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### **Notice Concerning the Medium-Term Business Plan 2028, Our Shareholder Return Policy and a Change in Dividend Policy**

Duskin Co., Ltd. (the “Company”) has clarified its new purpose and vision as it moves forward into a new phase after completing its 10-year, long-term strategy ONE DUSKIN in the fiscal year ended March 31, 2025 (fiscal 2024). At the same time, the Company has formulated Do-Connect, its new long-term business policy, to realize its purpose and vision. In addition, as the first phase of Do-Connect, the Company has formulated Medium-Term Business Plan 2028, which begins in the fiscal year ending March 31, 2026 (fiscal 2025), and has resolved to formally adopt this plan at the Board of Directors meeting held today.

#### 1. Purpose, Vision and Long-Term Business Policy Do-Connect

The goal of our previous long-term strategy ONE DUSKIN was to transform Duskin into a company where all of its business units were united to serve the company’s customers in the most effective and courteous manner. During the implementation of that strategy, however, we were forced to respond to the emergency situations brought about by the 2024 Noto Peninsula earthquake and the COVID-19 pandemic. As part of such a response, we not only assumed the task of setting up vaccination sites and managing their hygiene but also launched disaster risk reduction support services to help municipalities set up evacuation centers in the event of a natural disaster. In this way, each of our businesses has demonstrated its unique strengths while working in tandem with one another to provide comprehensive services, which we consider to be a notable achievement.

On the other hand, the business environment is drastically changing in Japan. A declining birthrate and aging population has brought about a shrinking workforce and a growing labor shortage. Moreover, digital technology is making remarkable progress. Under these circumstances, we have clarified our purpose and vision, and formulated the long-term business policy Do-Connect, to show how we should operate our business in light of the changing times and environment, while staying faithful to the Management Philosophy that we have inherited since our founding.

##### (1) Purpose

“Building a happy and fulfilling future while staying attuned to people and society” — This expresses Duskin’s commitment to the future to deliver unchanging value even in changing times.

##### (2) Vision

“Spreading smiles that connect people to people, people to society, and people to the future” — This represents the task assigned to us to realize our purpose.

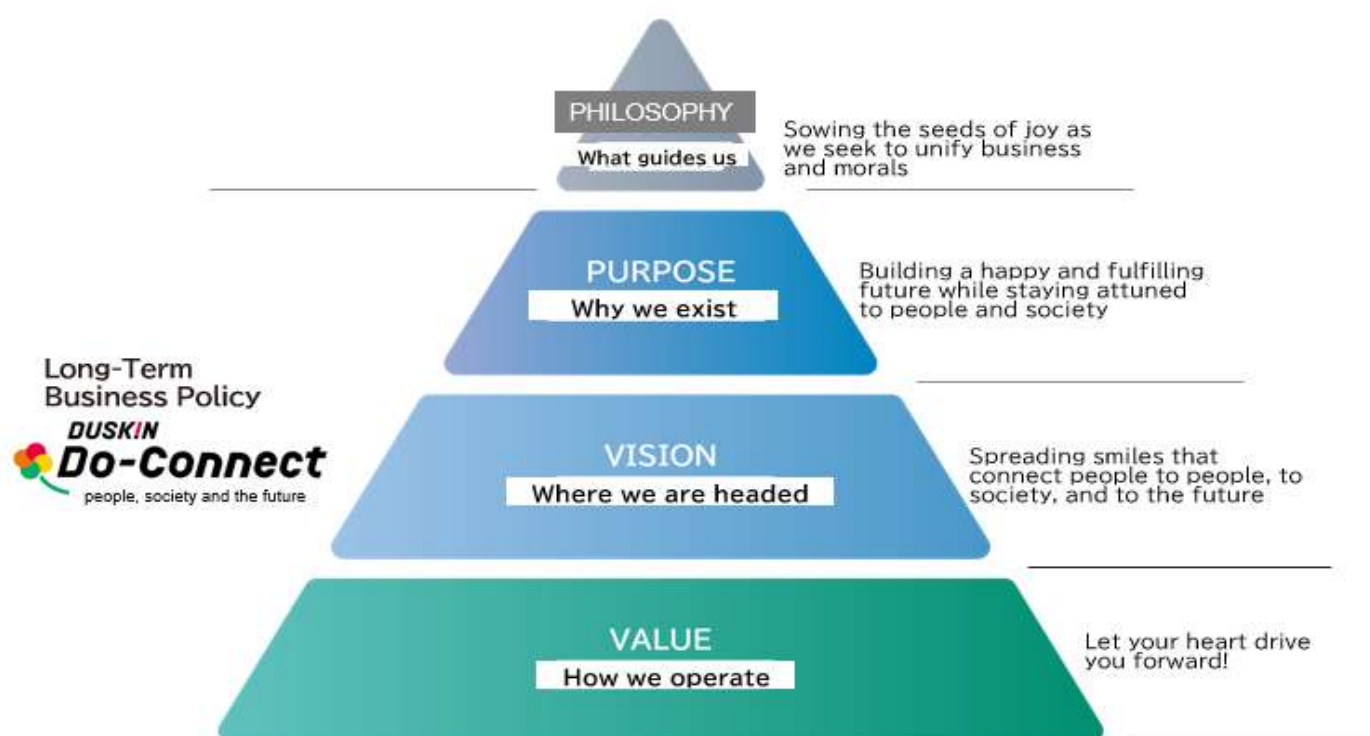
##### (3) Value

“Let your heart drive you forward!” — This represents the value we must uphold in order to realize our vision.

##### (4) Long-Term Business Policy Do-Connect

We will practice our philosophy of “sowing the seeds of joy” by connecting people to people, people to society, and people to the future. In doing so, and to realize our purpose and vision, we will challenge ourselves to achieve our three EXcellence goals and focus on developing human resources who are willing to take on challenges and on creating a corporate culture that encourages such employees to take on new challenges.

- a. EXPLORE new businesses
- b. EXPAND to related businesses
- c. EXCEL in our existing businesses



## 2. Review of the Medium-Term Management Policy 2022 (implemented from fiscal 2022 through fiscal 2024)

### (1) Financial performance

	Fiscal 2021 (Base year)	Fiscal 2024 results	Increase/decrease (Percentage change)
Consolidated net sales	163,200 mil. yen	188,700 mil. yen	15.7%
Consolidated operating profit	9,800 mil. yen	7,200 mil. yen	-26.6%
Consolidated ordinary profit	12,200 mil. yen	10,600 mil. yen	-12.4%
Profit attributable to owners of the parent	8,100 mil. yen	8,800 mil. yen	8.3%
ROE	5.4%	5.8%	0.4p

Net sales increased 15.7% from the base year, mainly due to a large increase in Food Group sales driven by the strong performance of Mister Donut. However, operating profit decreased 26.6% from the base year, mainly due to higher cost of sales resulting from soaring raw material prices, distribution costs and labor costs. Profit attributable to owners of the parent, however, increased 8.3% mainly due to an increase in profit of entities accounted for using the equity method and the posting of gains on the sale of strategically held shares. As a result, ROE was 5.8%, an improvement of 0.4 percentage points from the base year, but just short of the 6% target.

### (2) Specific measures implemented

#### a. Reforming our business portfolios

##### i) Existing businesses

- Enhanced business efficiency by installing RFID tags on all rental mats and mops
- Improved customer touchpoints (Sales activities by dedicated household sales teams; expansion of digital touchpoints)
- Proactively recruited franchisees and opened new sales offices for Care Service
- Intensified the development of new products, including those in the MISDO Meets range
- Conducted test verification of unattended payment system and image recognition cash registers

## ii) Investment in new growth opportunities

- Entered the area of childcare support (Alliance with and investment in JP-Holdings, Inc.)
- Expanded the rapid maintenance service (Alliance with and investment in Qracian Co., Ltd.)
- Developed a new food business model (Made Boston House Co., Ltd. a subsidiary)
- Expanded the Mister Donut business to Singapore and Hong Kong
- Started Rescue Service (emergency locksmith service)
- Withdrew from clothing rental subscription business
- Withdrew from pie specialty store business

## b. Establishing a solid foundation

- Developed an infrastructure to promote human capital management (Training tools, diagnostic tools, talent management system)
- Promoted efficiency through the Shared Services Center operations
- Promoted shift to cloud computing

## c. Coexistence with local communities

- Introduced virtual power purchase agreement (PPA) (Switched the electricity used in our mat and mop manufacturing plants to electricity generated from non-fossil certified renewable energy sources)
- Switched to non-fossil certified renewable energy sources for electricity used at five facilities including our head office building and its surrounding facilities
- Formulated the Duskin Green Vision 2050

## d. Financial and capital management

- Implemented shareholder return measures, including a 9.9 billion yen share repurchase (3-year total return ratio of 119.0%)
- Invested 49.9 billion yen (on a payment basis including costs and expenses) in growth areas (14.6 billion yen of which is for M&A)
- Sold six strategic shareholdings (Three of which were all sold)

## 3. Medium-Term Business Plan 2028 (for the three years starting from fiscal 2025)

### (1) Basic policy

We will take on the challenge of fulfilling our purpose of “Building a happy and fulfilling future while staying attuned to people and society” in order to achieve our core principle of “unifying business and morals”; that is, to enhance our corporate value in both social and economic terms. To this end, we will continue to value our face-to-face interaction with our customers as well as improving digital technology to support such interaction.

### (2) Financial targets

Through the various initiatives outlined in the Medium-Term Management Policy 2022, we have achieved a ROE of 5.8% and a P/B ratio of over 1x in fiscal 2024, which is a high level compared to our past levels.

Based on the CAPM and other measures, we perceive the cost of shareholders’ equity to be around 5%. Although our ROE exceeds this, in our Medium-Term Business Plan 2028 we will focus on steadily increasing ROE in order to increase our P/B ratio.

Unit: Millions of yen			
	Fiscal 2024 (Base year)	Fiscal 2027 targets	Increase/decrease (Percentage change)
Consolidated net sales	188,791	207,800	19,008 (10.1%)
Profit attributable to owners of the parent	8,808	10,600	1,791 (+20.3%)
ROE	5.8%	7.0% or more	1.2p

### (3) Four business themes

#### a. Explore new businesses

Creating new social values for the future

- We will actively harness both internal and external resources to develop new businesses that address social challenges and generate meaningful social value.

#### b. Expand to related businesses

Creating new customer value through business model transformation

- We will evolve our existing businesses to venture into new fields that promote a happy and fulfilling lifestyle, ensuring fresh value for those we serve.

#### c. Excel in our existing businesses

Building strong relationships with customers to increase customer value

- We will utilize advanced technologies across our existing businesses to quickly and flexibly provide products and services that align with customer expectations, adding value to their experience.

#### d. Solidify our business base

Building a foundation that will serve as a driving force for economic and social value creation

- We have two basic policies in solidifying our business base. First, we will encourage a change in the mindset of each and every employee by providing an environment in which they are willing and eager to learn. Second, we will foster a corporate culture that values employees' innovative ideas and actions based on them.

### (4) Financial strategies

In order to enable us to proactively invest in growth areas, we will raise funds to support such investments by reducing strategically held shares and utilizing financial assets. At the same time, we will promote shareholder returns with an eye to optimizing shareholders' equity.

#### a. Strategic shareholdings

We will reduce our strategically held listed stocks to a consolidated net asset ratio of 10% or less by the end of fiscal 2027.

#### b. Shareholder return policy

Regarding shareholder returns during the Medium-Term Business Plan 2028 period, in addition to paying dividends, we will flexibly repurchase stock, while giving priority to investment in growth areas and taking into account our financial situation.

#### c. Partial change in dividend policy

We have decided to raise the threshold for the dividend on equity ratio (DOE), which we have introduced as a lower limit indicator. We will, of course, maintain our basic policy of distributing profits appropriately based on business performance while maintaining financial soundness. During the Medium-Term Business Plan 2028 period, the dividend will be the higher of either a dividend payout ratio of 60% or a dividend on equity (DOE) of 3.0%. The new dividend policy will be applied from the interim dividend of fiscal 2025, and the year-end dividend of fiscal 2024 will be paid in accordance with the dividend policy before the change.

## Details of change in dividend policy

Before change	After change
Duskin considers the return of profits to shareholders to be one of our highest priorities. Our policy is to distribute a portion of profits based on our performance while maintaining a proper balance with investments to ensure sustainable growth and higher corporate value while also maintaining financial soundness in order to be prepared for potential risks. We will determine ordinary dividends for each fiscal year based on the higher of either a consolidated payout ratio of 60% or dividend on equity (DOE) of 2.5%. We will continue to implement dividend policy to fulfill the expectations of all our shareholders over the long term.	Duskin considers the return of profits to shareholders to be one of our highest priorities. Our policy is to distribute a portion of profits based on our performance while maintaining a proper balance with investments to ensure sustainable growth and higher corporate value while also maintaining financial soundness in order to be prepared for potential risks. We will determine ordinary dividends for each fiscal year based on the higher of either a consolidated payout ratio of 60% or dividend on equity (DOE) of 3.0%. We will continue to implement dividend policy to fulfill the expectations of all our shareholders over the long term.

### (5) Sustainability policies: Initiatives to co-create value with stakeholders and improve credibility

#### a. Pursuit of corporate sustainability

- We will improve the soundness and transparency of corporate management by carrying out initiatives to strengthen corporate governance.
- We will create and review business continuity plans; and by doing so, we will strengthen our business continuity capabilities so that we can, for example, be prepared for major disasters.

We will enhance corporate information disclosure and dialogue with investors and other market participants.

#### b. Pursuit of social sustainability

- We will carry out initiatives that help protect the global environment (i.e., reducing environmental impact through our business activities).

We will proactively participate in and contribute to local communities. (This includes ensuring the safety and security of the community; community building and other efforts to connect people to their communities; and sustainable procurement.)

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Duskin Co., Ltd.

# Medium-Term Business Plan 2028

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Based on our previous long-term strategy ONE DUSKIN, we have been able to meet the changing needs of our customers and society in general. We have brought about collaboration between our different businesses and expanded the scope of services, creating new values, which has resulted in a fair amount of success. We have now formulated a new Long-Term Business Policy Do-Connect, and based on this new policy, we will work on the strategies specified in our new Medium-Term Business Plan 2028 so that we realize our newly clarified Purpose and Vision.



Duskin's fiscal year begins on April 1 and ends on March 31. Starting with the Medium-Term Business Plan 2028 (implemented from FY2025 to FY2027), we have decided to name our business plans after the last year of their implementation period.

## Major Achievements under ONE DUSKIN

### Business Expansion

- Expanded overseas businesses
- Expanded M&A and strategic alliances
- Realized cross-segment business initiatives (e.g. Event Hygiene Services)

### Digitalization

- Expanded functions of DDuet and Mister Donut online ordering apps
- Started RFID tag operations

### Strengthened Governance

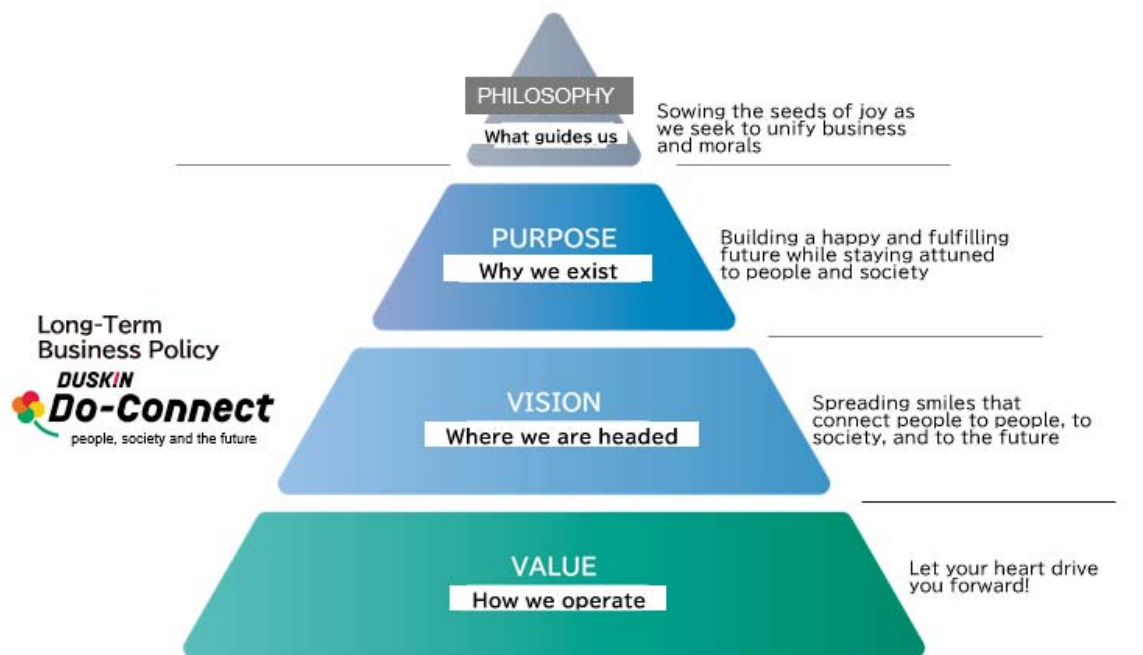
- Appointed independent outside directors for at least one-third of the Board; introduced an executive officer system
- Established the Nominating and Compensation Committee (formerly, Directors Evaluation Committee)



# Long-Term Business Policy Do-Connect

## How Our Philosophy Is Structured

In order to realize our ideal (what we aspire to be), our Purpose (why we exist) and Vision (where we are headed), and with our corporate management philosophy as our guiding principle, we will promptly take concrete actions that can “let our heart drive us forward.”



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## Goals of the Long-Term Business Policy

The Long-Term Business Policy Do-Connect is the means to realize our Purpose and Vision. We will practice our philosophy of “sowing the seeds of joy” by connecting people to people, people to society, and people to the future.



### Connecting people to people

We are always mindful of each person's feelings, which is why our thoughts also extend to those they hold dear — because everyone is loved by someone. At Duskin, we are dedicated to spreading the bond of kindness.

### Connecting people to society

To help achieve a happy and fulfilling future within communities for generations to come, we keep growing the circle of joy that connects people's hearts.

### Connecting people to the future

We wish to stay close to people's hearts, building a brighter tomorrow, day by day. By nurturing their hopes for the future, we help create an environment where everyone feels empowered to challenge themselves and grow.

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We will challenge ourselves to achieve our three EXcellence goals: EXPLORE new businesses, EXPAND to related businesses, and EXCEL in our existing businesses. We will also focus on developing human resources who are willing to accept challenges and on creating a corporate culture that encourages such employees to take up new challenges.



## Review of the Medium-Term Management Policy 2022

- Net sales increased steadily in all segments from the base year (FY2021) (consolidated net sales: +15.7%).
- Operating profit declined from the base year, mainly due to soaring raw material and labor costs.
- Profit of entities accounted for using the equity method increased due to M&A. Profit attributable to owners of the parent increased 8.3% from the base year.

Millions of yen

		FY2021 (ended 3/31/2022) (Base year)	FY2024 (ended 3/31/2025)	Factors of difference from base year
Direct Selling Group	Sales	107,128	108,438	<ul style="list-style-type: none"> <li>• Sales of mainstay Clean Service declined, but sales in other businesses, including Care Service and Senior Care, increased.</li> <li>• Profits declined due to the Noto Peninsula earthquake, which delayed the effect of cost reductions from RFID installation, and soaring raw material and other costs.</li> </ul>
	Operating profit	10,539	5,721	
Food Group	Sales	43,818	66,747	<ul style="list-style-type: none"> <li>• Despite price revisions, Mister Donut did not see a decrease in customer traffic, resulting in a significant sales increase.</li> <li>• Sales of other businesses also increased. (Boston House became a subsidiary.)</li> <li>• Gross profit also increased significantly due to sales increase.</li> </ul>
	Operating profit	3,619	8,556	
Other Businesses	Sales	15,414	16,486	<ul style="list-style-type: none"> <li>• Domestic consolidated subsidiaries increased sales.</li> <li>• Overseas business sales also increased due to the launch of Mister Donut in Singapore and Hong Kong.</li> <li>• Profit decreased mainly due to soaring labor costs.</li> </ul>
	Operating profit	873	511	
Intersegment eliminations and corporate expenses	Sales	-3,150	-2,882	<ul style="list-style-type: none"> <li>• There was an increase in expenses, including higher personnel expenses due to base wage increases. Expenses related to branding initiatives, data center relocations and DX promotion as well as retirement benefit costs also increased.</li> </ul>
	Operating profit	-5,133	-7,520	
Consolidated	Sales	163,210	188,791	—
	Operating profit	9,899	7,268	
Ordinary profit		12,215	10,697	
Profit attributable to owners of the parent		8,132	8,808	
ROE		5.4%	5.8%	

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## Review of the Medium-Term Management Policy 2022

Achievements made under the Medium-Term Management Policy 2022 and issues we still need to address for further growth

	Achievements	Issues to be addressed under the Medium-Term Business Plan 2028
Reforming our business portfolios	Investment in new growth opportunities <ul style="list-style-type: none"> <li>• Formed a capital and business alliance with JP-Holdings, Inc.</li> <li>• Introduced Rescue Service (emergency locksmith service, etc.)</li> <li>• Formed a capital and business alliance with Gracian Co., Ltd.</li> <li>• Made Kenko Saien Co., Ltd. (now Boston House Co., Ltd.) a consolidated subsidiary (Entered the Italian restaurant business)</li> <li>• Expanded the Mister Donut business to Singapore and Hong Kong</li> <li>• Introduced a household cleaning service in Taiwan</li> </ul>	<ul style="list-style-type: none"> <li>• Develop new business in the area of childcare</li> <li>• Enter into the house maintenance domain</li> <li>• Develop new food service business models</li> <li>• Further expand into countries in Asia where we have not yet developed our businesses</li> </ul>
	Transformation and further development of existing businesses <ul style="list-style-type: none"> <li>• Enhanced real customer touchpoints using dedicated household sales teams</li> <li>• Enhanced digital touchpoints (DDuet, MD apps, etc.)</li> <li>• Installed RFID tags on rental mats and mops</li> <li>• Intensified product development and shop openings at Mister Donut</li> <li>• Increased the number of shops with no kitchens</li> <li>• Began verification of unattended payment systems and image-recognition cash registers</li> </ul>	<ul style="list-style-type: none"> <li>• Leverage both real and digital customer touchpoints to further enhance the customer value</li> <li>• Improve productivity by utilizing RFID tag system</li> <li>• Enhance and expand in-house factories</li> <li>• Open new Mister Donut shops in new store formats</li> </ul>
Establishing a solid foundation	<ul style="list-style-type: none"> <li>• Put in place some infrastructure to promote human capital management</li> <li>• Prepared for the shift to cloud computing and began the shift to some extent</li> </ul>	<ul style="list-style-type: none"> <li>• Develop and hire human resources who are up to the challenge</li> <li>• Increase productivity by accelerating digitalization; improve CX value through the use of AI</li> </ul>
Coexistence with local communities	<ul style="list-style-type: none"> <li>• Reduced food loss and waste</li> <li>• Started demonstration tests for conversion of sales vehicles to EVs</li> <li>• Formulated the Duskin Green Vision 2050</li> <li>• Signed a virtual PPA</li> </ul>	<ul style="list-style-type: none"> <li>• Work to achieve the Duskin Green Target 2030</li> <li>• Promote Action Plan FY2025-2027, our medium-term sustainability action plan</li> </ul>

	Achievements
Financial and capital management	M&A investment <ul style="list-style-type: none"> <li>Entered new business domains, such as childcare, house maintenance and Italian restaurants</li> <li>M&amp;A: 14.6 billion yen (compared to the 20 billion yen target)</li> </ul>
	Shareholder return <ul style="list-style-type: none"> <li>Total return ratio for the three-year cumulative period: 119% (9.9 billion yen in stock repurchase)</li> </ul>

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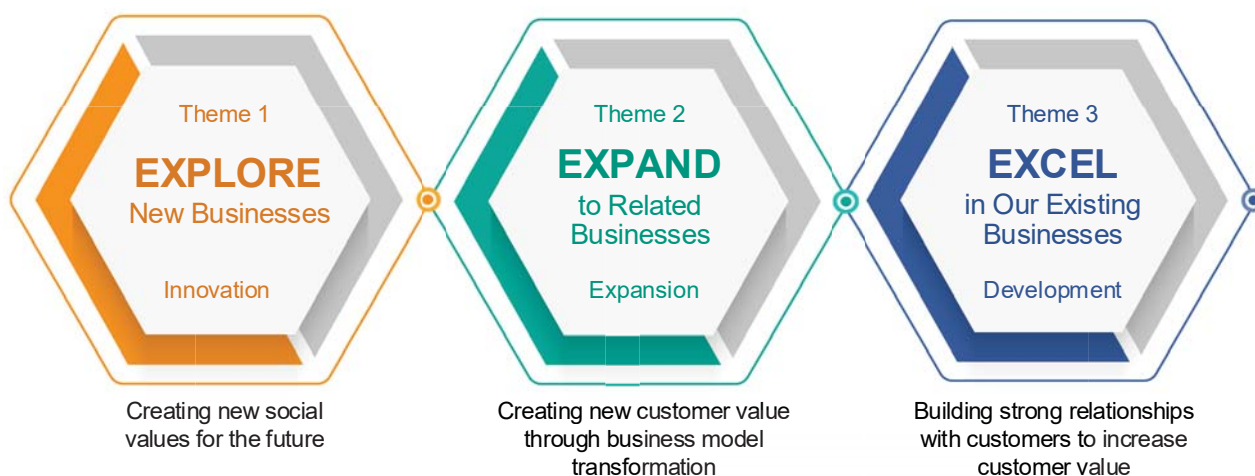
## External Factors that Might Affect Our Business

Political, legal and environmental	<ul style="list-style-type: none"> <li>Increased geopolitical risk, political unrest abroad</li> <li>Tighter regulations for carbon neutrality</li> <li>Climate change, more severe natural disasters</li> <li>Rising costs due to energy diversification (hydrogen, ammonia, SAF, bioethanol, etc.)</li> </ul>
Economic	<ul style="list-style-type: none"> <li>Population and economic growth in emerging Asian countries, slowdown of Chinese economy due to real estate recession</li> <li>Contraction of the domestic market due to declines in the working population and personal consumption, etc.</li> <li>Increased risks of exchange rate fluctuations (yen depreciation) and rising interest rates</li> <li>Soaring raw material and labor costs, sharp fluctuations in energy prices</li> </ul>
Social and lifestyle-related	<ul style="list-style-type: none"> <li>Declining total and working-age population, aging society, growing shortage of workers</li> <li>Increase in dual-earner households, continued growth of female workforce</li> <li>Significant growth of inbound tourists</li> <li>Diversification of work styles</li> <li>Expansion of lifestyle support service (nursing care, childcare, housekeeping, etc.) market</li> <li>Fewer connections with the community and people in general</li> <li>Diversification of purchasing behavior (cashless payment, widespread use of delivery services)</li> <li>Increased awareness of sustainability (decarbonization, global environment, human rights, etc.), SDGs initiatives</li> </ul>
Technological	<ul style="list-style-type: none"> <li>Advances in digital technologies</li> <li>Advances in generative AI technologies that transform business models</li> <li>Advances in automated operations and AGV technologies</li> </ul>

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## Goals of the Medium-Term Business Plan 2028 (Fundamental themes)

Under the following four business themes, we will take on the challenge of fulfilling our purpose of “Building a happy and fulfilling future while staying attuned to people and society” in order to achieve our core principle of “unifying business and morals”; that is, to enhance our corporate value in both social and economic terms. To this end, we will continue to value our face-to-face interaction with our customers as well as improving digital technology to support such interaction.



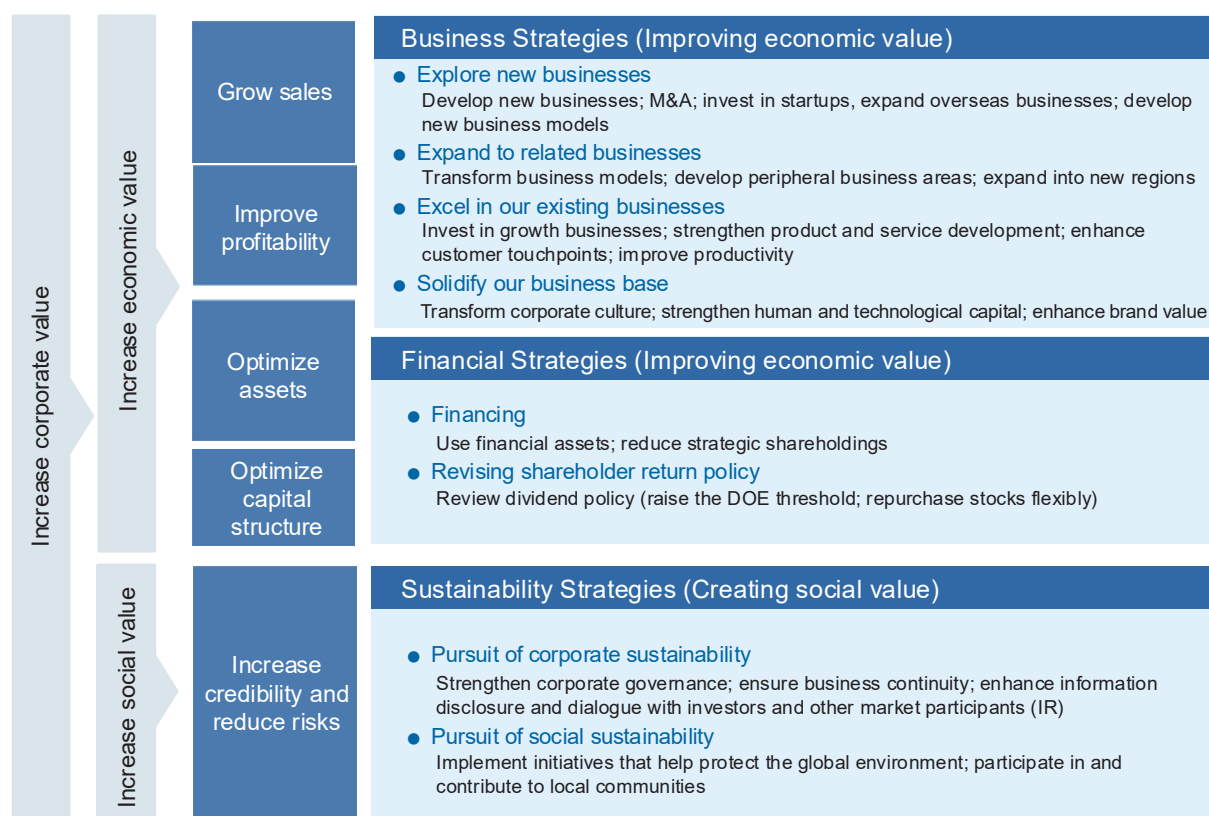
### Theme 4 **Solidify Our Business Base**

Building a foundation that will serve as a driving force  
for economic and social value creation

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## Initiatives to Enhance Corporate Value (Overview)

Develop strategies to increase our corporate value (Realize business management that pays close attention to capital cost and stock price)



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## Consolidated Financial Targets

Millions of yen

		FY2024 (ended 3/31/2025) (Base year)	FY2027 (ending 3/31/2028)	Increase/Decrease (Percentage change)	
Direct Selling Group	Sales	108,438	118,200	9,761	(9.0%)
	Operating profit	5,721	9,100	3,378	(59.0%)
Food Group	Sales	66,747	73,900	7,152	(10.7%)
	Operating profit	8,556	9,000	443	(5.2%)
Other Businesses	Sales	16,486	18,600	2,113	(12.8%)
	Operating profit	511	700	188	(37.0%)
Intersegment eliminations and corporate expenses	Sales	-2,882	-2,900	-17	—
	Operating profit	-7,520	-8,200	-679	—
Consolidated	Sales	188,791	207,800	19,008	(10.1%)
	Operating profit	7,268	10,600	3,331	(45.8%)
	Operating margin	3.9%	5.1%	—	(1.2p)
Consolidated ordinary profit		10,697	14,300	3,602	(33.7%)
Profit attributable to owners of the parent		8,808	10,600	1,791	(20.3%)
ROE		5.8%	7.0% or more	—	(1.2p)
Ref. Customer-level sales		454,055	491,000	36,944	(8.1%)

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We will challenge ourselves to achieve our three EXcellence goals: **EXPLORE** new businesses, **EXPAND** to related businesses, and **EXCEL** in our existing businesses.



## Develop new businesses

Create new business in the childcare area

## Expand overseas businesses

Expand into Asian countries where we have not yet developed our businesses

## Expand into peripheral areas

Expand into house maintenance and other peripheral areas\*

\* This includes both Clean Service and Care Service businesses.

Develop new food service brands (business models)

## Increase sales in growth businesses

Focus human resources on growth areas and open more outlets

## Improve profitability of existing businesses

Utilize digital technology and improve productivity

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## Create new social values for the future

We will actively harness both internal and external resources to develop new businesses that address social challenges and generate meaningful social value.

- 1 Actively implement M&A and invest in startups, including CVC (including direct investment), to develop new businesses that will help solve social issues, such as the declining birthrate, aging population and demand for diverse work styles
- 2 Expand business overseas, particularly in fast-growing Asian countries, based on a thorough assessment of the risks in each country and region

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## Create new customer value through business model transformation

We will evolve our existing businesses to venture into new fields that promote a happy and fulfilling lifestyle, ensuring fresh value for those we serve.

- 1 With the goal of being of further service to our customers, we are entering the area of house maintenance, where we provide services that help our customers make their homes more comfortable and create an environment in which they can spend their time with greater peace of mind.
- 2 Expand existing restaurant brands (pork cutlet and Italian restaurants) into new geographic areas through franchising
- 3 Develop new restaurant brands (business models) that cater to different locations, customer segments and consumer motivations from those of existing brands and also conduct M&A for the same purpose

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## Build strong relationships with customers to increase customer value

We will utilize advanced technologies across our existing businesses to quickly and flexibly provide products and services that align with customer expectations, adding value to their experience.

- 1 Enhance digital marketing to build closer relationships with customers
- 2 Improve customer convenience and touchpoints by providing customers with more diverse ways to order/receive a diverse array of products and services according to their lifestyles and business environment
- 3 Open new Mister Donut shops in new store formats in untapped markets, thereby attracting potential customers
- 4 Improve efficiency and productivity by optimizing functions, from procurement and production to delivery, and by utilizing digital technology

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## Building a foundation that will serve as a driving force for economic and social value creation

We will encourage a change in the mindset of employees by providing an environment in which they are willing to learn. We will also foster a corporate culture that values employees' innovative ideas and actions based on them.

- 1 Transform our corporate culture by revitalizing employee communication, creating an infrastructure that enables employees to take on challenges, and through problem-solving initiatives
- 2 Promote human capital management  
Reskill human resources supporting existing businesses (upskilling and skills transformation); hire and secure new workforce necessary for business model transformation; etc.
- 3 Digital transformation (DX)  
Enhance customer experience value through closer customer relationships; utilize digital technology to save labor and improve productivity
- 4 Increase our brand recognition and credibility to enhance our corporate brand value

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## Financial Strategies

## Financial policies that support business strategies and contribute to corporate value enhancement

We will raise funds to support proactive growth investing and also promote shareholder returns with an eye to optimizing shareholders' equity.

- 1 **Financing**
  - Reduce strategic shareholdings and utilize financial assets to secure funds to support growth investing
- 2 **Revising shareholder return policy**
  - Shareholder return policy  
In addition to paying dividends, we will flexibly repurchase stocks, while giving priority to investment in growth areas and taking into account our financial situation.
  - Reviewing dividend policy  
The dividend will be the higher of either a dividend payout ratio of 60% or a dividend on equity (DOE) of 3.0% (up from the previous DOE of 2.5%).

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### Initiatives to co-create value with stakeholders and improve credibility

We will pursue both corporate sustainability and social sustainability.

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#### Pursuit of corporate sustainability

- Improve the soundness and transparency of corporate management by carrying out initiatives to strengthen corporate governance
- Create and review business continuity plans; strengthen our business continuity capabilities so that we can, for example, be prepared for major disasters
- Enhance corporate information disclosure and dialogue with investors and other market participants

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#### Pursuit of social sustainability

- Carry out initiatives that help protect the global environment (i.e., reducing environmental impact through our business activities)
  - Implement practices to achieve the Duskin Green Target 2030 goals
  - Reduce waste; effectively use resources
  - Use renewable energy
- Participate in and contribute to local communities
  - Ensure the safety and security of the community; make community building and other efforts to connect people to their communities
  - Implement sustainable procurement

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## Bringing New Connections and Joy to Your Life

To fulfill its raison d'être, the Direct Selling Group, which has newly added house maintenance to its business domain, will work on strategies in each of its four focus areas (house maintenance, hygiene and cleanliness, work-life support and senior support).

### Priority initiatives

#### Expand business areas

With the goal of being of further service to our customers, we will provide services that help our customers make their homes more comfortable and create an environment in which they can spend their time with greater peace of mind.

- House maintenance

#### Dig deeper into existing businesses

In addition to delving into Duskin's strengths in hygiene management, we will also provide solutions that support the lives of seniors and dual-income households raising children.

- Hygiene and cleanliness
- Work-life support
- Senior support

#### Leverage customer channels

We will leverage both real and digital customer touchpoints to win new contracts and strengthen relationships with existing customers.

#### Implement digital transformation

In order to create new value in the customer experience, we will reform operations and improve productivity at our head office, franchisees and production and logistics facilities.

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## Bringing a New Food Culture to the World

We will continue to take on new challenges to provide more customers with delicious and pleasant memories that will remain in their hearts not only at the time they eat the food, but also afterwards.

### Priority initiatives

#### Develop new business models

We will expand our business portfolio and build a new revenue base by developing new businesses in-house and also by utilizing M&A.

#### Enhance value chain

Our goal is to establish in-house factories in order to optimize the entire value chain.

#### Enhance merchandising

We will leverage a variety of different brands to create new products and new sales opportunities so that we can have more opportunities to interact with customers.

#### Challenge ourselves for new growth

Mister Donut

- Open new shops in new store formats in areas where we have not yet operated

Katsu & Katsu / Napoli No Shokutaku

- Franchise these businesses

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## Human Capital

We will identify human resources capable of pursuing the three EXcellence goals necessary to realize our Purpose and Vision, and develop an environment and personnel systems to foster such human resources.

### EXPLORE

Human resources who can take on new business challenges

### EXPAND

Human resources who can change the current business

### EXCEL

Human resources who can enhance the expertise of existing businesses

### Cultivating human resources capable of pursuing the EXcellence goals

Present departmental goals linked to the Purpose and Vision as a logic tree, and encourage employees to link them to their own goals

Present each employee the work outcomes the company expects of him or her, and let their efforts toward those goals lead to the realization of the Purpose and Vision; by giving them the opportunity to experience personal growth, motivate them to develop themselves

Create an educational environment that enables our employees to transform themselves into human resources capable of achieving our EXcellence goals

## Overseas

We will evolve Duskin's business model to suit each country and region and expand those models especially in parts of Asia where rapid growth is expected to continue.

### Mister Donut

We will select local business partners to operate in countries where there is currently no Mister Donut business.

### Big Apple

Leveraging Big Apple's halal certification, we will select local business partners in countries/regions where halal compliance is required and develop the business with the partners.

### Dust Control

Our current plan is to operate at the sales outlets (convenience stores, restaurants, etc.) of our existing partners.

### Care Service

We will select local business partners to operate businesses to meet growing hygiene needs abroad.

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In order to increase productivity through operational innovation, we will improve our digital infrastructure and develop digitally savvy personnel. We will also create new value through stronger customer relationships.

## IT Strategy

### Improve infrastructure for DX

- Reorganize the Information System department to optimize our IT strategy across the company
- Modernize the infrastructure for using the latest AI technologies and application tools
- Introduce a new, more functional mission-critical system that utilizes AI and other latest technologies

## DX Strategy

### Develop digitally savvy personnel

Improve productivity through business innovation using digital technology

- Develop human resources who proactively utilize digital technology and drive business reforms through digitalization
- Promote operational reforms and business model reforms using new digital platforms
- Improve productivity through the use of digital technology
  - Unattended payment systems, image recognition cash registers
  - Improve logistics efficiency through the use of RFID tags

## Maximizing CX

### Create new customer value by leveraging digital technology and strengthening relationships with customers

- Improve customer convenience and create new customer value through digital technology
  - Optimal proposals to customers using AI
  - Improved convenience of online ordering
  - Expanded functions of applications (DDuet, Mister Donut app)
- Create more time for communication with customers by improving productivity and provide more customer-friendly services

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# How Duskin is going to achieve capital cost- and stock price-conscious business management

## Measure to Achieve Capital Cost- and Stock Price-Conscious Business Management

### Situation Analysis

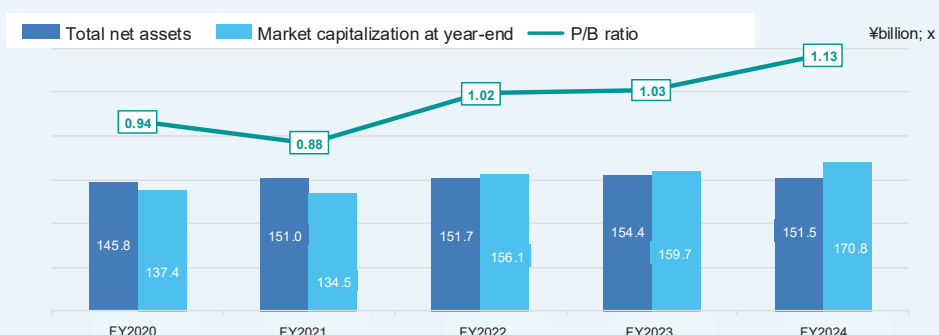
### Corporate value indicators and cost of equity

- Based on the CAPM and other measures, we perceive the cost of shareholders' equity to be around 5%. Although our ROE exceeds this, we will focus on steadily increasing ROE in order to increase our P/B ratio.

## P/B Ratio

### Price-to-book ratio

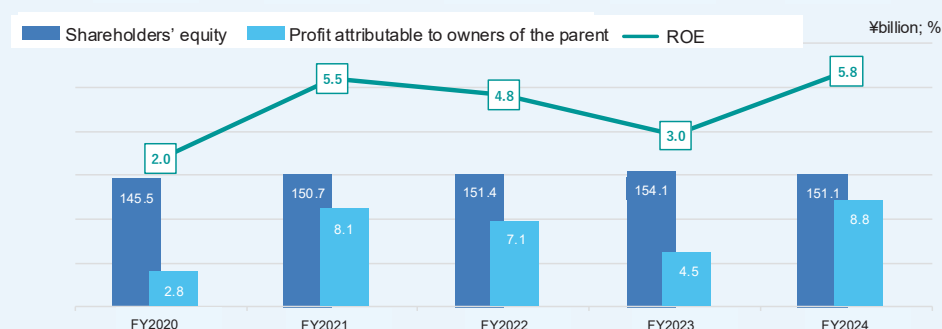
Remained above 1x since FY2022 and increased further in FY2024



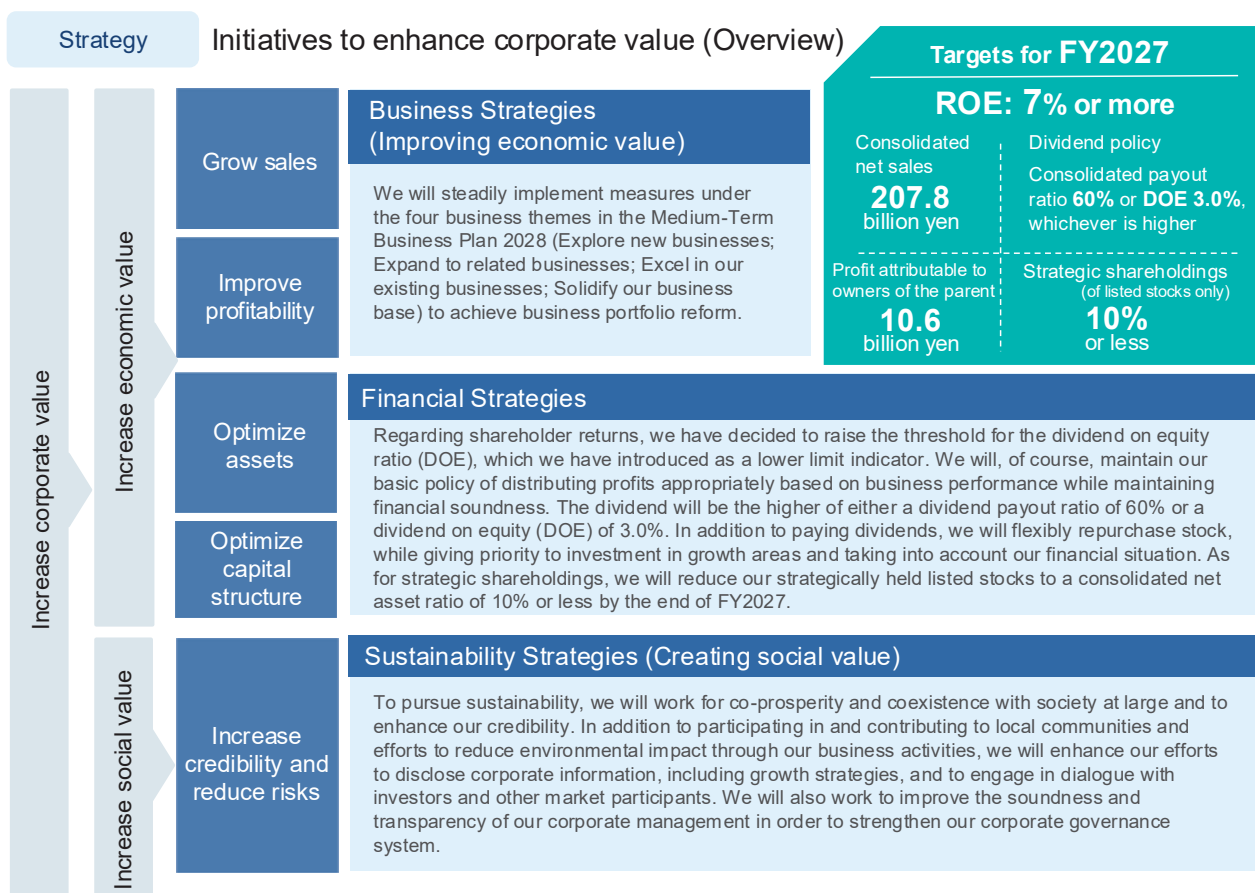
## ROE

### Return on equity

Fluctuated between 3.0% and 5.8%



Note: In FY2020, ROE temporarily declined due to the COVID-19 pandemic.



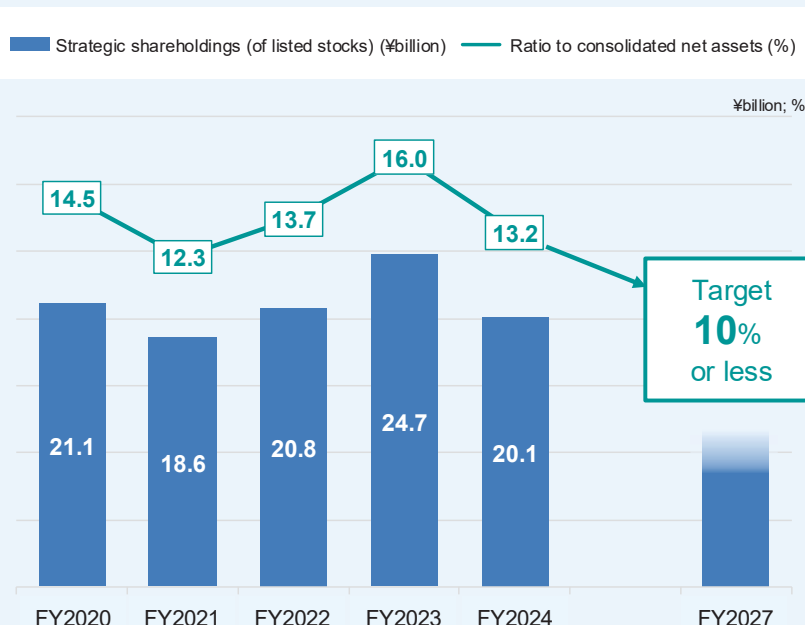
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**Strategy** We will generate cash by reducing strategic shareholdings.

Balance of **strategic shareholdings** and their ratio to **consolidated net assets**

**Target**

**Ratio of strategic shareholdings to net assets**  
(Listed stocks only)  
**10% or less**



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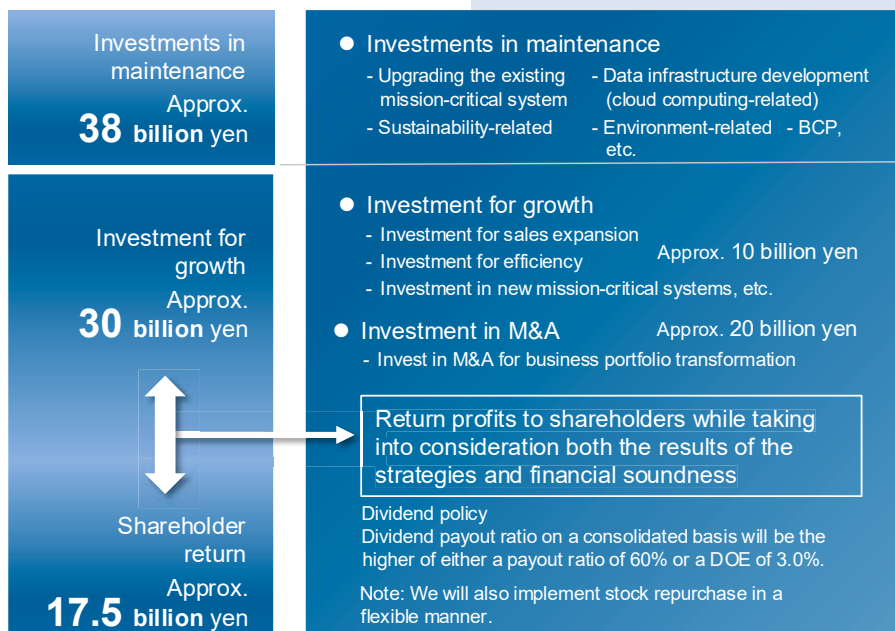
Strategy

This page illustrates our three-year cash allocation based on our business strategy and financial policy.

## Cash Inflow



## Cash Outflow



We will make decisions in a flexible manner, taking into account the balance between cash-inflow and cash-outflow.



### Cautionary Note Regarding Forward-Looking Statements

Forecasts and forward-looking statements in this document are based on management's assumptions and beliefs based on the information currently available to the Company. Please note that actual results may differ from these forecasts depending on the future business environment.