

# 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.



### Input

#### Six Types of Capital

**Human capital<sup>1</sup>**

- Employees: **3,792** (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
- **6,804** locations in Japan<sup>1</sup>
- **11,611** locations outside Japan<sup>2</sup>

**Intellectual capital**

- Patents approved: **147** in Japan and **5** outside Japan<sup>1</sup>
- R&D expenditures: **600** million yen<sup>3</sup>

**Financial capital**

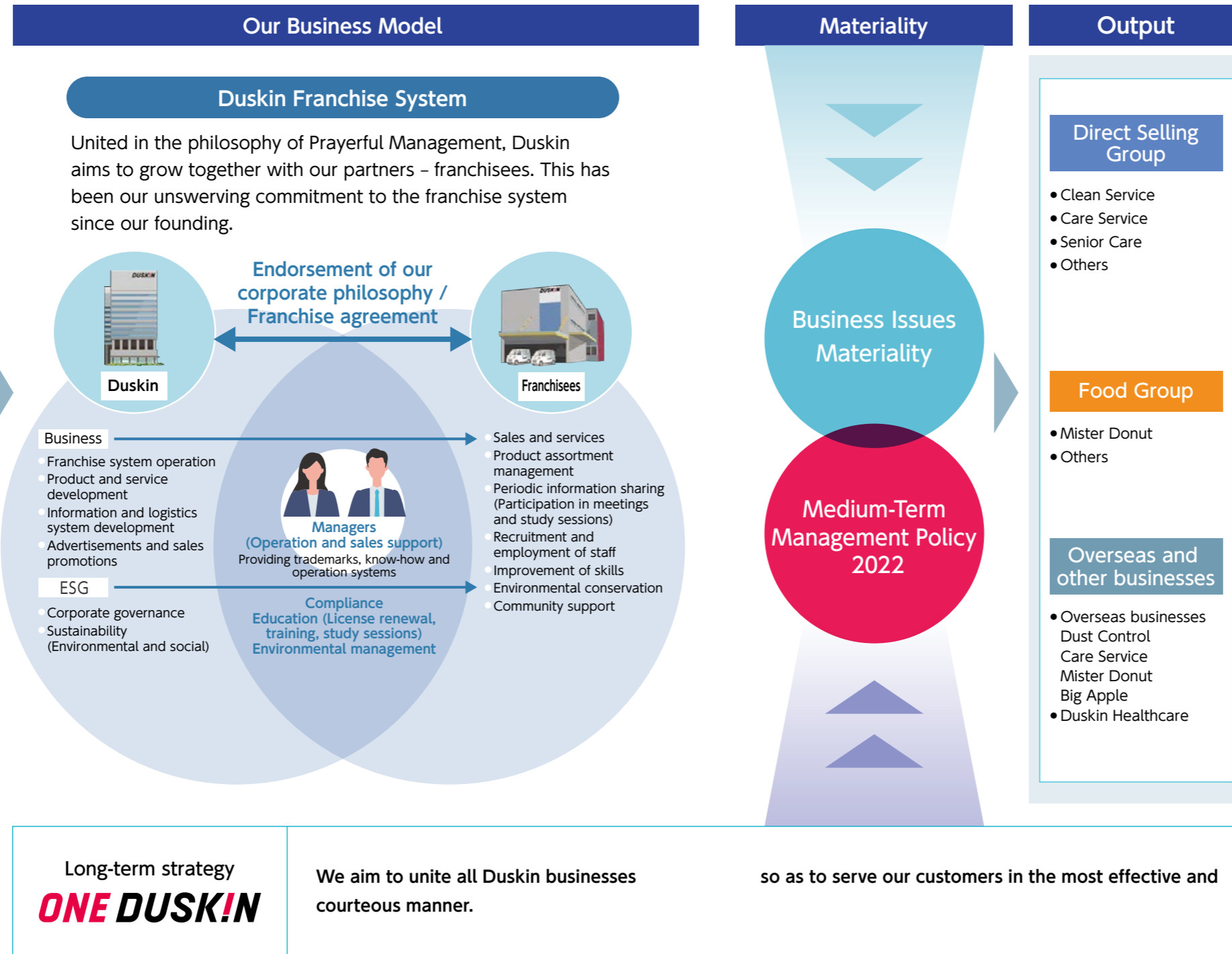
- Total assets: **154.4** billion yen<sup>1</sup>
- Cash flow (Cash and cash equivalents at end of year): **20** billion yen<sup>3</sup>

**Manufactured capital**

- Mop/mat production facilities: **2** locations<sup>1</sup>
- Mop/mat cleaning facilities: **45** locations
- Rate of periodic inspections at contracted food processing plants: **100%**<sup>3</sup>

**Natural capital<sup>3</sup>**

- Single-use plastic used: **2,145** t
- Energy usage: **2,104,000** GJ (gigajoules)
- CO<sub>2</sub> emissions: **473,735** t-CO<sub>2</sub>



### Outcome

#### Sowing the seeds of joy for people and society

**Collaborative value creation with stakeholders**

**Duskin's CSV (Creating Shared Value)**  
Doing our part for society through our business

**Values provided to stakeholders**

**Customers**

- Sales growth through customer satisfaction (Customer-level sales: 432.4 billion yen, sales growth rate: 5%)

**Franchisees**

- A business model that contributes to the sustainable development of franchisees (Average franchise contract length: 40.8 years)
- Number of new Care Service business locations: 212 (Total 2,828)
- Number of new Senior Care business locations: 27 (Total 282)

**Suppliers**

- Annual procurement from suppliers: 62.8 billion yen
- Companies participating in supplier study sessions: 269

**Local communities**

- Municipalities that have signed up for our service to set up a system to provide necessary supplies and equipment in the event of a disaster: 75
- School education support (Lessons given by Duskin staff at local elementary schools: 440, schools that participated in Duskin's seminar program for teachers: 19)

**Employees**

- Rate of female employees in managerial positions: 14.3%
- Rate of employees with disabilities: 3.10%
- Training received per employee: 19.5 hours

**Global environment**

- Rate of recycling food waste: 69.4%
- Reduction rate of single-use plastic: 12.6%
- CO<sub>2</sub> emissions reduction rate: 16.9% (from the fiscal year ended March 31, 2014 level)

**Shareholders, investors**

- Commitment to return of profits to shareholders (Total return ratio: 143.0%)
- Five-year total shareholder return (TSR): 139.1%

Notes:  
1. As of March 31, 2024  
2. As of December 31, 2023  
3. During the fiscal year ended March 31, 2024

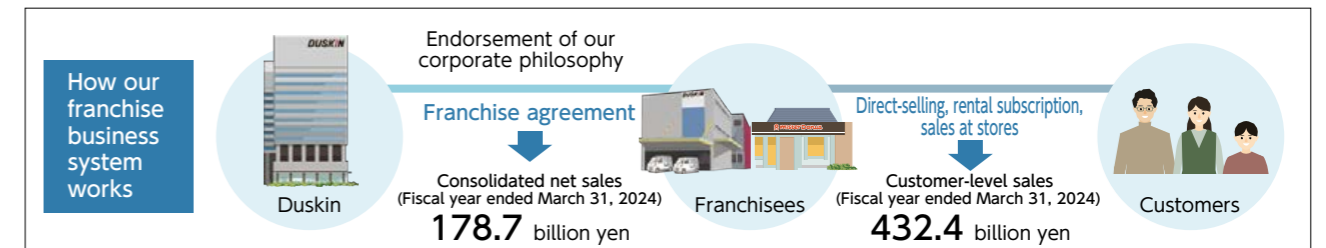
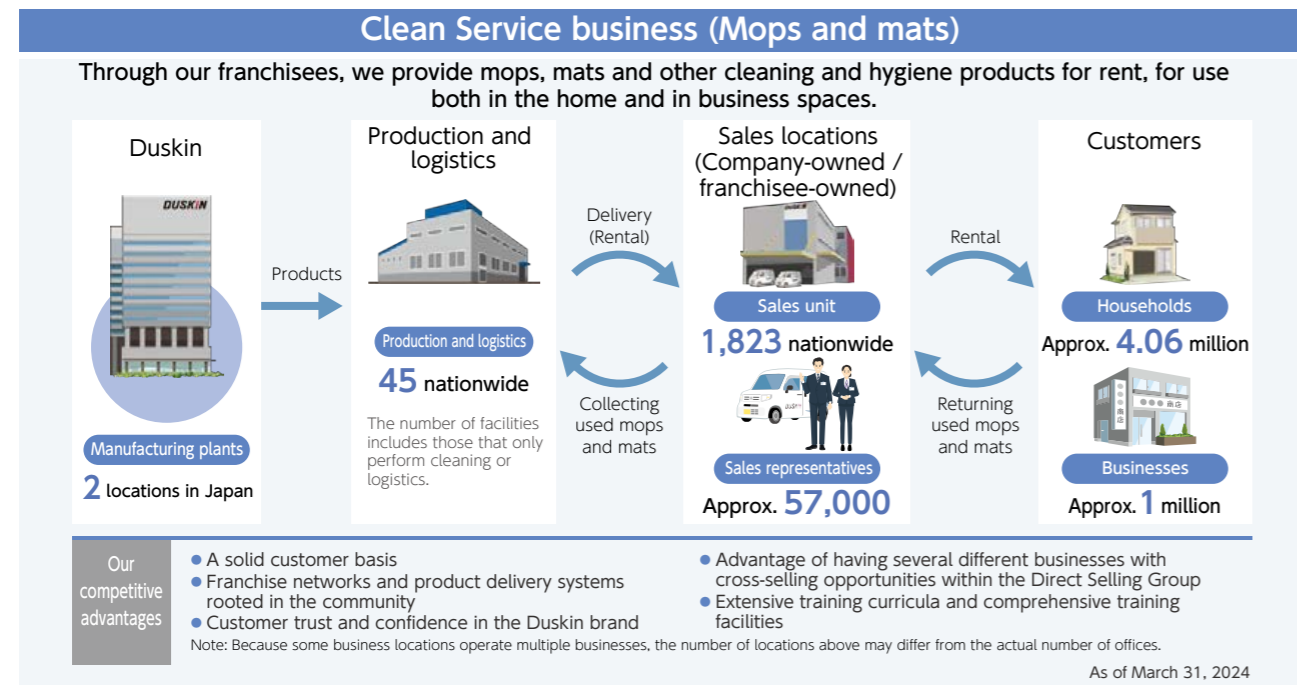
Notes:  
• Figures are for the fiscal year ended March 31, 2024.  
• The amounts are rounded down.  
• The above sales figures represent total sales for our domestic and overseas company-owned sales locations and subsidiaries, as well as projected sales for our franchisees. These figures are for reference purposes.

# 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	What our stakeholders expect of Duskin	Opportunities for dialogue
Customers	Safe, reliable and high-quality products and services, a commitment to customer satisfaction through comfort and great taste, prompt and reliable customer support	Consumer gatherings, Contact Center, fan meetings, Duskin website
Franchisees	A business model based on mutual growth, marketing support that boosts brand power and competitiveness, enhanced training programs and operational support	Support by our supervising managers, franchisee award programs, franchisee associations
Suppliers	Long-term relationships, highly fair and transparent business terms and conditions, a business approach that promotes mutual trust and cooperation	Supplier Study Sessions, Duskin Purchasing Clean Line
Local communities	Revitalization of local economies, employment creation, contribution to local communities, contribution to environmental preservation, strong partnerships with local communities	Supporting local schools and education, Clean Up My Town (trash pickup), laundry plant tours, Duskin Museum, education for fraud prevention
Employees	Fair evaluation and appropriate treatment of employees, diverse opportunities for career advancement, a healthy and safe work environment, ample employee benefits	Labor-management council, Occupational Health and Safety Committee, whistleblowing hotlines, training programs, employee survey
Global environment	Development of environmentally friendly products and services, sustainable resource use and reduction of environmental burden, promotion of environmental conservation	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	Transparent business practices and proper information disclosure, stable growth and reliable profitability, long-term increase in shareholder value	Integrated Report, Investors' Notes, financial results briefings, company briefings for individual investors, meetings with shareholders and institutional investors