

Financial Results

FY2020 (April 2020-March 2021)

Duskin Co., Ltd.
May 25, 2021

Cautionary Statements

- These materials contain forward-looking statements concerning forecasts, goals, strategies, and other matters related to the Company, including its consolidated subsidiaries.
- These forward-looking statements are based on projections and assumptions made by Duskin Group in light of currently available information. Such statements are subject to the uncertainties inherent in projections and assumptions, and also to unforeseeable changes in future business operations resulting from both internal and external changes, which could cause actual results, performance and achievements to differ materially from those contained in these forward-looking statements.
- Eliminations/Corporate includes intersegment eliminations and corporate expenses.
- Starting with FY2015, the Company adopted Revised Accounting Standard for Business Combinations (ASBJ Statement No.21, September 13, 2013) and net income is reported as profit attributable to owners of parent. However, net income is used in this report.
- The novel coronavirus pandemic is referred to in this report as COVID-19.

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Financial Summary

FY2020 (April 2020-March 2021)

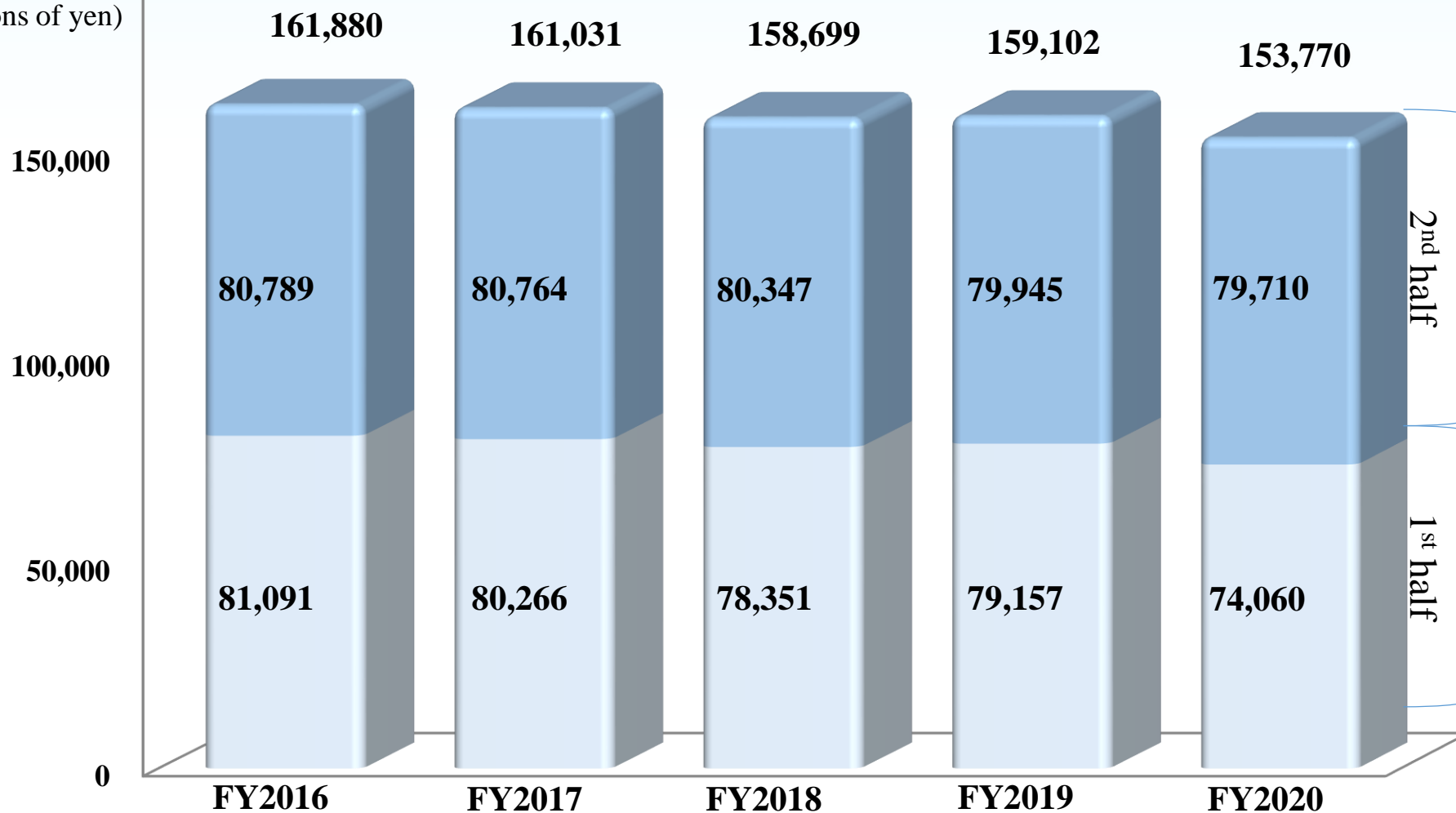
Consolidated Results

(millions of yen)

	FY2019	FY2020	Change	
				%
Sales	159,102	153,770	-5,332	-3.4
Operating income	6,577	4,651	-1,926	-29.3
Operating margin	4.1%	3.0%	-1.1	-
Ordinary income	7,929	6,633	-1,295	-16.3
Operating income margin	5.0%	4.3%	-0.7	-
Net income	5,591	2,821	-2,769	-49.5
Net income margin	3.5%	1.8%	-1.7	-

Consolidated Sales

(millions of yen)



Consolidated Sales

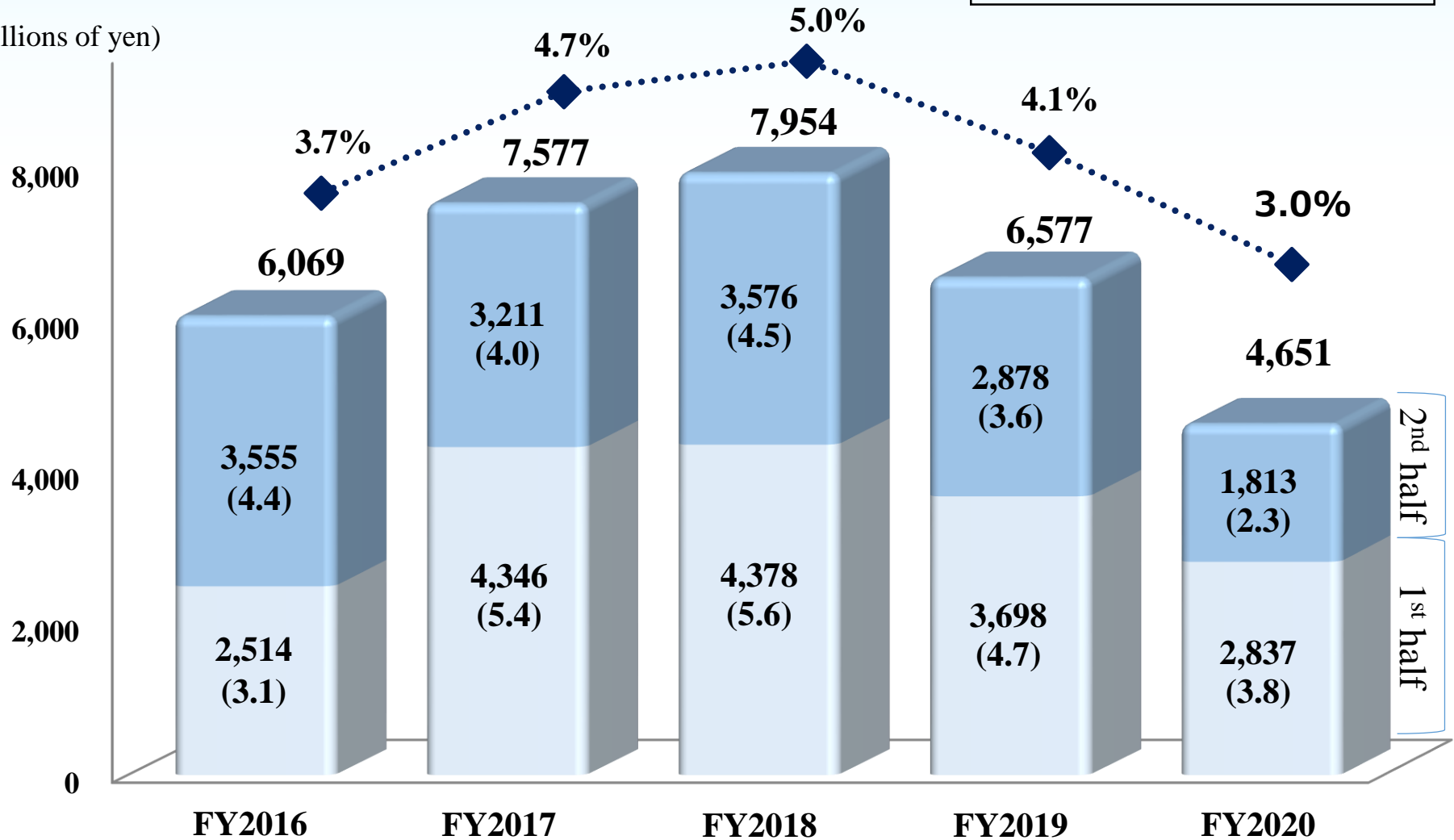
153,770 million yen -5,332 million yen (-3.4%)

(millions of yen)		FY2019	FY2020	Change	
					%
Direct Selling Group	Sales to outside customers	110,379	104,744	-5,635	-5.1
	Intersegment sales	656	595	-60	-9.2
	Total	111,036	105,339	-5,696	-5.1
Food Group	Sales to outside customers	36,247	36,551	+303	+0.8
	Intersegment sales	15	9	-6	-39.9
	Total	36,263	36,561	+297	+0.8
Other Businesses	Sales to outside customers	12,475	12,474	-0	-0.0
	Intersegment sales	2,097	2,578	+480	+22.9
	Total	14,572	15,053	+480	+3.3
Intersegment eliminations		-2,769	-3,183	-413	—
Consolidated sales		159,102	153,770	-5,332	-3.4

Consolidated Operating Income

◆ Operating margin

(millions of yen)



Consolidated Operating Income

4,651 million yen **-1,926 million yen (-29.3%)**

Major Factors

Direct Selling Group	Decrease in gross profit due to lower sales, higher promotional expenses
Food Group	Higher promotional expenses (cost of installing showcase doors at Mister Donut shops)
Other Businesses	Higher income at Duskin Healthcare and Duskin Kyoeki, improved earnings in overseas businesses
Eliminations/Corporate	Lower expenses for IT systems (after higher expenses associated with the consumption tax hike the previous year)

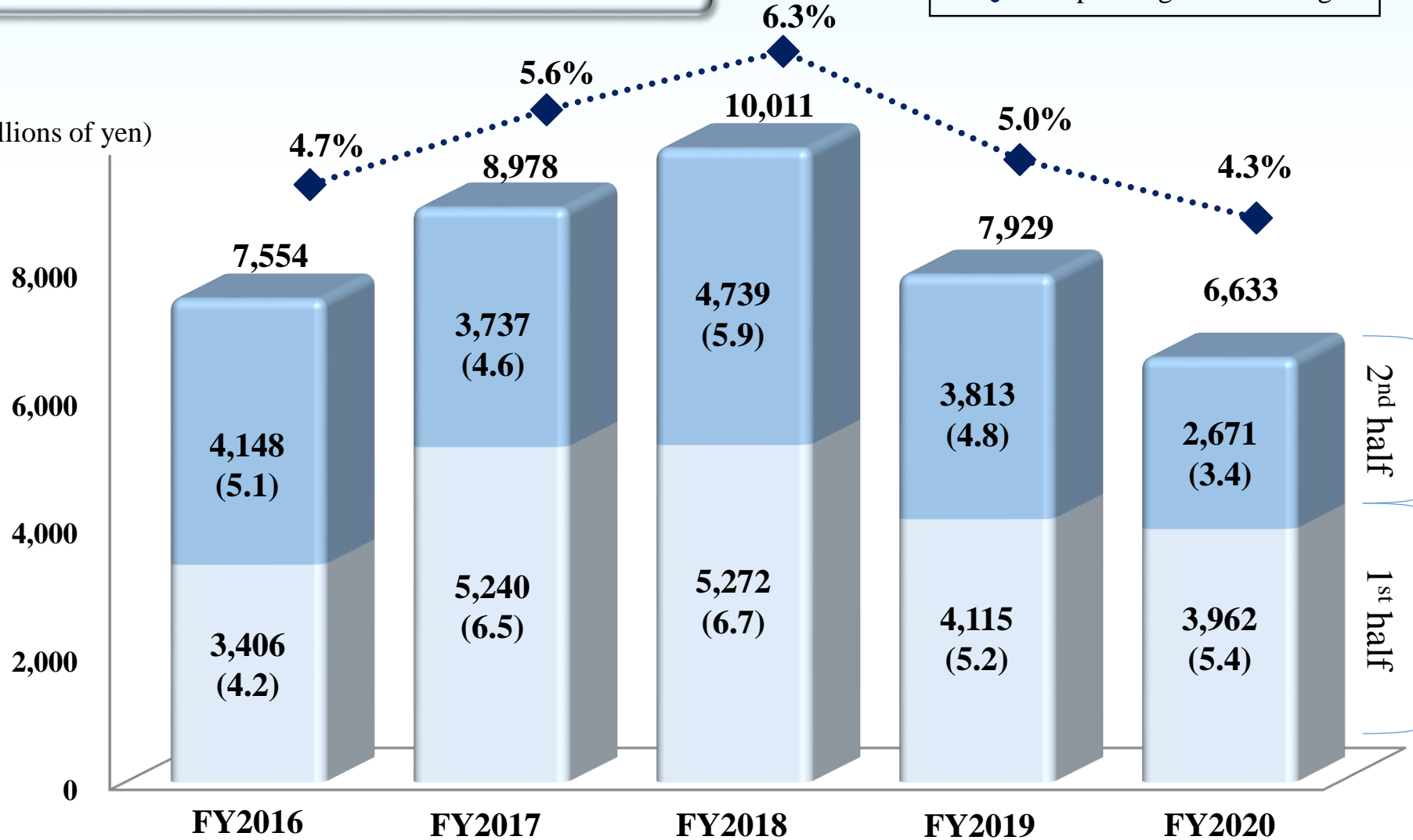
Operating income by segment

(millions of yen)	FY2019	FY2020	Change	
				%
Direct Selling Group	11,603 (10.4%)	8,779 (8.3%)	-2,823	-24.3% (-2.1)
Food Group	681 (1.9%)	414 (1.1%)	-266	-39.1% (-0.7)
Other Businesses	442 (3.0%)	660 (4.4%)	+217	+49.2% (+1.3)
Eliminations/Corporate	-6,149	-5,202	+946	—
Consolidated operating profit	6,577 (4.1%)	4,651 (3.0%)	-1,926	-29.3% (-1.1)

Consolidated Ordinary Income

◆ Operating income margin

(millions of yen)



Consolidated Ordinary Income

6,633 million yen -1,295 million yen (-16.3%)

Major Factors

1. Operating income -1,900 million yen

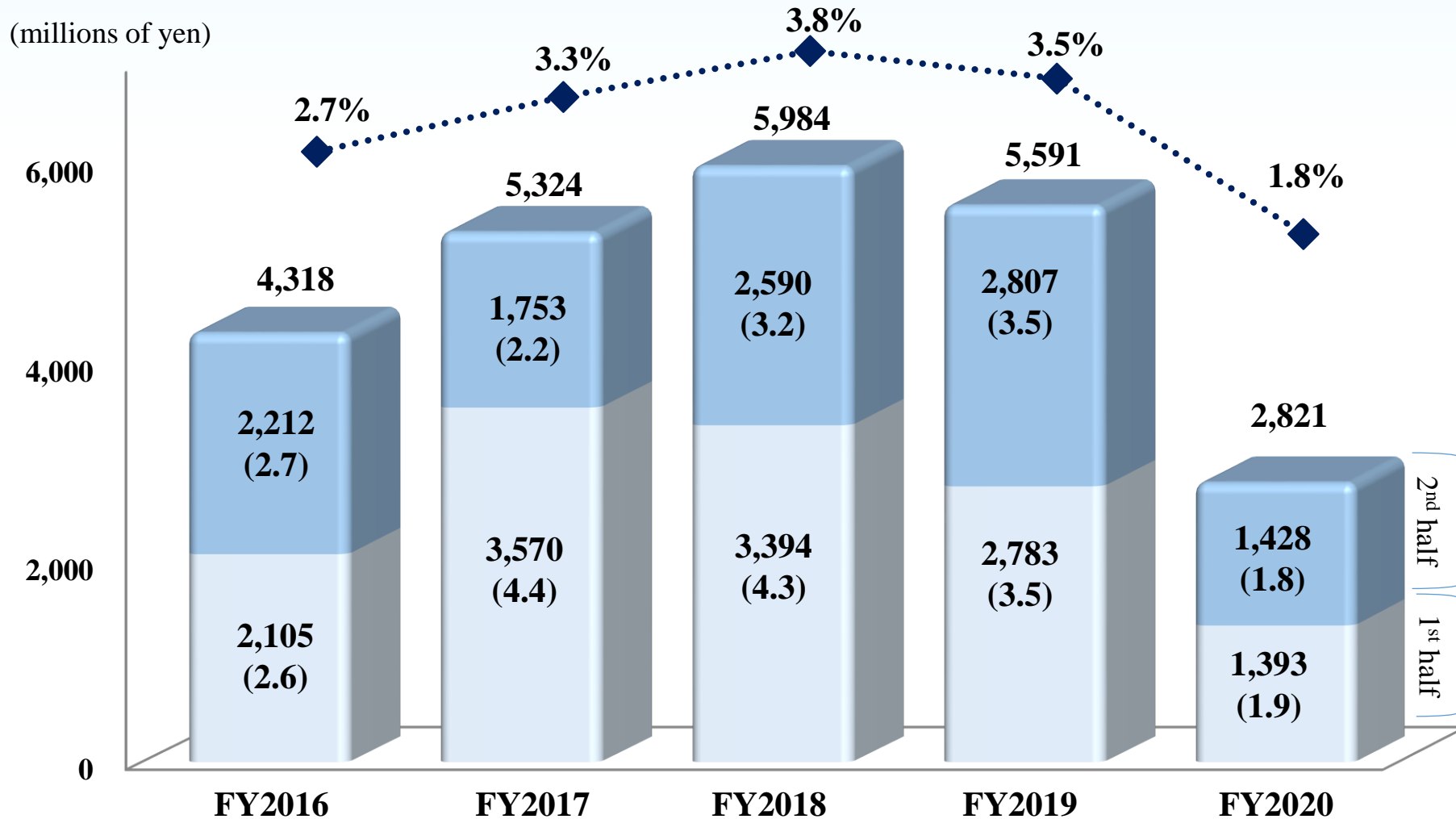
2. Non-operating income +600 million yen

- Increase in share of profit of entities
accounted for using equity method
(NAC Co., Ltd., Duskin Serve Taiwan Co.,
Ltd., etc.) +300 million yen
- Subsidies for employment adjustment +200 million yen
- Others +100 million yen

The figures given here show the increase or decrease from the same period of the previous year.

Consolidated Net Income

◆ Net income margin



Consolidated Net Income

2,821 million yen -2,769 million yen (-49.5%)

Major Factors

1. Ordinary income -1,300 million yen

2. Extraordinary income -2,900 million yen

- COVID-19 relief money -1,700 million yen
- Decrease in gain on sales of investment securities -1,100 million yen
- Increase in impairment loss -200 million yen
- Others +100 million yen

3. Income taxes +1,400 million yen

The figures given here show the increase or decrease from the same period of the previous year.

Consolidated Balance Sheet

(millions of yen)

	March 31, 2020	March 31, 2021	Change	Major factors	
Current assets	62,195	69,239	+7,044	Cash and deposits	-5,300
				Notes and accounts receivable-trade	+300
				Securities	+9,400
				Merchandise and finished goods	+700
				Other	+1,900
Property, plant and equipment	50,360	50,152	-208	Buildings and structures, net	-500
				Machinery, equipment and vehicles, net	+300
				Building construction in progress	-200
				Other, net	+200
Intangible assets	10,922	9,635	-1,286	Software	+300
				Other	-1,600
Investments and other assets	61,680	59,372	-2,308	Investment securities	-500
				Deferred tax assets	-1,900
				Other	+100
Total assets	185,158	188,399	+3,240		—
Current and non-current liabilities	43,127	42,562	-564	Income taxes payable	-1,200
				Accounts payable-other	+1,100
				Retirement benefit liability	-700
Net assets	142,031	145,836	+3,805	Retained earnings	+300
				Valuation difference on available-for-sale securities	+2,800
				Remeasurements of defined benefit plans	+700
Total liabilities and net assets	185,158	188,399	+3,240		—
Interest-bearing debt	0	0	+0		—

Summary by Business Segment

Sales and Operating
Income

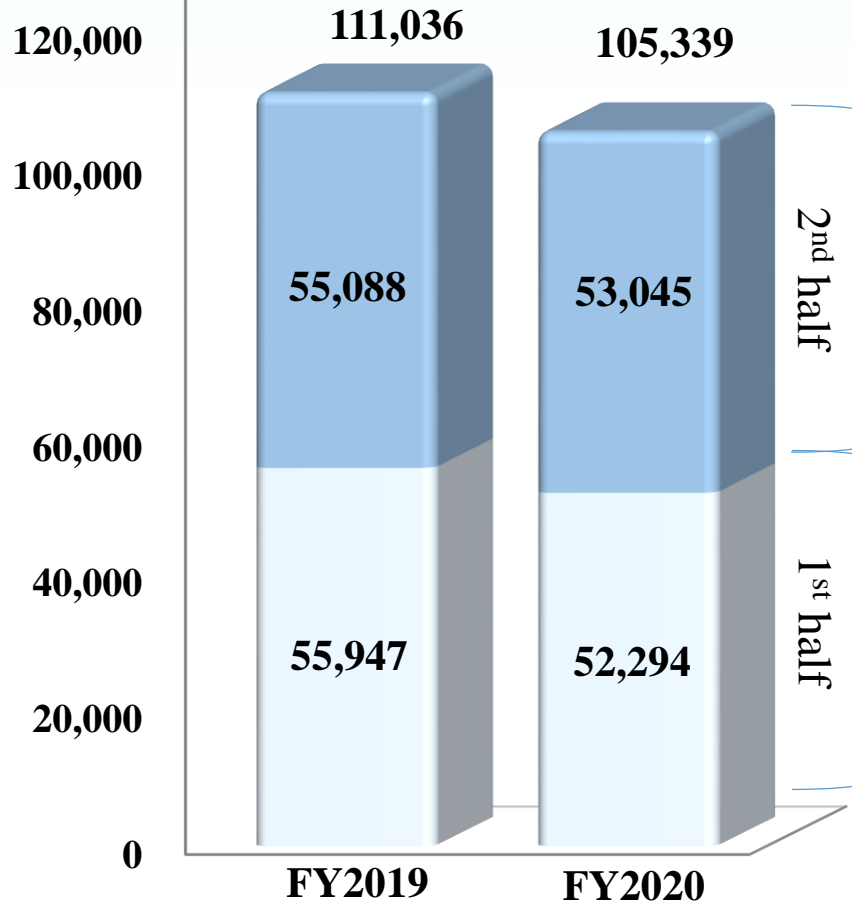
(millions of yen)

		FY2019		FY2020		Change	
		Operating margin		Operating margin		%	
Direct Selling Group	Sales	111,036	—	105,339	—	-5,696	-5.1%
	Operating income	11,603	10.4%	8,779	8.3%	-2,823	-24.3% (-2.1)
Food Group	Sales	36,263	—	36,561	—	297	+0.8%
	Operating income	681	1.9%	414	1.1%	-266	-39.1% (-0.7)
Other Businesses	Sales	14,572	—	15,053	—	+480	+3.3%
	Operating income	442	3.0%	660	4.4%	+217	+49.2% (+1.3)
Eliminations/ Corporate	Sales	-2,769	—	-3,183	—	-413	—
	Operating income	-6,149	—	-5,202	—	+946	—
Consolidated total	Sales	159,102	—	153,770	—	-5,332	-3.4%
	Operating income	6,577	4.1%	4,651	3.0%	-1,926	-29.3% (-1.1)

Sales by business segment above include intersegment sales.

Sales

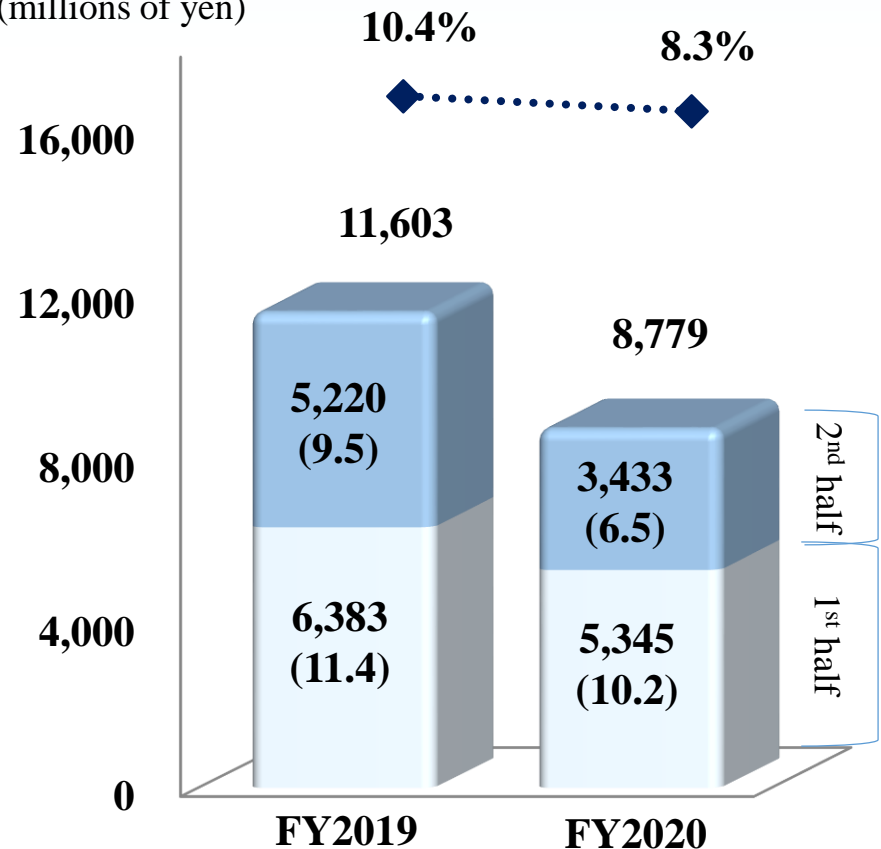
(millions of yen)



Operating Income

◆◆◆ Operating margin

(millions of yen)



Sales

(millions of yen)	FY2019	FY2020	Change	
				%
Sales to outside customers	110,379	104,744	-5,635	-5.1
Intersegment sales	656	595	-60	-9.2
Total	111,036	105,339	-5,696	-5.1

Residential Market

● **Dust control product sales declined.**

- Total sales of dust control products -4.4% (1st half: -7.8%, 2nd half: -0.8%)
Increases:
 - Shower head water purifiers +100 million yen
 - TuZuKu Long-Lasting Disinfectant and Cleaner +60 million yen (released November 2020)
- Decreases:
 - Rentals of mop products -750 million yen
(including postponements, suspensions, cancellations)
 - Mop handles -50 million yen
 - Range hood filters -170 million yen
 - Fire extinguishers -110 million yen
 - Other businesses -520 million yen

● **Care Service Businesses (professional cleaning and technical services) recorded higher sales.**

- Total customer-level sales +3.0% (1st half: -0.3%, 2nd half: +6.5%)
 - Professional cleaning (ServiceMaster) +7.4% (1st half: +5.3%, 2nd half: +9.8%)
 - Home cleaning and helper services (Merry Maids) -3.5% (1st half: -8.9%, 2nd half: +1.4%)
 - Termite control (Terminix) +2.8% (1st half: -1.0%, 2nd half: +8.4%)
 - Plant and flower maintenance (Total Green) +7.8% (1st half: +5.4%, 2nd half: +10.4%)
 - Wall and floor repair services (Home Repair) +45.8% (1st half: +34.3%, 2nd half: +57.1%)

● **Rental of assisted living equipment (Health Rent) performed well despite the COVID-19 pandemic.**

- Health Rent customer-level sales +8.5% (1st half: +7.2%, 2nd half: +9.8%)

Sales

(millions of yen)	FY2019	FY2020	Change	
				%
Sales to outside customers	110,379	104,744	-5,635	-5.1
Intersegment sales	656	595	-60	-9.2
Total	111,036	105,339	-5,696	-5.1

Commercial Market

● **Dust control product sales declined.**

➤ Total sales of dust control products -2.9% (1st half: -0.6%, 2nd half: -5.1%)

Increases:

- Alcohol disinfectant and other hygiene management products +720 million yen (Increased hygiene awareness)
- Air purifier main units +440 million yen (Increased hygiene awareness)

Decreases:

- Mops and mats (including postponements, suspensions, cancellations) -1,660 million yen
- Restroom-related products -240 million yen
- Other businesses -410 million yen

● **Care Service Businesses (professional cleaning and technical services) recorded lower sales.**

➤ Total customer-level sales -4.2% (1st half: -8.5%, 2nd half: +0.2%)

- Professional cleaning (ServiceMaster) -3.4% (1st half: -8.7%, 2nd half: +1.9%)
- Pest control (Terminix) -6.7% (1st half: -8.4%, 2nd half: -4.9%)
- Plant and flower maintenance (Total Green) +5.3% (1st half: +2.9%, 2nd half: +8.2%)
- Wall and floor repair services (Home Repair) -1.2% (1st half: -21.7%, 2nd half: +17.8%)

● **Customer-level sales in the Rent-All business (event operation and rental services) decreased significantly.**

➤ Rent-All customer-level sales -66.9% (1st half: -77.7%, 2nd half: -54.8%)

Operating Income

(millions of yen)	FY2019	FY2020	Change	
				%
Segment income	11,603	8,779	-2,823	-24.3

Invested in advertising during the fourth quarter

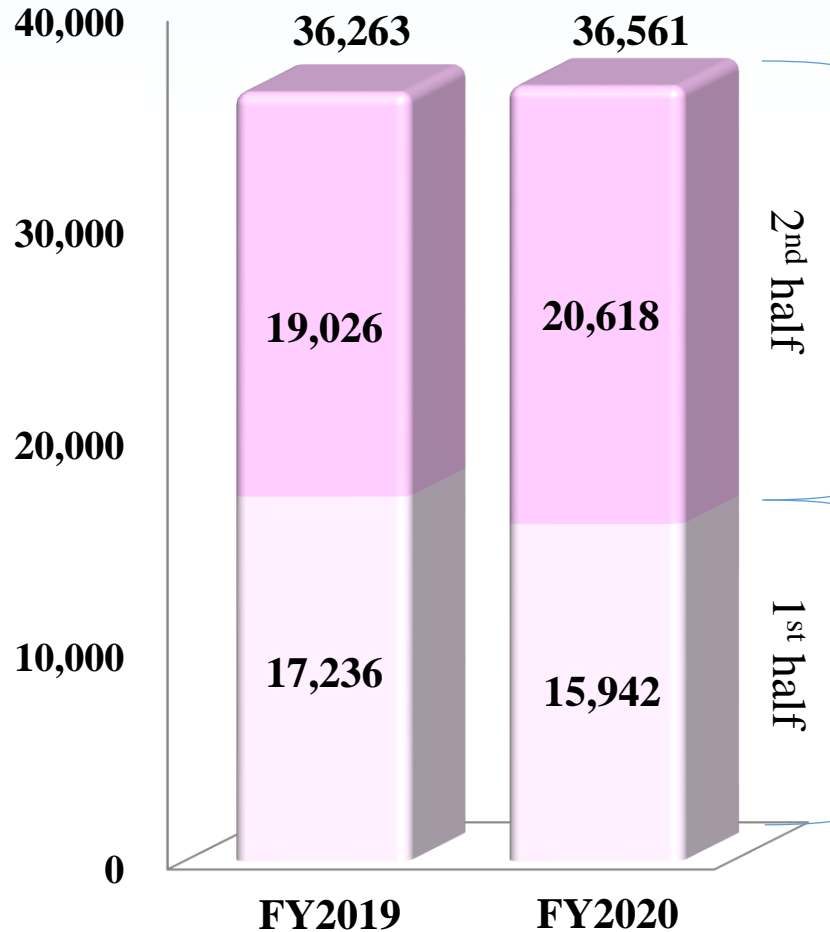
- Decrease in gross profit due to lower sales **-2,900 million yen**

- Decline in gross profit resulting from higher cost ratio **-600 million yen**
 - Higher cost ratio resulting from changes to sales composition in dust control business **-200 million yen**
 - Increase in purchasing of raw materials in uniform business **-100 million yen**
 - Other **-300 million yen**

- Increase in operating income due to lower expenses **+700 million yen**
 - Decrease in personnel expenses including bonuses, outsourcing expenses **+900 million yen**
 - Decrease in travel expenses **+500 million yen**
 - Decrease in expenses for IT systems **+300 million yen**
 - Increase in advertising expenses **-1,600 million yen**
 - Other **+600 million yen**

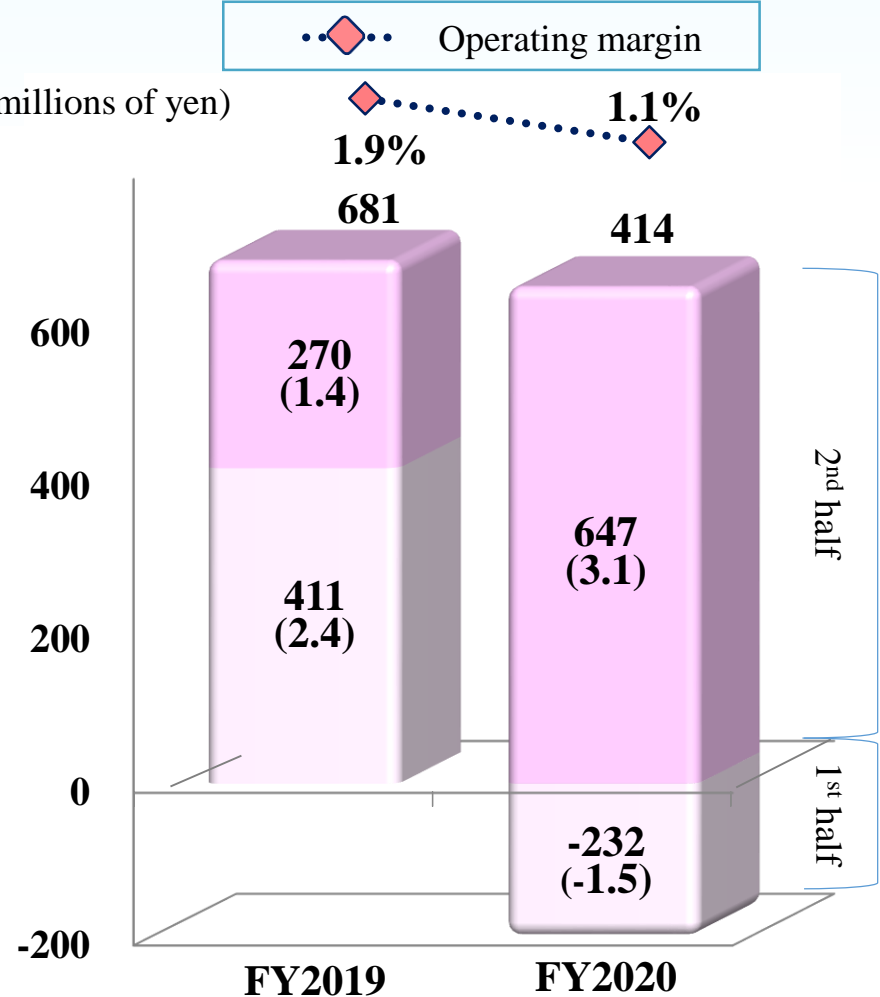
Sales

(millions of yen)



Operating Income

(millions of yen)



Sales

(millions of yen)	FY2019	FY2020	Change	
				%
Sales to outside customers	36,247	36,551	+ 303	+ 0.8
Intersegment sales	15	9	-6	-39.9
Total	36,263	36,561	+ 297	+ 0.8

Mister Donut

- Total customer-level sales +1.1% (1st half: -10.1%, 2nd half: +11.3%)
- Customer-level sales of existing shops +2.0% (1st half: -8.7%, 2nd half: +11.7%)
- Sales/shop in operation +4.4% (1st half: -4.8%, 2nd half: +12.7%)
 - Total customer-level sales decreased in the first half as a result of temporary closures of shops and reduction of dine-in seating due to the COVID-19 pandemic, but they increased due to higher second-half takeout sales and product strategies such as MISDO Meets despite less business days, in the fiscal year.
 - Decrease in total business days (-3.6%)
 - Average number of shops in operation FY2019: 985 FY2020: 964 (-21)
 - Temporary closures of shops due to the state of emergency declaration, in addition to closures of underperforming shops
 - Average check at all shops: +12.7%, number of customers at all shops: -10.2%
 - The increase in average check was due to price revisions in donuts as we improved the quality and taste of existing regular products in addition to larger quantities purchased for takeout.

Other Food Businesses

- Customer-level sales

Bakery Factory	+5.2%	Increased locations (opened a satellite shop)
Katsu & Katsu	-7.5%	Due to COVID-19 reducing customer numbers
Pie Face	-35.1%	Same as above
The Chiffon & Spoon	-98.3%	Discontinued
- COVID-19 had an impact all around, customer-level sales decreased with the exception of Bakery Factory, which increased its number of locations.

Mister Donut Initiatives for FY2020

- **Prioritize initiatives that ensure safety and peace of mind for customers during the COVID-19 pandemic**
We covered the cost of switching to showcases with doors at cafeteria-style shops which allow customers to select donuts themselves. Installations have been completed at all 769 cafeteria-style shops.
- **Actor Masaki Suda appointed as the 50th Anniversary Ambassador for Mister Donut**
Set a market trend: The limited-edition Special Take-out Box for donuts in September contributed to higher takeout sales.
- **MISDO Meets**
Continued product development in collaboration with companies with leading techniques and high-quality ingredients.
- **Improved the quality and taste of existing regular products**
We made price revisions while improving the quality and taste of existing regular donuts such as Honey Dip.
- **Online ordering (March 2021)**
Addressing changes in customer demand, we have launched MISDO online ordering. The system went into full operation starting in April.

Initiatives in Other Food Businesses for FY2020

- **The Chiffon & Spoon discontinued**
In July 2020 we closed all locations of underperforming The Chiffon & Spoon, a chiffon cake specialty shop.

Operating Income

(millions of yen)	FY2019	FY2020	Change	
				%
Segment income	681	414	-266	-39.1

Decreased income was recorded due to showcase door installation expenses

➤ Increase in gross profit due to higher sales **+100 million yen**

➤ Increase in gross profit due to improved cost ratio **+600 million yen**

➤ Decrease in operating income along with higher expenses **-1,000 million yen**

● Increase in advertising and promotional expenses including showcase door installation expenses **-1,000 million yen**

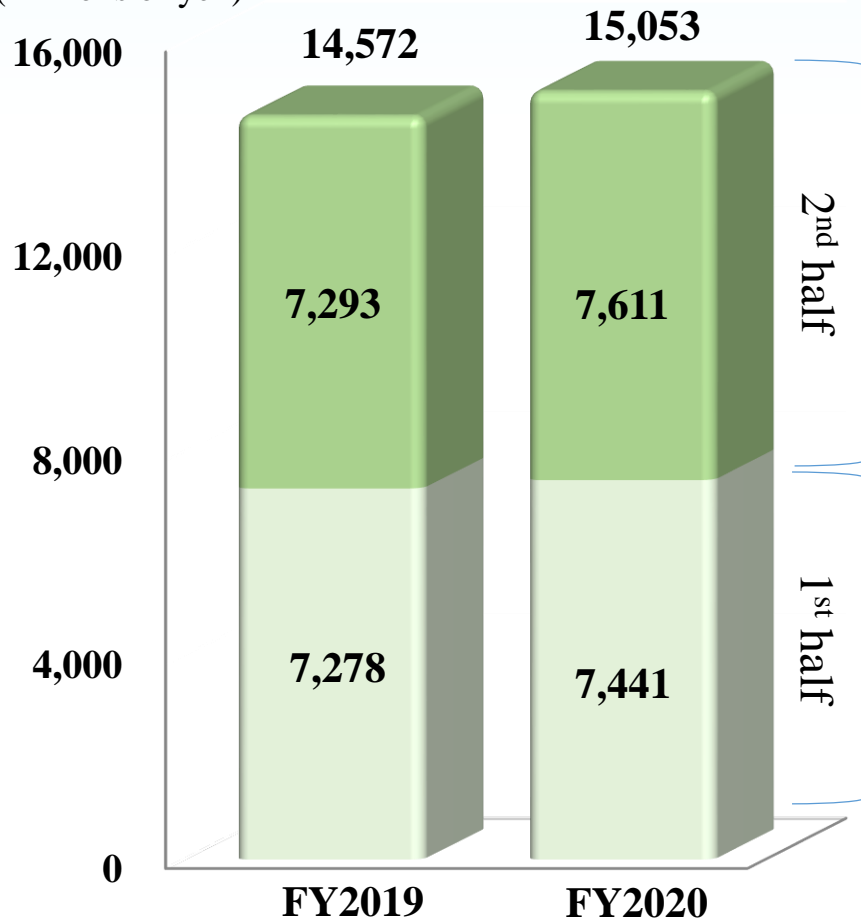
● Increase in expenses for IT systems **-200 million yen**

● Decrease in travel expenses **+100 million yen**

● Other **+100 million yen**

Sales

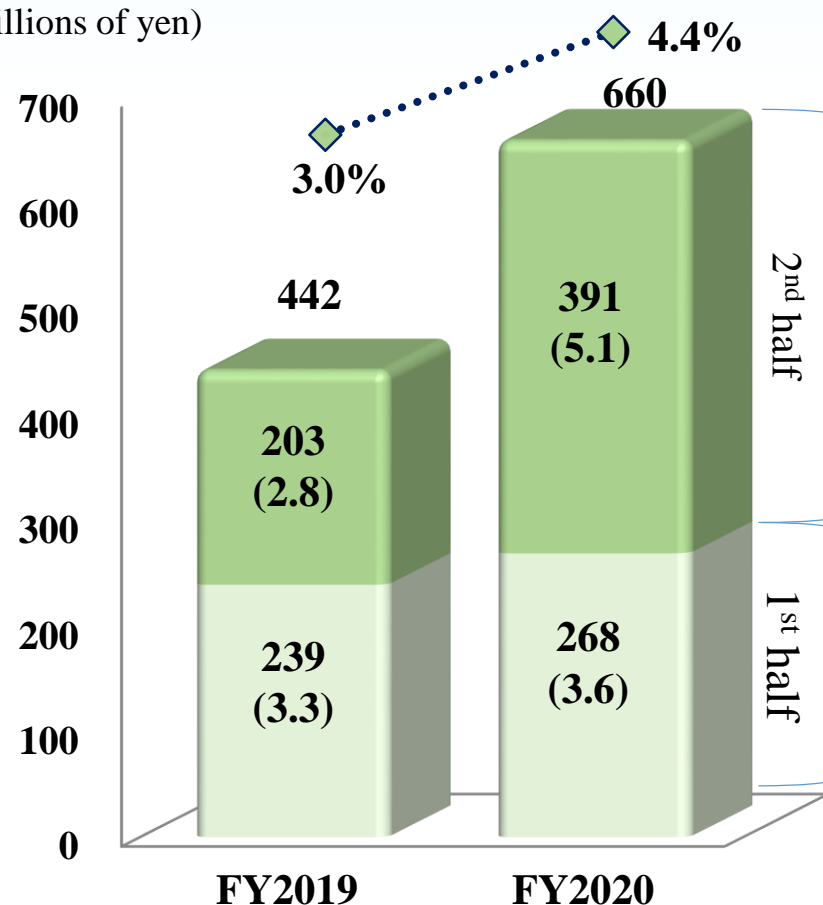
(millions of yen)



Operating Income

(millions of yen)

◆ Operating margin



Other Businesses

(millions of yen)	FY2019	FY2020	Change	
				%
Sales to outside customers	12,475	12,474	-0	-0.0
Intersegment sales	2,097	2,578	+ 480	+ 22.9
Total sales	14,572	15,053	+ 480	+ 3.3
Income	442	660	+ 217	+ 49.2

- Overseas (consolidated subsidiaries) posted higher sales and income.
 - Duskin Hong Kong posted higher sales from the sales of face masks procured for the Duskin Group.
 - Sales to outside customers at all subsidiaries decreased due to the impact of COVID-19.
- Duskin Healthcare (medical facility management service) posted higher sales and income.
 - Higher sales due to increase in services for existing accounts
- Duskin Kyoeki (leasing and insurance agency) posted higher sales and income.
 - Lease sales increased mainly due to upgrades of IT systems and replacements of devices and equipment at Mister Donut shops.

Eliminations/Corporate

(millions of yen)	FY2019	FY2020	Change	
				%
Income	-6,149	-5,202	+ 946	—

- Corporate
 - Decrease in personnel expenses including bonuses **+400 million yen**
 - Decrease in expenses for IT systems **+200 million yen**
 - Other **+300 million yen**

The figures given here show the increase or decrease from the same period of the previous year.

Customer-Level Sales

	(Local currency basis)	Jan-Dec 2019	Jan-Dec 2020	Change	
					%
Dust Control Care Services	Taiwan (millions of NTD)	1,296	1,307	+10	+0.8%
	Shanghai (millions of CNY)	37	32	-5	-14.6%
	South Korea (millions of KRW)	1,347	---	-1,347	---
Mister Donut	Taiwan (millions of NTD)	989	959	-29	-3.0%
	Shanghai (millions of CNY)	2	---	-2	---
Big Apple	Malaysia (millions of MYR)	48	45	-2	-5.9%

Mister Donut Shanghai closed all shops on March 31, 2019.

Duskin South Korea (Pulmuone Duskin) was discontinued on October 31, 2019.

FY2021 Forecasts

Consolidated

(millions of yen)

	Sales	Operating income	Ordinary income	Net income
FY2019 actual	159,102	6,577	7,929	5,591
FY2020 actual	153,770	4,651	6,633	2,821
FY2021 (forecast)	157,400	6,100	7,500	4,900
Change	+3,629	+1,448	+866	+2,078
%	+2.4	+31.1	+13.1	+73.6

Non-consolidated

(millions of yen)

	Sales	Operating income	Ordinary income	Net income
FY2019 actual	127,838	3,956	7,419	5,614
FY2020 actual	123,004	2,442	6,015	2,565
FY2021 (forecast)	126,300	3,700	6,600	4,500
Change	+3,295	+1,257	+584	+1,934
%	+2.7	+51.5	+9.7	+75.4

Consolidated Half-year Comparison

(millions of yen)

		Sales	Operating income	(%)	Ordinary income	Net income
1st half	FY2020 actual	74,060	2,837	3.8	3,962	1,393
	FY2021 (forecast)	77,200	3,100	4.0	3,800	2,200
	Change	+3,139	+262	0.2	-162	+806
	%	+4.2	+9.3	—	-4.1	+57.9

2nd half	FY2020 actual	79,710	1,813	2.3	2,671	1,428
	FY2021 (forecast)	80,200	3,000	3.7	3,700	2,700
	Change	+489	+1,186	1.4	+1,028	+1,271
	%	+0.6	+65.4	—	+38.5	+89.0

Full year	FY2020 actual	153,770	4,651	3.0	6,633	2,821
	FY2021 (forecast)	157,400	6,100	3.9	7,500	4,900
	Change	+3,629	+1,448	0.9	+866	+2,078
	%	+2.4	+31.1	—	+13.1	+73.6

By Business Segment

(millions of yen)

		FY2019		FY2020		FY2021		Change	
		Operating margin		Operating margin		Operating margin		%	
Direct Selling Group	Sales	111,036	—	105,339	—	109,200	—	+3,860	+3.7%
	Operating income	11,603	10.4%	8,779	8.3%	10,300	9.4%	+1,520	+17.3% (+1.1)
Food Group	Sales	36,263	—	36,561	—	36,600	—	+38	+0.1%
	Operating income	681	1.9%	414	1.1%	800	2.2%	+385	+92.9% (+1.1)
Other Businesses	Sales	14,572	—	15,053	—	14,600	—	-453	-3.0%
	Operating income	442	3.0%	660	4.4%	400	2.7%	-260	-39.4% (-1.6)
Eliminations/ Corporate	Sales	-2,769	—	-3,183	—	-3,000	—	+183	—
	Operating income	-6,149	—	-5,202	—	-5,400	—	-197	—
Consolidated total	Sales	159,102	—	153,770	—	157,400	—	+3,629	+2.4%
	Operating income	6,577	4.1%	4,651	3.0%	6,100	3.9%	+1,448	+31.1% (+0.9)

Sales by business segment above include intersegment sales.

FY2021 Forecasts (4)

Major factors contributing to sales increase and decrease by business segment

Direct Selling Group

+3,900 million yen

Dust control business and company-owned units

+2,200 million yen

Health Rent business, other businesses

+1,400 million yen

Care Service Businesses

+300 million yen

Food Group

+0 million yen

Mister Donut business

+400 million yen

Other food businesses

-400 million yen

Other Businesses

-500 million yen

Subsidiaries and affiliates in Japan

+0 million yen

Overseas subsidiaries and affiliates

-500 million yen

FY2021 Forecasts (5)

Major factors contributing to operating income increase and decrease by business segment

Direct Selling Group

+1,500 million yen

Increased income due to increase in sales	+1,400 million yen
Increased income due to reduced cost ratio	+500 million yen
Increased income due to lower promotional expenses	+1,100 million yen
Increased personnel expenses, including bonuses	-600 million yen
Increased information services expenses	-500 million yen
Increases in other expenses	-400 million yen

Food Group

+400 million yen

Increased income due to reduced cost ratio	+200 million yen
Increased income due to lower promotional expenses (showcase door installations)	+1,300 million yen
Increased personnel expenses, including bonuses	-400 million yen
Increased information services expenses	-500 million yen
Increases in other expenses	-200 million yen

Major factors contributing to operating income increase and decrease by business segment

Other Businesses

-300 million yen

Decrease in income due to lower sales

-200 million yen

Increases in other expenses

-100 million yen

Corporate expenses

-200 million yen

Increased expenses from establishment of the Shared Services Center (transfers between segments)

-200 million yen

Returns to Shareholders

Dividends per Share (Actual & Forecast)

Dividend Policy

- A consolidated payout ratio of 50% is the guideline for the dividend for each fiscal year while maintaining the stability and consistency of dividend payments.

(yen)	FY2019	FY2020	FY2021 (forecast)
End of 2nd quarter	24	20	22
End of fiscal year	32	20	28
Year total	56	40	50
Total dividends (million yen)	2,803	1,973	2,467
Consolidated dividend ratio (%)	50.9	69.9	50.4

Consolidated dividend ratio is calculated per share.

Results of Medium-Term Management Policy 2018

Medium-Term Management Policy 2018

Basic Policy

New growth

Expand existing businesses

Strengthen the corporate structure



Medium-Term Management Policy 2018

■ Initiatives and Results

Started Phase II of ONE DUSKIN long-term strategy

Basic policies		Goals and results	
Financial results		Consolidated sales 169,000 million yen Consolidated operating profit 8,200 million yen	FY2020 Consolidated sales 153,700 million yen Consolidated operating profit 4,600 million yen Below targets due to COVID-19 and other factors
Expand existing businesses	Direct Selling Group	Care Service Businesses Focused on franchise recruitment activities to meet increased demand ➔ <u>Business locations: 2,699 units (up 174 from FY2017)</u> Residential market More members of DDuet website ➔ <u>DDuet members: 1,236,000 (up 649,000 from FY2017)</u> Commercial market Trained Hygiene Masters, specialists able to provide all-inclusive solutions for hygiene management of facilities and commercial kitchens ➔ <u>Hygiene Masters: 1,732 (up 682 from FY2017)</u>	
	Food Group	Mister Donut business Focus on rebuilding the brand with shop renovations to/new openings of new-concept shops as well as strategic product development ➔ <u>Accelerated shop renovations to/new openings of new-concept shops: 373 (up 257 from FY2017)</u>	

Medium-Term Management Policy 2018

Basic policies		Results
New growth	M&A, alliances with the public sector and other partners	<ul style="list-style-type: none"> • Concluded a capital and business alliance with NAC Co., Ltd., with the aim of accelerating shop openings in the untapped markets of the rapidly growing Care Service Businesses and Health Rent Business • Partnered with Osaka Prefecture to contribute solutions to social issues associated with infection control and hygiene management
	Establish Duskin brands in growing Asian markets	<ul style="list-style-type: none"> • Expanded professional and technical services (pest control) in Taiwan, leveraging the combined strength of Clean Service, as part of our efforts to penetrate East Asian markets
Strengthen the corporate structure	Structural reform	<ul style="list-style-type: none"> • Implemented intersegment personnel changes to invest human resources in our focus area of professional cleaning and technical services • Established the Shared Services Center to increase operational efficiency
	Corporate governance	<ul style="list-style-type: none"> • Launched the Investment Assessment Committee, a reviewing authority of new investment projects • Implemented the Operating Officer System to clarify responsibilities and ensure accurate and flexible response to management issues

Future Initiatives to Address Business Issues

Expand Existing Businesses

- Optimize business portfolios and boost value chains
 - Analyze and review our portfolio to focus business resources on strategic areas and to withdraw from unprofitable businesses
 - Reform information and distribution systems via digital transformation strategies
 - Boost revenues and expand business scope with new products and services that address the changes in market environment and customer needs

New Growth Opportunities

- Generate new value with a view to the future
 - M&As and investment in venture companies

Structural Reform; Establish a Solid Foundation

- Invest in new growth opportunities, bolster our foundations for developing existing businesses
 - Devise systems and operational structures, optimized to establish both general and business-specific strategies
 - Step up efficiency by the use of the Shared Services Center applying RPA and other IT solutions
 - Tighten profitability control in each business segment; appropriate allocation of business resources
 - Financial strategy based on the idea of investing for growth
 - Cash flow management in consideration of capital costs

Co-existence with Local Communities

- Take a proactive stance on ESGs and SDGs
 - Move forward with the concept of CSV (creating shared value): solve economic, social and environmental issues through our business
 - Boost governance to mutually realize three kinds of value: economic, social and environmental

Key Policies for the Direct Selling Group

Primary domains and strategies

Domain 1

Hygiene



Strategy 1

Hygiene management for a healthier home life



Strategy 2

Providing more sophisticated hygiene services to commercial customers, reducing their burden

Domain 2

Work-life management



Strategy 3

Making work and housework more efficient
Enhancing quality of life

Domain 3

Senior support



Strategy 4

Senior support and better health

Strategy 5

Achieve a good balance between in-person customer touchpoints and digital customer touchpoints

Establish information channels, distribution channels and marketing data

While expanding our presence in the different domains in accordance with the times and society in general, we are focusing on the **hygiene domain**, which exhibits the greatest needs.

Key Policies for the Direct Selling Group

Facilitate awareness and understanding of our brand as a hygiene brand

New tagline

Creating Healthy Environments
DUSKIN!

The new tagline is our **pledge** and **promise** to consumers and business customers.

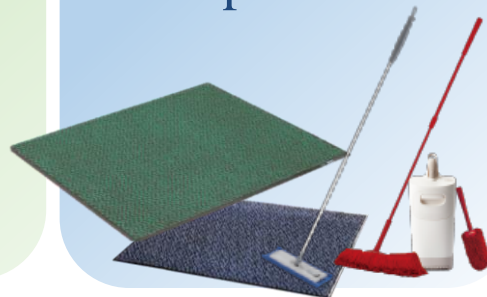
Implement speed branding

Step up the development of products and services

Hygiene product
lineup



Hygiene function
of mops and mats



Hygiene
management
solutions



Air purifiers



Key Policies for the Food Group

At Mister Donut, our goal is to bring happy moments to our customers in the shop or at home!

1. Acquire new markets

- Adopt online ordering systems
- Promote delivery services
- More kitchenless shops to open in metropolitan areas
- More shops to open in suburbs

2. Maintain/increase sales of primary products

- Create new basic-type donuts
- Enhance the MISDO GOHAN light meal menu
- Improve the quality and taste of existing regular products



Kitchenless shops
in metropolitan areas



Suburb locations
(Drive-through)



New regular
products

Key Policies for the Food Group

At Mister Donut, our goal is to bring happy moments to our customers in the shop or at home!

3. Offer seasonal products; trend-making

- MISDO Meets collaborative products
- Limited-time-only seasonal items
- Dessert beverages
- Collaborative products with other companies



4. Bolster our business base

- Distribution reform
- Shop refurbishment
- Develop manpower-reducing shops and machinery/equipment



Semi-self-service register



Reduced-manpower Mister Donut location



Other food business: Katsu & Katsu takeout-only shop

Increase environmental value

With a view to achieving a more sustainable society, Duskin maintains a strong focus on sound business and environmental conservation.



Eco-Friendliness

Create a recycling-oriented society

- Recycling-oriented rental systems for mops and mats
- Reduce and recycle food waste
- Implement the 3Rs (reduce, reuse, recycle) for plastic containers; make the switch to renewables (sustainable materials)



Address climate change

- Reduce CO₂ emissions
- Expand the use of renewable energy
- Identify climate change risk and opportunities; disclosure of financial impact



Increase social value

We work to utilize a wide variety of human resources and create an environment where we can maximize the skills of the individual while maintaining proper work-life balance and good health. We also emphasize personal relationships between individuals as well as partnerships with the local community.



Human Resource Development

Promote diversity

- Hire women, persons with disabilities, and foreign nationals



Career development support

- Career development support



Work-style reform and health-focused management

- Establish appropriate working hours; boost productivity



Sustainable Development of Society

Co-existence and co-prosperity with communities

- Cleaning education support at school
- Collaboration with municipalities



Safe and sustainable products

- Boost quality assessment structure
- Reduce risks associated with procurement



Reference

Non-consolidated

(millions of yen)

	FY2019	FY2020	Change	
				%
Sales	127,838	123,004	-4,834	-3.8
Operating income	3,956	2,442	-1,514	-38.3
Operating margin	3.1%	2.0%	-1.1	-
Ordinary income	7,419	6,015	-1,404	-18.9
Operating income margin	5.8%	4.9%	-0.9	-
Net income	5,614	2,565	-3,049	-54.3
Net income margin	4.4%	2.1%	-2.3	-

Business Summary by Segment

Direct Selling Group

Sales include rental sales, sales of goods and services, royalties (no royalty charged for periodic rental businesses), and sales at company-owned units.

Direct Selling

Home Service (Residential Market)

Rental service through periodic visits

- | | | |
|---------------|-------|------------------------|
| Dust Control | • • • | Mops and mats |
| Air Clean | • • • | Air purifiers |
| Water Clean | • • • | Water purifiers |
| Drink Service | • • • | Mineral water delivery |

Care Service Businesses (professional cleaning and technical services)

- | | | |
|---------------|-------|-----------------------------------|
| ServiceMaster | • • • | Professional cleaning |
| Merry Maids | • • • | Home cleaning and helper services |
| Terminix | • • • | Pest control and prevention |
| Total Green | • • • | Maintaining plants and flowers |
| Home Repair | • • • | Wall and floor repair |

Health & Beauty • • • Cosmetics and health food

Duskin Life Care • • • Senior care service

Business Service (Commercial Market)

Rental service through periodic visits

- | | | |
|-----------------|-------|-----------------------|
| Dust Control | • • • | Mops and mats |
| Clean Service | • • • | Restroom products |
| Air Clean | • • • | Air purifiers |
| Water Clean | • • • | Water purifiers |
| Wipeful Service | • • • | Wiper cloth |
| Drink Service | • • • | Office coffee service |

Care Service Businesses (professional cleaning and technical services)

- | | | |
|---------------|-------|--------------------------------|
| ServiceMaster | • • • | Office cleaning |
| Terminix | • • • | Pest control and prevention |
| Total Green | • • • | Maintaining plants and flowers |
| Home Repair | • • • | Wall and floor repair |

Uniform Service • • • Leasing, sales and cleaning

In-store sales

Rent-All • • • Event planning/operation and rental of daily items

Health Rent • • • Rental of assisted living equipment

Food Group

Sales include sales of ingredients to franchisees, royalties, and sales at company-owned shops.

Mister Donut • • • Homemade donut shops

MOSDO • • • Collaborated shops with MOS BURGER

Katsu & Katsu • • • Pork cutlet restaurants

Bakery Factory • • • Large-scale bakery shops

The Chiffon & Spoon • • • Chiffon cake specialty shops

Closed all locations in July 2020

Pie Face • • • • • Pie specialty stores

Other Businesses

Duskin Healthcare

- • • Hospital management service

Duskin Kyoeki

- • • Leasing business, insurance services

Overseas businesses

- • • Dust Control
- Mister Donut
- Big Apple
- Duskin Hong Kong

CLS by Business

*1 Sales of overseas businesses indicated here are the total sales from January to December.

(millions of yen)

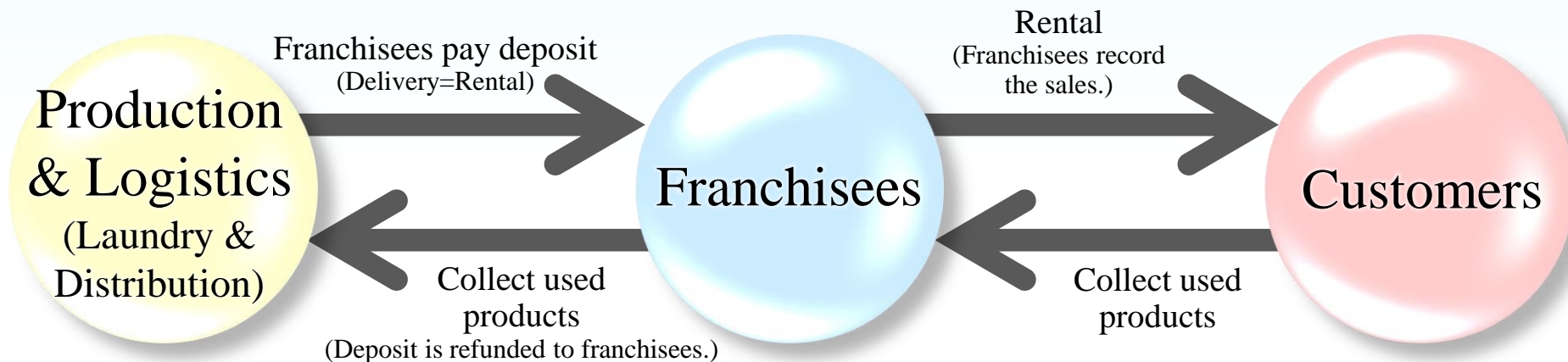
	FY2019	FY2020	Year-on-year	
			Change	%
Direct Selling Group	271,189	253,178	-18,011	-6.6%
Dust Control (Domestic)				
Residential market	87,462	84,062	-3,399	-3.9%
Commercial market	94,628	90,529	-4,099	-4.3%
Care service businesses (professional cleaning and technical services)	52,571	52,444	-127	-0.2%
(ServiceMaster)	(29,638)	(30,015)	(+376)	(+1.3%)
(Merry Maids)	(11,248)	(10,850)	(-398)	(-3.5%)
(Terminix)	(8,650)	(8,269)	(-380)	(-4.4%)
(Total Green)	(2,880)	(3,098)	(+217)	(+7.5%)
(Home Repair)	(153)	(210)	(+56)	(+36.9%)
Health & Beauty	2,538	2,088	-450	-17.7%
Azare Products	3,289	2,776	-513	-15.6%
Duskin Life Care	2,089	1,886	-202	-9.7%
Rent-All	14,655	4,846	-9,809	-66.9%
Health Rent	10,562	11,463	+900	+8.5%
Uniform Service	3,391	3,081	-309	-9.1%
Food Group	79,714	80,148	+433	+0.5%
Mister Donut (Domestic) *3	77,198	78,024	+825	+1.1%
Other food businesses *2	732	473	-258	-35.3%
Katsu & Katsu	1,783	1,649	-133	-7.5%
Other Businesses	29,521	26,255	-3,265	-11.1%
Dust Control (Overseas) *1	5,439	5,327	-112	-2.1%
Donuts (Overseas) including Big Apple *1	15,741	12,508	-3,232	-20.5%
Duskin Health Care	8,340	8,420	+79	+1.0%
Total	380,425	359,582	-20,842	-5.5%

*2 Other food businesses: Bakery Factory, The Chiffon & Spoon, and Pie Face.

*3 MOSDO is included in Mister Donut (Domestic).

Rental of mops and mats

Based on the idea to fully recycle the products through repeated use until the end of their useful lives



Company owned and subsidiary plants:	13
Franchised plants:	32
Total plants:	45*

Company owned and subsidiary units:	95
Franchised units:	approx. 1,800
Operation units:	approx. 1,900

Sales representatives:	Approx. 62,000
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Residential customers:	Approx. 4.6 million
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Commercial customers:	Approx. 1.12 million
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*The numbers above include plants dedicated for laundry or distribution.

Strength 1: Production, logistics and distribution system that covers the nation

Competition is minimal in this business field. To establish this recycle-oriented business model to cover the nation, a large investment is required to build the laundry plant system, to purchase materials for rental products, and to create a nationwide sales organization.

Strength 2: Strong customer base

A large customer base facilitates face-to-face sales activities. This includes extensive relationships between sales representatives and loyal residential customers.