

## Results Briefing Summary

### ◆ Summary of 1H FY3/23 Consolidated Results

#### Sales beat forecast, but profits fall short

Consolidated (¥ million)	1H FY3/22		1H FY3/23		YoY		Vs. forecast		
	Actual	Composition ratio	Actual	Composition ratio	Change	Pct. Change	Forecast	Change	Pct. Change
Net sales	49,046	100.0%	52,404	100.0%	3,357	6.8%	51,600	804	1.6%
Product Development Model Business	26,171	53.4%	26,223	50.0%	51	0.2%	28,100	-1,876	-6.7%
Wholesale Model Business	20,760	42.3%	23,414	44.7%	2,654	12.8%	21,200	2,214	10.4%
Others	2,115	4.3%	2,766	5.3%	651	30.8%	2,300	466	20.3%
Gross profit	14,568	29.7%	14,231	27.2%	-337	-2.3%	14,900	-668	-4.5%
SG&A expenses	10,615	21.6%	10,392	19.8%	-223	-2.1%	10,950	-557	-5.1%
Operating income	3,953	8.1%	3,839	7.3%	-113	-2.9%	3,950	-110	-2.8%
Ordinary income	4,155	8.5%	3,954	7.5%	-200	-4.8%	4,000	-45	-1.1%
Net income	2,791	5.7%	2,641	5.0%	-150	-5.4%	2,700	-58	-2.2%

Earnings in 1H FY3/23 were hit by soaring raw material prices and the weak yen, but net sales increased 6.8% year on year, supported by sales growth in the Wholesale Model Business and higher selling prices after price negotiations with customers. However, gross profit declined year on year due to the impact of surging crude oil prices. Efforts to curb SG&A expenses, particularly logistics costs, were insufficient to offset the drop in gross profit, resulting in declines for operating income and ordinary income.

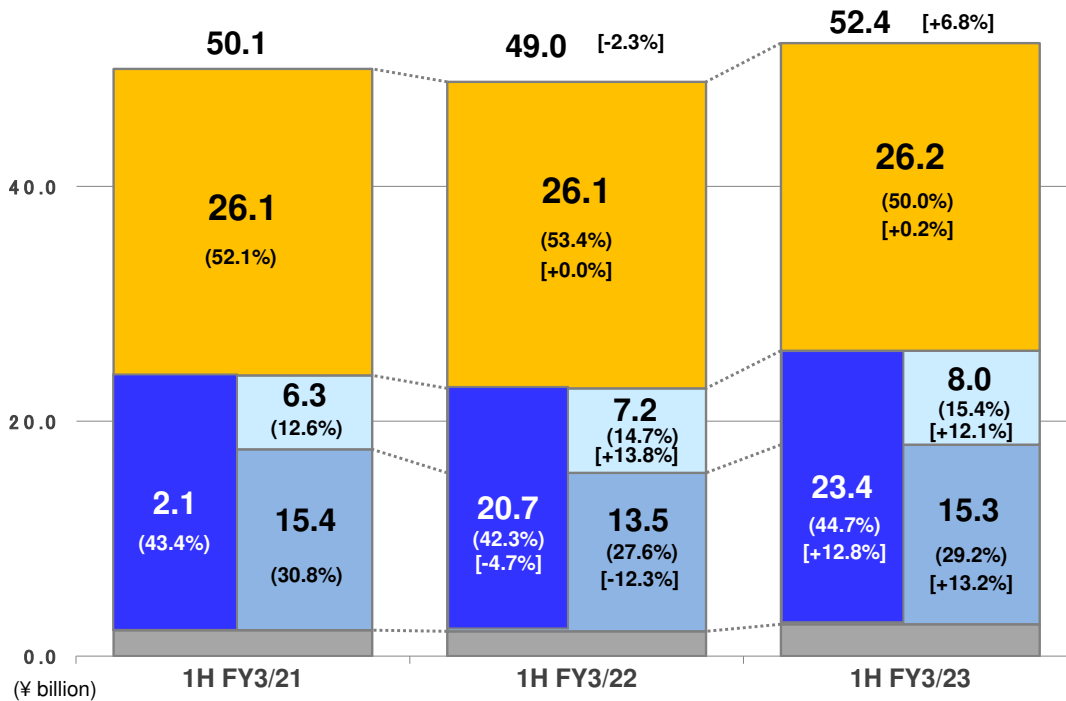
### ◆ Summary of 1H FY3/23 Consolidated Results by Business Segment

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.

# Product Development Model: firm, Wholesale Model Business: higher sales



\* Figures in ( ) are composition ratio  
Figures in [ ] are year on year change



## < Product Development Model Business – Highlights >

### • Food products (confectionery)

- > Products made with fruit and vegetable ingredients, such as semi-dried fruit and baked and dried sweet potatoes, are selling well.
- > Marshmallows and homemade popcorn enjoyed at BBQs and other outdoor settings are seeing strong demand.

### • Home appliances

- > Designed for watching streaming services, the ORION Android Smart TV – Tunerless models are registering strong sales.

\*Product homepage URL

<https://doshisha-orion.com/tless-smarttv/> (Japanese only)

### • Homewares

- > Sales and profits declined due to soaring raw material prices, centered on products for single-price retailers.

## < Wholesale Model Business – Highlights >

### • Famous brands

- > Sales were strong for business brands and travel bags, supported by a recovery in domestic travel demand.

- **Beauty**

- > Sales of UV spray and beauty lotions increased in Japan and overseas.

- **Gifts (NB processing)**

- > Sales rose for mid-year gift sets and for T.D. Early, an original Doshisha confectionary brand, supported by increased media exposure.

## ◆ Consolidated Forecasts for FY3/23

**No changes to forecasts (released on May 9, 2022)**

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	52,404	55,595	108,000	6,972	6.9%
Product Development Model Business	26,171	27,226	53,398	26,223	32,876	59,100	5,701	10.7%
Wholesale Model Business	20,760	22,295	43,055	23,414	20,585	44,000	944	2.2%
Others	2,115	2,457	4,572	2,766	2,133	4,900	327	7.2%
Gross profit	14,568	13,446	28,014	14,231	16,168	30,400	2,385	8.5%
SG&A expenses	10,615	10,289	20,905	10,392	11,707	22,100	1,194	5.7%
Operating income	3,953	3,156	7,109	3,839	4,460	8,300	1,190	16.7%
Ordinary income	4,155	3,442	7,598	3,954	4,445	8,400	801	10.6%
Net income	2,791	2,340	5,132	2,641	2,958	5,600	467	9.1%

Our full-year outlook for higher sales and profits in FY3/23 is unchanged. We continue to forecast net sales of ¥108 billion, up 6.9% year on year, and ordinary income of ¥8.4 billion yen, up 10.6% year on year.

## ◆ Medium-term business plan (FY3/23-25) progress update

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

\*Please click on the link below for more details.

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

## Growth Strategy

### < Growth Channels: Strengthening EC >

To address diverse needs in e-commerce (EC) channels, we are expanding and improving our proprietary direct sales websites, based on the “Anytime, Anywhere” concept. Examples include the DOSHISHA Marche Official Online Store<sup>\*1</sup>, which carries Doshisha products across a wide range of categories, from food and clothing to home appliances and kitchen homewares, and Luminous Club<sup>\*2</sup>, a website focused on selling our Luminous range of steel storage racks, the leading brand in the category.

We are also using direct sales sites to deepen relationships with users. For example, our EVERCOOK frying pan brand has an ambassador program<sup>\*3</sup> for users called "evercookers," who we work with to enhance brand value. We are also using the official website for the STANLEY<sup>\*4</sup> outdoor brand to deepen relationships with users by holding pre-sale events for popular products and by sharing our brand values through product reviews with celebrities.

\*1 <https://www.doshisha-marche.jp/>

\*2 <https://www.luminous-club.com/>

\*3 [https://www.evercook-kitchen.com/evercook\\_ambassador.html](https://www.evercook-kitchen.com/evercook_ambassador.html)

\*4 <https://jp.stanley1913.com/>

(Japanese websites only)

## < Growth Channels: Strengthening Overseas Sales >

We are implementing various initiatives to increase sales of our fans overseas. Our Kamome fan, jointly developed with marine propeller manufacturer Nakashima Propeller Co., Ltd., generates a soft but far-reaching direct breeze. In South Korea, sales of Kamome fan have been rising thanks to this air-flow characteristic, supported also by local marketing activities and positive feedback about the design.

Our folding fans, which can be folded up and stored in tight spaces, are also registering sales growth due to their compact size and portability. As a result, sales in our fan range were 1.8 times the year-earlier level, with sales in South Korea particularly strong, up 2.0 times.

In other products, sales increased for Ajuste, a UV spray that can be used for the entire body, including the face and hair. Ajuste has now registered cumulative sales of more than 5 million units. We moved early to launch the product in China, where there were no spray-type UV care products at the time. Sales of Ajuste in China grew further in the first half of the fiscal year through our local distributors, supported by successful marketing campaigns using promotional videos on social media and other channels featuring China-born Japanese celebrity Rui Kumae. As a result, sales increased to 1.6 times the year-earlier level, led by the Chinese market.

Through these initiatives, we enhanced Doshisha's presence in the Asia region during the first half of the fiscal year by leveraging our strengths and business know-how to develop products tailored to the market characteristics of each country and region.

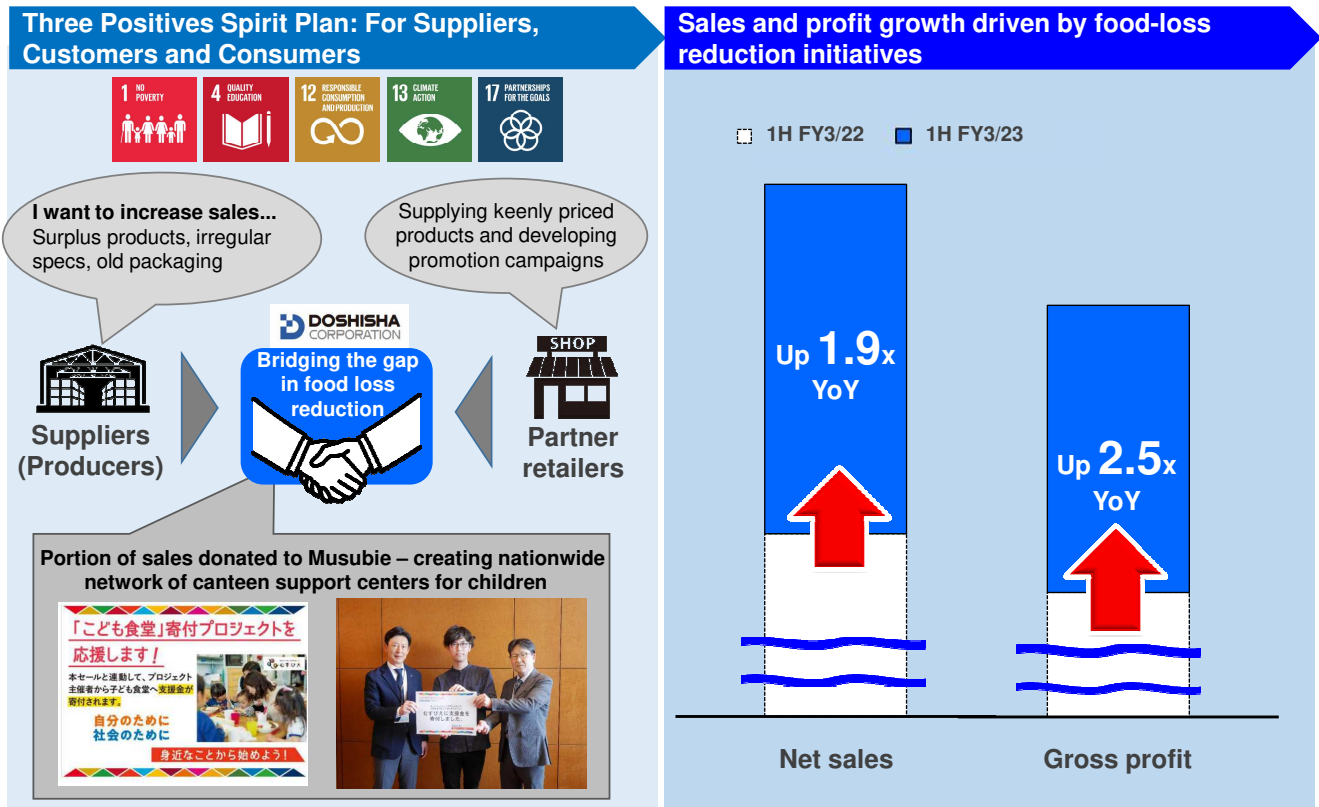
## ESG Strategy < Sustainability Initiatives >

In July 2022, we added a sustainability section to our website. In addition to our ESG initiatives, the section provides information about Doshisha's Sustainability Policy, Sustainability Promotion Framework, Five Materialities, and Information Disclosure in Line with TCFD Recommendations.

\*Please click the link below to view the sustainability section.

<https://www.doshisha.co.jp/lp/sustainability/> (Japanese only)

## < Initiatives to Reduce Food Losses >



Doshisha is implementing initiatives to reduce food losses. We purchase surplus food products nearing their expiration dates or products with irregular specifications from suppliers and sell them through food-loss reduction promotions at partner retailers. The initiatives aim to realize the “sanpo-yoshi” principle – good for suppliers, by reducing losses, good for retailers, by contributing to local communities and increasing sales, and good for consumers, by giving them access to keenly priced products. As a result, sales of these food products increased 1.9 times and gross profit rose 2.5 times compared with levels in the same period last year.

We donate a portion of sales from this initiative to Musubie, a foundation working to set up a nationwide network of canteen support centers for children.

## Balance Sheet Strategy < Returning profits to shareholders >

In line with our policy of paying a consistent and stable dividend, we plan to pay a full-year FY3/23 dividend of ¥60 per share, including the interim dividend of ¥30, unchanged from the previous fiscal year.

Along with this objective of paying a consistent and stable dividend, we are working 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 satisfy the growth expectations of our investors.

(November 2022)