

## Results Briefing Summary

### Summary of 1H FY3/25 Consolidated Results

#### Net sales forecast achieved, operating income and ordinary income fall short

Consolidated (¥ million)	1H FY3/24		1H FY3/25		YoY		Vs. forecast		
	Actual	Composition ratio	Actual	Composition ratio	Change	Pct. Change	Forecast	Change	Pct. Change
Net sales	51,860	100.0%	54,508	100.0%	2,647	5.1%	54,100	408	0.8%
Product Development Model Business	27,593	53.2%	29,594	54.3%	2,000	7.2%	29,000	594	2.0%
Wholesale Model Business	22,297	43.0%	23,258	42.7%	960	4.3%	23,100	158	0.7%
Others	1,969	3.8%	1,656	3.0%	▲ 313	-15.9%	2,000	▲ 343	-17.2%
Gross profit	14,984	28.9%	15,737	28.9%	753	5.0%	15,700	37	0.2%
SG&A expenses	10,717	20.7%	11,554	21.2%	837	7.8%	11,250	304	2.7%
Operating income	4,266	8.2%	4,182	7.7%	▲ 83	-2.0%	4,450	▲ 267	-6.0%
Ordinary income	4,384	8.5%	4,322	7.9%	▲ 62	-1.4%	4,500	▲ 177	-3.9%
Net income	2,931	5.7%	2,884	5.3%	▲ 46	-1.6%	2,950	▲ 65	-2.2%

Amid elevated raw material prices and the yen's continued weakness, the Company worked to increase sales of new products and implemented initiatives with partner retailers, primarily in the Product Development Model Business. As a result, net sales reached a record high for an interim period, rising 5.1% year on year to ¥54.5 billion. Gross profit also grew, increasing 5.0% year on year on the back of higher net sales. However, operating income and ordinary income both declined slightly year on year due to an increase in selling, general and administrative expenses. Net sales came in higher than our forecast, but profits fell short.

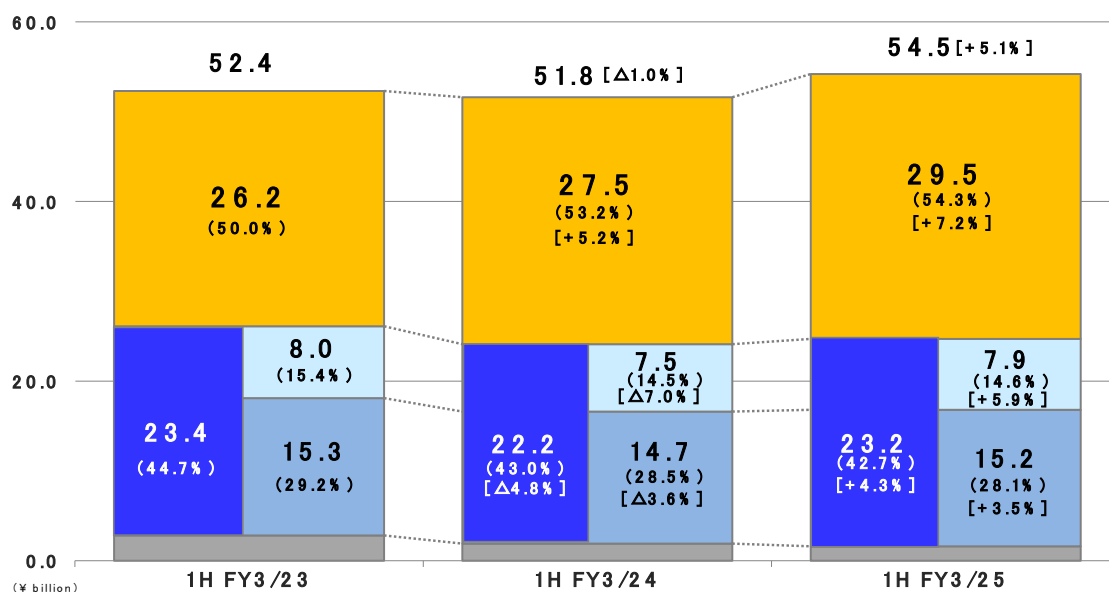
### Summary of 1H FY3/25 Consolidated Net Sales by Business Segment

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 Wholesale Model Business and reach record high in Product

■ Product Developer Model Business
 ■ Wholesale Model Business
 ■ Famous brands
 ■ NB processing
 ■ Others

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



### [ Product Development Model Business – Highlights ]

#### > Sales of care appliances, summer products, kitchen accessories and products for single-price retailers increased.

- Care appliances: Demand was strong for Gorilla no Hitotsukami, a calf care appliance, and other products in the same range.
- Summer products: Sales of fans, including handheld models, shaved ice machines and other products increased.
- Kitchen accessories: Retailers expanded their sales areas for the EVERCOOK range of non-stick frying pans. The expansion was successful.
- Products for single-price retailers: Sales of handmade accessory kits, accessories and confectionary rose.

### [ Wholesale Model Business – Highlights ]

#### > Famous brands (bags, watches, etc.)

- Demand was strong for casual brands, jewelry, suitcases and other products for discount stores.
- As the distributor of the STANLEY brand, the Company increased brand visibility using pop-up stores and other marketing initiatives.
- However, sales to specialist watch and clothing stores declined compared with the same period in FY3/24.

#### > NB processing (gifts, etc.)

- NB products registered strong sales on a spot basis.
- In gifts, the Company discontinued sales of some mid-year gift items and branded sweets in line with market trends, but sales were steady year on year and profit margins improved.

## Consolidated Forecasts for FY3/25

### No revisions to forecasts released on May 9, 2024

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	54,508	55,491	110,000	4,175	3.9%
Product Development Model Business	27,593	29,285	56,879	29,594	29,905	59,500	2,620	4.6%
Wholesale Model Business	22,297	22,907	45,205	23,258	23,541	46,800	1,594	3.5%
Others	1,969	1,770	3,739	1,656	2,043	3,700	▲ 39	-1.1%
Gross profit	14,984	14,900	29,884	15,737	15,762	31,500	1,615	5.4%
SG&A expenses	10,717	11,240	21,958	11,554	10,945	22,500	541	2.5%
Operating income	4,266	3,659	7,926	4,182	4,817	9,000	1,073	13.5%
Ordinary income	4,384	4,027	8,412	4,322	4,777	9,100	687	8.2%
Net income	2,931	2,852	5,784	2,884	3,115	6,000	215	3.7%

The Company's initial forecasts for FY3/25 are unchanged. We continue to forecast an increase in net 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 care appliances. These products are part of the health appliance market, which has been expanding since the pandemic on the back of consumer concerns about lack of exercise. Amid this trend, we developed Gorilla no Hitotsukami, a calf care appliance for the young female demographic, which our market research identified as a potential area of demand. The product is based on the concept of “a reasonably priced appliance for daily use that intensively treats specific areas.”

The high-powered appliance offers an authentic massage sensation and is designed to be used for one leg at a time, ensuring a reasonable price point. The packaging and Gorilla no Hitotsukami name has also proved popular on social media, lifting visibility and driving sales to 100,000 units in just one month from launch, resulting in limited stock at retailers. We also launched two spin-off products – Gorilla no Hitotsuki for foot massages and Super Gorilla no Hitotsukami for certain sales channels. We forecast total sales of products in the Gorilla range will exceed 500,000 units in 2024. Our analysis of “word-of-mouth” metrics on social media has confirmed that the product's functions and name resonate with the target younger demographic, underscoring the success of our pre-emptive marketing activities.

# Niche Marketing Case Study: "Niche No. 1 Strategy"

Themes	Segment	Target market	Planned 2024 shipments in the Gorilla product range	Over 500,000 units
<ul style="list-style-type: none"> <li>&gt; Simple, real massage feel, reasonable price</li> <li>&gt; Packaging, naming</li> </ul>	> Care appliances	> Young demographic		
 <p>Product 1: Gorilla no Hitotsukamis</p>	 <p>Product 2: Gorilla no Hitotsuki</p>	<p>Potential demand identified</p> <ul style="list-style-type: none"> <li>Social media-friendly packaging and naming</li> <li>Designed for use with one leg only to ensure reasonable price point</li> </ul>		
 <p>Product 3: Super Gorilla no Hitotsukamis</p>	 <p>NEW: Like the Chameleon Series</p>	<p>Social media posts</p> <ul style="list-style-type: none"> <li>"The naming is genius."</li> <li>"The product name sounds just perfect!"</li> <li>"My legs felt lighter after using it, all the fatigue had gone. Thanks Gorilla!"</li> <li>"The size and high power are great"</li> </ul>		
<p>Target areas</p> <p>Food, clothing or homeware markets where No.1 share is possible, regardless of market size</p>		<p>Vision</p> <p>Become an "Only One" company by building No.1 shares in multiple markets</p>		

## [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've been 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 ran an online and offline marketing campaign using sales events at prominent department stores and social media marketing featuring brand influencers. Supported by this successful branding effort, we now have 10 stores in various cities, including a permanent store in the Daimaru Tokyo department store. We plan to step up our initiatives in this category, which is the second-most profitable in NB gift processing after mid-year and year-end gifts.

## A New Profitable Category: Growth Phase for Branded Confectionery

### 1: Original confection brand developed in house

- > Leveraging strengths from gift business
- suppliers x specialist human resources x retail area design x sales promotion from consumer's perspective

### 2: Branding campaign using online / offline channels

- > Appealing to consumers via pop up events x social media marketing



Using brand influencers: Product and store PR

### 3: Establishing multi-store network using higher brand visibility

- > Stores opened nationwide: 10 stores as of October 2024
- > Stimulating consumer demand with product lineup, including Osaka limited editions



Brand concept: "A sweet potato fell in love with Paris"



Tennoji Station & Osaka Station!

Osaka limited edition sweet potato gift Sales start from September 1 (Sunday).



Pop-up shop at TSUTAYA EBISUBASHI and advertising on large display in Dotonbori, Osaka (11 November)



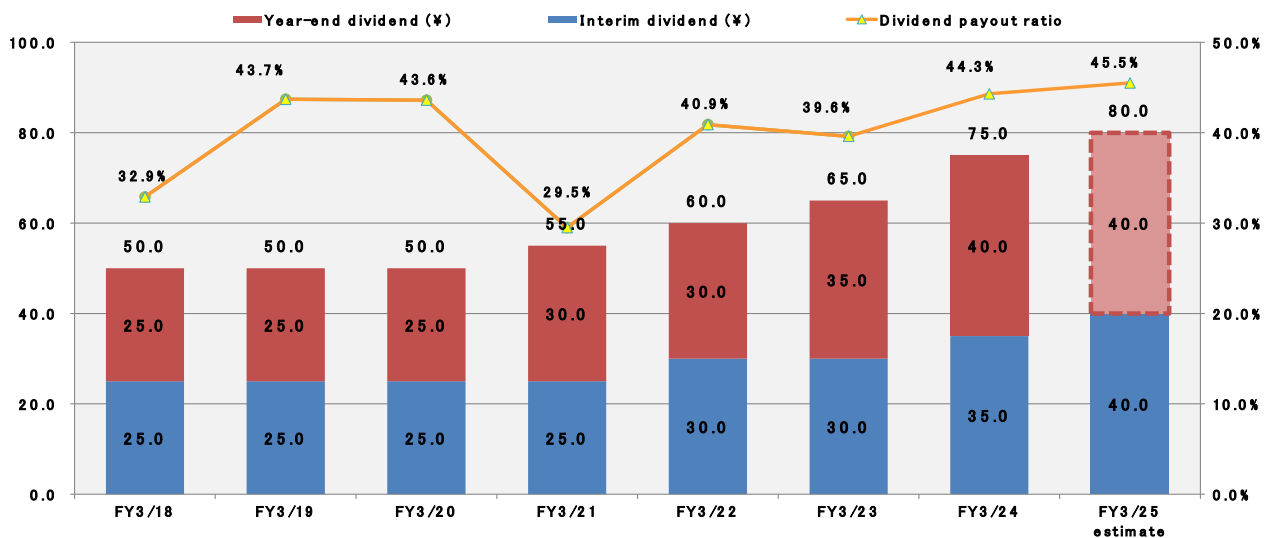
## >> Balance Sheet Strategy

### [Measures to realize management that is conscious of cost of capital and the share price]

In terms of capital efficiency, the Company's return on equity (ROE) in FY3/24 was 7.2%, exceeding the cost of capital. However, the P/B ratio was 0.87x. Going forward, our policy will be to "maintain ROE above the cost of capital" and "achieve a P/B ratio higher than 1.0x as soon as possible." Specific initiatives to realize this policy include implementing the Growth Strategy, Balance Sheet Strategy and ESG Strategy, and improving dialogue with investors in the equity market.

### [Returning Profits to Shareholders: Dividend Increase]

For the FY3/25 interim period, the Company will pay a dividend of ¥40.00 per share, an increase of ¥5.00 from the previous interim period, in line with the forecast released on May 9, 2024. The year-end dividend forecast is ¥40.00. As such, the Company plans to pay a full-year dividend of ¥80.00 per share, an increase of ¥5.00 from the previous fiscal year. The projected dividend payout ratio is 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. For FY3/25, we have disclosed a number of new initiatives: for the second materiality, "Promote environmentally friendly business activities," we aim to reduce greenhouse gas (GHG) emissions and respond to climate change; for the third materiality, "Coexist with and contribute to society," we will implement initiatives to respect human rights throughout the supply chain; and for the fifth materiality, "Enhance corporate governance," we will strengthen risk management. Also, as described in the "Key Indicators", 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 Sustainability section (Japanese only) on the corporate website for more information about Doshisha's ESG Initiatives, Sustainability Policy, Sustainability Promotion Framework and the Five Materialities, using the link below:

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

By implementing the above three strategies (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.

(November 2024)