

## Message from the President



Pictured in the background is the washing machine and dryer actually used at the time of Duskin's founding. It is displayed at the entrance to the company's Reference Library of Prayerful Management in Suita, Osaka.

## Let us connect your heart to the people around you

On November 16, 2023, Duskin celebrated its 60th anniversary. We would like to express our sincere gratitude to our customers and all other stakeholders who have warmly supported our business for more than 60 years to this very day.

想いをつなごう。  
その人の、その先へ。



### The importance of revisiting our business origins on our 60th anniversary

On the occasion of our 60th anniversary, I asked our employees for two things. One is to revisit the origins of our founding at this 60th anniversary milestone and understand the importance of upholding the founder's intentions. In the words of our founder, if our joy makes others happy, we can both share in that joy and happiness. This means that the joy felt by customers, the people we work with and our families becomes one's own joy, which goes hand in hand with the idea that self-interest is in the realization of the interests of others.

Currently, we operate multiple businesses, all of which collaborate with each other to provide products and services in the hope of enriching the lives and hearts of our customers. This is based on the founder's philosophy of putting customer happiness first, and our franchise agreement requires that franchisees endorse our corporate philosophy. All of what we do is based on the endorsement of our corporate philosophy and having franchisees walk the same path with us, which is pre-

cisely why I believe it is important for every one of us to reflect on the corporate philosophy at the milestone of our 60th anniversary.

The other thing I asked for is that every employee thinks about how they will approach the future. Above our 60th anniversary commemorative logo, we added the following tagline: "Let us connect your heart to the people around you." With highly uncertain times ahead of us, I believe it will become more important than ever before to deliver services brimming with Duskin's unique hospitality as we go about flexibly adapting to changes in the operating environment. It is important for each and every employee to think for themselves what he or she can do to provide valuable products and services and make customers happy. I earnestly hope that each and every one of our employees thinks for him or herself, understands our customers' feelings with a sincere heart and translates that into action so that our company can continue to be of service in the future.

### Strengthening existing business lines and embracing the challenge of providing services in new areas

In recent years, individual preferences have diversified, and digital technology has advanced. As such, we must provide products and services in line with these changes. We especially value customer experiences through direct face-to-face interactions with our customers. Of the series of customer experiences before, during and after a purchase, we intend to utilize digital technology for the experiences before and after. For the experience during the purchase, however, we will continue to attach importance to customer interactions based on face-to-face engagement — a strength we have honed since the time of our founding. Through these efforts,

we will seek to further enhance the value we provide to customers.

And, as society continues to undergo significant changes, we will look to further improve the value provided in our existing businesses and take on challenges so that we can be of service in new areas. Recently, in November 2023, we signed a business alliance agreement with JP-Holdings, Inc., an operator of more than 300 childcare support facilities, including nurseries and after-school clubs. We have a track record of meeting the needs of families mainly by providing mop and door mat rentals

and home cleaning and helper services. We will aim to create new value alongside our existing businesses, starting with the provision of healthier living environments where child-raising generations can work with peace of mind and have more time on their hands. Making a foray into this child-raising support field will present a major challenge if we are to remain an essential company to customers and society for many years to come.

Also, as a similar new challenge, in the food business which operates Mister Donut and Katsu & Katsu, in Jan-

### Boosting productivity and profitability amid sky-high raw material and labor costs

As for the economic environment, in May 2023, COVID-19 was downgraded to a Category V infectious disease and social activity started to normalize thereafter. One of the most closely watched aspects of the post-pandemic era is the change in lifestyle. The Food Group needs to keep a close eye on trends in demand for takeout and delivery services and respond appropriately. We also recognize how important stable procurement is in the midst of ongoing increases in raw material costs. The price of flour, the primary ingredient used in the Mister Donut business, has stabilized compared with what it once was, but the prices of other ingredients continue to skyrocket, impacted mainly by the weak yen. In addition, we are working to improve productivity in light of rising personnel costs due to such factors as labor shortages.

Meanwhile, in the Direct Selling Group, we are focusing on sales to customers whose operations were affected during the COVID-19 pandemic but are now showing signs of recovery. In addition, as more people are getting out and about, there is a growing demand to

### The ONE DUSKIN mission will be key in these times of change

In terms of our long-term strategy ONE DUSKIN, we are pursuing ways to leverage the strengths of each business and facilitate collaboration in order to better serve our customers. One example of this strategy yielding results was the establishment and operation of vaccination sites during the pandemic. Spearheaded by our Rent-All business, which plans events and rents out equipment, we were able to provide a comprehensive hygiene management service for vaccination sites by combining our ServiceMaster professional cleaning service with the Clean Service business (rental and sales of hygiene products). Also, considering the frequent occurrence of earthquakes, typhoons and other natural disasters, we provide a disaster response support service to help local governments secure the necessary facility hygiene services and rental products when setting up

uary 2024 we made Kenko Saien Co., Ltd. a wholly owned subsidiary. This company is the holding company of Boston House Co., Ltd., which operates the Italian restaurant Napoli No Shokutaku, among other establishments. By providing the most suitable brand for each location and customer attributes, we aim to provide our customers with happy moments. Our policy going forward will be to expand the food business by possibly franchising Napoli No Shokutaku restaurants.

reduce the time spent on, and improve the efficiency of, household chores. In our household services, therefore, we are stepping up our efforts to propose solutions tailored to our customers' lifestyles. The activities of our dedicated household sales teams, which were initially subject to testing at our company-owned sales locations and affiliated companies, were brought to franchisees in the fiscal year ended March 31, 2024, resulting in approximately 27,000 new contracts in total. Going forward, we will further expand the number of franchisees that adopt the dedicated sales structure in an effort to generate more opportunities through which we can be of assistance to our customers.

I should also add that the planned attachment of RFID electronic tags to our mat and mop products is now mostly completed, so the manual tallying process can now be carried out simultaneously with an RFID reader instead. This will enable significant improvements in operational efficiency. With these kinds of productivity improvements, we hope to further boost profitability.

evacuation centers during times of a disaster. As of March 31, 2024, we have made disaster response support arrangements with 75 local governments. Each of our businesses, including the Rent-All business, will work closely with these local governments in order to contribute to the safety and security of the community.

In the future, in order for each business to collaborate and deliver value in response to the challenges faced by society and our customers, we recognize the fact that building healthy relationships of trust between the franchise headquarters and franchisees is also crucial. We will build relationships that are even more tight-knit so that we can deliver value creation under the ONE DUSKIN strategy.

## Building the foundation for the future begins with delivering results in the final year of the Medium-Term Management Policy 2022

The Medium-Term Management Policy 2022 is progressing as planned. In the fiscal year ended March 31, 2024, sales were up but profit was down. This was in line with plan, chiefly reflecting the sharp increase in cost of sales associated with the installation of RFID tags. In the fiscal year ending March 31, 2025, in the Direct Selling Group we will expand the work of the dedicated household sales teams and open more Care Service business locations. In the Food Group, we will continue to offer appealing products and actively open new shops. On top of these efforts, owing to the efficiency improvements made possible by the use of RFID tags, as well as the decrease in the cost of up-front investments, we believe we can steadily achieve our numerical targets, including an ROE of at least 6%.

On the topic of reforming our business portfolio — one of the themes of the Medium-Term Management Policy — we will press ahead with efforts aimed at bolstering profitability in existing businesses and also work on creating new business lines through business development and M&As.

Our approach in the fiscal year ending March 31, 2025 will be to focus our energy on giving shape to the above-mentioned 60th anniversary logo tagline: "Let us connect your heart to the people around you." As a matter of course, we will serve our current customers, but we also want to provide Duskin's value to their families and acquaintances.

As for our presence overseas, we are developing our businesses primarily in East Asia and Southeast Asia. We are currently expanding the Dust Control and Care Service businesses in the two markets of Taiwan and China. And in the Mister Donut business, we currently manage outlets in five regions. In April 2024, we signed a master franchise agreement with Dragon Circle Enterprise Limited with the objective of expanding into the Hong Kong Special Administrative Region of the People's Republic of China. The first shop is scheduled to open in October 2024. With the business model we have hitherto refined in Japan, our goal is to enrich the lives of customers in other countries.

For the second theme of the Medium-Term Management Policy, establishing a solid foundation, we are emphasizing human capital management in a bid to develop human resources. More specifically, we have built a training platform through which all employees can participate in courses. In particular, we are promoting company-wide training on the subject of digital transformation (DX). The important thing is that all employees continue to learn and grow on a personal level. By maximizing the individuality and capabilities of each person as they continue to accumulate both knowledge and skills, new value for Duskin as a whole can be created.



Also, to further enhance the effectiveness of corporate governance, we will aim to deepen discussions at the meetings of the Board of Directors and appropriately allocate organizational resources with a view to implementing management practices in consideration of capital costs and the share price.

As for the third theme of coexistence with local communities, we are accelerating efforts geared towards the realization of a sustainable society and business management. In the Direct Selling Group, we have tested the use of electric vehicles (EVs), and based on the results of those tests, we plan to gradually switch the vehicles used by staff at our company-owned sales locations to EVs. Also, we plan to transition to renewable energy with non-fossil certification for 100% of the electricity used at five of our facilities, including our head office building. In addition, we are providing waste raw materials generated at Mister Donut distribution centers to power companies that supply biomass electricity. We will continue to implement these initiatives in order to achieve the goals of Duskin Green Target 2030.

This fiscal year will be the final year of the implementation period of the long-term strategy ONE DUSKIN. We will unite all Duskin businesses so as to serve our customers in the most friendly and welcoming manner. And in order to do our part for society through our business, we will always remain grateful to our stakeholders as we steadily execute the measures of the Medium-Term Management Policy 2022. In closing, I would like to thank you once again for your unwavering support.

大久保裕行

Hiroyuki Okubo  
Representative Director,  
President and CEO