

## Results Briefing Summary

### Summary of FY3/24 Consolidated Results

#### Earnings miss forecasts released on May 10, 2023

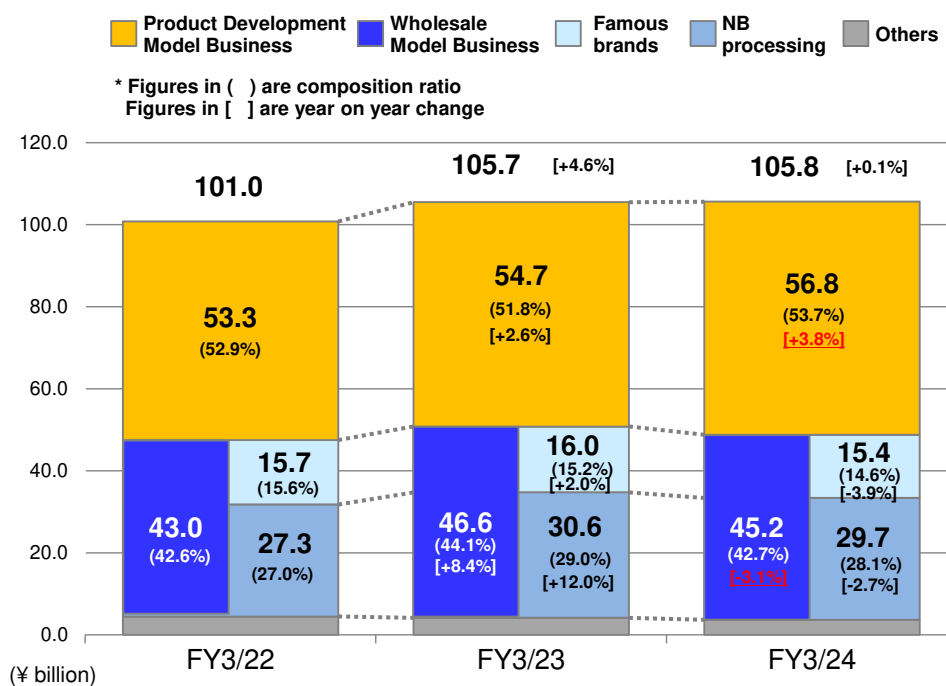
Consolidated (¥ million)	FY3/23		FY3/24		YoY		Vs. forecast		
	Actual	Composition ratio	Actual	Composition ratio	Change	Pct. Change	Forecast	Change	Pct. Change
Net sales	105,709	100.0%	105,824	100.0%	114	0.1%	111,000	- 5,175	- 4.7%
Product Development Model Business	54,777	51.8%	56,879	53.7%	2,102	3.8%	59,000	- 2,120	- 3.6%
Wholesale Model Business	46,654	44.1%	45,205	42.7%	- 1,448	- 3.1%	48,000	- 2,794	- 5.8%
Others	4,278	4.0%	3,739	3.5%	- 538	- 12.6%	4,000	- 260	- 6.5%
Gross profit	28,666	27.1%	29,884	28.2%	1,218	4.2%	31,200	- 1,315	- 4.2%
SG&A expenses	20,613	19.5%	21,958	20.7%	1,344	6.5%	22,200	- 241	- 1.1%
Operating income	8,052	7.6%	7,926	7.5%	- 126	- 1.6%	9,000	- 1,073	- 11.9%
Ordinary income	8,342	7.9%	8,412	7.9%	70	0.8%	9,000	- 587	- 6.5%
Net income	5,621	5.3%	5,784	5.5%	162	2.9%	6,100	- 315	- 5.2%

Amid elevated and rising costs for raw materials and other inputs, the Company focused on sales of highly profitable products in order to maintain a profitable earnings structure. As a result, full-year net sales edged up 0.1% year on year. Gross profit increased due to an improvement in the gross margin, but selling, general and administrative expenses rose, mainly reflecting an increase in sales promotion costs as conditions normalized after the COVID-19 pandemic. While this led to a modest decline in operating income, ordinary income increased year on year, lifted by dividends from subsidiaries. The Company missed its earnings forecasts.

### Summary of FY3/24 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 Business firm, Wholesale Model Business weak



### [Product Development Model Business – Highlights]

- **Products for single-price retailers**
  - > Sales categories expanded to include clothing accessories, daily necessities, consumables, and confectionery and food products.
- **Apparel**
  - > Sales channels were deepened and expanded through the launch of apparel and accessories using licensed brands.
- **Other**
  - > There were signs of recovery for the mainstay EVERCOOK range. Sales of OEM food products and lighting products such as LED ceiling lights were also strong.
- **Seasonal products (fans and heaters)**
  - > Sales declined year on year due to weaker demand caused by poor spring weather and a mild winter.

### [Wholesale Model Business – Highlights]

- **Famous brands**
  - > Sales of smartwatches, accessories and suitcases for inbound demand were strong.
  - > Doshisha launched and started operating official websites for STANLEY and several other brands.
  - > Sales in the branded bag and watch category were weak due to higher sourcing costs.
- **Amusement (NB processing)**
  - > Prizes for amusement facilities featuring popular game characters registered strong sales.
- **Gifts (NB processing)**
  - > Gifts and branded confectionery developed by Doshisha sold well.
  - > However, this was insufficient to offset weak sales from food and beverage deliveries for people receiving treatment at home for COVID-19, a standalone business project from the previous fiscal year.

## Review of Medium-Term Business Plan

As announced on May 9, 2024, the Company has revised its Medium-Term Business Plan FY3/23 – FY3/25, released on May 9, 2022.

Anchored by three strategies – growth strategy, balance sheet strategy and ESG strategy – the previous plan targeted non-consolidated net sales of ¥118 billion and consolidated ordinary income of ¥10 billion in FY3/25. The Company has been implementing various initiatives to achieve these targets. However, due to the rising cost of raw materials and other inputs and the sharp fall in the yen, conditions around product development and procurement have changed more than expected since the plan was formulated.

In response to these changes in the operating environment, we will focus on building a more agile business structure and on further strengthening the business base in FY3/25. Consequently, we have decided to push back the plan’s quantitative target of consolidated ordinary income of ¥10 billion by one year. Also, we have temporarily excluded net sales from the plan’s targets as the Group shifts focus to the development and procurement of more profitable products to create a highly profitable structure that can withstand current exchange rates and cost increases.

The three key strategies – growth strategy, balance sheet strategy and ESG strategy – remain unchanged. As part of this review, we will reexamine business opportunities and risks across the Group and leverage our strengths to deliver sustainable growth, aiming to realize our vision of “creating an unrivalled company worldwide.”

\*May 9, 2024 release: Notice of Revisions to Doshisha Group Medium-Term Business Plan FY3/23 – FY3/25 (Japanese only)

<https://www.doshisha.co.jp/dcs/wp-content/uploads/2024/05/24-05-09-4.pdf>

## Consolidated Forecasts for FY3/25

Medium-Term Business Plan – Aiming to Build a ¥10 Billion Earnings Base								
Consolidated (¥ million)	FY3/24			FY3/25			YoY	
	1H	2H	Full year	1H	2H	Full year	Change	Pct. Change
Net sales	51,860	53,963	105,824	54,100	55,900	110,000	4,175	3.9%
Product Development Model Business	27,593	29,285	56,879	29,000	30,500	59,500	2,620	4.6%
Wholesale Model Business	22,297	22,907	45,205	23,100	23,700	46,800	1,594	3.5%
Others	1,969	1,770	3,739	2,000	1,700	3,700	- 39	- 1.1%
Gross profit	14,984	14,900	29,884	15,700	15,800	31,500	1,615	5.4%
SG&A expenses	10,717	11,240	21,958	11,250	11,250	22,500	541	2.5%
Operating income	4,266	3,659	7,926	4,450	4,550	9,000	1,073	13.5%
Ordinary income	4,384	4,027	8,412	4,500	4,600	9,100	687	8.2%
Net income	2,931	2,852	5,784	2,950	3,050	6,000	215	3.7%

We forecast higher sales in both the Product Development Model Business and the Wholesale Model Business, as well as higher gross profit, operating income, ordinary income and net income.

## FY3/23 – FY3/26 Three Key Strategies

### >> Growth Strategy

#### **【Product Development Business Model: Extending the “Niche No. 1 Strategy” with Niche Marketing】**

“Niche marketing” targets corners of the market that large companies and other firms ignore. One example of this approach is our range of stereo radio cassette players. Sales of radio cassette players have contracted sharply due to developments in recording media technology, but there is still a market for these products, supported by a group of core fans. We have jointly developed a new type of radio cassette player with Orion, a Group company with a proven track record in the development of audio equipment. This was backed by market research that identified nostalgia and yearning for radio cassette players among users from the technology’s heyday and the need for functional products with appealing designs among the younger generation. The new products add the latest features such as Bluetooth® connectivity to functions that premium radio cassette players had at the time, including cassette tape playback, heavy bass functions and microphone mixing. The crowdfunded sales target was quickly exceeded and subsequent in-store sales have also been strong. As expected, the products received positive feedback from both middle-aged and younger consumers on social media. The cassette players are a prime example of how preparatory marketing activities can deliver solid results.



CD radio cassette product website (Japanese only)

<https://doshisha-av.com/oretachi/>

#### **【Wholesale Model Business (Famous Brands): Discovering and Nurturing Brands Through Total Control of the Value Chain】**

In the brand business, we aim to grow sales and profits by controlling the entire value chain, from discovering and nurturing brands to selling products for some brands. Specifically, we are working to 1) “cultivate potential brand fans by designing effective sales areas for physical stores” with an emphasis on raising brand visibility, and 2) “nurture relationships with core fans through official e-commerce sites,” with an emphasis on driving sales and building the fanbase.

Moreover, we already have a brand business with a proven track record over several decades. The business’s two strengths are the ability to “control sales channels and selling prices” and “cultivate and expand sales in Japan,” key areas for building a brand image. Recently, in the case of outdoor brand STANLEY, we have been creating sales areas that convey the brand’s world view via physical stores while also directly operating the brand’s official website. As part of efforts to build the brand image, we have successfully deepened relationships with STANLEY users by communicating the brand’s worldview through interviews with celebrities, limited-edition products and advance sales campaigns.

## 【Wholesale Business Model (NB Gift Processing): Original Confectionery Brand】

Leveraging the strengths Doshisha has built up in mid-year and year-end gifts – business relationships with suppliers across a wide range of categories and specialist human resources – we are taking on the challenge of developing a new original confectionery brand called OIMO MERCI. Based on keywords such as “little luxuries” and product characteristics designed to appeal to women, we have run sales events at prominent department stores, leading to increased brand recognition. Going forward, we plan to conduct social media marketing using brand influencers and expand the business online and in other channels.

### Build Profitable Categories in Areas of Expertise + Processing

Original confectionery brand Moving into growth phase with new stores + social media

Product development drawing on Doshisha's strengths

Launch in areas where target consumers gather

Step up approach to consumers

- 1) Suppliers in a wide range of categories
- 2) Specialist human resources in product development
- 3) Product planning, marketing and sales promotion from the consumer's perspective



Brand concept: “A sweet potato fell in love with Paris”

New stores in department stores and kiosks at pop-up events, based on keywords “little luxuries” and “treats”



Launched in Daimaru Tokyo, Hankyu Umeda flagship store, other locations

Social media marketing to raise awareness



Using influencers to promote stores and products

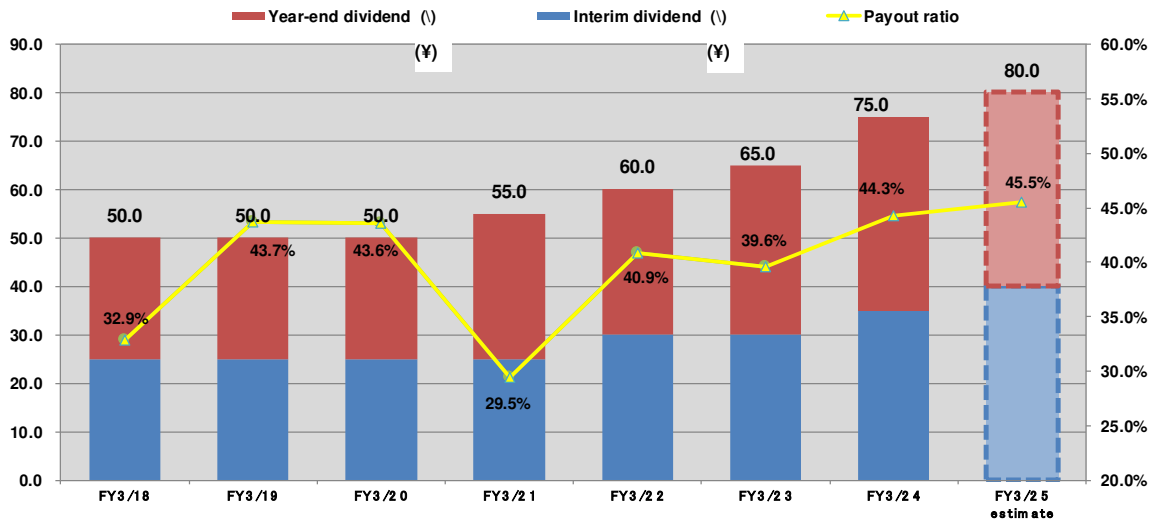
## >> Balance Sheet Strategy

### 【Returning Profits to Shareholders: Increasing the Dividend】

As announced on May 9, 2024, Doshisha celebrates its 50th anniversary in October 2024. To mark the occasion, we will pay shareholders a commemorative dividend of ¥5 per share. The year-end dividend for FY3/24 will be ¥40 per share, consisting of an ordinary dividend of ¥35 and a commemorative dividend of ¥5. The annual dividend will be ¥75 per share, an increase of ¥5 from the previous fiscal year. For FY3/25, we plan to pay an interim and year-end dividend of ¥40 each, for an annual dividend of ¥80, an increase of ¥5 from the previous fiscal year.

## Returning Profits to Shareholders With Dividend Hikes

### Earnings per share



(¥)

	FY3/18	FY3/19	FY3/20	FY3/21	FY3/22	FY3/23	FY3/24	FY3/25 estimate
Interim dividend (¥)	25.0	25.0	25.0	25.0	30.0	30.0	35.0	40.0
Year-end dividend (¥)	25.0	25.0	25.0	30.0	30.0	35.0	40.0	40.0
Total	50.0	50.0	50.0	55.0	60.0	65.0	75.0	80.0
Dividend yield	2.0%	2.9%	3.9%	2.9%	4.0%	3.4%	3.6%	-
Payout ratio	32.9%	43.7%	43.6%	29.5%	40.9%	39.6%	44.3%	45.5%

## >> ESG Strategy (Sustainability Initiatives)

We have established Doshisha's Sustainability Policy, Sustainability Promotion Framework and Five Materialities. Guided by these documents, we aim to help realize a sustainable society by implementing initiatives that solve a range of issues. Also, as shown in the "Key Indicators" row in the table below, our Human Capital Strategy sets numerical targets for FY3/25 related to diversity and work style reforms, which we are now working to achieve. Please visit the corporate website for more details (Japanese only).

Sustainability Initiatives	
<b>Helping to create a sustainable society by sustainably increasing corporate value</b>	
Sustainability Policy	Guided by our management philosophy and code of conduct – the Company's Founding Spirit, Company Motto and Four Positives Spirit – we will engage in business activities that consider the global environment and lead to coexistence with society.
Sustainability Promotion Framework	We have established a Sustainability Promotion Committee, chaired by Masayuki Nomura, Doshisha's President, CEO and COO. The committee is comprised of nominated members in executive officer roles or higher positions. The committee is responsible for discussing and deciding on issues related to sustainability, risk and compliance.
Five Materialities	We have identified and are working to address the following five materialities from the perspectives of "impact on society, the environment and the economy," "shareholder expectations" and "the Doshisha way." (1) Help people lead richer lives by providing unique and exciting experiences (2) Promote environmentally friendly business activities (3) Coexist with and contribute to society (4) Create a passionate, resilient company and human resources (5) Enhance corporate governance.
Key Indicators	Under our human resources strategy, we will work to attain the following FY3/25 targets related to diversity and work style reforms. ● Ratio of women in career track positions: 16.0% or more ● Average overtime hours: 13 hours or less ● Annual paid leave utilization rate: 70% or more ● Male parental leave utilization rate: 50% or more

\*Please visit the Sustainability section (Japanese only) on the corporate website for more information about the ESG Initiatives, Doshisha's Sustainability Policy, Sustainability Promotion Framework and the Five Materialities, using the link below:

<https://www.doshisha.co.jp/lp/sustainability/>

By implementing the growth strategy, balance sheet strategy and ESG Strategy, as well as 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 2024)