

Results Briefing Summary

◆ Summary of FY3/22 Consolidated Results

Sales and profits decline on pullback for face masks and antibacterial products

Consolidated (¥ million)	FY3/21		FY3/22		YoY		Vs. forecast		
	Actual	Composition ratio	Actual	Composition ratio	Change	Pct. Change	Forecast	Change	Pct. Change
Net sales	101,257	100.0%	101,027	100.0%	- 230	- 0.2%	103,400	- 2,372	- 2.3%
Product Development Model Business	53,679	53.0%	53,398	52.9%	- 281	- 0.5%	55,400	- 2,001	- 3.6%
Wholesale Model Business	43,275	42.7%	43,055	42.6%	- 219	- 0.5%	44,200	- 1,144	- 2.6%
Others	4,301	4.2%	4,572	4.5%	270	6.3%	3,800	772	20.3%
Gross profit	30,460	30.1%	28,014	27.7%	- 2,445	- 8.0%	30,300	- 2,285	- 7.5%
SG&A expenses	20,937	20.7%	20,905	20.7%	- 32	- 0.2%	21,300	- 394	- 1.9%
Operating income	9,522	9.4%	7,109	7.0%	- 2,412	- 25.3%	9,000	- 1,890	- 21.0%
Ordinary income	9,734	9.6%	7,598	7.5%	- 2,136	- 21.9%	9,100	- 1,501	- 16.5%
Net income	6,588	6.5%	5,132	5.1%	- 1,455	- 22.1%	6,100	- 967	- 15.9%

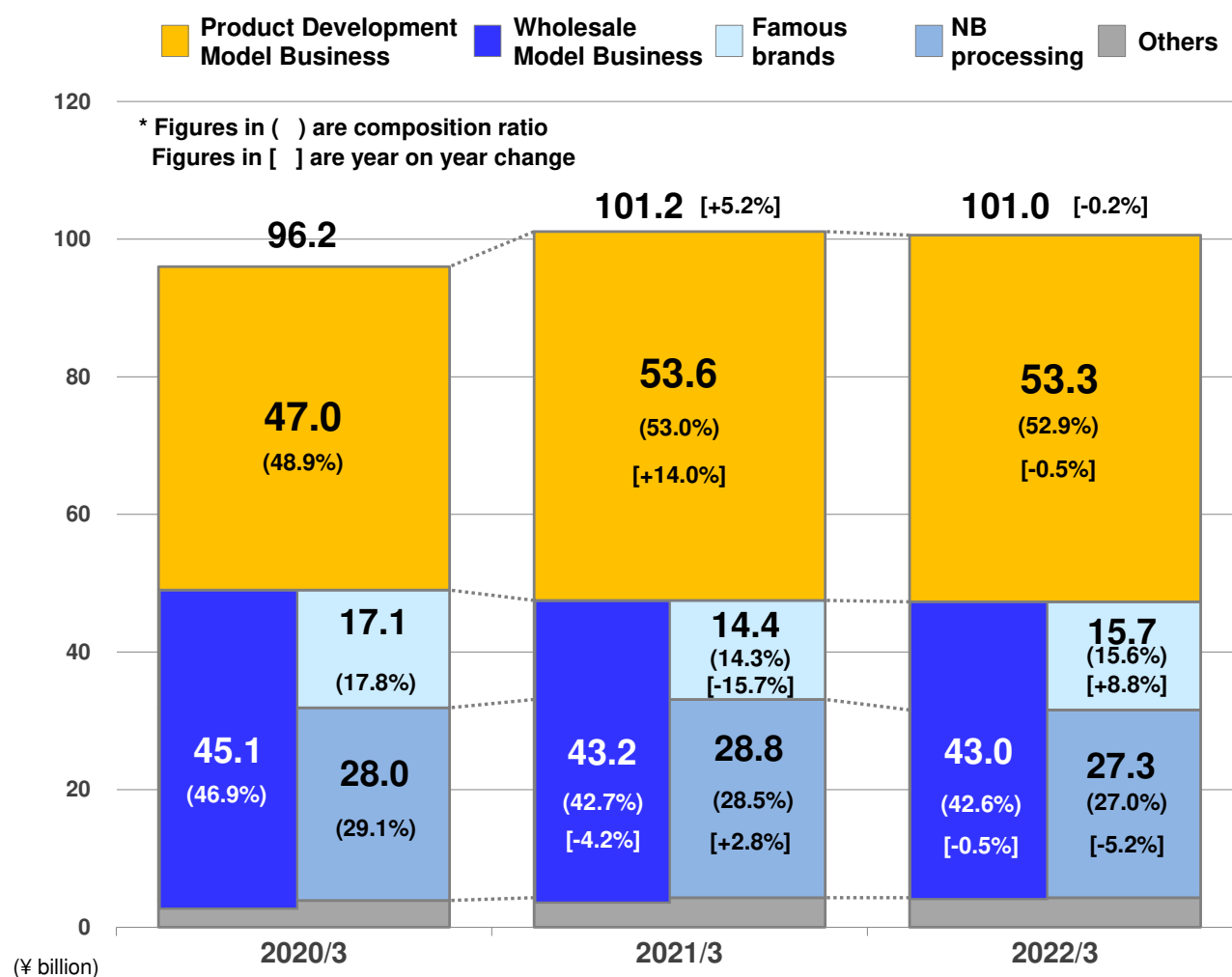
Net sales declined slightly year on year due to a pullback in sales of face masks and antibacterial products from the high levels registered in the previous fiscal year. Along with the drop in net sales, the gross margin was pushed down by soaring costs for transportation and raw materials.

Selling, general and administrative expenses were largely flat year on year, with ongoing efficiency gains in logistics expenses offsetting a modest rise in personnel expenses due to an increase in earnings-linked performance pay. Operating income, ordinary income and net income all declined 20% from their record-highs in the previous fiscal year.

◆ Summary of FY3/22 Consolidated Results by Business Segment

Doshisha's operations are largely divided into two business segments: the Product Development Model Business and the Wholesale Model Business. The Product Development Model Business plans, manufactures and sells original Doshisha products. The Wholesale Model Business is a comprehensive sales proposal business, mainly focused on selling and planning sales promotions for leading domestic and overseas brands and for products sourced from major manufacturers in Japan. The product range in the Wholesale Model Business includes famous brand watches, bags and other items, and traditional mid-year and year-end assorted gift packs prepared by Doshisha using merchandise sourced from leading domestic manufacturers.

Famous brands recover, but NB processing weak



*Due to a change in internal management approach from 1Q FY3/21, some operations previously classified under the Product Development Model Business have been transferred to the Wholesale Model Business; segment figures for FY3/20 are shown based on the new approach.

< Product Development Model Business – Highlights >

- **Kitchen accessories**
 - > Sales of the Evercook range increased as the brand marked its 10th anniversary.
 - > Sutto smart frying pans, which can be stored upright in tight kitchen spaces, remained popular, with cumulative sales topping 200,000 units in its first year since launch.
- **Food products**
 - > With consumers spending more time at home, dried fruit, nuts and other healthy food products registered sales growth.
- **Summer products**
 - > Demand was strong in the summer for fans, circulators and other products related to ventilation and energy efficiency.
- **Ventilation demand**
 - > Sales of air purifiers and sterilizers/deodorizers declined amid a pullback in ventilation demand related to the pandemic.

◆ Consolidated Forecasts for FY3/23

**Targeting ordinary income of ¥8.4 billion in FY3/23,
foundations for ¥10 billion in new medium-term plan**

Consolidated (¥ million)	FY3/22			FY3/23			YoY	
	1H	2H	Full year	1H	2H	Full year	Change	Pct. Change
Net sales	49,046	51,980	101,027	51,600	56,400	108,000	6,972	6.9%
Product Development Model Business	26,171	27,226	53,398	28,100	31,000	59,100	5,701	10.7%
Wholesale Model Business	20,760	22,295	43,055	21,200	22,800	44,000	944	2.2%
Others	2,115	2,457	4,572	2,300	2,600	4,900	327	7.2%
Gross profit	14,568	13,446	28,014	14,900	15,500	30,400	2,385	8.5%
SG&A expenses	10,615	10,289	20,905	10,950	11,150	22,100	1,194	5.7%
Operating income	3,953	3,156	7,109	3,950	4,350	8,300	1,190	16.7%
Ordinary income	4,155	3,442	7,598	4,000	4,400	8,400	801	10.6%
Net income	2,791	2,340	5,132	2,700	2,900	5,600	467	9.1%

We forecast higher sales in the Product Development Model Business supported by the increased competitiveness of developed products. We also expect growth in gross profit to outpace sales due to the launch of more specialist, unique products. Selling, general and administrative expenses relative sales are likely to be largely unchanged year on year, reflecting continued improvement in logistics costs and other expenses. Based on the above, we forecast higher operating income, ordinary income and net income compared with the previous fiscal year.

◆ New medium-term business plan (FY3/23-25)

On May 9, 2022, we released a new medium-term business plan covering the period from FY3/23 to FY3/25.

*For more details, please click here.

<https://www.doshisha.co.jp/dcs/wp-content/uploads/2022/07/22-05-20-2.pdf> (English only)

<https://www.doshisha.co.jp/dcs/wp-content/uploads/2022/05/22-05-20.pdf> (Japanese only)

◆ FY3/23 Dividend Policy

Based on our policy of paying a consistent and stable dividend, we plan to pay a full-year FY3/23 dividend of ¥60 per share, including an interim dividend of ¥30, unchanged from the previous fiscal year. In addition, in accordance with our share buyback announcement on November 19, 2021, we are repurchasing up to 1 million shares (limit of ¥1.9 billion) by end-July 2022.

Along with our objective of paying a consistent and stable dividend, we will work to increase shareholder value over the medium and long term by implementing the growth strategy, balance sheet strategy and ESG strategy in our medium-term business plan in order to secure support for our management philosophy and business model and meet the growth expectations of investors.

(Tokyo, May 2022)