

Results Briefing Summary

Summary of FY3/23 Consolidated Results

Net income in line with forecast released on May 9, 2022

Consolidated (¥ million)	FY3/22		FY3/22		YoY		Vs. forecast		
	Actual	Composition ratio	Actual	Composition ratio	Change	Pct. Change	Forecast	Change	Pct. Change
Net sales	101,027	100.0%	105,709	100.0%	4,682	4.6%	108,000	- 2,290	- 2.1%
Product Development Model Business	53,398	52.9%	54,777	51.8%	1,378	2.6%	59,100	- 4,322	- 7.3%
Wholesale Model Business	43,055	42.6%	46,654	44.1%	3,598	8.4%	44,000	2,654	6.0%
Others	4,572	4.5%	4,278	4.0%	- 294	- 6.4%	4,900	- 621	- 12.7%
Gross profit	28,014	27.7%	28,666	27.1%	651	2.3%	30,400	- 1,733	- 5.7%
SG&A expenses	20,905	20.7%	20,613	19.5%	- 291	- 1.4%	22,100	- 1,486	- 6.7%
Operating income	7,109	7.0%	8,052	7.6%	942	13.3%	8,300	- 247	- 3.0%
Ordinary income	7,598	7.5%	8,342	7.9%	744	9.8%	8,400	- 57	- 0.7%
Net income	5,132	5.1%	5,621	5.3%	488	9.5%	5,600	21	0.4%

Despite an impact in 1H FY3/23 from soaring raw material prices and the weak yen, full-year net sales increased 4.6% year on year on the back of higher selling prices after price negotiations with customers. As a result, gross profit rose 2.3% year on year, and operating income and ordinary income also increased.

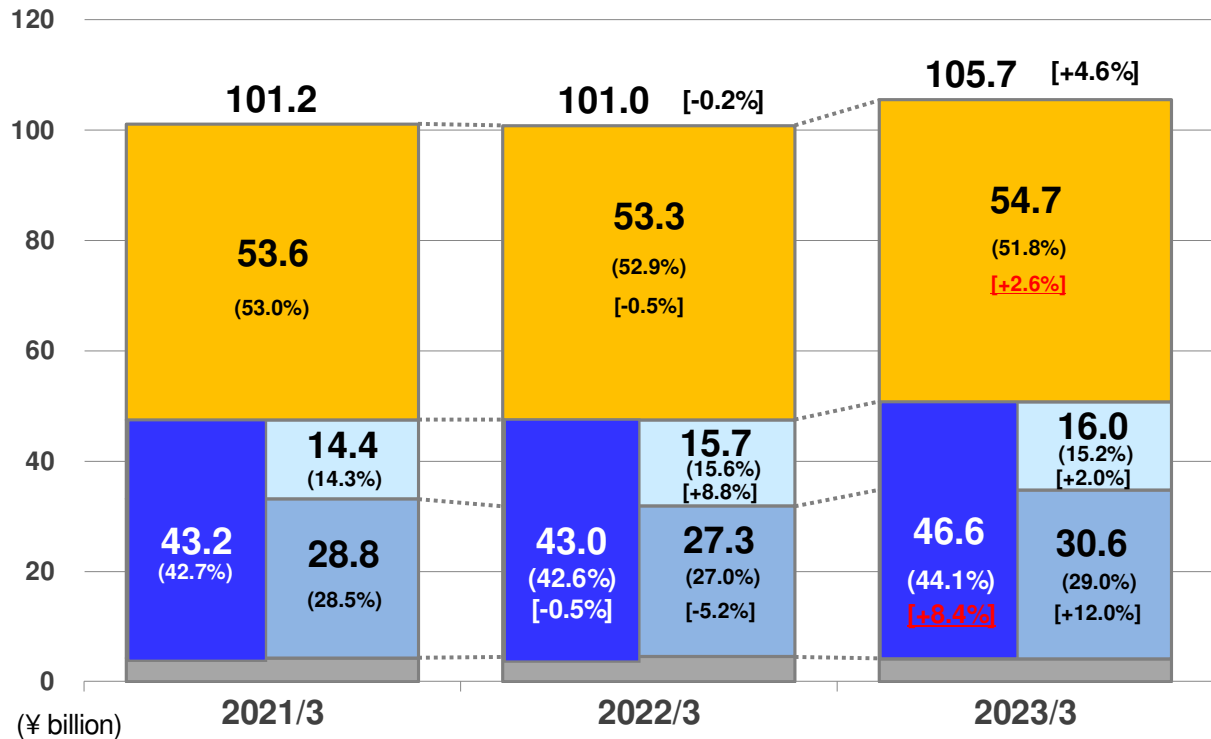
Summary of FY3/23 Consolidated Results by Business Segment

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.

Sales rise in both Product Development Model and Wholesale Model businesses



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



【Product Development Model Business – Highlights】

- **Food products (confectionery)**
 - > Sales were strong for baked and dried sweet potatoes, gummies, peanuts and other snack confectioneries, and for ingredients used to make confectionery such as chocolate pens.
- **Audiovisual**
 - > ORION Android Smart TV – Tunerless models, designed for watching streaming services, registered solid sales.
 - *Product homepage URL <https://doshisha-orion.com/tless-smarttv/> (Japanese only)
- **Home appliances**
 - > Sales of winter home appliances such as humidifiers and heaters slowed due to an increased consumer focus on saving energy amid soaring electricity costs.

【Wholesale Model Business – Highlights】

- **Famous brands**
 - > Sales of smart watches were strong and demand for business and travel bags recovered.
 - > Sales of beauty lotions and UV spray increased, led by rising sales to markets in Asia.
 - > The STANLEY brand, for which Doshisha is the distributor, recorded firm sales through the official online site and at retail stores.

- **Gifts (NB processing)**
 - > Sales expanded in the mid-year and year-end gift business, where Doshisha handles all processes for customers on a fully outsourced basis – from catalog production to retail space design and order processing.
- **Amusement (NB processing)**
 - > Sales were firm for character-based toy products supplied to game arcades and other amusement facilities.

■ Consolidated Forecasts for FY3/24

**Targeting ordinary income of ¥9 billion in FY3/24,
¥10 billion in medium-term business plan**

Consolidated (¥ million)	FY3/23			FY3/24			YoY	
	1H	2H	Full year	1H	2H	Full year	Change	Pct. Change
Net sales	52,404	53,305	105,709	53,500	57,500	111,000	5,290	5.0%
Product Development Model Business	26,223	28,553	54,777	27,400	31,600	59,000	4,222	7.7%
Wholesale Model Business	23,414	23,239	46,654	24,000	24,000	48,000	1,345	2.9%
Others	2,766	1,512	4,278	2,100	1,900	4,000	- 278	- 6.5%
Gross profit	14,231	14,434	28,666	15,100	16,100	31,200	2,533	8.8%
SG&A expenses	10,392	10,221	20,613	11,020	11,180	22,200	1,586	7.7%
Operating income	3,839	4,213	8,052	4,080	4,920	9,000	947	11.8%
Ordinary income	3,954	4,387	8,342	4,080	4,920	9,000	657	7.9%
Net income	2,641	2,979	5,621	2,750	3,350	6,100	478	8.5%

We forecast higher net sales year on year, led by the Product Development Model Business. We also expect growth in gross profit to outpace sales due to the launch of more specialist, unique products. Based on that, we forecast increases for operating income, ordinary income and net income compared with the previous fiscal 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

【 Product Development Model Business: Capitalizing on Opportunities】

One of the most important formats in this business is single-price retailers, such as ¥100 shops. Leveraging the extensive knowledge and expertise of our roughly 2,100 suppliers – one of Doshisha's business assets – we have expanded the range of products we offer, from ingredients for making confectionary, to wrapping materials and educational toys. This has driven a 25% increase in net sales since FY3/19.

【Product Development Model Business: Leveraging Our Strengths (1)】

One example of our products developed in-house is the EVERCOOK*¹ range of non-stick, easy-to-store frying pans, embodying our mission to deliver "unique and exciting" moments for everyday life from the standpoint of consumers. In the 12 years since the brand was launched, EVERCOOK has become a long-selling product with cumulative sales of more than 6 million units. Another example is our range of free-standing, compact Sutto*² frying pans, which are based on the design concept of making effective use of limited kitchen space. By expanding the product range, including launching related products, we have increased net sales by 171% since FY3/19.

*1 EVERCOOK homepage URL <https://www.evercook-kitchen.com/>



*2 Sutto homepage URL <https://www.do-cooking.com/sutto/>



【Wholesale Model Business (NB gift processing): Leveraging Our Strengths (2)】

We are developing and enhancing our original confectionary brands, leveraging the strengths Doshisha has built up in mid-year and year-end gifts, such as business relationships with suppliers across a wide range of product categories and in-house product development capabilities. In addition to further actively developing the existing T.D. Early brand, we launched a new confectionary brand called OIMO MERCI in February 2023. The brand is proving to be very popular at two of Japan's leading department stores, Daimaru Tokyo and Hankyu Umeda. We plan to further strengthen and grow the OIMO MERCI lineup going forward.

Strengths x Opportunities: Original confectionery brands as a new source of earnings

【Strengths】

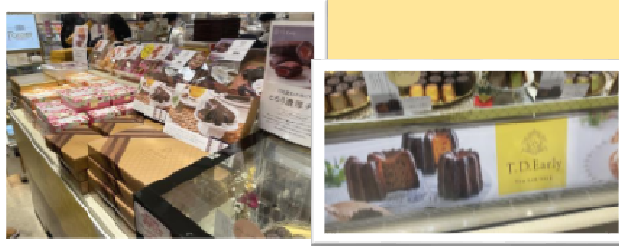
- > Suppliers in a wide range of product categories
- > Consumer focused
 - Product planning, marketing, sales promotion capabilities
- > Expert human resources in product development, etc

【Opportunities】

- > Changes in consumption patterns due to the COVID-19 pandemic
 - "Little luxuries" and "treats"

【T.D. Early】

Sold at Daimaru Tokyo/ Hankyu Umeda



【OIMO MERCI】

Sold at Daimaru Tokyo/ Hankyu Umeda



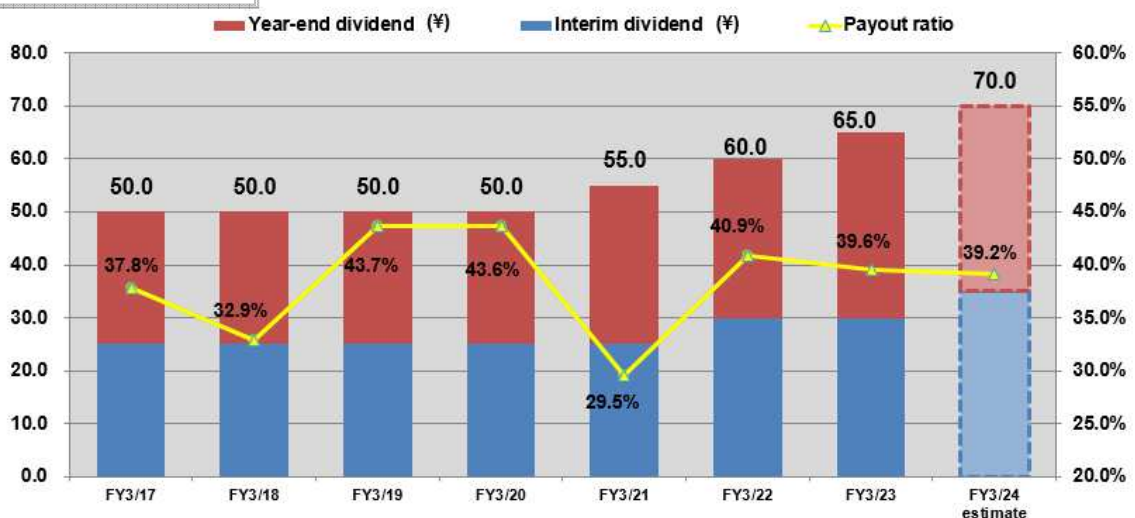
Dynamically reshuffle the product portfolio to target markets with growth potential

> > Balance Sheet Strategy

【Returning Profits to Shareholders: Increasing the Dividend】

Taking into account conditions in the business environment and a comprehensive range of other factors, Doshisha has decided to pay a year-end dividend of ¥35 per share for FY3/23, an increase of ¥5 from the divided forecast, bringing the annual dividend to ¥65 per share. For FY3/24, Doshisha plans to pay an annual dividend of ¥70 per share, comprising an interim dividend of ¥35 and a year-end dividend of ¥35.

Earnings per share




































(¥)

	FY3/17	FY3/18	FY3/19	FY3/20	FY3/21	FY3/22	FY3/23	FY3/24 estimate
Interim dividend (¥)	25.0	25.0	25.0	25.0	25.0	30.0	30.0	35.0
Year-end dividend (¥)	25.0	25.0	25.0	25.0	30.0	30.0	35.0	35.0
Total	50.0	50.0	50.0	50.0	55.0	60.0	65.0	70.0
Dividend yield	2.4%	2.0%	2.9%	3.9%	2.9%	4.0%	3.4%	-
Payout ratio	37.8%	32.9%	43.7%	43.6%	29.5%	40.9%	39.6%	39.2%

> > ESG Strategy < Helping to Create a Sustainable Society >

【Five Materialities】

We have selected five key issues material to Doshisha (Five Materialities), including "helping people lead richer lives by providing 'unique and exciting' moments." By implementing measures to realize the five materialities, we aim to help create a sustainable society.

	Materialities	Key initiatives	SDGs	ESG
1	Help people lead richer lives by providing "unique and exciting" moments	<ul style="list-style-type: none"> Operate an ISO 9001 quality management system and ensure rigorous quality control Reduce environmental impact through product development based on the principles of "Reduce," "Reuse" and "Recycle" 	    	E・S
2	Promote environmentally friendly business activities	<ul style="list-style-type: none"> Operate an ISO 14001 environmental management system Promote the use of clean energy and reduce greenhouse gas (GHG) emissions Reduce the environmental impact of our business activities 	      	E
3	Become a company that coexists with and contributes to society	<ul style="list-style-type: none"> Contribute to society through dialogue with stakeholders Respect human rights across the supply chain 	        	S・G
4	Create a passionate, motivating corporate culture and develop human resources	<ul style="list-style-type: none"> Develop and train human resources Promote diversity Work-style reforms Health & productivity management 	    	S
5	Improve corporate governance	<ul style="list-style-type: none"> Compliance Reinforce risk management 	      	G

*Please visit the Sustainability section (Japanese only) on our corporate website for information about ESG Initiatives, Doshisha's Sustainability Policy, Sustainability Promotion Framework, Five Materialities, and Information Disclosure in Line with TCFD Recommendations.

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

By implementing the Growth Strategy, Balance Sheet Strategy and ESG Strategy, and measures to "enhance shareholder value over the medium to long term," we aim to create a passionate, resilient company that has a positive impact on society.

(May 2023)