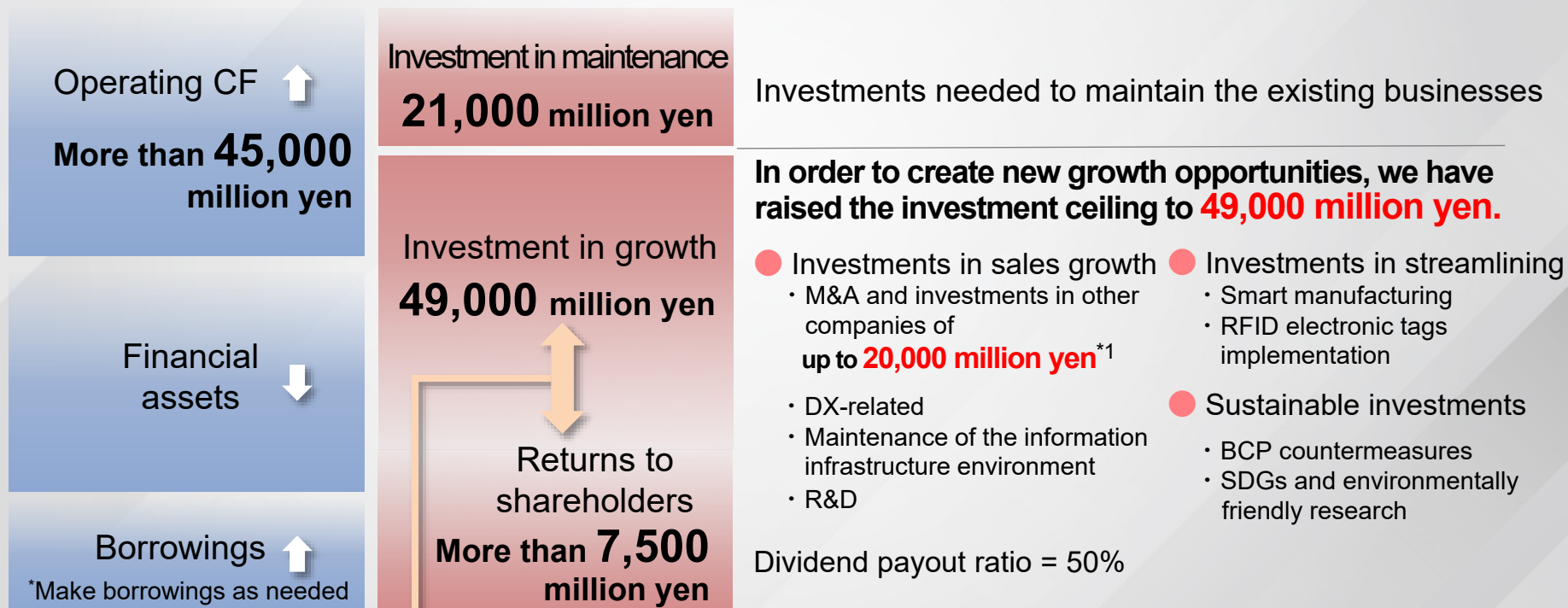
- ▶ Contribute to the creation of a recycling-oriented society
- ▶ Address climate change

Achieving a sustainable management

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

We will make bold investments in new growth opportunities to rebuild our business portfolios.

Cash Allocation for 3 Years



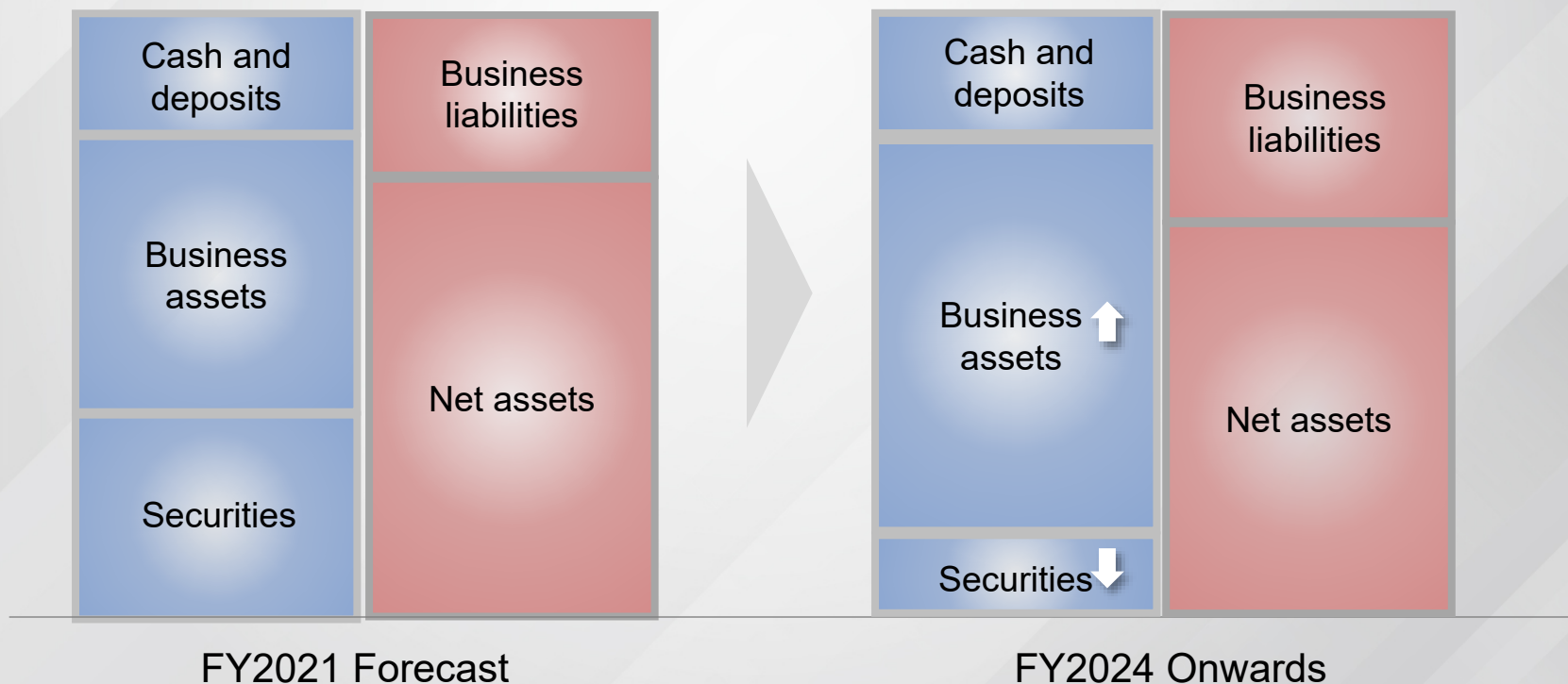
Improving the total payout ratio while striking a balance between strategy performance and financial soundness

Note: The amount to be invested in growth includes expensing investments to be expensed for accounting purpose.

*1 Depending on the investment, we are considering going beyond the 20,000 million yen.

We will review the capital structure in order to enhance shareholder value and expand the size of business assets, the underlying growth drivers.

Balance Sheet





Cautionary Note Regarding Forward-Looking Statements

The forecasts and other forward-looking statements in this document are based on projections and assumptions made by Duskin Group in light of currently available information.

Actual results may differ from these forecasts depending on the future business environment.