

Financial Results

FY2021 FH (Apr.-Sept. 2021)

Duskin Co., Ltd.
November 17, 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 the 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 in this report 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

(Consolidated Basis)

FY2021 FH (Apr.-Sept. 2021)

Duskin Group (Consolidated)

Millions of yen

| | FY2021 | FY2019 | | | FY2020 | | |
|------------------------|-------------------------|-------------------------|--------|---------|-------------------------|--------|---------|
| | FH (Apr.-Sept. 2021) | FH (Apr.-Sept. 2019) | Change | | FH (Apr.-Sept. 2020) | Change | |
| | | | | YoY (%) | | | YoY (%) |
| Sales | 80,213 | 79,157 | +1,056 | +1.3 | 74,060 | +6,153 | +8.3 |
| Operating income | 6,346 | 3,698 | +2,648 | +71.6 | 2,837 | +3,509 | +123.7 |
| Operating margin | 7.9% | 4.7% | +3.2 | — | 3.8% | +4.1 | — |
| Ordinary income | 7,504 | 4,115 | +3,389 | +82.4 | 3,962 | +3,541 | +89.4 |
| Ordinary income margin | 9.4% | 5.2% | +4.2 | — | 5.4% | +4.0 | — |
| Net income | 5,175 | 2,783 | +2,391 | +85.9 | 1,393 | +3,781 | +271.4 |
| Net income margin | 6.5% | 3.5% | +3.0 | — | 1.9% | +4.6 | — |

Sales

SH
FH

Millions of yen

200,000

150,000

100,000

50,000

0

161,031

80,764

80,266

FY2017

158,699

80,347

78,351

FY2018

159,102

79,945

79,157

FY2019

153,770

79,710

74,060

FY2020

Forecast

160,500

Forecast

80,286

80,213

FY2021

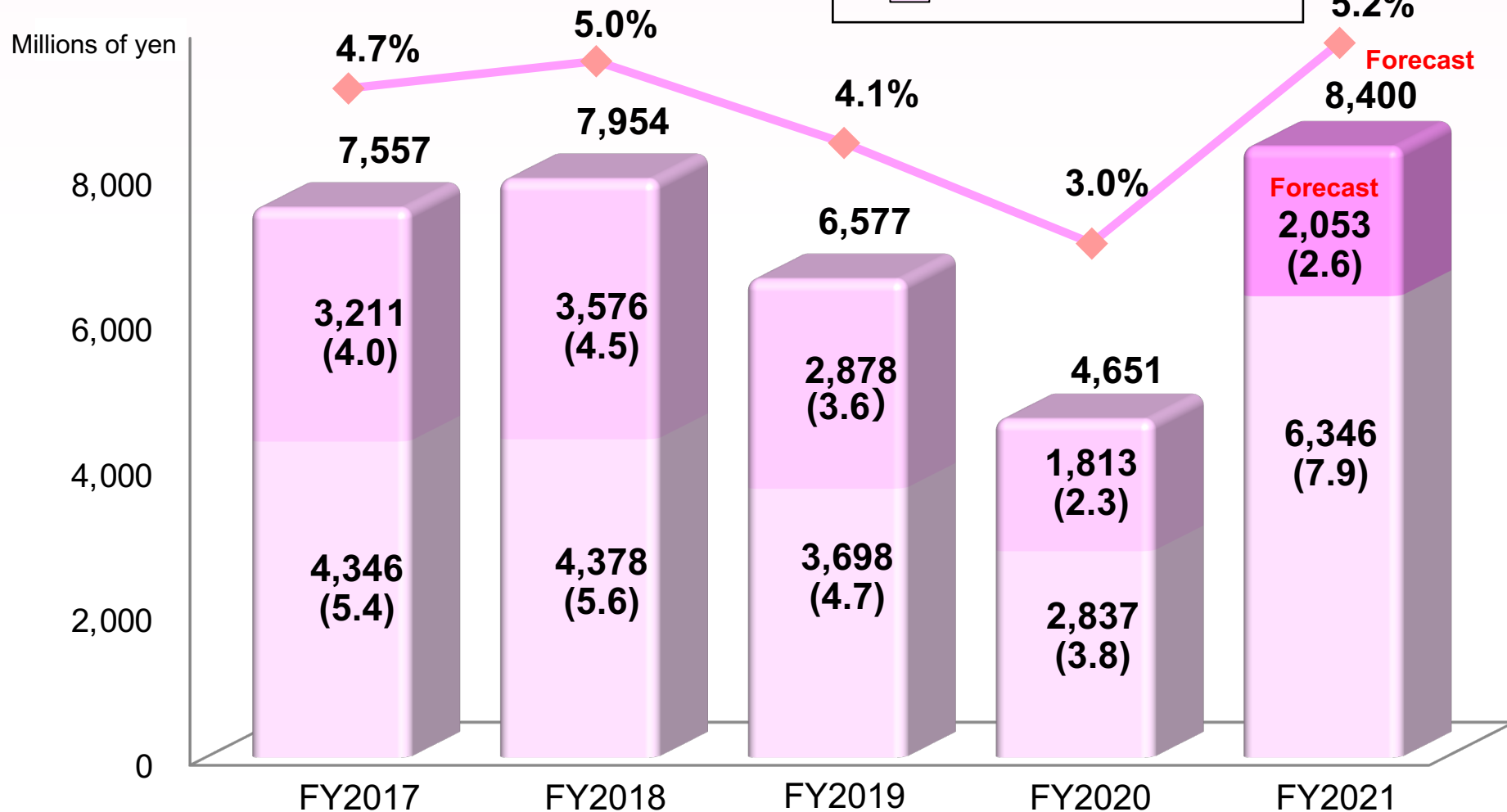
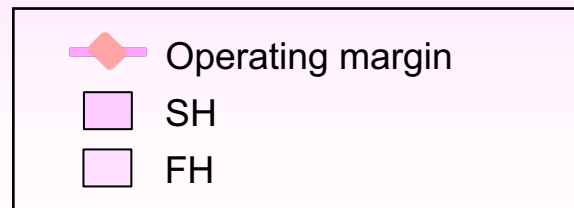
Sales

80,213 million yen YoY growth: **+6,153 million yen (+8.3%)**

| Millions of yen | | FY2020 FH (Apr.-Sept. 2020) | FY2021 FH (Apr.-Sept. 2021) | Change | |
|---------------------------|----------------------------|--------------------------------|--------------------------------|--------|---------|
| | | | | | YoY (%) |
| Direct Selling Group | Sales to outside customers | 52,015 | 53,848 | +1,832 | +3.5 |
| | Intersegment sales | 278 | 333 | +54 | +19.7 |
| | Total | 52,294 | 54,181 | +1,887 | +3.6 |
| Food Group | Sales to outside customers | 15,938 | 19,908 | +3,969 | +24.9 |
| | Intersegment sales | 3 | 7 | +3 | +108.2 |
| | Total | 15,942 | 19,915 | +3,973 | +24.9 |
| Other businesses | Sales to outside customers | 6,105 | 6,456 | +351 | +5.8 |
| | Intersegment sales | 1,336 | 1,231 | -104 | -7.8 |
| | Total | 7,441 | 7,688 | +246 | +3.3 |
| Intersegment eliminations | | -1,618 | -1,572 | +46 | - |
| Consolidated sales | | 74,060 | 80,213 | +6,153 | +8.3 |

Operating income

Millions of yen



Operating Income

6,346 million yen YoY growth: **+3,509 million yen (+123.7%)**

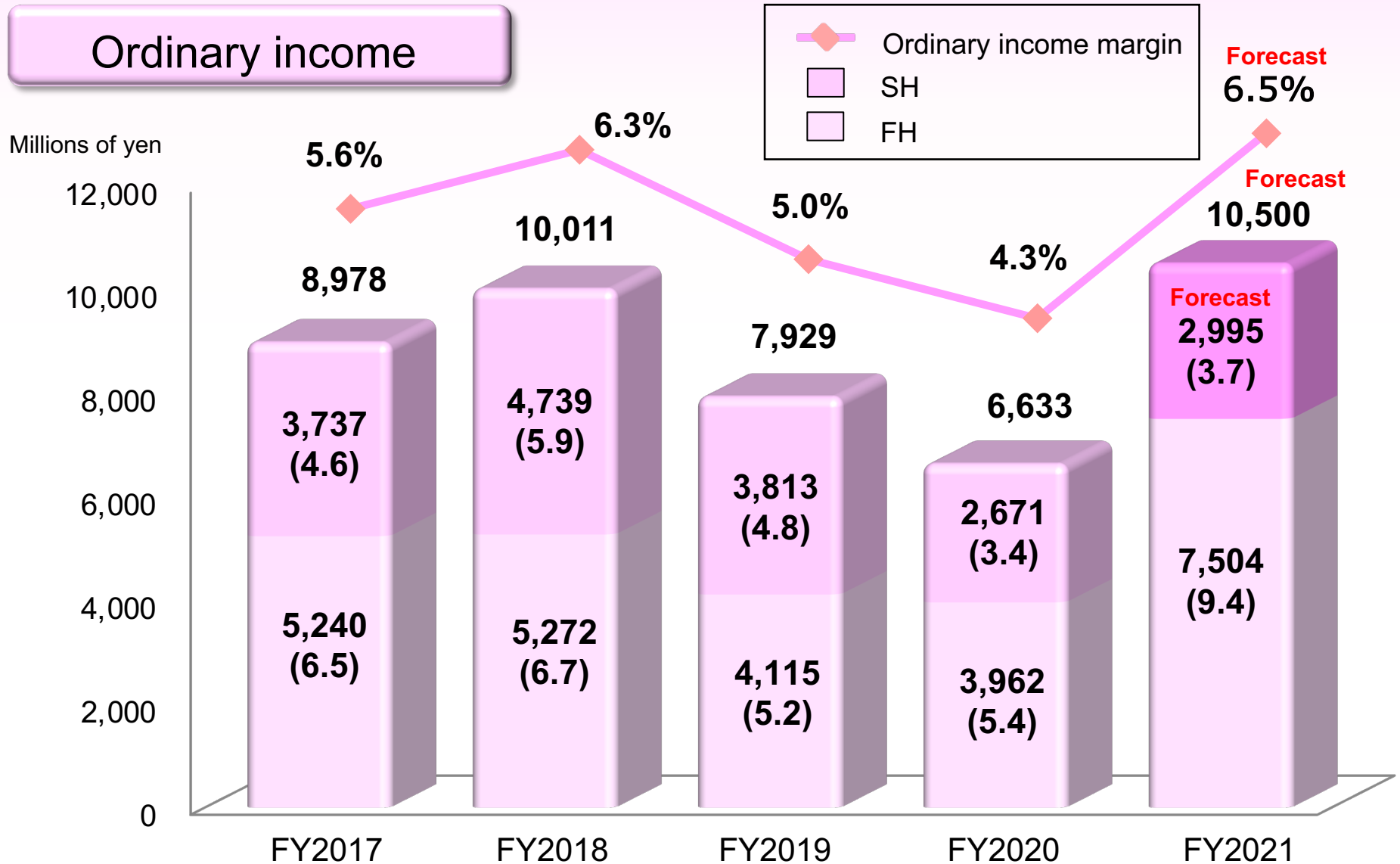
Major Factors

- Direct Selling Group Higher gross profit due to higher sales; improved cost-of-sales ratio
- Food Group Higher gross profit due to higher sales; showcase door installation costs incurred during the previous year
- Eliminations/corporate Lower personnel expenses (including retirement benefit expenses)

Operating income by segment

| | Millions of yen | FY2020 FH | FY2021 FH | Change | |
|-------------------------------|-----------------|-----------------------|-----------------------|---------------|------------------------|
| | | (Operating margin) | (Operating margin) | | YoY (%) |
| Direct Selling Group | | 5,345 10.2% | 6,465 11.9% | +1,120 | +21.0% +1.7 |
| Food Group | | -232 -1.5% | 1,751 8.8% | +1,983 | — +10.3 |
| Other businesses | | 268 3.6% | 538 7.0% | +269 | +100.1% +3.4 |
| Eliminations/corporate | | -2,545 | -2,408 | +136 | — |
| Consolidated operating income | | 2,837 3.8% | 6,346 7.9% | +3,509 | +123.7% +4.1 |

Ordinary income



Ordinary income

7,504 million yen YoY growth: **+3,541 million yen (+89.4%)**

Major Factors

1. Operating income **+3,500 million yen**

2. Non-operating income/loss **±0 million yen**

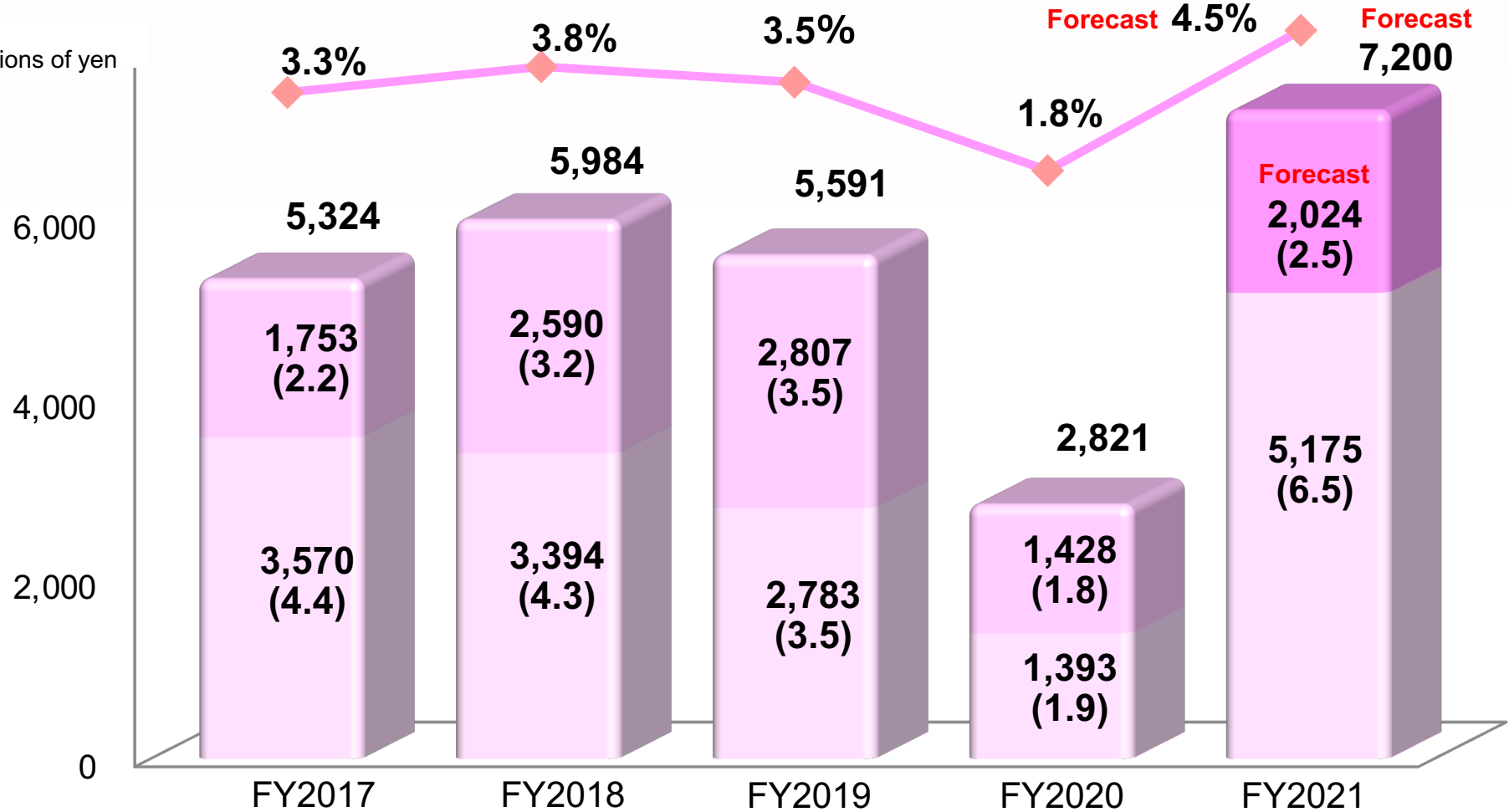
- Decrease in share of profit of investments accounted for using equity method (NAC Co., Ltd. and others) **-200 million yen**
- Increase in proceeds from subsidy income **+100 million yen**
- Others **+100 million yen**

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

Net income

- ◆ Net income margin
- SH
- FH

Millions of yen



Net income

5,175 million yen YoY growth: **+3,781 million yen (+271.4 %)**

Major Factors

1. Operating income **+3,500 million yen**

2. Extraordinary income/loss **+1,300 million yen**

- Decrease in the amount of COVID-19 relief money **+1,600 million yen**
- Provision of allowance for loss on sales of shares of subsidiaries and associates **-300 million yen**

3. Income taxes and others **-1,100 million yen**
(Write-down of shares of subsidiaries and associates: **+300 million yen**)

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

Balance sheet

Millions of yen

| | Mar. 31, 2021 | Sept. 30, 2021 | Change | Major factors | |
|---|----------------|----------------|---------------|--|---------|
| Current assets | 69,239 | 73,519 | +4,280 | Cash and deposits | +6,800 |
| | | | | Notes and accounts receivable-trade | -11,800 |
| | | | | Notes, accounts receivable-trade and contract assets | +13,200 |
| | | | | Securities | -2,900 |
| | | | | Merchandise and finished goods | -1,100 |
| Property, plant and equipment | 50,152 | 49,768 | -384 | Buildings and structures, net | -200 |
| Intangible assets | 9,635 | 8,866 | -768 | Software | -900 |
| Investments and other assets | 59,372 | 60,892 | +1,519 | Investment securities | +900 |
| | | | | Retirement benefit assets | +1,400 |
| | | | | Deferred tax assets | -200 |
| | | | | Guarantee deposits | -500 |
| Total assets | 188,399 | 193,046 | +4,647 | — | |
| Current and non-current liabilities | 42,562 | 41,938 | -623 | Income taxes payable | +1,500 |
| | | | | Accounts payable-other | -3,300 |
| | | | | Long-term borrowings* | +1,600 |
| | | | | Retirement benefit liability | -300 |
| Net assets | 145,836 | 151,107 | +5,270 | Retained earnings | +4,000 |
| | | | | Remeasurements of defined benefit plan | +500 |
| Total liabilities and net assets | 188,399 | 193,046 | +4,647 | — | |

* Long-term loans using the ESOP Trust

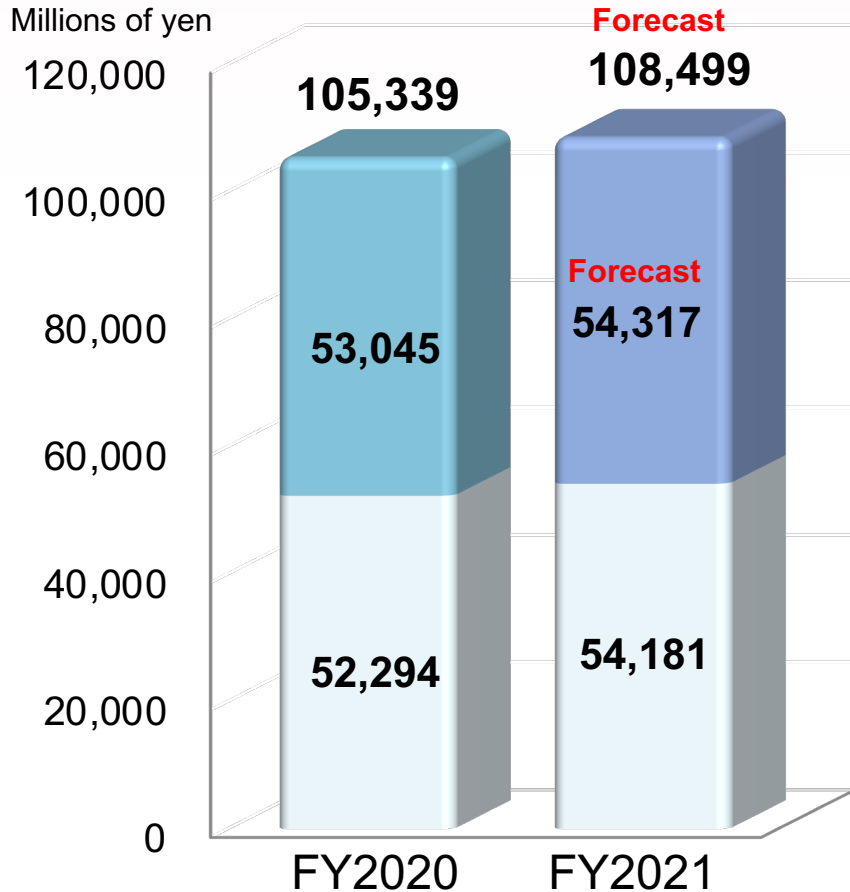
Review by Business Segment

Millions of yen

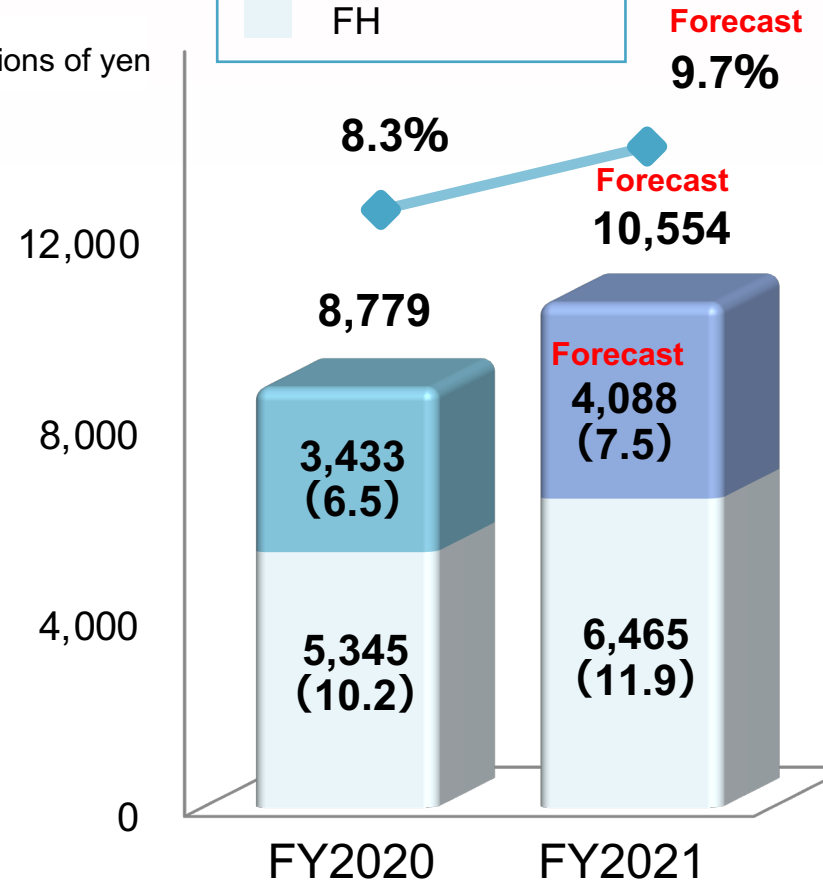
| | | FY2020 full year (Apr. 2020-Mar. 2021) | | FY2020 FH (Apr.-Sept. 2020) | | FY2021 FH (Apr.-Sept. 2021) | | Change | |
|----------------------------|------------------|---|------|--------------------------------|-------|--------------------------------|-------|---------|-------------------|
| | | Operating margin | | Operating margin | | Operating margin | | YoY (%) | |
| Direct Selling Group | Sales | 105,339 | — | 52,294 | — | 54,181 | — | +1,887 | +3.6% |
| | Operating income | 8,779 | 8.3% | 5,345 | 10.2% | 6,465 | 11.9% | +1,120 | +21.0% (+1.7) |
| Food Group | Sales | 36,561 | — | 15,942 | — | 19,915 | — | +3,973 | +24.9% |
| | Operating income | 414 | 1.1% | -232 | -1.5% | 1,751 | 8.8% | +1,983 | — (+10.3) |
| Other businesses | Sales | 15,053 | — | 7,441 | — | 7,688 | — | +246 | +3.3% |
| | Operating income | 660 | 4.4% | 268 | 3.6% | 538 | 7.0% | +269 | +100.1% (+3.4) |
| Eliminations/ corporate | Sales | -3,183 | — | -1,618 | — | -1,572 | — | +46 | — |
| | Operating income | -5,202 | — | -2,545 | — | -2,408 | — | +136 | — |
| Consolidated total | Sales | 153,770 | — | 74,060 | — | 80,213 | — | +6,153 | +8.3% |
| | Operating income | 4,651 | 3.0% | 2,837 | 3.8% | 6,346 | 7.9% | +3,509 | +123.7% (+4.1) |

Note: Sales by business segment above include intersegment sales.

Sales



Operating income



Sales

| Millions of yen | FY2020 FH | FY2021 FH | Change | |
|----------------------------|-----------|-----------|--------|---------|
| | | | | YoY (%) |
| Sales to outside customers | 52,015 | 53,848 | +1,832 | +3.5 |
| Intersegment sales | 278 | 333 | +54 | +19.7 |
| Total | 52,294 | 54,181 | +1,887 | +3.6 |

Residential Customer Market

● Sales for the Clean Service businesses declined.

- Growth rate of the Clean Service businesses -1.2% (1Q: -0.5%, 2Q: -1.9%)
- Change -180 million yen
- Increase/decrease:
 - Mop rentals (postponements, suspensions and cancellations are included) -130 million yen
 - Water purifiers and related products -40 million yen
 - Antibacterial products +40 million yen
 - Other products -50 million yen

● The Care Service businesses (professional cleaning and technical services) recorded higher sales.

- Total customer-level sales +14.1% (1Q: +21.8%, 2Q: +7.2%)
 - Professional cleaning (ServiceMaster) +18.2% (1Q: +27.6%, 2Q: +9.6%)
 - Home cleaning and helper services (Merry Maids) +11.2% (1Q: +18.3%, 2Q: +5.1%)
 - Termite control (Terminix) +6.6% (1Q: +12.2%, 2Q: +1.2%)
 - Plant and flower upkeep (Total Green) +9.4% (1Q: +11.3%, 2Q: +7.8%)
 - Wall and floor repair services (Home Repair) +32.8% (1Q: +62.6%, 2Q: +9.2%)

● The Health Rent (rental of assisted living equipment) business remained brisk.

- Customer-level sales of Health Rent +9.8% (1Q: +10.3%, 2Q: +9.4%)

Sales

| Millions of yen | FY2020 FH | FY2021 FH | Change | |
|----------------------------|-----------|-----------|--------|---------|
| | | | | YoY (%) |
| Sales to outside customers | 52,015 | 53,848 | +1,832 | +3.5 |
| Intersegment sales | 278 | 333 | +54 | +19.7 |
| Total | 52,294 | 54,181 | +1,887 | +3.6 |

Commercial Customer Market

● **Sales for the Clean Service businesses declined.**

- Growth rate of the Clean Service businesses -3.4% (1Q: -1.2%, 2Q: - 5.4%)
Change -660 million yen
Increase/decrease:
 - Alcohol sanitizers and hygiene management products -510 million yen (Reaction to the special demand in FY2020)
 - Air purifier main units -530 million yen (Reaction to the special demand in FY2020)
 - Air purifier main units +220 million yen
 - Mops and mats -160 million yen
 - Other products

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

- Total customer-level sales +6.5% (1Q: +10.6%, 2Q: +2.7%)
 - Professional cleaning (ServiceMaster) +8.1% (1Q: +11.5%, 2Q: +5.1%)
 - Pest control (Terminix) +1.9% (1Q: +8.1%, 2Q: - 3.5%)
 - Plant and flower upkeep (Total Green) +11.8% (1Q: +12.9%, 2Q: +10.8%)
 - Wall and floor repair services (Home Repair) +64.3% (1Q: +91.0%, 2Q: +43.3%)

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

- Customer-level sales of Rent-All +371.6% (1Q: +330.6%, 2Q: +399.4%)

Operating income

| Millions of yen | FY2020 FH | FY2021 FH | Change | |
|-----------------|-----------|-----------|--------|---------|
| | | | | YoY (%) |
| Segment income | 5,345 | 6,465 | +1,120 | +21.0 |

➤ Increase in gross profit due to higher sales **+900 million yen**

➤ Increase in gross profit resulting from lower cost ratio **+300 million yen**

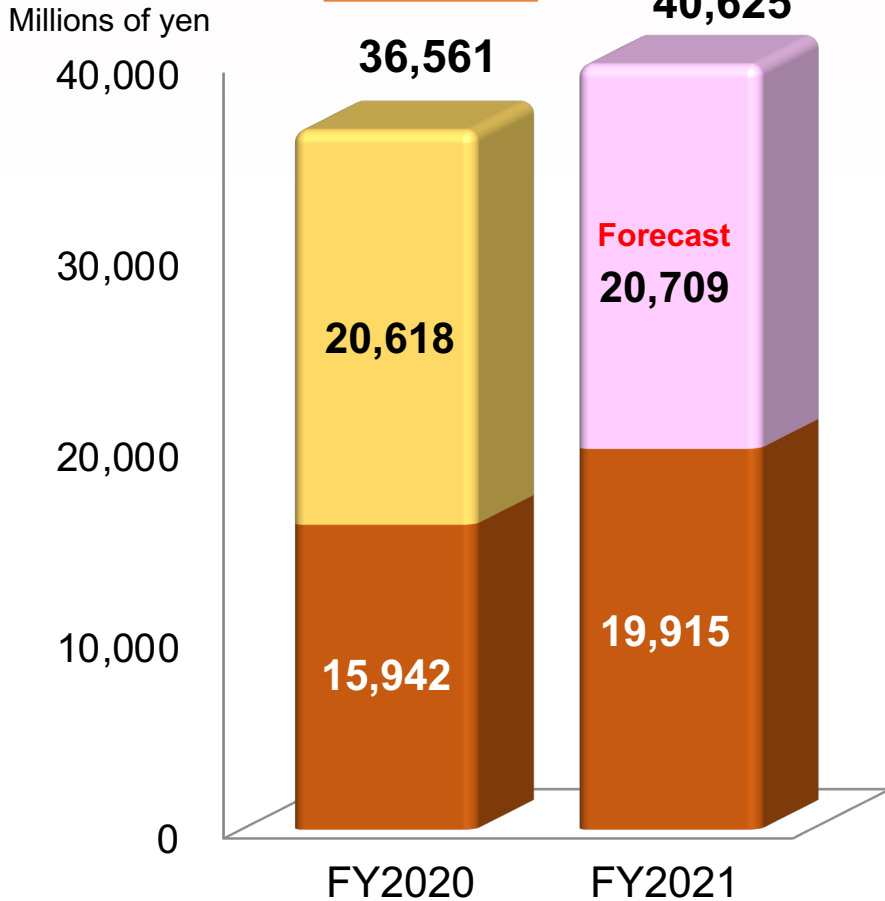
- Reduced investment in new dust control products **+300 million yen**

➤ Decrease in operating income due to higher expenses **-100 million yen**

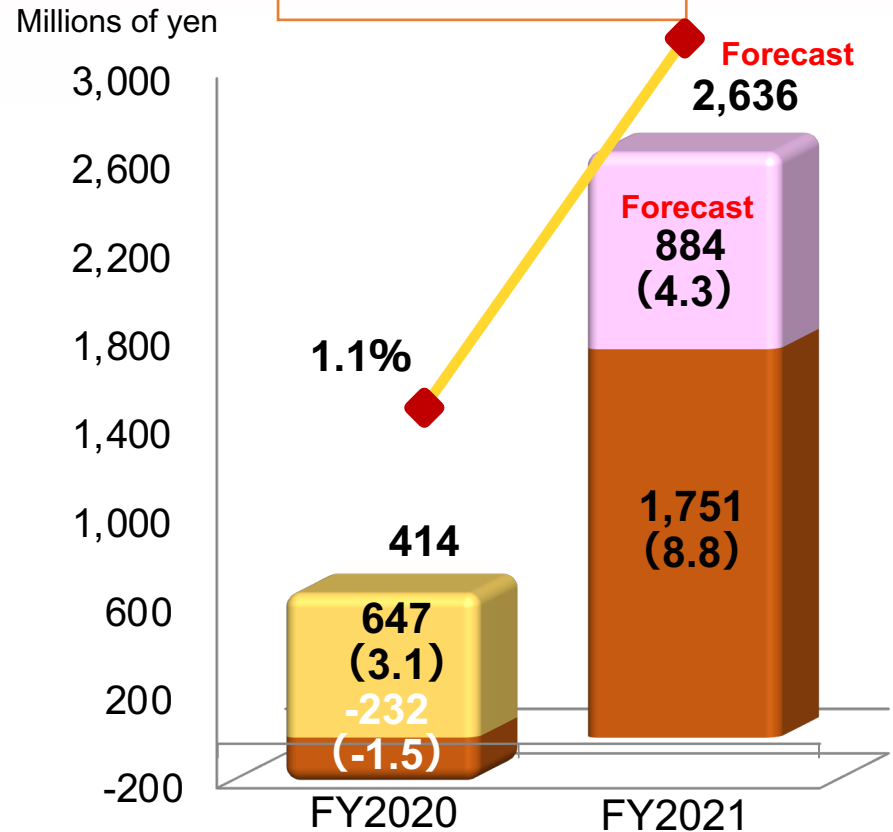
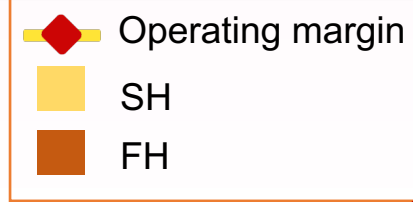
- Increase in personnel expenses including provision for bonuses **-300 million yen**
- Decrease in general and administrative expenses **+200 million yen**

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

Sales



Operating income



Sales

| Millions of yen | FY2020 FH | FY2021 FH | Change | |
|----------------------------|-----------|-----------|--------|---------|
| | | | | YoY (%) |
| Sales to outside customers | 15,938 | 19,908 | +3,969 | +24.9 |
| Intersegment sales | 3 | 7 | +3 | +108.2 |
| Total | 15,942 | 19,915 | +3,973 | +24.9 |

● Mister Donut

- Growth rate of total customer-level sales (CLS) : +26.2% (1Q: +30.3%, 2Q: +22.6%)
First-half CLS: 41,800 million yen (+8,600 million yen from the previous year)
- CLS of existing shops: +25.0% (1Q: +29.9%, 2Q: +20.8%)
- Sales per shop in operation: +26.1% (1Q: +31.3%, 2Q: +21.7%)
 - Both the number of customers and average check increased. (No. of customers: +23.8%; average check: +2.2%)
- Takeout** • An increase in demand for takeout resulted in increases in both the number of customers and average check.
(Average no. of customers per shop in operation: +25.0%; average check: +2.0%)
- Dining-in** • Demand for dining inside shops, which experienced a significant drop in the previous fiscal year, is also on a recovery track.
(Average no. of customers per shop in operation: +18.3%; average check: +2.4%)
- No. of shops in operation (simple average): 965 in FY2020 2Q, 965 in FY2021 2Q (No change)
Ref. No of days in operation (YoY): +2.9% (In FY2020, some shops were temporarily closed due to the pandemic.)
- Sales via electronic money (Newly posted according to the new revenue recognition standard):
+600 million yen

● Other food businesses

- Customer-level sales

| | |
|----------------|--|
| Bakery Factory | +7.8% |
| Pie Face | +3.9% |
| Katsu & Katsu | - 4.6% (Sales decreased mainly due to shortened business hours.) |

Operating income

| Millions of yen | FY2020 FH | FY2021 FH | Change | |
|-----------------|-----------|-----------|--------|---------|
| | | | | YoY (%) |
| Segment income | -232 | 1,751 | +1,983 | - |

➤ Increase in gross profit due to higher sales **+1,600 million yen**

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

- Compared to the previous year, in which both the amount of raw material waste and the decline of raw material value were high due to the COVID-19 pandemic, these amounts were lower this year.
- Revision of sales prices of some products
- Improvement in cost ratio due to posting of electronic money sales (New revenue recognition standard applied)

➤ Decrease in operating income along with higher expenses **-200 million yen**

- Showcase doors were installed in the previous year. **+450 million yen**
- Increased costs for posting electronic money usage fee (New revenue recognition standard applied) **-600 million yen**
- Increase in other expenses **-50 million yen**

Other businesses

| Millions of yen | FY2020 FH | FY2021 FH | Change | |
|----------------------------|-----------|-----------|--------|---------|
| | | | | YoY (%) |
| Sales to outside customers | 6,105 | 6,456 | +351 | +5.8 |
| Intersegment sales | 1,336 | 1,231 | -104 | -7.8 |
| Total | 7,441 | 7,688 | +246 | +3.3 |
| Segment income | 268 | 538 | +269 | +100.1 |

- Overseas (consolidated subsidiaries): lower sales and profit
 - Sales decreased at Duskin Hong Kong, which enjoyed large sales of face masks to our Group companies last year.
 - Sales increased at Duskin Shanghai and Big Apple, both of which were affected by the pandemic last year.
- Duskin Healthcare (medical facility management service): higher sales and profit
 - Sales increased due to orders for cleaning services at the Olympic Village, despite the application of the new revenue recognition standard, which affected sales to some extent.
- Duskin Kyoeki Co., Ltd. (leasing and insurance agency): higher sales and profit
 - Sales increased mainly due to the fact that the Duskin Group introduced more company cars equipped with automatic braking systems.

Eliminations/corporate

| Millions of yen | FY2020 FH | FY2021 FH | Change | |
|-----------------|-----------|-----------|--------|---------|
| | | | | YoY (%) |
| Segment income | -2,545 | -2,408 | +136 | — |

- Corporate
 - Decrease in personnel expenses **+100 million yen**

Overseas businesses

Customer-level sales and the number of locations

Customer-level sales are cumulative totals from January to June 2021; the number of locations is as of June 30, 2021.

Direct selling businesses

| Country/ region | Type of business | FY2020 FH | FY2021 FH | Change | | Locations |
|-------------------------------|--|--------------|--------------|--------|---------|-----------|
| | | | | | YoY (%) | |
| Taiwan (Millions of NTD) | Equity method affiliate (Duskin Serve Taiwan) | 627 | 681 | +54 | +8.7% | 22 |
| Shanghai (Millions of CNY) | Consolidated subsidiary (Duskin Shanghai) | 15 | 16 | +1 | +8.7% | 3 |

Mister Donut business

| Country/ region | Type of business | FY2020 FH | FY2021 FH | Change | | Locations |
|--------------------------------------|--|--------------|--------------|--------|---------|-----------|
| | | | | | YoY (%) | |
| Taiwan (Millions of NTD) | Equity method affiliate (Mister Donut Taiwan) | 433 | 405 | - 27 | - 6.5% | 217 |
| Thailand (Millions of THB) | Franchising | 723 | 669 | - 54 | - 7.5% | 372 |
| The Philippines (Millions of PHP) | Franchising | 497 | 550 | +52 | +10.6% | 4,636 |
| Indonesia (Billions of IDR) | Franchising | 42 | 51 | +8 | +19.5% | 3,561 |

Other donut businesses

| | | | | | | |
|-------------------------------|--|----|----|----|--------|----|
| Malaysia (Millions of MYR) | Consolidated subsidiary (Big Apple) | 18 | 24 | +6 | +33.5% | 82 |
|-------------------------------|--|----|----|----|--------|----|

Notes:

- Locations in Taiwan, the Philippines and Indonesia include convenience stores.
- Sales and locations for Big Apple include those in Cambodia.

Forecast vs. Actual Results

Consolidated results

The table below shows changes from the forecast released on August 4, 2021.

| | Millions of yen | | | |
|-------------------------|-----------------|------------------|-----------------|----------------|
| | Sales | Operating income | Ordinary income | Net income |
| Forecast (as of 8/4/21) | 79,000 | 4,400 | 5,300 | 3,500 |
| Actual | 80,213 | 6,346 | 7,504 | 5,175 |
| Difference (%) | +1,213 (+1.5) | +1,946 (+44.2) | +2,204 (+41.6) | +1,675 (+47.9) |

Sales:
Difference by segment

Millions of yen

| | |
|------------------------|--------|
| • Direct Selling Group | -600 |
| • Food Group | +1,300 |
| • Other businesses | +500 |

Operating income:
Major factors contributing to the difference

Millions of yen

| | | |
|--------------------------|--|------|
| • Direct Selling Group | [Change in the timing of the use of sales promotion expenses] | +500 |
| • Food Group | [Higher gross profit due to higher sales] | +600 |
| • Other businesses | [Higher gross profit due to higher sales Higher gross profit resulting from lower cost ratio] | +500 |
| • Eliminations/corporate | [Lower personnel expenses Lower IT system expenses] | +400 |

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

FY2021
Full-Year Forecasts

Mister Donut substantially exceeded the targets of the initial projections for both sales and profits. Although results for the Clean Service Businesses, the Direct Selling Group's core business, are still below projections, consolidated results for the first half of FY2021 are expected to greatly exceed our initial forecast. Accordingly, we released our revised forecast for sales and profits on October 28, 2021.

Consolidated

Released on October 28, 2021

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 (as of 10/28/21) | 160,500 | 8,400 | 10,500 | 7,200 |
| Forecast vs. FY2019 (Growth rate in parentheses) | +1,397 (0.9) | +1,822 (27.7) | +2,570 (32.4) | +1,608 (28.8) |
| Forecast vs. FY2020 (Growth rate in parentheses) | +6,729 (4.4) | +3,748 (80.6) | +3,866 (58.3) | +4,378 (155.2) |

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 (as of 10/28/21) | 130,500 | 5,800 | 9,300 | 6,900 |
| Forecast vs. FY2019 (Growth rate in parentheses) | +2,661 (2.1) | +1,843 (46.6) | +1,880 (25.3) | +1,285 (22.9) |
| Forecast vs. FY2020 (Growth rate in parentheses) | +7,495 (6.1) | +3,357 (137.5) | +3,284 (54.6) | +4,334 (169.0) |

Forecast for the SH of FY2021 by segment

Year-over-year comparison

Millions of yen

| | | FY2021 FY forecast | | FY2020 SH actual | | FY2021 SH forecast (FY fcst - FH actual) | | Change | |
|----------------------------|---------------------|-----------------------|---------------------|---------------------|---------------------|--|---------------------|--------|------------------|
| | | | Operating margin | | Operating margin | | Operating margin | | YoY (%) |
| Direct Selling Group | Sales | 108,499 | — | 53,045 | — | 54,317 | — | +1,271 | +2.4% |
| | Operating income | 10,554 | 9.7% | 3,433 | 6.5% | 4,088 | 7.5% | +654 | +19.1% (+1.1) |
| Food Group | Sales | 40,625 | — | 20,618 | — | 20,709 | — | +90 | +0.4% |
| | Operating income | 2,636 | 6.5% | 647 | 3.1% | 884 | 4.3% | +237 | — (+1.1) |
| Other businesses | Sales | 15,233 | — | 7,611 | — | 7,544 | — | -66 | -0.9% |
| | Operating income | 664 | 4.4% | 391 | 5.1% | 125 | 1.7% | -265 | -67.8% (-3.5) |
| Eliminations/ corporate | Sales | -3,857 | — | -1,564 | — | -2,284 | — | -719 | — |
| | Operating income | -5,454 | — | -2,657 | — | -3,045 | — | -387 | — |
| Consolidated total | Sales | 160,500 | — | 79,710 | — | 80,286 | — | +576 | +0.7% |
| | Operating income | 8,400 | 5.2% | 1,813 | 2.3% | 2,053 | 2.6% | +239 | +13.2% (+0.3) |

Note: Sales by business segment above include intersegment sales.

Forecast for the SH of FY2021 by segment

FH vs. SH

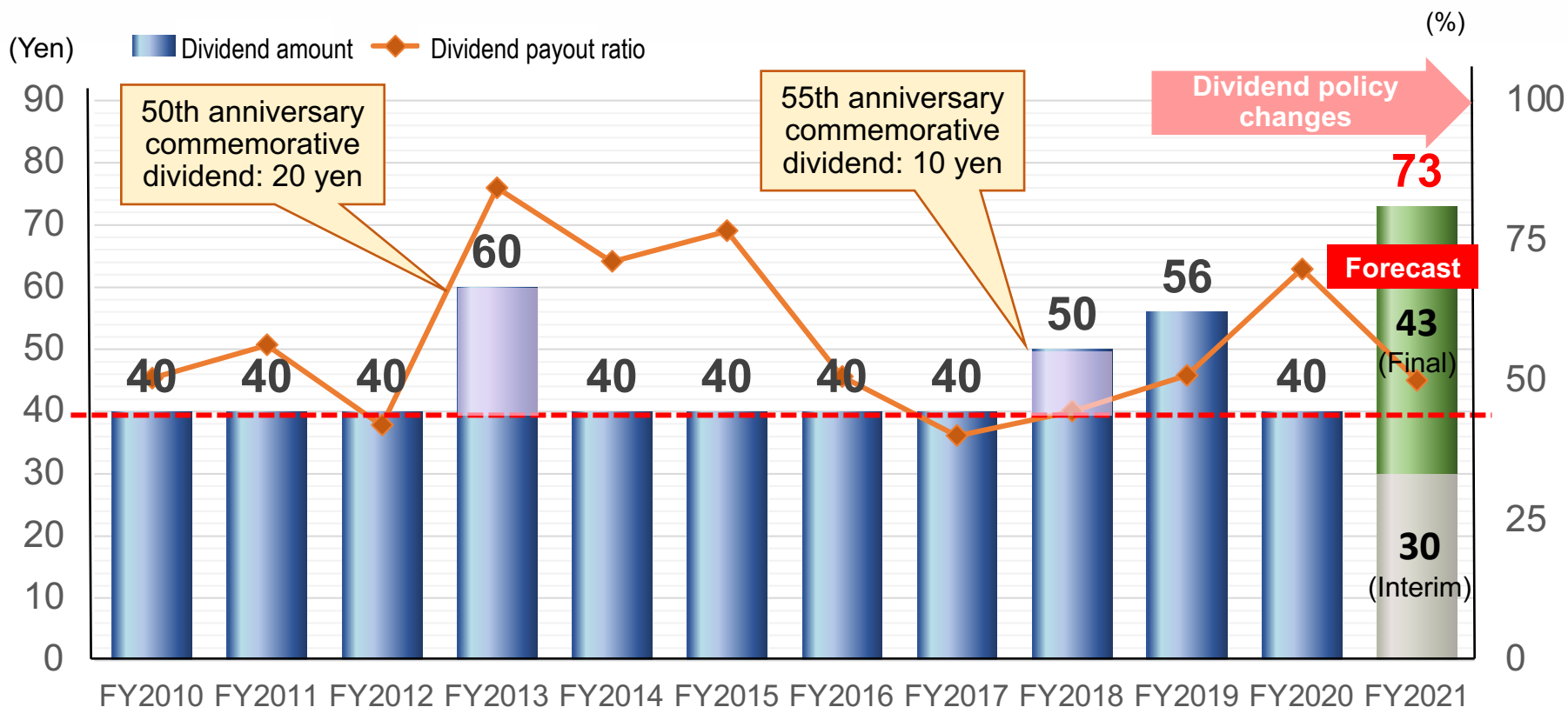
Millions of yen

| | | FY2021 FY forecast | | FY2021 FH actual | | FY2021 SH forecast (FY fcst - FH actual) | | Change | |
|----------------------------|---------------------|-----------------------|---------------------|---------------------|---------------------|--|---------------------|--------|------------------|
| | | | Operating margin | | Operating margin | | Operating margin | | YoY (%) |
| Direct Selling Group | Sales | 108,499 | — | 54,181 | — | 54,317 | — | +135 | +0.2% |
| | Operating income | 10,554 | 9.7% | 6,465 | 11.9% | 4,088 | 7.5% | -2,377 | -36.8% (-4.4) |
| Food Group | Sales | 40,625 | — | 19,915 | — | 20,709 | — | +793 | +4.0% |
| | Operating income | 2,636 | 6.5% | 1,751 | 8.8% | 884 | 4.3% | -866 | -49.5% (-4.5) |
| Other businesses | Sales | 15,233 | — | 7,688 | — | 7,544 | — | -143 | -1.9% |
| | Operating income | 664 | 4.4% | 538 | 7.0% | 125 | 1.7% | -412 | -76.6% (-5.3) |
| Eliminations/ corporate | Sales | -3,857 | — | -1,572 | — | -2,284 | — | -712 | — |
| | Operating income | -5,454 | — | -2,408 | — | -3,045 | — | -636 | — |
| Consolidated total | Sales | 160,500 | — | 80,213 | — | 80,286 | — | +73 | +0.1% |
| | Operating income | 8,400 | 5.2% | 6,346 | 7.9% | 2,053 | 2.6% | -4,293 | -67.7% (-5.4) |

Note: Sales by business segment above include intersegment sales.

Returns to Shareholders

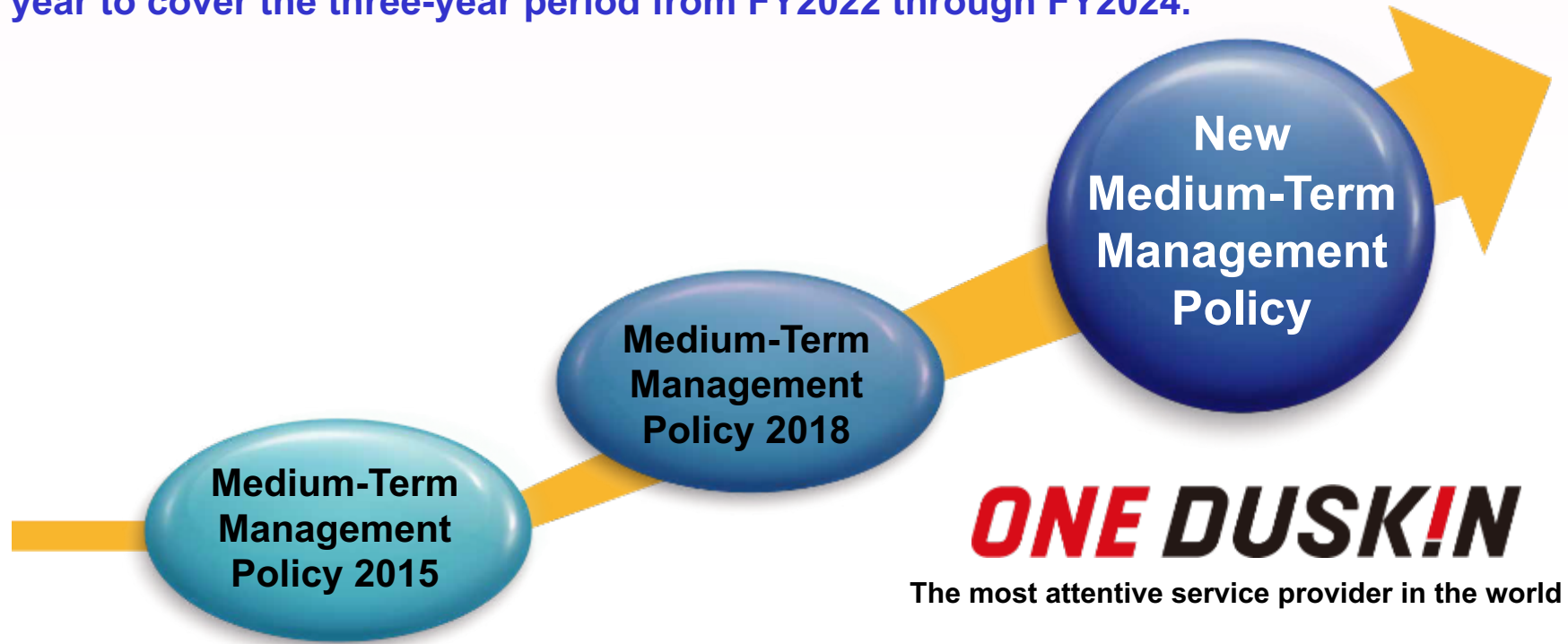
We set the dividend amount for each fiscal year with the goal of achieving a consolidated dividend payout ratio of 50% and pay stable cash dividends. For FY2021, the annual dividend is scheduled to be 73 yen.



Initiatives to Address Business Issues

Duration of the Medium-Term Management Policy

The latest Medium-Term Management Policy was initially scheduled to begin in FY2021 and be in effect through FY2023. Due to uncertainty about the future caused by the COVID-19 pandemic, however, the start of the plan has been pushed back one year to cover the three-year period from FY2022 through FY2024.



FY2015-FY2017

FY2018- FY2020

FY2022-FY2024

Future initiatives: Four strategic themes

Expanding existing businesses



Optimizing business portfolios and boosting the value chain

Investment in new growth opportunities



Generating new value with a view to the future

Implementing structural reform and establishing a solid foundation



Investment in new growth opportunities and solidifying our foundations to develop existing business

Coexistence with local communities



Proactive initiatives on ESG and SDGs

The Direct Selling Group sets **hygiene and cleanliness** as **the area of primary importance**



Besides hygiene and cleanliness, the Group also focuses on work-life management and senior support.

Strengthening hygiene functions of core hygiene and cleanliness products

Twenty-two of Duskin's 30 types of mops have received the antiviral processing and antibacterial deodorant processing SEK Marks*.



* The SEK Mark is a certification mark administered by the Japan Textile Evaluation Technology Council recognizing the performance, durability and safety of textile products.

| | | |
|--|--|---|
| <p>抗ウイルス加工 (繊維上の特定のウイルスの数を減少させます。) 認証番号 UK25B19 一般社団法人繊維評価技術協議会 剤名:有機系(アニオン系界面活性剤) 株式会社 ダスキン</p> | <p>注意</p> <ul style="list-style-type: none"> ●抗ウイルス加工は、病気の治療や予防を目的とするものではありません。 ●抗ウイルス性試験は、ウイルス株: ATCC VR-1679(エンベロープ有)を25℃で2時間放置して実施しています。 ●抗ウイルス加工は、ウイルスの働きを抑制するものではありません。 | <p>抗菌防臭加工 (繊維上の細菌の増殖を抑制し、防臭効果を示します。) 認証番号 293X19 一般社団法人繊維評価技術協議会 剤名:有機系(アニオン系界面活性剤) 株式会社 ダスキン</p> |
|--|--|---|

Sani Time

New service launched nationwide in July 2021

Sterilization and disinfection services are offered on a pay-by-the-hour, flat-rate system*.

* Charged per half hour



Event Hygiene Services

“One-stop” packages of support for event operation, featuring thorough hygiene and cleanliness control



No. of contacts for vaccination sites

876 (4,500 million yen)

Air conditioner cleaning service

Demand rises in tandem with the longer hours that people are staying home as well as greater awareness of hygiene.



Air conditioner cleaning service
customer-level sales in FY2021 FH
(Residential customer market)

YoY growth: +16.3%
(+600 million yen)

Introducing antibacterial/antiviral filters

Air purifier filters are treated with antibacterial and antiviral agents.

New dust collector filters treated with disinfectant inhibit bacterial growth*1 and curb viruses*2.



集塵フィルターの補強部材に対して、抗菌・ウイルス抑制効果のある薬剤を加工

*1: Antibacterial testing

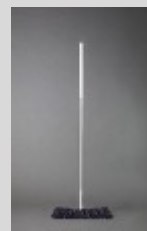
Test laboratory: Osaka Testing Center, Boken Quality Evaluation Institute / Test methodology: Conforms to JIS L 1902 standards / Results: Bacterial growth inhibited for two kinds of bacteria / Report No: 20221010887-1 / Issue date: July 13, 2021

*2: Virus inhibiting factor testing

Test laboratory: Shoku-kan-ken, Inc. (Laboratory of Food Environment and Hygiene) / Test methodology: Conforms to JEM1467 standards / Test subject: One type of enveloped virus / Results: More than 99% of viruses were eliminated in three hours / Report No: 207787N

Duskin's MuKu wins the Good Design Award 2021

This product was developed based on the concept of providing cleaning tools that help reduce the burden of cleaning. It is designed to be kept in the living room at all times and to fit in with the look of any room.



“Something good’s gonna happen”

Mister Donut

Key strategy 1

Acquire new markets

Key strategy 2

Maintain and increase sales of primary products

Key strategy 3

Offer seasonal products; trend-making

The goal is to bring happy moments to our customers in store or at home.

Acquire new markets

Rendering MISDO online ordering system more convenient

- Future date ordering becomes available
- Pick-up lockers installed at a shop on a trial basis

Online ordering system



Pick-up lockers



Future date ordering function



Ordering for a future date is now possible!

Acquire new markets

New drive-through locations established in suburbs

- In order to establish locations in the suburbs, we have developed a shop format featuring a drive-through and meal menu options.
- We are also developing — on a trial basis — a new roadside shop format that requires less investment; i.e. smaller than conventional shops but also offers a drive-through service.



No. 1981 Sakai Mikunigaoka Shop

Architectural rendering of a new smaller type roadside shop



Acquire new markets

Establishing more shops in urban areas by the use of the central kitchen

- In addition to kitchen-less locations designed for small locations, as well as locations specializing in takeout, we are also establishing small locations where customers can dine in.
- In order to deliver to multiple locations from a central kitchen, we are also stepping up research and development on automated friers and other equipment that can help accommodate greater donut production.



No. 1998 Whity Umeda Shop

No. 2000 arde! Shin-Osaka Shop



Initiatives of the Food Group (5)

Maintain and 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



Offer seasonal products; trend-making

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















Launched on July 2, 2021 (Limited time offer)



Launched on April 9, 2020 (Limited time offer)

Proactive Approaches to ESGs and SDGs (1)

Moving forward with the concept of CSV (Creating Shared Value) and by strengthening our governance, we will enhance our corporate value.

| Value creation | Material issues for value creation | Contribution to SDGs |
|---------------------|---|---|
| Economic value | <p>Expand products and services in the hygiene domain</p> <p>Expand Care Service and Senior Care Businesses with franchise recruitment</p> <p>Adapt shops and shop operations to new lifestyles</p> |   |
| Social value | <p>Co-exist and co-prosper with communities</p> <ul style="list-style-type: none"> School cleaning education curriculum / partnerships with local government Provide safe, reliable and sustainable products and services Quality assurance / procurement risk management |   |
| | <p>Promote diversity and inclusion</p> <ul style="list-style-type: none"> Women's participation / hiring people with disabilities and workers from abroad Support employees' growth and career development Enhancing well-coordinated training systems <p>Promote work-style reform and health-focused management</p> <ul style="list-style-type: none"> Adjusting working hours to adequate levels / higher labor productivity |   |
| Environmental value | <p>Contribute to the creation of a recycling-oriented society</p> <ul style="list-style-type: none"> Pursuing recycling-oriented rental system / applying 3Rs; switching to renewable energy <p>Address climate change</p> <ul style="list-style-type: none"> Reducing CO₂ emissions / wider use of renewable energy / TCFD compliance |   |
| Governance | <p>Achieve more effective governance</p> <ul style="list-style-type: none"> Corporate governance / compliance / risk management |   |
| | |   |

Duskin Green Target 2030

Reducing waste and efficient resource use help build
a recycling-oriented society

Responding to climate change helps achieve
a decarbonized society

2030 Targets



Reduce food waste by **50%**
(vs. 2020)

Reduce fossil-fuel-derived plastics by **25%**
(vs. 2020)

Recycle **60%** of plastic containers and packaging



Renewable energy use rate **50%**

Reduce CO₂ emissions across Duskin Group locations by **46%**
(vs. 2013)

Note: Our goal for the entire supply chain (Scope 3) is to reduce emissions by 26%.

Reference

Duskin Co., Ltd. (Non-consolidated)

Millions of yen

| | FY2020 FH | FY2021 FH | Change | | Ref. FY2020 Full year |
|------------------------|---------------|---------------|--------------|---------------|-----------------------|
| | | | | YoY (%) | |
| Sales | 58,999 | 64,865 | 5,865 | +9.9 | 123,004 |
| Operating income | 2,093 | 4,849 | 2,756 | +131.7 | 2,442 |
| Operating margin | 3.5% | 7.5% | +4.0 | — | 2.0% |
| Ordinary income | 4,739 | 7,598 | 2,858 | +60.3 | 6,015 |
| Ordinary income margin | 8.0% | 11.7% | +3.7 | — | 4.9% |
| Net income | 2,462 | 5,721 | 3,258 | +132.3 | 2,565 |
| Net income margin | 4.2% | 8.8% | +4.6 | — | 2.1% |

Direct Selling Group

Sales include: (1) sales from rentals, (2) sales of goods and services, (3) royalties (no royalty charged for periodic rental businesses) and (4) sales at company-owned outlets.

Direct Selling

For Residential Customer 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 Plant and flower upkeep
- Home Repair Wall and floor repair

Health & Beauty Cosmetics and health food

Duskin Life Care Senior care service

For Commercial Customer 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 Plant and flower upkeep
- 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: (1) sales of ingredients to franchisees, (2) royalties and (3) sales at company-owned shops.

Mister Donut Homemade donut shop

Pie Face Pie specialty shops

MOSDO Collaborated shops with MOS Burger

Bakery Factory Large bakery shops

Katsu & Katsu ... Pork cutlet restaurants

Other Businesses

Duskin Healthcare

... Hospital management service

Duskin Kyoeki

... Leasing business, insurance services

Overseas businesses

... Dust Control, Big Apple, Mister Donut, Duskin Hong Kong

CLS by type of business

Sales of overseas businesses indicated here are the total sales from January to June.

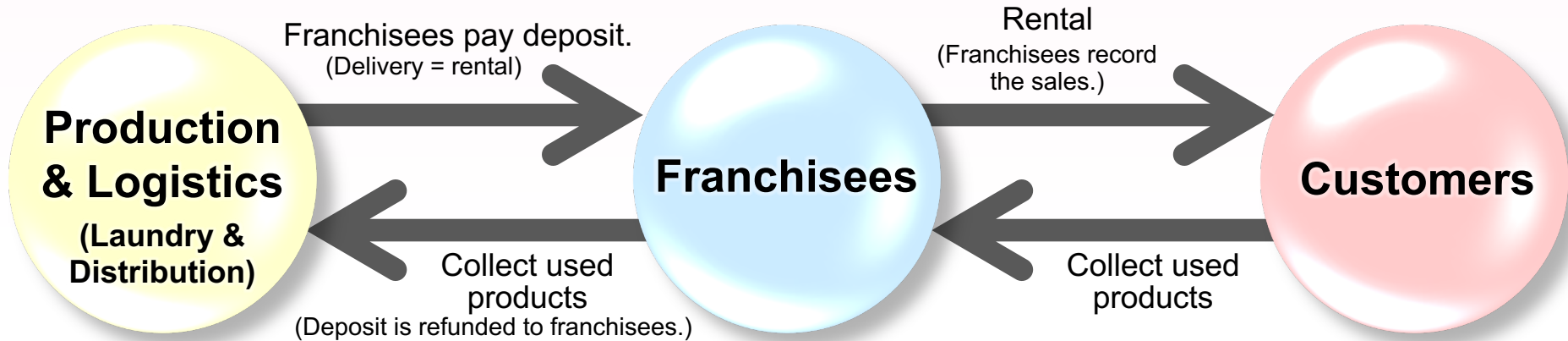
Millions of yen

| | FY 2020 FH | FY 2021 FH | YoY change | |
|--|----------------|----------------|----------------|-----------------|
| | | | Amount | Growth rate (%) |
| Direct Selling Group | 124,525 | 133,499 | +8,974 | +7.2% |
| Dust Control (Domestic) | | | | |
| Residential customer | 41,688 | 41,009 | -679 | -1.6% |
| Commercial customer | 45,101 | 44,852 | -249 | -0.6% |
| Care service businesses (professional cleaning and technical services) | 25,653 | 28,432 | +2,779 | +10.8% |
| ServiceMaster | 14,651 | 16,547 | +1,895 | +12.9% |
| Merry Maids | 4,938 | 5,493 | +554 | +11.2% |
| Terminix | 4,372 | 4,515 | +142 | +3.3% |
| Total Green | 1,596 | 1,749 | +152 | +9.6% |
| Home Repair | 93 | 128 | +34 | +36.4% |
| Health & Beauty | 1,010 | 1,057 | +46 | +4.6% |
| Azare Products | 1,342 | 1,254 | -88 | -6.6% |
| Duskin Life Care | 907 | 1,081 | +173 | +19.1% |
| Rent-All | 1,727 | 8,147 | +6,419 | +371.6% |
| Health Rent | 5,589 | 6,140 | +550 | +9.8% |
| Uniform Service | 1,502 | 1,524 | +22 | +1.5% |
| Food Group | 34,153 | 42,803 | +8,650 | +25.3% |
| Mister Donut (Domestic) | 33,127 | 41,802 | +8,675 | +26.2% |
| Other food businesses | 219 | 230 | +11 | +5.3% |
| Katsu & Katsu | 806 | 769 | -36 | -4.6% |
| Other businesses | 12,674 | 13,520 | +846 | +6.7% |
| Dust Control (Overseas) | 2,524 | 2,977 | +453 | +18.0% |
| Donuts (Overseas) including Big Apple | 5,975 | 6,223 | +247 | +4.1% |
| Duskin Health Care | 4,175 | 4,319 | +144 | +3.5% |
| Total | 171,353 | 189,824 | +18,471 | +10.8% |

Notes: • Other food businesses include: Bakery Factory, Pie Face and The Chiffon & Spoon. (The Chiffon & Spoon closed all shops as of July 2020.)
 • Sales of MOSDO are included in those of Mister Donut (Domestic).

Mop and mat rentals

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: | 45 |

| | |
|--|----------------------|
| Company owned and subsidiary units: | Approx. 100 |
| Franchised units: | Approx. 1,800 |
| Total: | Approx. 1,900 |

Sales representatives
Approx. **62,000**

Residential customers
Approx. **4.45 million**

Commercial customers
Approx. **1.09 million**

Note: 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.