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.

Social issues **Politics** • Relevant laws and regulations

Meeting goals set

by the government

Economy Revitalization of

economic activity

after COVID-19

pandemic

Risks and Opportunities

Technology Accelerating digitization

Society

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

Input

Six Types of Capital

Human capital

- Employees: **3,739** (consolidated) Educational facilities Seishinkan Guesthouse / Duskin School / Mister Donut College / regional training centers
- Social capital
- Franchise system rooted in local communities
- Cooperation with local governments and administrative bodies
- •6.742 locations in Japan¹ •11,474 locations outside Japan²

Intellectual capital

- · Patents approved: 136 in Japan and 5 outside Japan¹
- R&D expenditures: 720 million yen

Financial capital

- •Mop/mat production facilities: 2 locations¹
- Rate of periodic inspections at contracted food processing plants: 100%³

Natural capital³

- •Plastic used in containers and packages: **1,166** t Energy usage:
- 2.342.000 GJ (gigaioules)
- •CO2 emissions: 454,841 t-CO2

1. As of March 31, 2023 2. As of December 31, 2022 3. During the fiscal year ended March 31, 2023

promotions •Total assets: 151.7 billion ven ESG • Cash flow (Cash and cash equivalents at end of year): Corporate governance 31.2 billion yen³ Sustainability (environmental and social) Manufactured capital

Our Business Model: Franchise System

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



Endorsement of our management philosophy / Franchise agreement



Franchisees

Sales and services

- Information and logistics Advertisements and sales
 - (Operation and sales support) Providing trademarks, know-how and operation systems
 - Compliance Education (license renewal, training, study sessions) **Environmental management**
- Product assortment management Periodic information sharing (participation in meetings and study sessions) Recruitment and employment of staff
- Improvement of skills Environmental conservation Community support

Business Issues Materiality

Medium-Term **Management Policy** 2022

Output

Direct Selling Group

- Clean Service
- Care Service
- Senior Care
- Other Direct Selling Group businesses

Food Group

- Mister Donut
- Other Food Group businesses

Overseas

 Overseas businesses **Dust Control** Care Service Mister Donut Big Apple

• A business model that contributes to the sustainable

Suppliers

development of franchisees (Average franchise contract length: 36 years)

Outcome

Sowing the seeds of joy

for people and society

Collaborative value creation with

stakeholders

Duskin's

CSV

Doing our part for

ociety through our

Economic Value

Employ

- Commitment to return of profits to shareholders
- (Total return ratio: 106.4%) • Sales growth through customer satisfaction
- (Customer-level sales: 411.7 billion ven. sales growing rate: 5.7%)
- Care Service businesses franchise locations: 2,795
- Senior Care business franchise locations: 276

Note: Because some business locations operate multiple businesses, the number of locations above (as of March 31, 2023) may differ from the actual number of offices.

Social Value

- •Comprehensive partnership agreement with Osaka
- Supporting local schools and education
- Rate of female employees in managerial positions:
- Rate of employees with disabilities: 2.82%
- Training received per employee: 18.6 hours

Environmental Value

- Rate of recycling food waste: 69.1%
- Food loss and waste reduction rate: 38.6% (from the fiscal year ended March 31, 2021 level)
- Rate of recycling plastic containers and packaging:
- •CO₂ emissions reduction rate: 20.2% (from the fiscal year ended March 31, 2014 level)

Note: Figures are for the fiscal year ended March 31, 2023, and the amounts are rounded down

Long-term strategy ONE DUSK!N

We aim to unite all Duskin businesses courteous manner.

so as to serve our customers in the most effective and

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Business

Franchise system operation

Product and service

system development

development

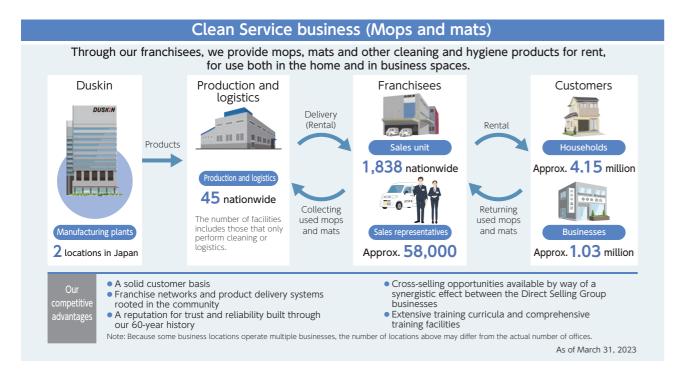
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How Duskin's Value Creation Process Works

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.



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.



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.



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

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