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# **Consolidated Financial Summary For the Second Quarter of Fiscal Year Ending March 31, 2019**

**October 30, 2018**  
**DESCENTE LTD.**  
(TSE 1<sup>st</sup> Section:8114)

# Description of the Terms

## Definitions of Terms

**By Segment:** Classified according to country and area of the location of the company.

**Example:** Net sales from DESCENTE LTD. to Distributor in Spain is counted in Japan segment.

**By Area:** Classified according to country and area of the location of the customer.

**Example:** Net sales from DESCENTE LTD. to Distributor in Spain is counted in Europe/Americas area.

\* Group internal sales is eliminated in neither of these cases.(Not Counted)

## Rules for Numerical Description

The number is truncated and percentage is rounded off.

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# 1. 2<sup>nd</sup> Quarter of FY Ending March 31, 2019

## ① Summary

## ② Review by Brand

# 2. Objectives and Plan for FY Ending March, 2019

# 3. Progress of Medium Term Management Plan

# Results for 2<sup>nd</sup> Quarter of FY Ending March, 31 2018(Consolidated)



1.2<sup>nd</sup> Quarter of FY Ending March 31, 2019 ①Summary

**Consolidated sales for the 2<sup>nd</sup> quarter were a record high.**

**Although operating income and ordinary income have not yet been achieved, after-tax net income has exceeded the guidance.**

(Unit: JPY million)	FY2018	FY2017		FY2018		FY2018
	2nd Quarter performance	2nd Quarter performance	Year-on-year	2nd Quarter Guidance	planned ratio	Full Year Guidance
Net sales	66,768	65,959	101.2%	70,000	95.4%	148,000
Operating income	2,873	3,399	84.5%	3,100	92.7%	9,600
( % )	4.3%	5.2%		4.4%		6.5%
Ordinary income	3,219	3,504	91.9%	3,300	97.5%	10,000
( % )	4.8%	5.3%		4.7%		6.8%
Profit attributable to owners of parent	2,291	2,440	93.9%	2,200	104.1%	6,500
( % )	3.4%	3.7%		3.1%		4.4%

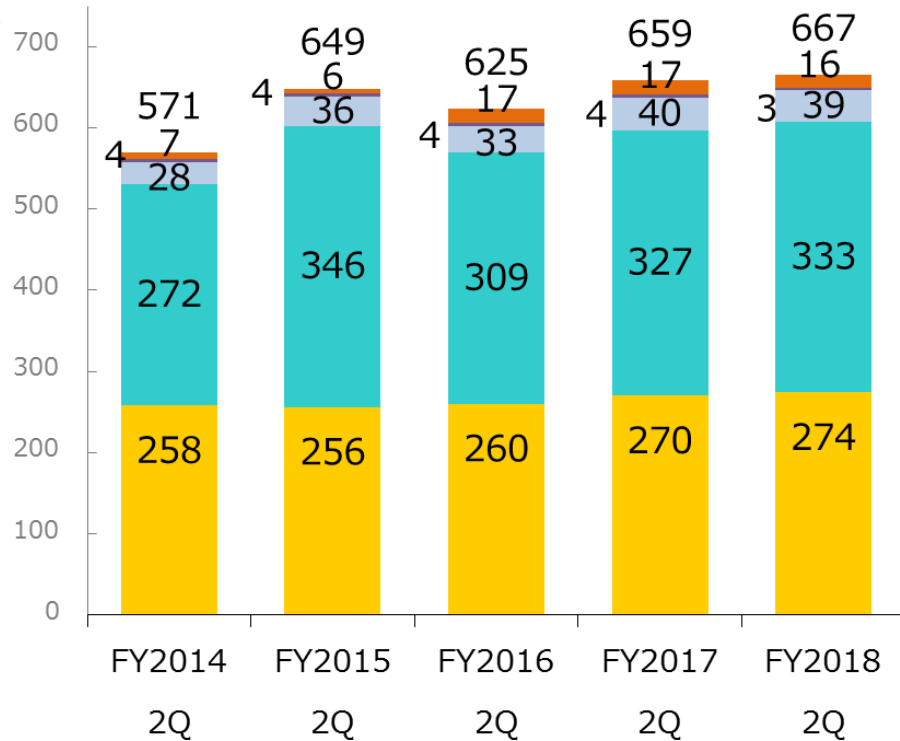
# Net Sales Transition by Area (Consolidated)



1.2<sup>nd</sup> Quarter of FY Ending March 31, 2019 ①Summary

**Sales in Japan and Korea increased from the previous year. Sales in China also rose.**

(Unit: JPY 0.1 billion)



Overseas Ratio	FY2014	FY2015	FY2016	FY2017	FY2018
	55%	61%	58%	59%	59%

- Japan
- Korea
- China (incl. Hong Kong/Taiwan)
- Other Asian Countries
- Europe/Americas

**YoY +8.0billion(101%)**

- Japan +3.9billion
- Korea +6.3billion
- China (Incl. Hong Kong/Taiwan) ▲1.0billion
- Other Asian Countries ▲0.0billion
- Europe/Americas ▲1.0billion

Note: FY2918=FY ending March 31, 2019

# Net Sales by Item (Consolidated)



1.2<sup>nd</sup> Quarter of FY Ending March 31, 2019 ①Summary

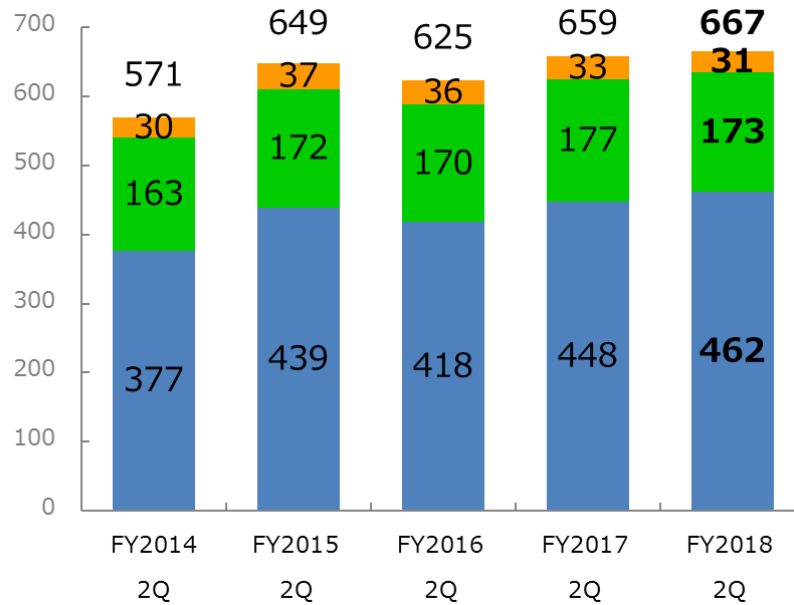
**Overseas sales hit a record high for the first time in three years.**

## Consolidated

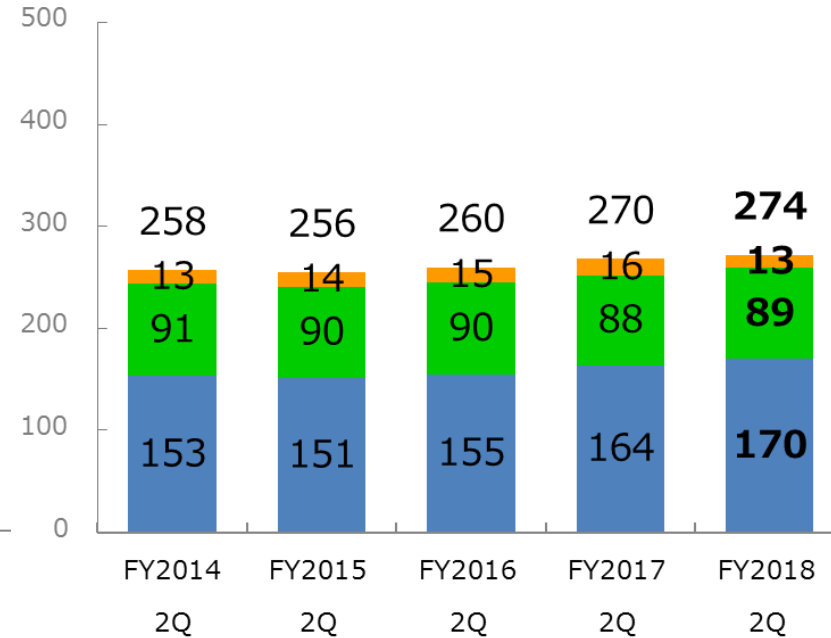
## Japan

## Overseas

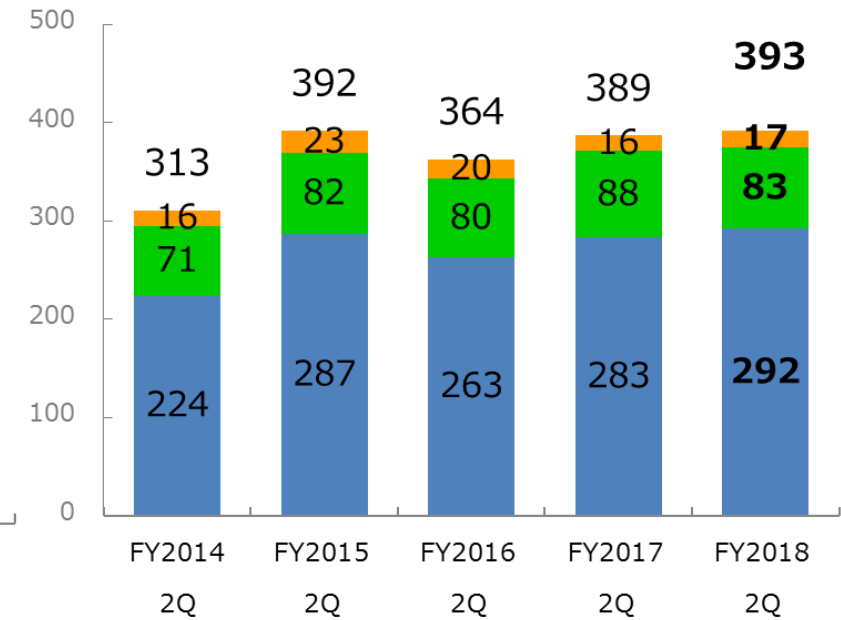
(Unit: JPY  
0.1 billion)



(Unit: JPY  
0.1 billion)



(Unit: JPY  
0.1 billion)



■ Athletic ■ Golf ■ Outdoor

Note: FY2018=FY ending March 31, 2019

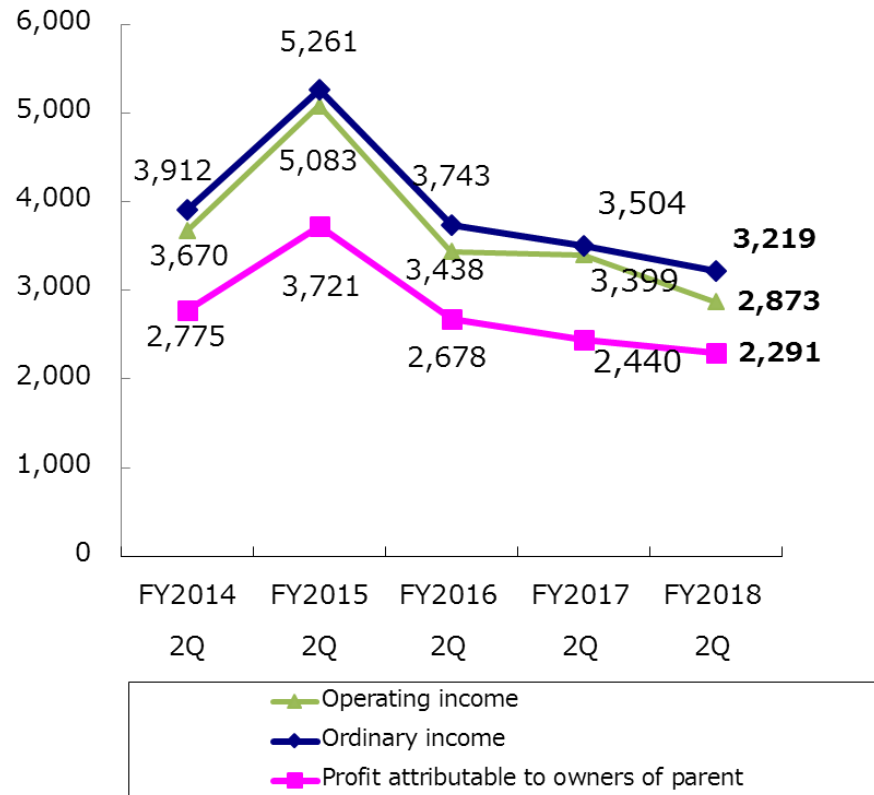
# Income Transition (Consolidated)



1.2<sup>nd</sup> Quarter of FY Ending March 31, 2019 ①Summary

**Continued to shift profits in the second half, and profits decreased for the third consecutive year.**

(Unit: JPY million)



(Unit: JPY million)

	FY2018 2Q	FY2017 2Q	Change
<b>Operating income</b>	<b>2,873</b>	<b>3,399</b>	<b>▲ 526</b>
Non-operating income	518	243	274
Non-operating expenses	171	138	33
<b>Ordinary income</b>	<b>3,219</b>	<b>3,504</b>	<b>▲ 285</b>
Extraordinary income	0	0	0
Extraordinary loss	0	0	0
Total income taxes	928	1,063	▲ 135
<b>Profit attributable to owners of parent</b>	<b>2,291</b>	<b>2,440</b>	<b>▲ 149</b>

Note: FY2018=FY ending March 31, 2019

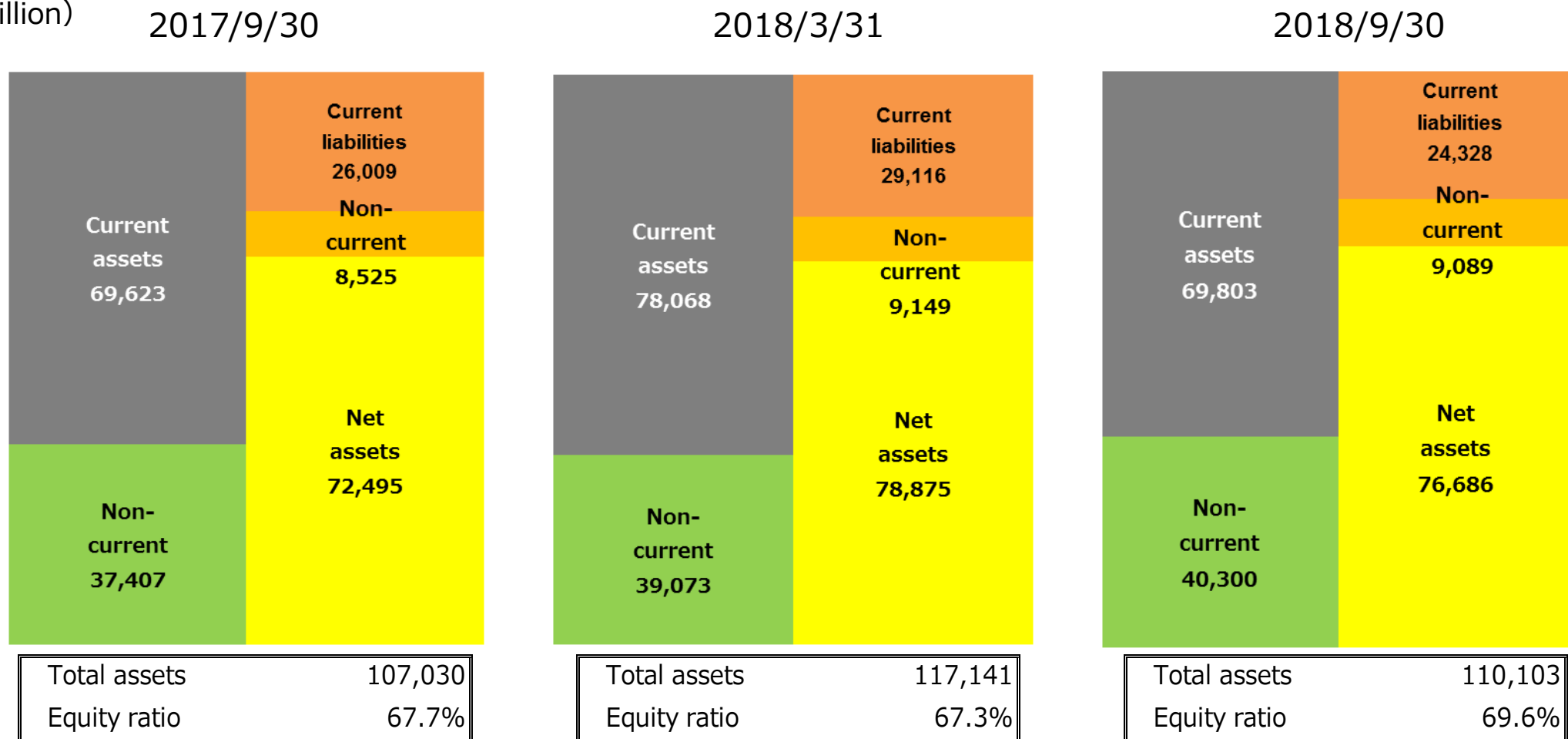
# Balance Sheets Transition (Consolidated)



1.2<sup>nd</sup> Quarter of FY Ending March 31, 2019 ①Summary

**Current assets decreased due to a decline in inventories in Korea. Non-current assets increased for the investment of R & D center (DISC).**

(Unit: JPY million)





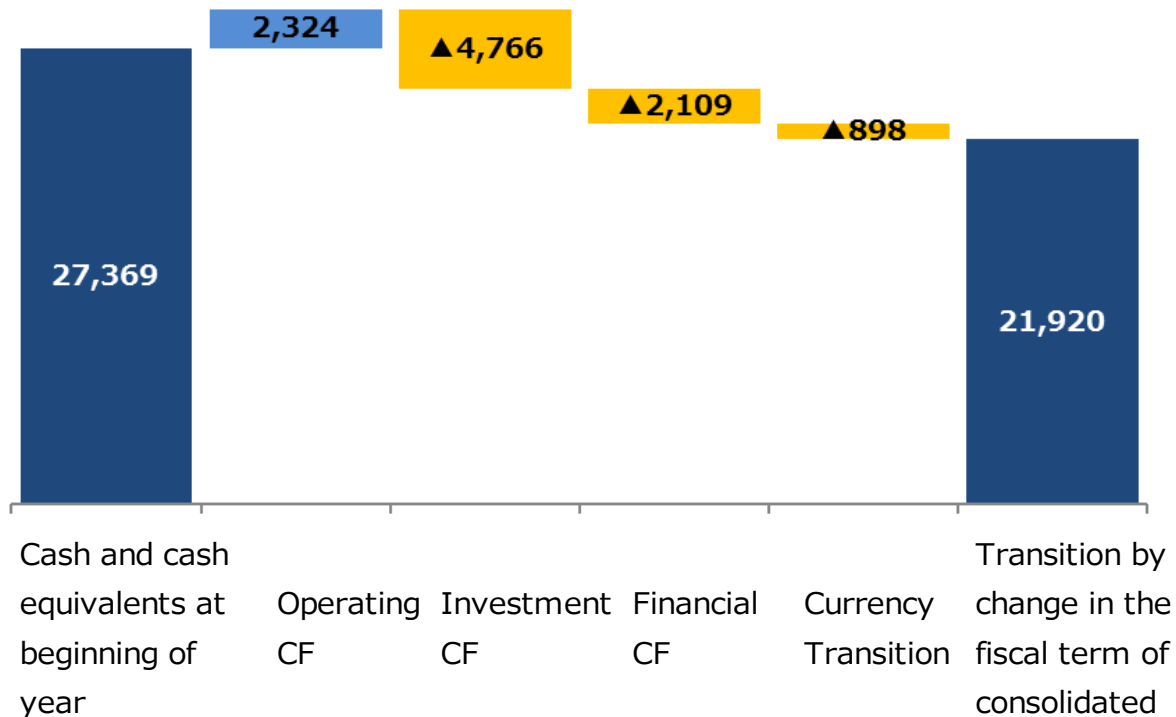
# Cash Flow (Consolidated)



1.2<sup>nd</sup> Quarter of FY Ending March 31, 2019 ①Summary

**Operating CF decreased ▲1.1 billion yen from previous year due to increase in income taxes paid and decrease in accrued consumption taxes.  
Investment CF increased by ▲1.2 billion yen from the previous year due to increase of investment in R & D center (DISC).**

(Unit: JPY million)



## Beginning of year compared to last year ▲5,449m

**CF from operating activities +2,324m**

(YoY +3,451m)

EBTDA	▲99m
Changes in working capital	+178m
Income taxes paid	▲399m
Others	▲807m

**CF from investing activities ▲4,766m**

(YoY ▲3,551m)

Increase in acquisition of assets (net amount)	▲474m
Increase in investments in affiliates	▲178m
Others	▲562m

**CF from financing activities ▲2,109m**

(YoY ▲1,286m)

Dividend	▲1,733m
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# 1. 2<sup>nd</sup> Quarter of FY Ending March 31, 2019

① Summary

② Review by Brand

2. Objectives and Plan for FY Ending March, 2019

3. Progress of Medium Term Management Plan

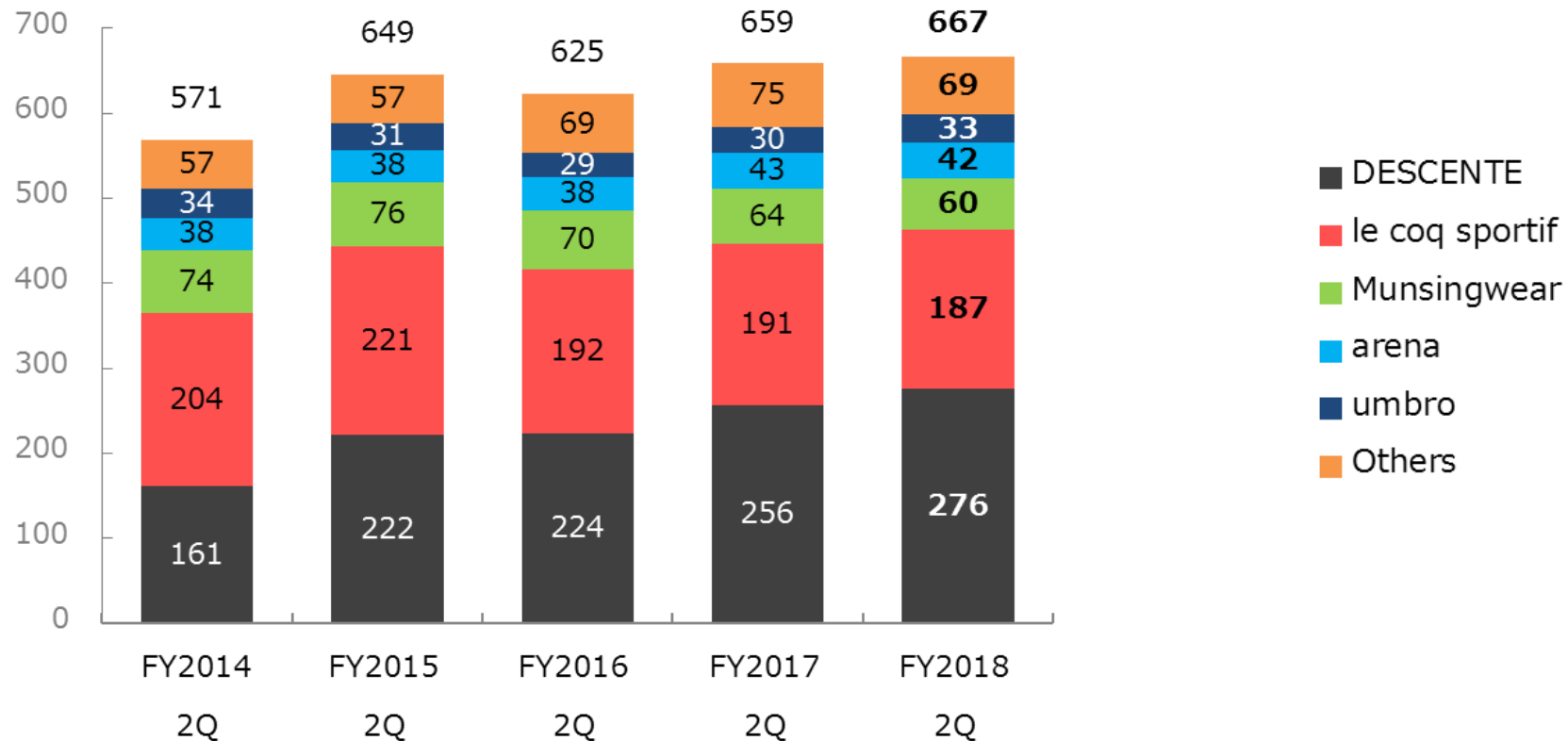
# Net Sales Transition by Brand (Consolidated)



1.2<sup>nd</sup> Quarter of FY Ending March 31, 2019 ©Review by Brand

**DESCENTE brand driving consolidated results.**  
**Sales of Athletic category increased, but those in golf category decreased in le coq sportif brand.**

(Unit: JPY 0.1 billion)



Note: FY2018=FY ending March 31, 2019

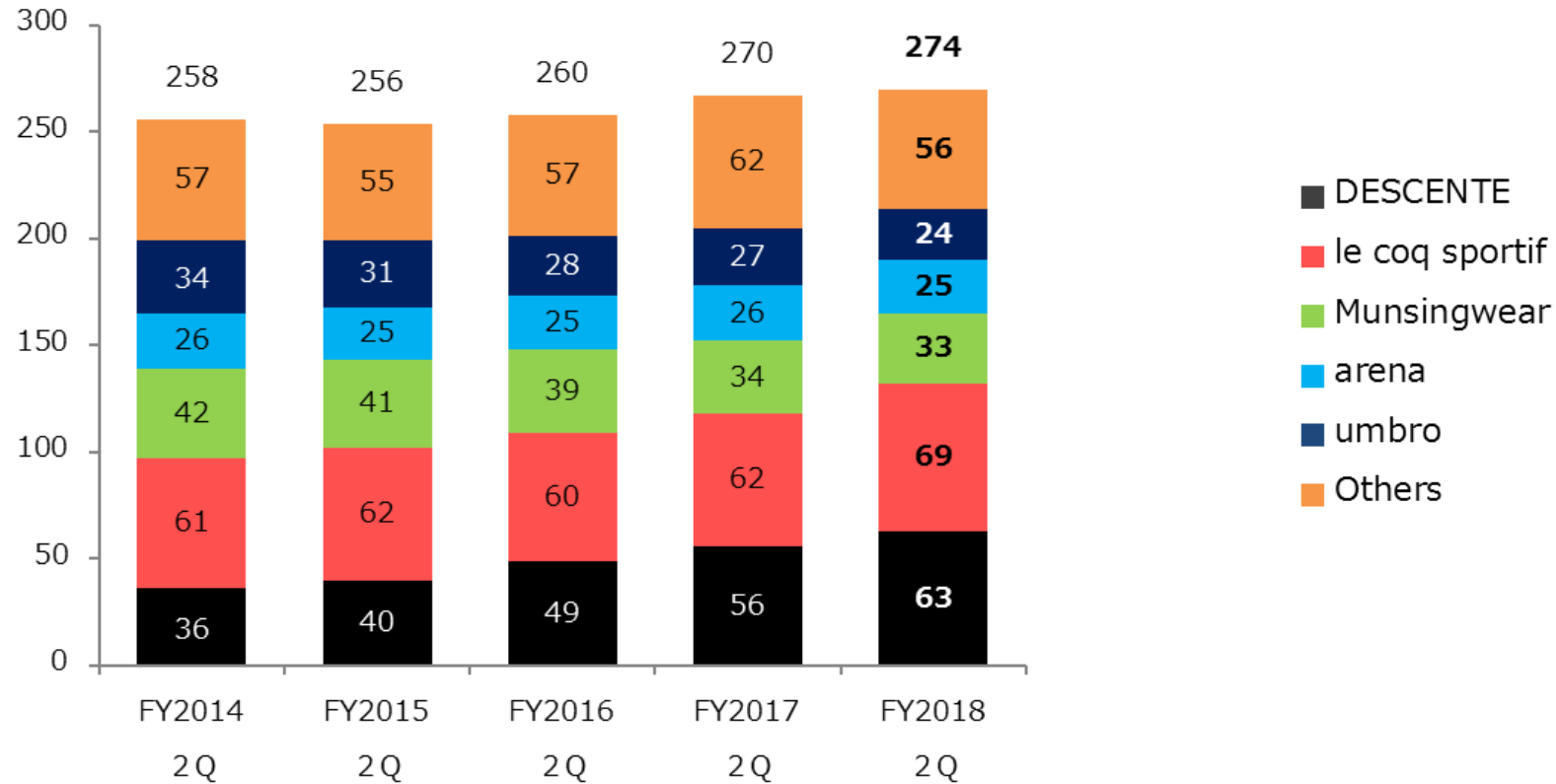
# Net Sales Transition by Brand (Japan)



1.2<sup>nd</sup> Quarter of FY Ending March 31, 2019 ©Review by Brand

**DESCENTE and le coq sportif brand driving results.**

(Unit: JPY 0.1 billion)



Note: FY2018=FY ending March 31, 2019

# Net Sales Transition by Brand (Korea)

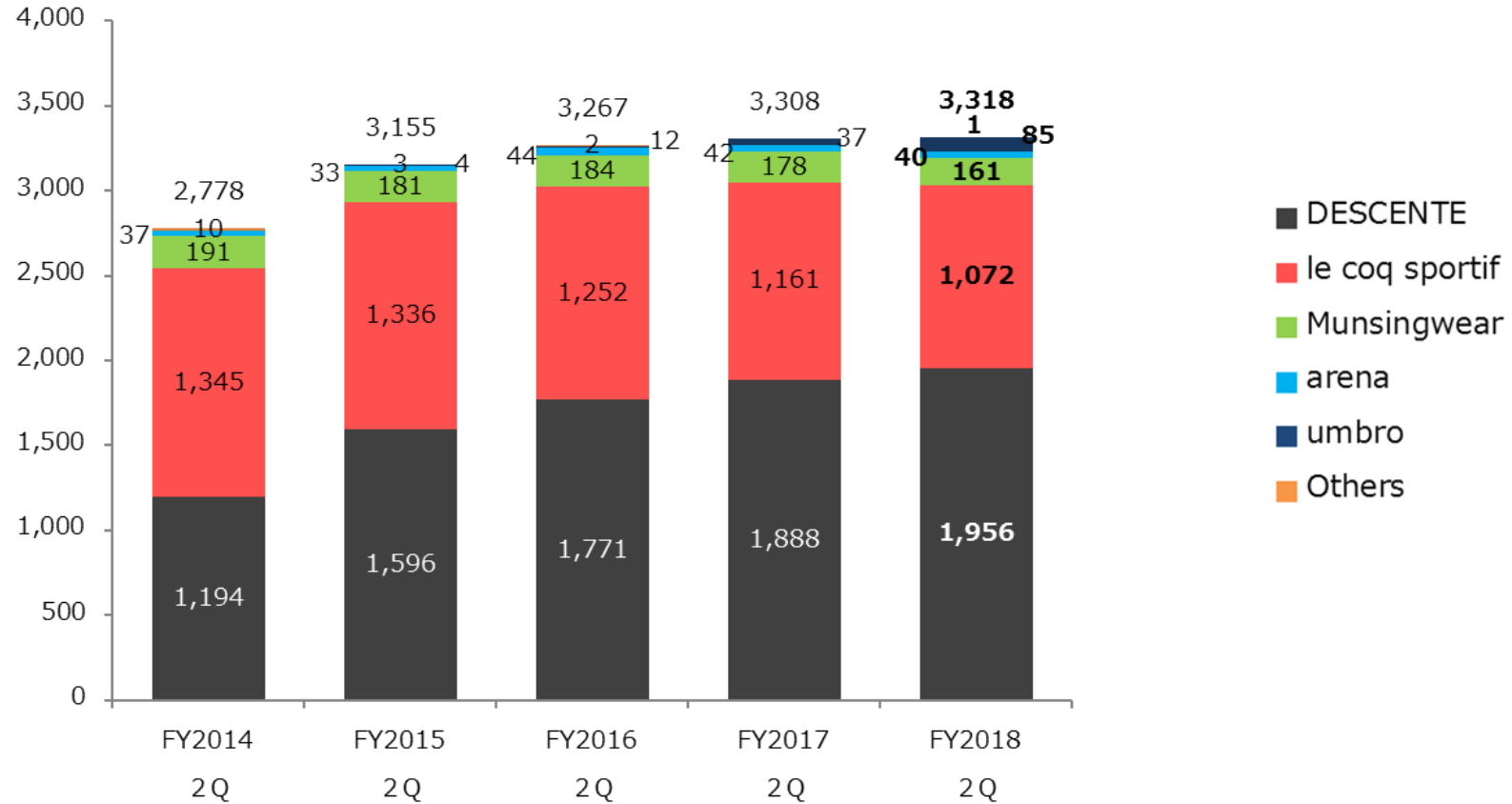


1.2<sup>nd</sup> Quarter of FY Ending March 31, 2019 ©Review by Brand

**DESCENTE and umbro brand increased sales.**

**Sales in le coq sportif increased in athletic category, but the decline in golf category was not covered.**

(Unit: KRW 0.1 billion)



Note: FY2018=FY ending March 31, 2019

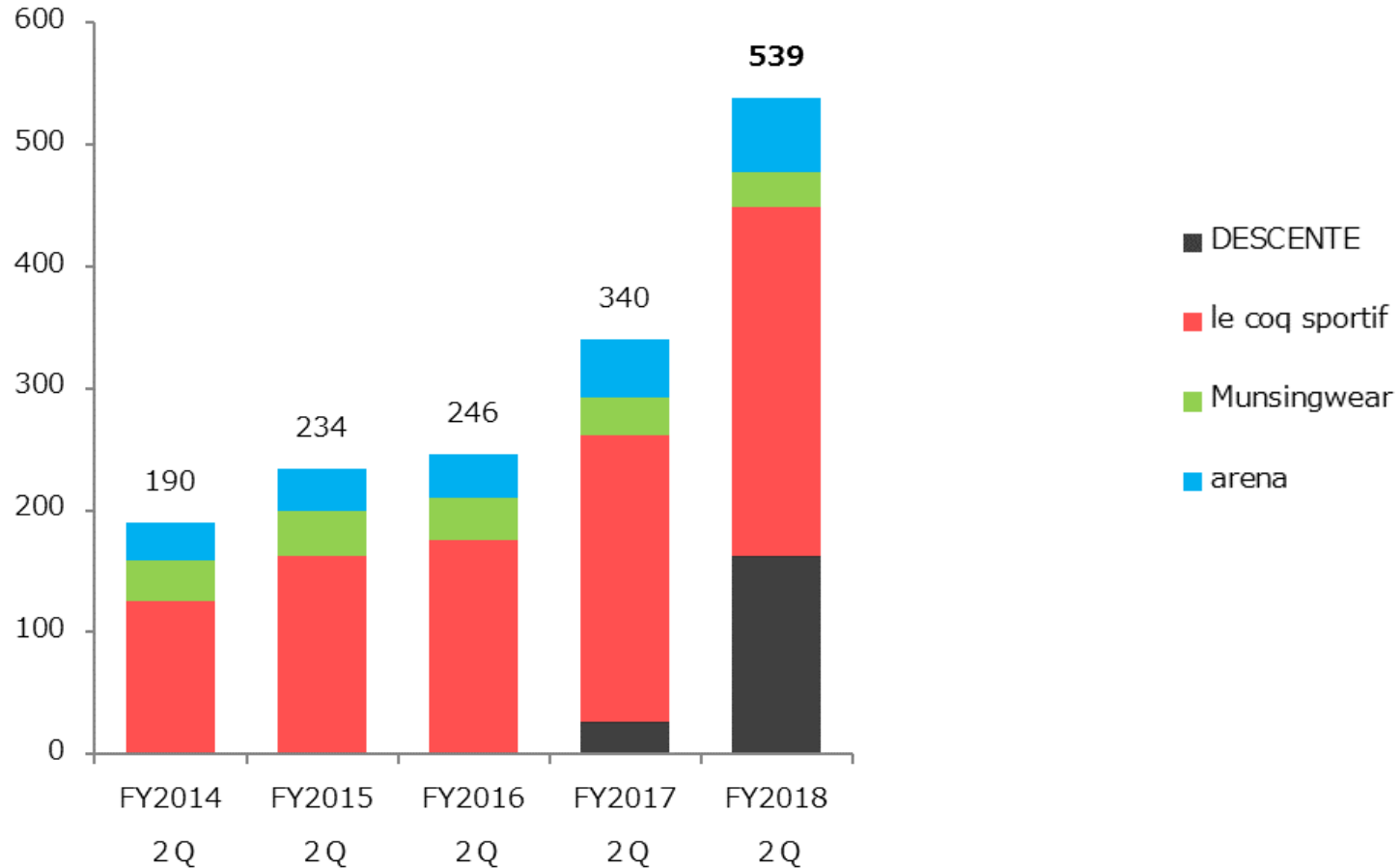
# Combined JV Sales\* Transition (China excl. Hong Kong and Taiwan)



1.2<sup>nd</sup> Quarter of FY Ending March 31, 2019 ②Review by Brand

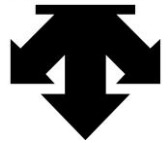
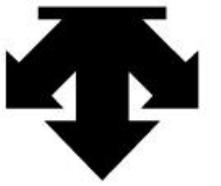
**DESCENTE, le coq sportif and arena brand increased sales.**

(Unit: CNY million)



Note: FY2018=FY ending March 31, 2019

\*: Including sales of equity-method affiliates, and exclude sales of consolidated group companies to equity-method affiliates.



**Net Sales 27.6b (YoY 108%) (domestic: 6.3b /overseas: 21.2b)**

- We carry out a wide range of marketing activities from grassroots promotion to top athlete promotion.**
- Opening new stores and expanding business in each country.**
- Open a new DESCENT BLANC store where we sell "Mizusawa Down", which is celebrating its 10 year anniversary.**



**Net Sales 18.7b (YoY 98%) (domestic: 6.9b /overseas: 11.8b)**

- **Started business in Indonesia. In Korea, events for women were held to spread information through SNS.**
- **In Japan, we expanded the range of products for women.**



**Net Sales 6b (YoY 95%) (domestic: 3.3b /overseas: 2.7b)**

- **Expand opening stores in Vietnam. The collaboration products with the popular illustrator are good.**





**Net Sales 4.2b (YoY 99%) (domestic: 2.5b /overseas: 1.6b)**

- **We sponsored the Pan Pacific Swimming Championship in 2018 as the gold sponsor. Players contracted with our company performed well in that game.**



**Net Sales 3.3b (YoY 108%) (domestic: 2.4b /overseas: 0.8b)**

- **Sales of shoes is good in both Japan and Korea.**

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1. 2<sup>nd</sup> Quarter of FY Ending March 31, 2019

① Summary

② Review by Brand

**2. Objectives and Plan for FY Ending March, 2019**

3. Progress of Medium Term Management Plan

# Objectives and Plan for the FY Ending March 31, 2019 (Consolidated)



## 2. Objectives and Plan for FY ending March, 2019

**Aim to increase consolidated net sales by 5% YoY to a record high. Net income is expected to increase by 13% from the previous year.**

(Unit: JPY million)	FY2016	FY2017	FY2018	
			Guidance	YoY
Net sales	131,543	141,124	148,000	105%
Operating income	8,418	9,596	9,600	100%
(%)	6.4%	6.8%	6.5%	
Ordinary income	8,631	9,698	10,000	103%
(%)	6.6%	6.9%	6.8%	
Profit attributable to owners of parent	5,650	5,771	6,500	113%
(%)	4.3%	4.1%	4.4%	

Predicted rate : USD112.60、 100KRW10.40、 CNY17.10、 HKD14.30、 SGD84.00、 GBP152.00

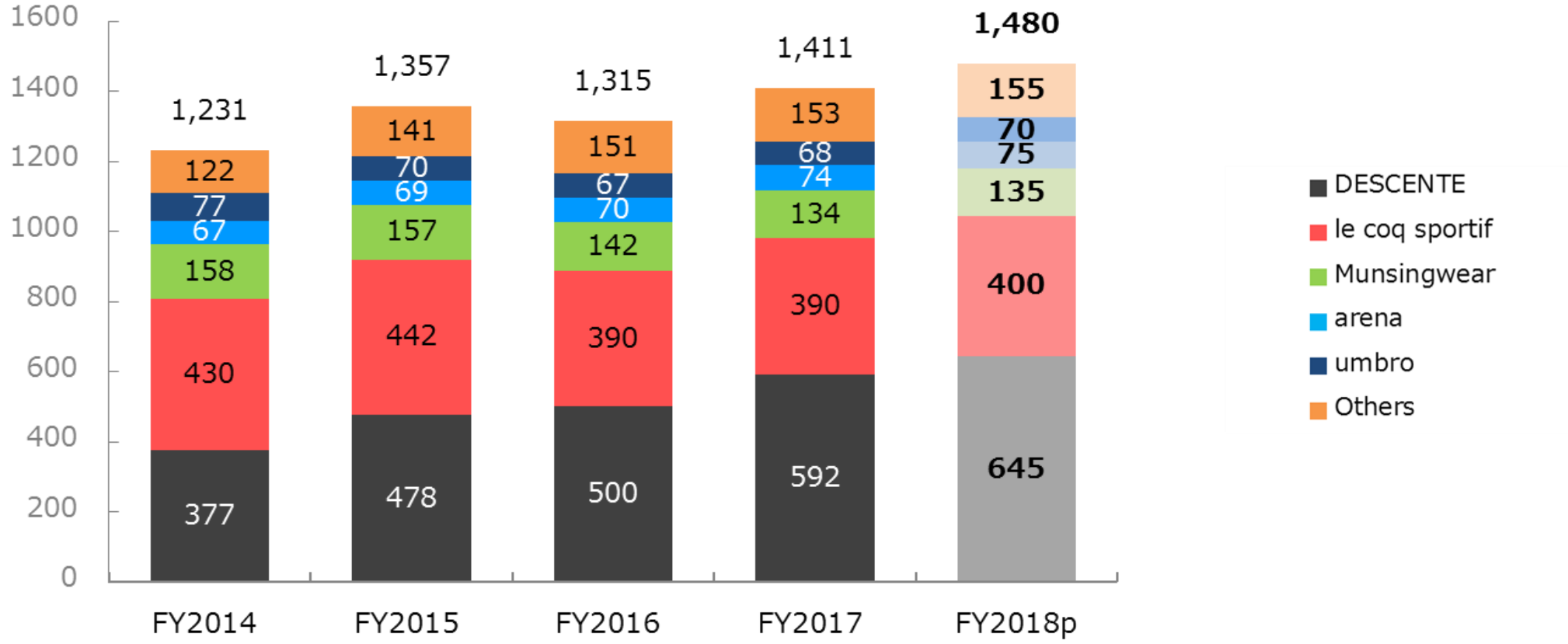
# Plans for the FY Ending March 31, 2019 by Brand (Consolidated)



2. Objectives and Plan for FY ending March, 2019

**Aim to achieve record sales for the second consecutive year.**

(Unit: JPY 0.1billion)



Note: FY2018p = FY ending March 31, 2019

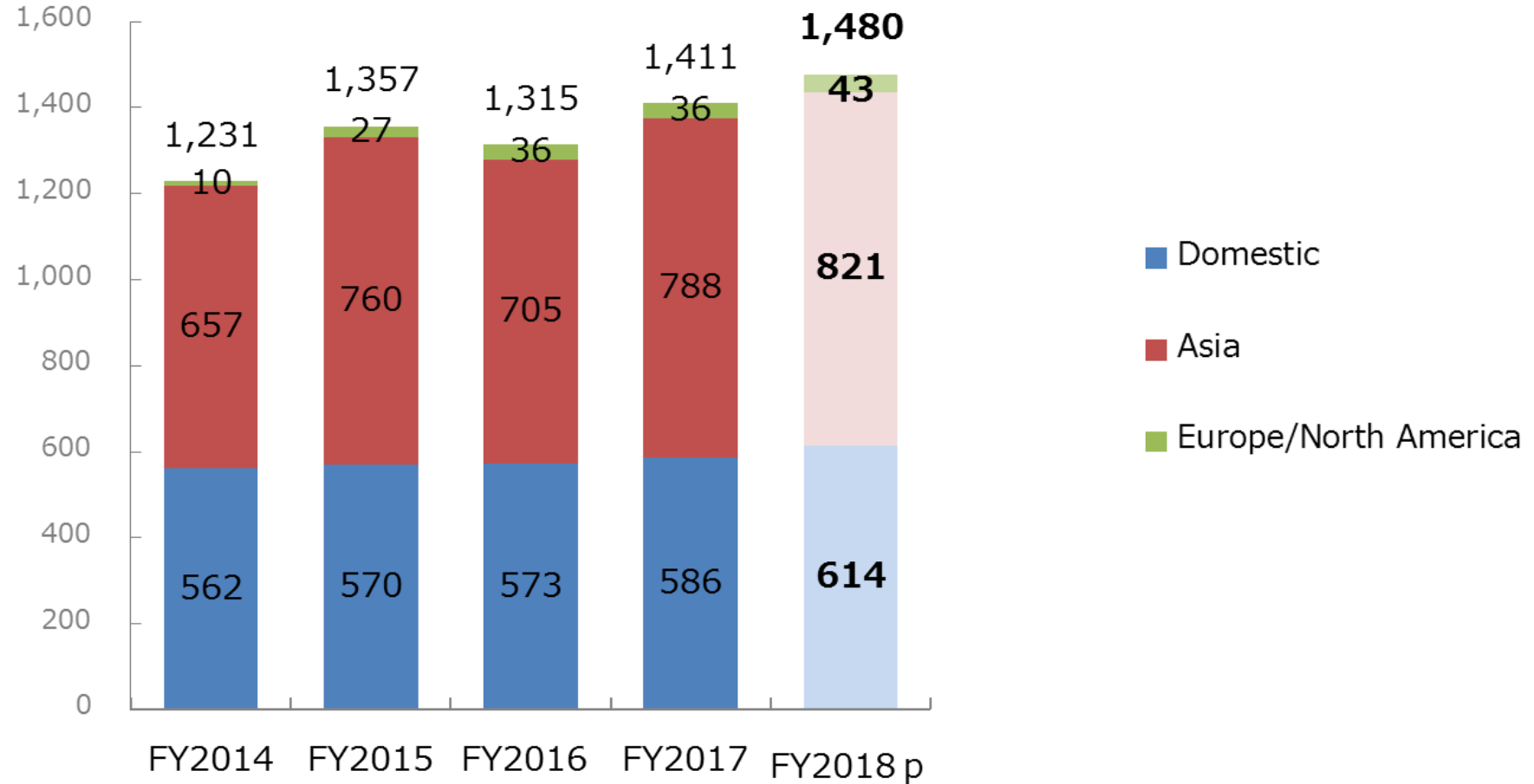
# Plans for the FY Ending March 31, 2019 by Segment (Consolidated)



## 2. Objectives and Plan for FY ending March, 2019

**Sales planned to increase in all segments.**

(Unit: JPY 0.1billion)



Note: FY2018=FY ending March 31, 2019

# Dividends and Payout Ratio



2. Objectives and Plan for FY ending March, 2019

**Annual dividends of FY 2018: JPY 23.0**

**Annual dividends of FY 2019 (Plan): JPY 26.0**

(Unit: JPY Million)	FY2014	FY2015	FY2016	FY2017	FY2018 Plan
Dividends	1,130	1,280	1,732	1,733	1,959
Amount/share	JPY15.0	JPY17.0	JPY23.0	JPY23.0	JPY26.0
Profit attributable to owners of parent (Consolidated)	6,563	7,870	5,650	5,771	6,500
Payout ratio	17.2%	16.3%	30.7%	30.0%	30.1%

**Taking into consideration the performance and payout ratio, we will properly return profits to our shareholders to secure internal reserves necessary for future business development and strengthening of our management structure while aiming for stable dividends.**

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1. 2<sup>nd</sup> Quarter of FY Ending March 31, 2019

① Summary

② Review by Brand

2. Objectives and Plan for FY Ending March, 2019

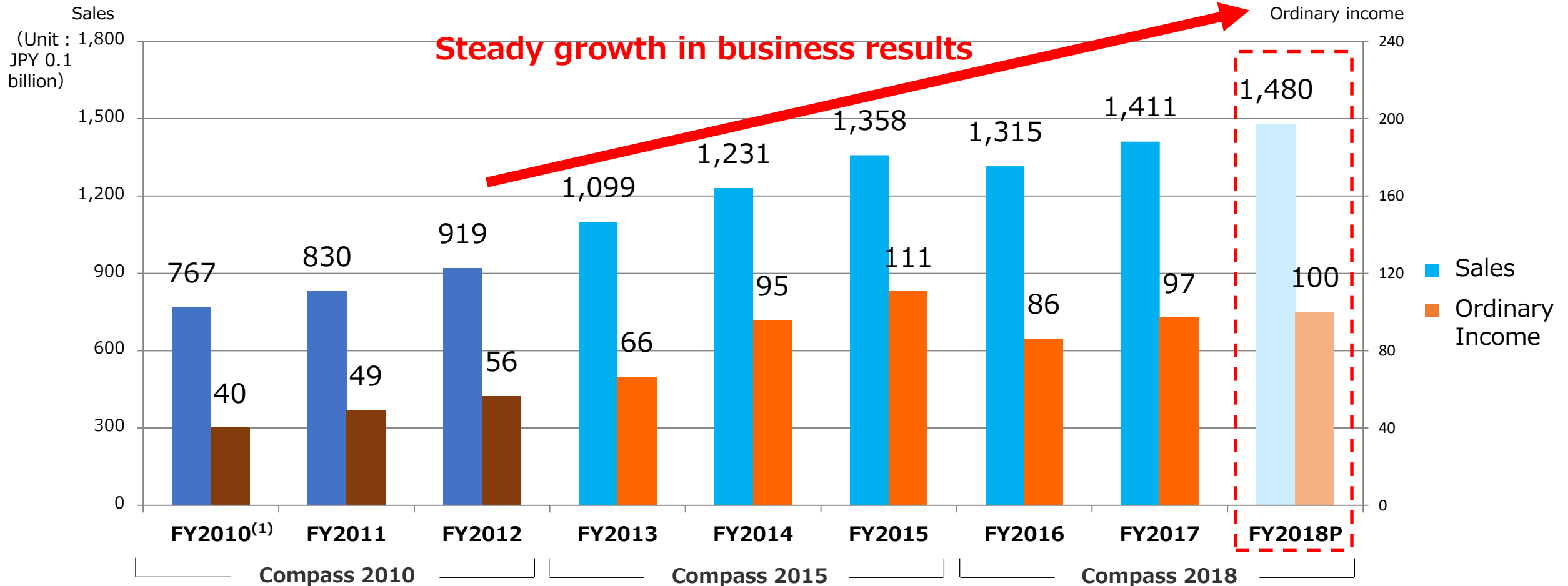
**3. Progress of Medium Term Management Plan**

# Results Transition : Sales and Ordinary Income Greatly Increased



3. Progress of Medium Term Management Plan

Under the current management team, the company achieved significant growth. Compared with FY 2012, sales are expected to be about 1.6 times higher, and ordinary profit is expected to nearly double this year.



Note: FY2018=FY ending March 31, 2019



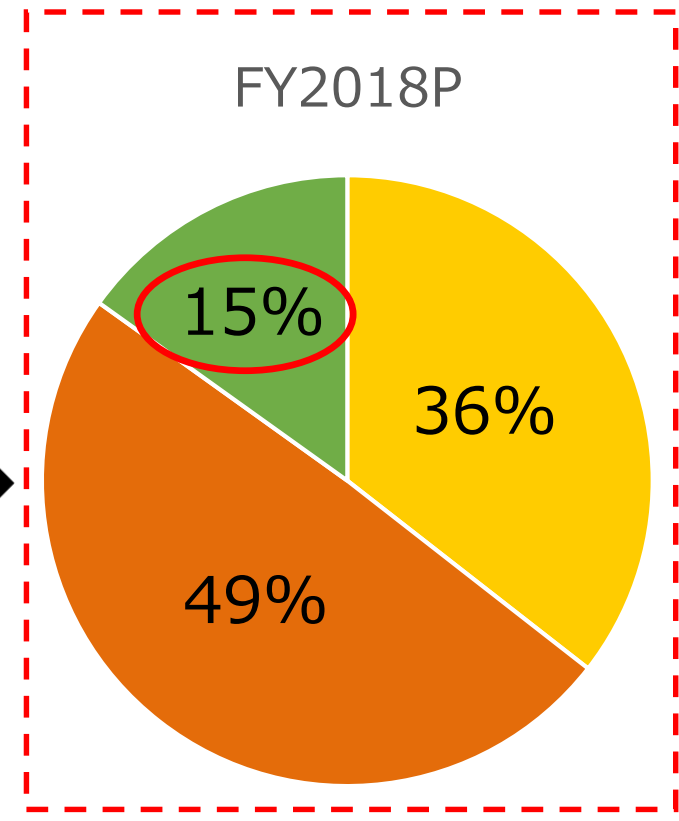
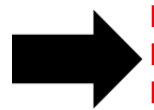
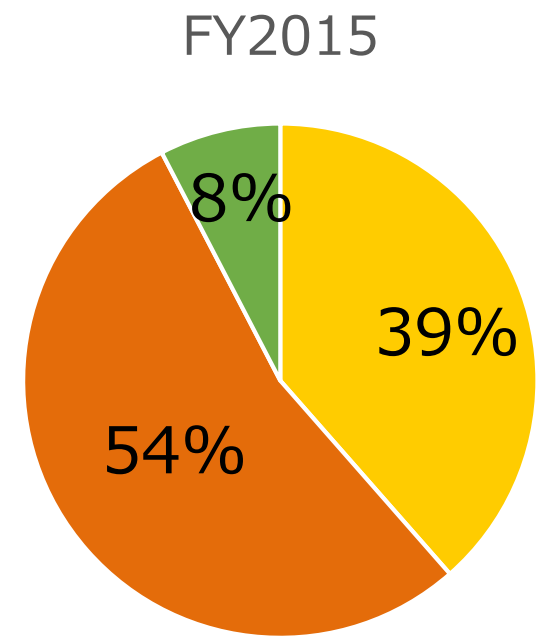
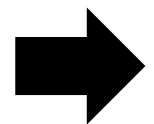
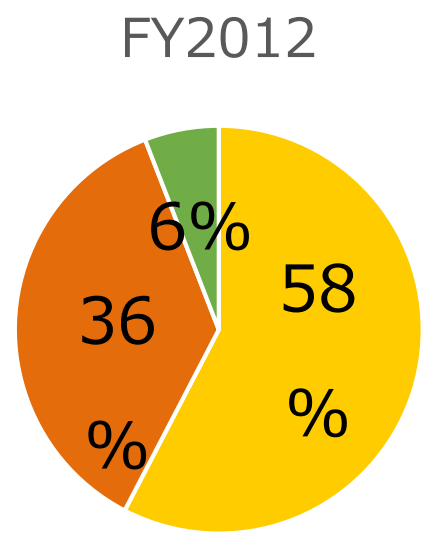
# Area Strategy: Establish a Balanced Regional Portfolio among Japan, Korea and China



3. Progress of Medium Term Management Plan

**Business in China, centered on JV, expanded steadily. Following Japan and Korea, China is driving overall growth as a third pillar, and creating a balanced portfolio.**

Percentage of net sales (1)



- Japan
- Korea
- China

Note  
 (1): Including sales of equity-method affiliates, and exclude sales of consolidated group companies to equity-method affiliates.

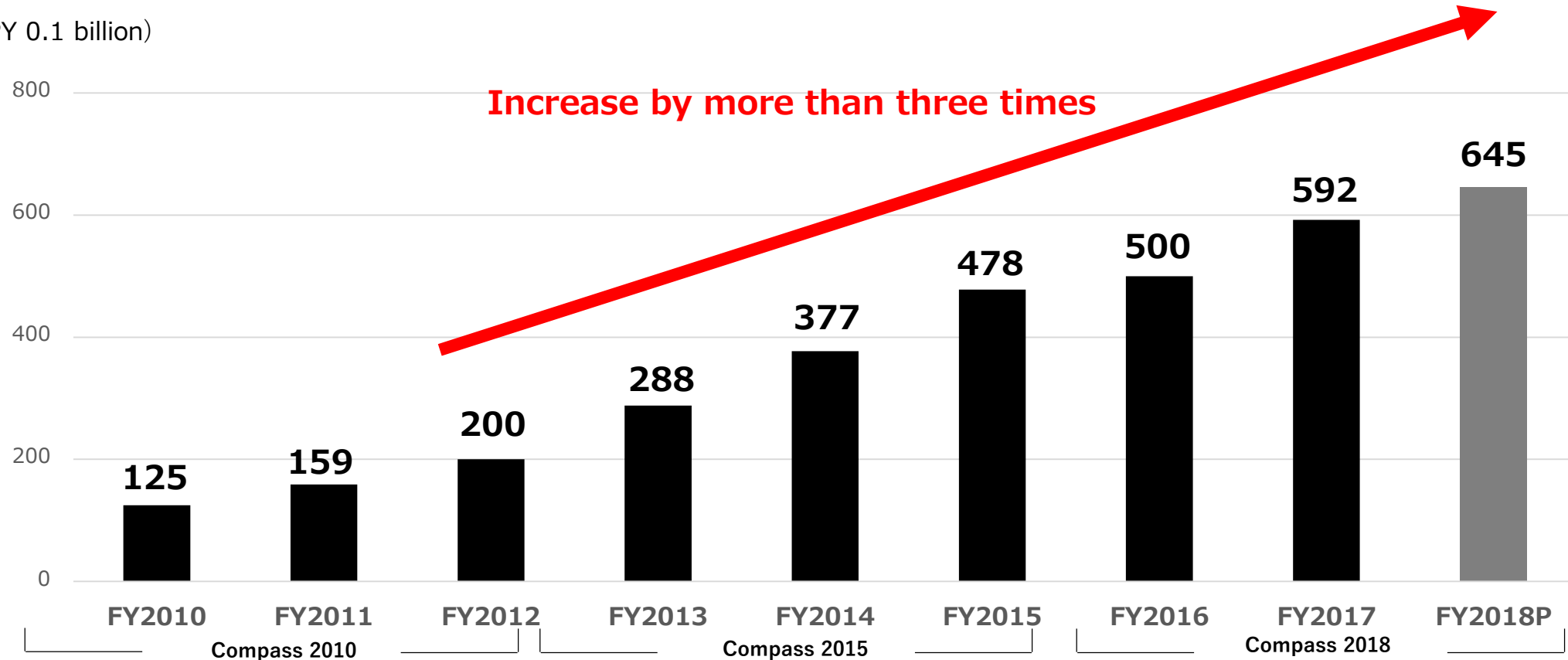
# Brand Strategy: Establish a License-independent Brand Portfolio



3. Progress of Medium Term Management Plan

Concentrating management resources on our own brand especially the house brand Descente. Sales of Descente are expected to more than triple this fiscal year compared to FY 2012, and it will become a pillar of our business.

(Unit: JPY 0.1 billion)



Note: FY2018=FY ending March 31, 2019

# Recent Initiatives / Current Issues to Consider



3. Progress of Medium Term Management Plan

**Start new strategies and strategic business alliances for each area, brand, and category to address current challenges and further grow and enhance profitability.**

## 1 Area strategy



**Development of Fourth Pillar (Europe and North America / Southeast Asia)**

X

## 2 Brand strategy



**Promoting Global Marketing**

X

## 3 Category strategy



**“Craftsmanship” for apparel and shoes**

X

## 4 Strategic business alliance



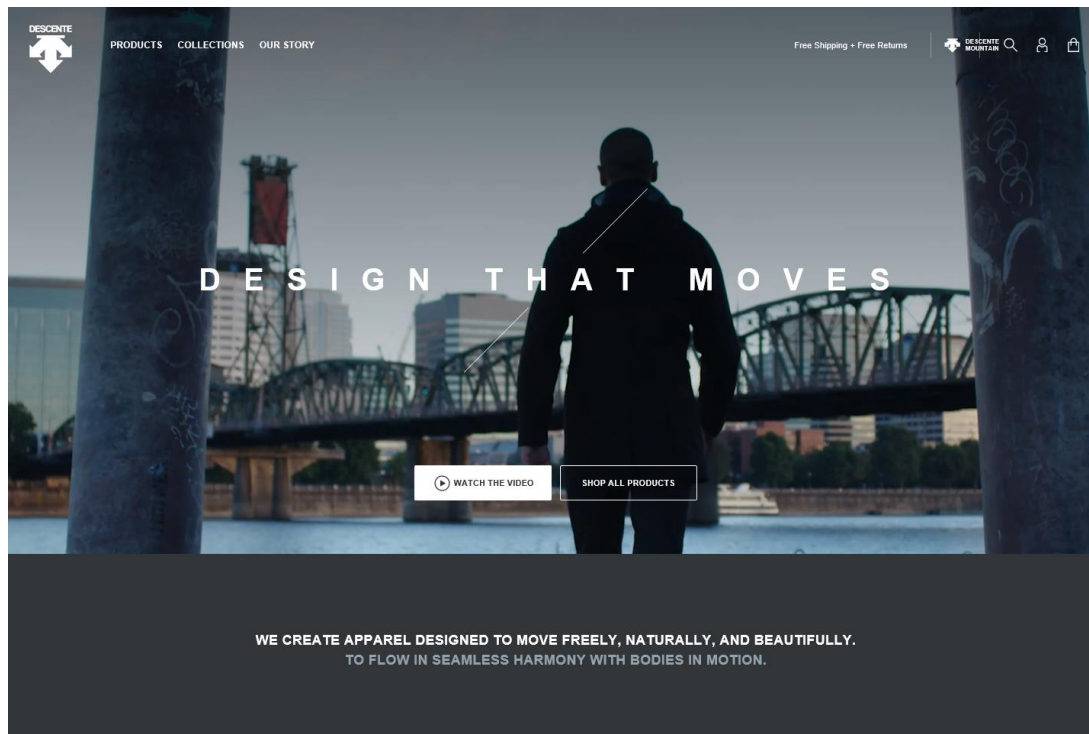
**Comprehensive business alliance with Wacoal Holdings**

# 1 Area Strategy: Development of Fourth Pillar (Europe/North America and Southeast Asia)



3. Progress of Medium Term Management Plan

In order to build a fourth pillar after Japan, Korea and China, the company began full-scale operations in Europe/North America and Southeast Asia.



DESCENT ATHLETIC AMERICAS, INC., a new company launched to expand the Descente brand's athletic category in North America.



Start new business; le coq sportif in Indonesia and Mansingwear in Vietnam.

## 2 Brand Strategy: Promoting Global Marketing



3. Progress of Medium Term Management Plan

Each brand develops a consistent branding and marketing strategy at the global level.



Descente has developed a global core product collection , "ALLTERRAIN". Prepare a brand manual and open stores with a unified image in each country.

Our own brand arena, which is limited to its territory share both developed products and jointly develop products in cooperation with license holders of arena in Europe and North America.



# 3 Product Strategy: "Craftsmanship" for Apparel and Shoes

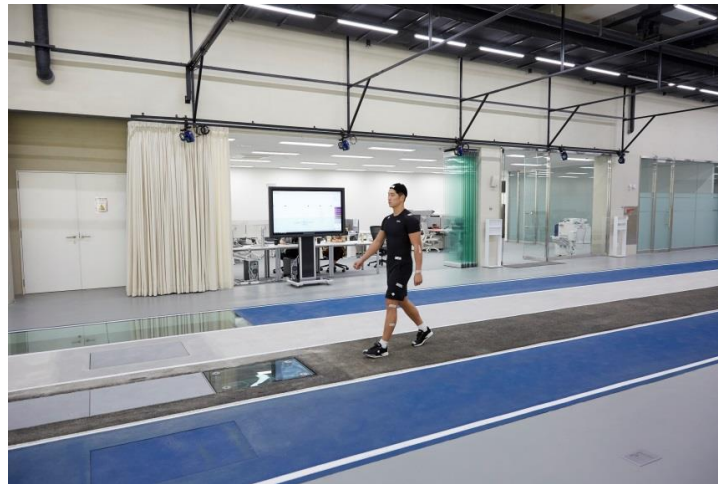


3. Progress of Medium Term Management Plan

Each R & D center "DISC" is established to strengthen the "Craftsmanship" of both existing mainstay apparel and future high-priority shoe categories.



MADE WITH  
**GRAPHENE**



Expand the range of shoes using Nobel Prize-winning material "graphene" which is a joint development of Inov-8 through cooperation with DISC

DISC OSAKA (Apparel)

DISC BUSAN (Shoes)

# 4 Strategic Business Alliance: Comprehensive Business Alliance with Wacoal Holdings



3. Progress of Medium Term Management Plan

Launched a comprehensive business alliance with Wacoal Holdings, Inc. for the purpose of expanding business and promoting globalization beyond the business domains of fashion and sports.



Joint press conference held on August 30



Cross-cell started with Descente Store Mejiro

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**2<sup>nd</sup> Quarter of Fiscal Year  
Ending March 31, 2019  
Reference material**

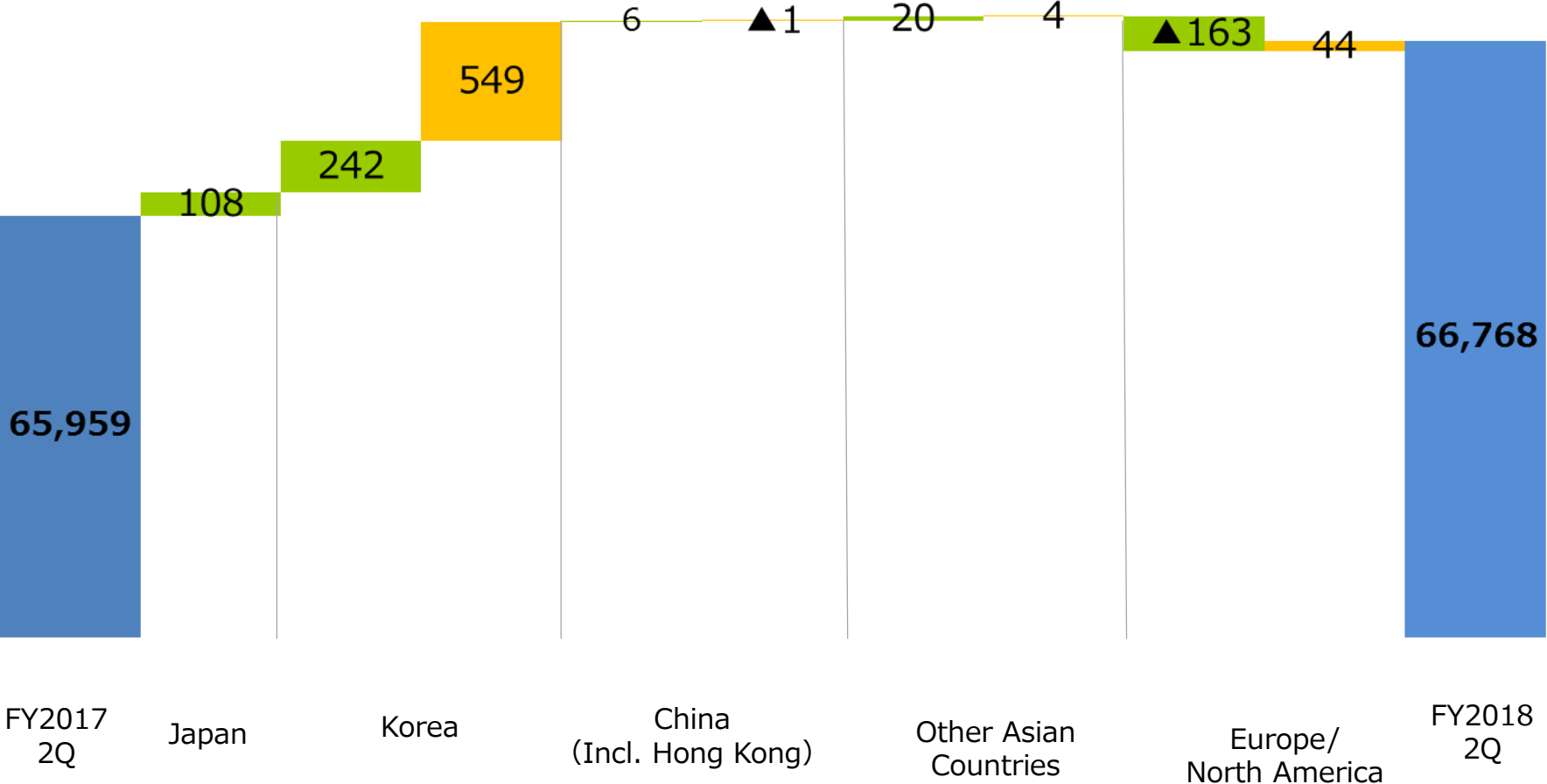
**(Transition of Quarterly Sales and  
Operating Income by Segment)**



# Net sales Fluctuations by Segment (YoY)



(Unit: JPY million)



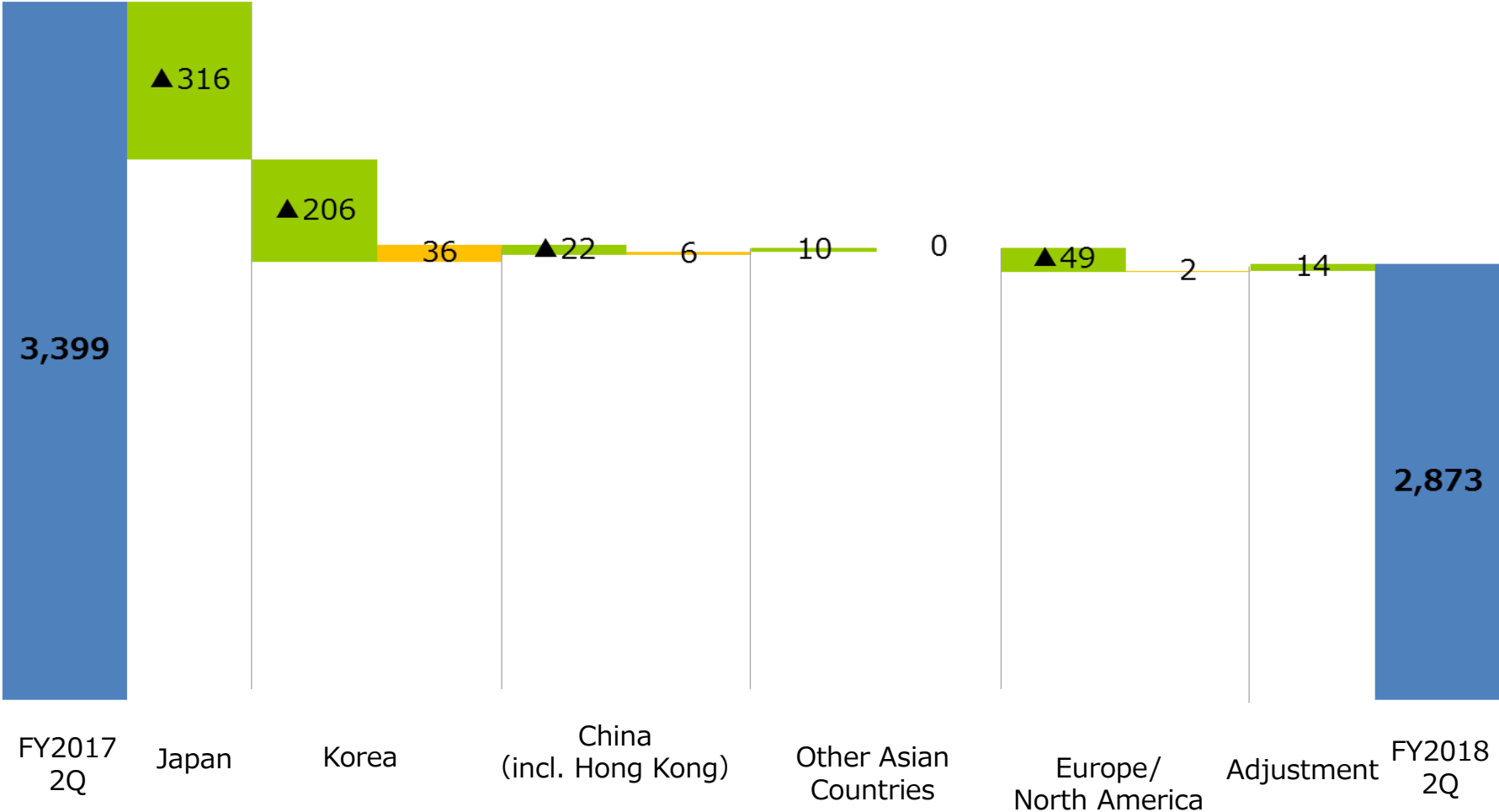
Note: FY ending March 31, 2019

■ Net Sales   
 ■ Actual Gain / Loss   
 ■ Forex Effect

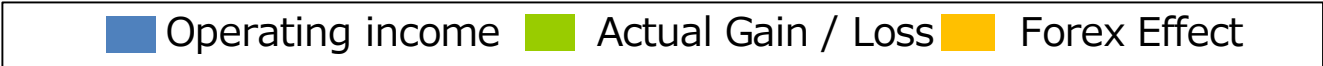
# Operating Income Fluctuations by Segment (YoY)



(Unit: JPY million)



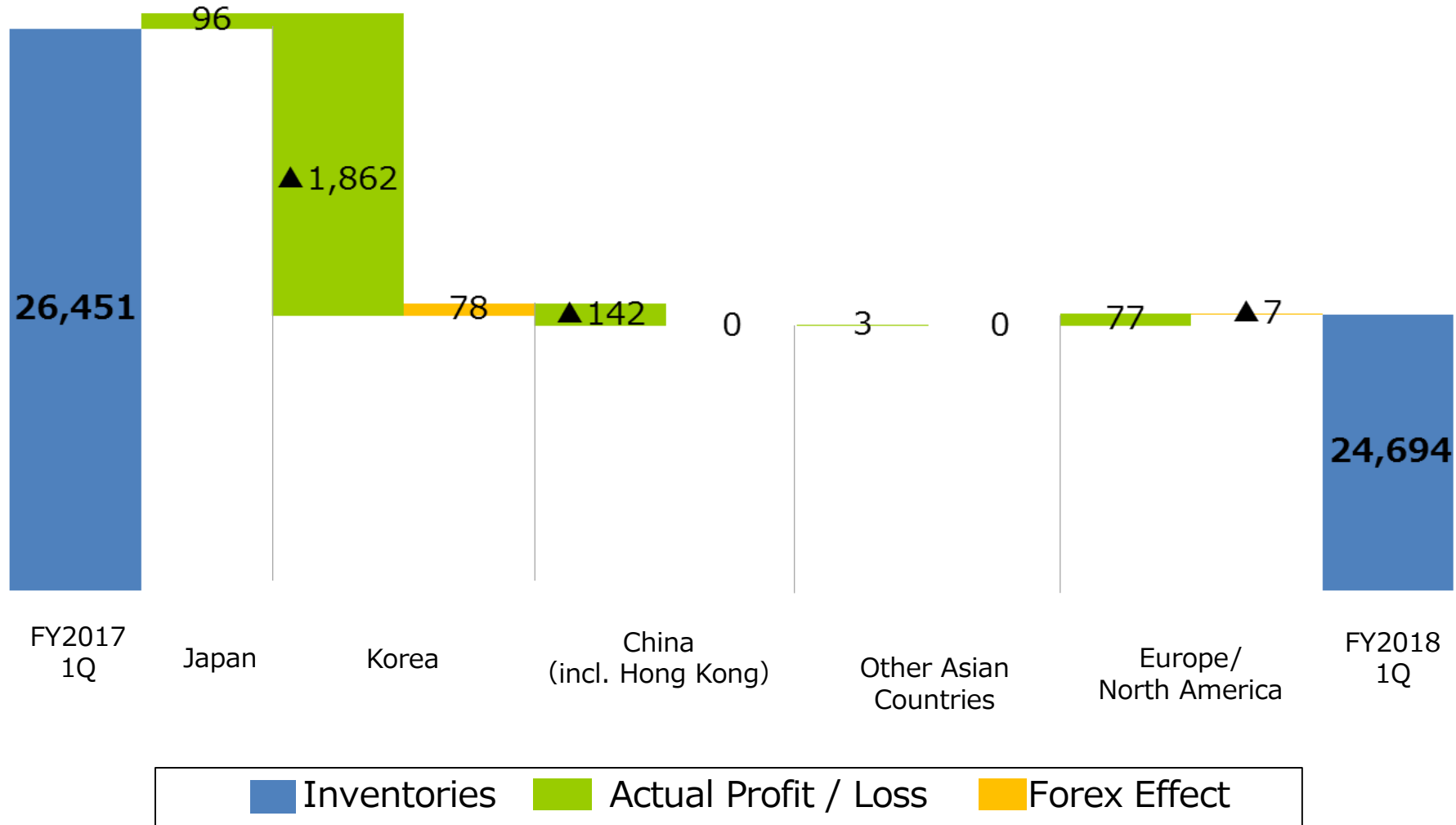
Note: FY ending March 31, 2019



# Inventory Fluctuations by Segment (YoY)



(Unit: JPY million)



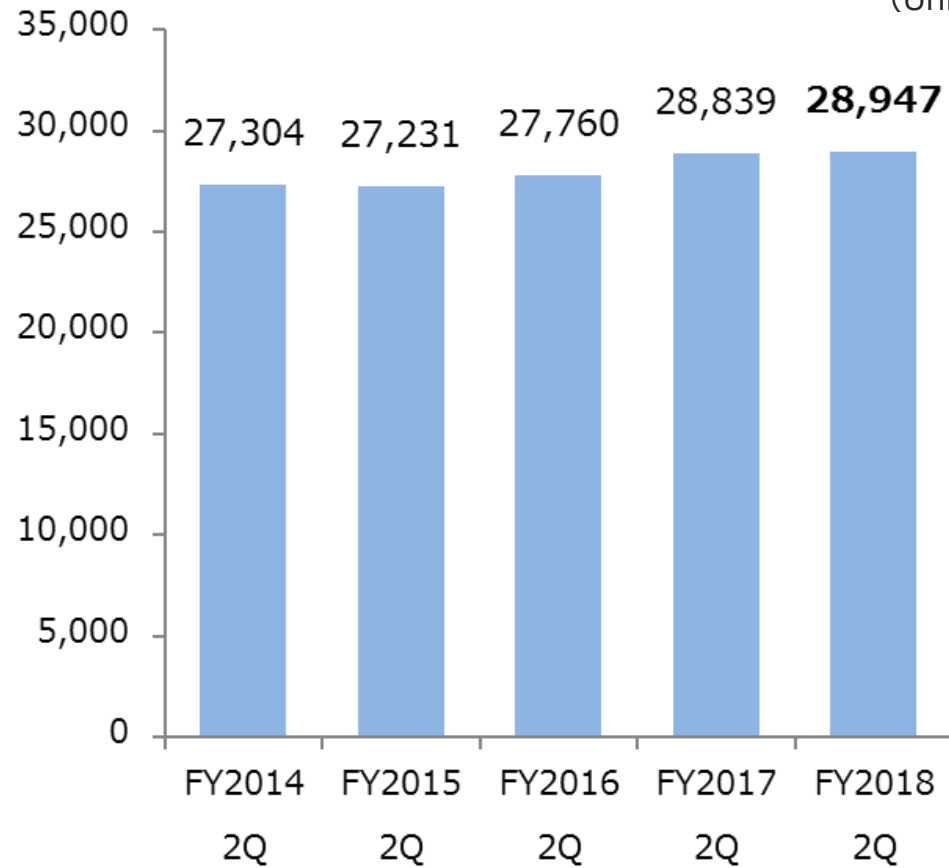
Note: FY ending March 31, 2019

# Net Sales and Operating Income Transition by Segment (Japan)



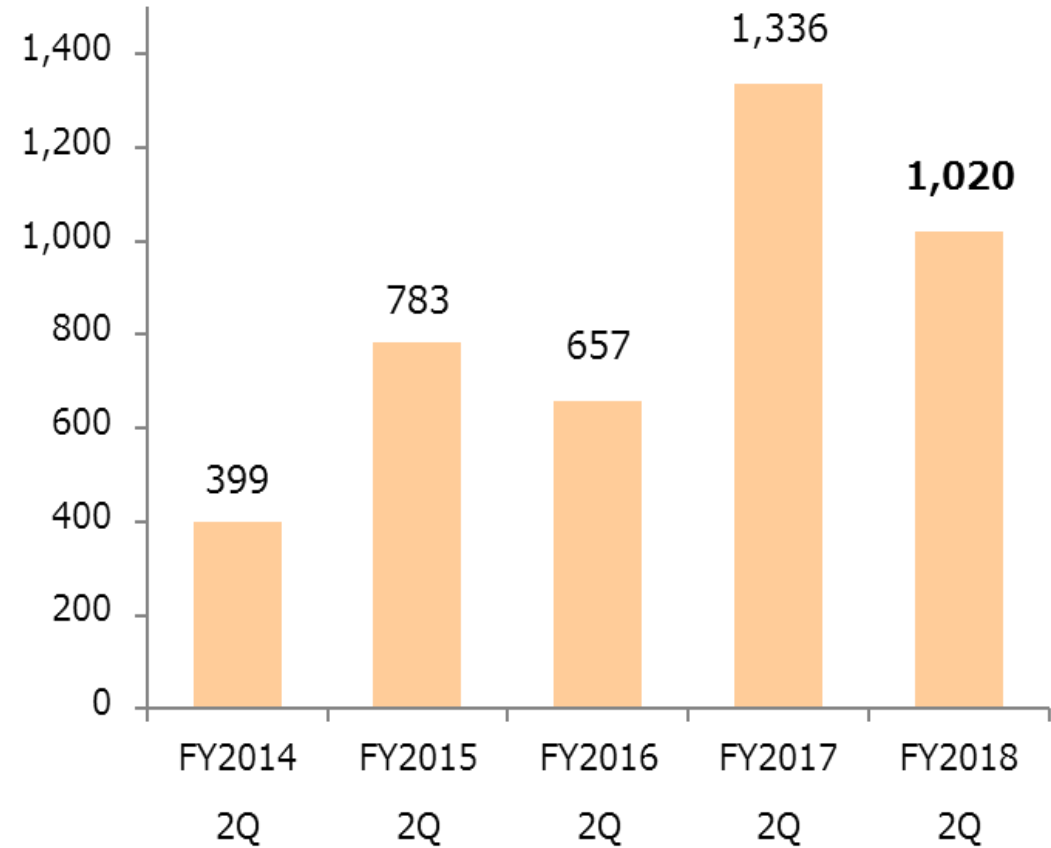
## Net Sales

(Unit: JPY million)



## Operating Income

(Unit: JPY million)



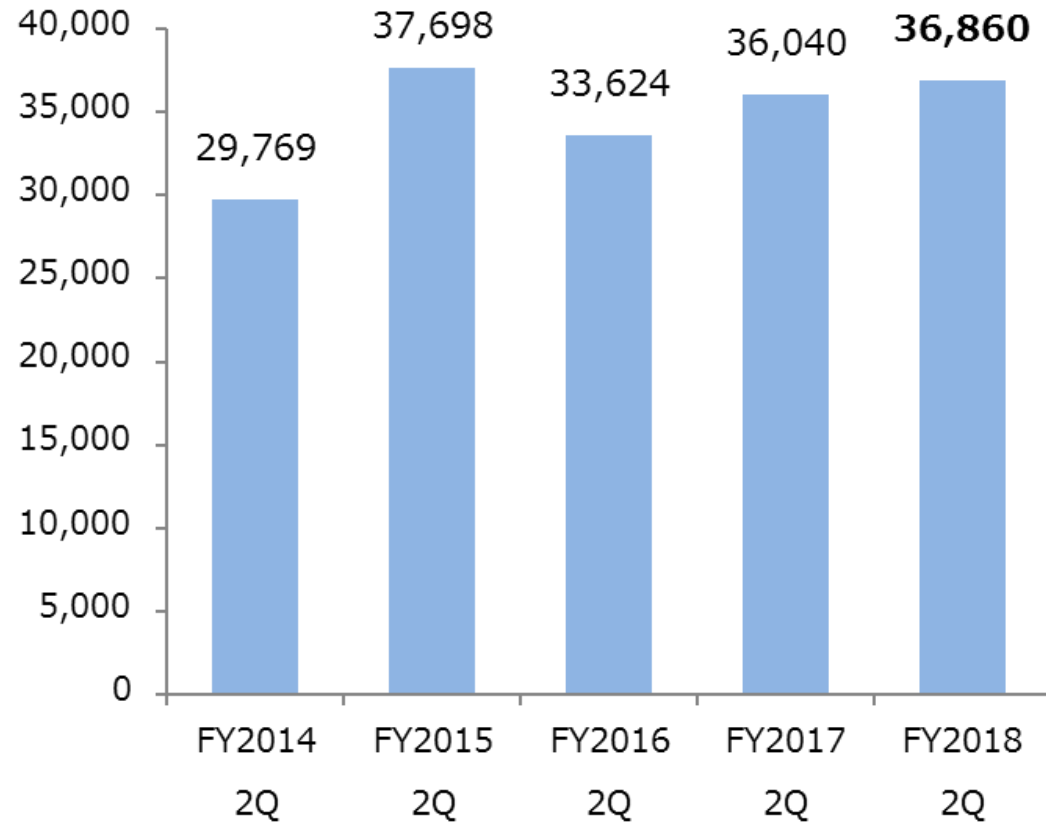
Note: FY ending March 31, 2019

# Net Sales and Operating Income Transition by Segment (Asia)



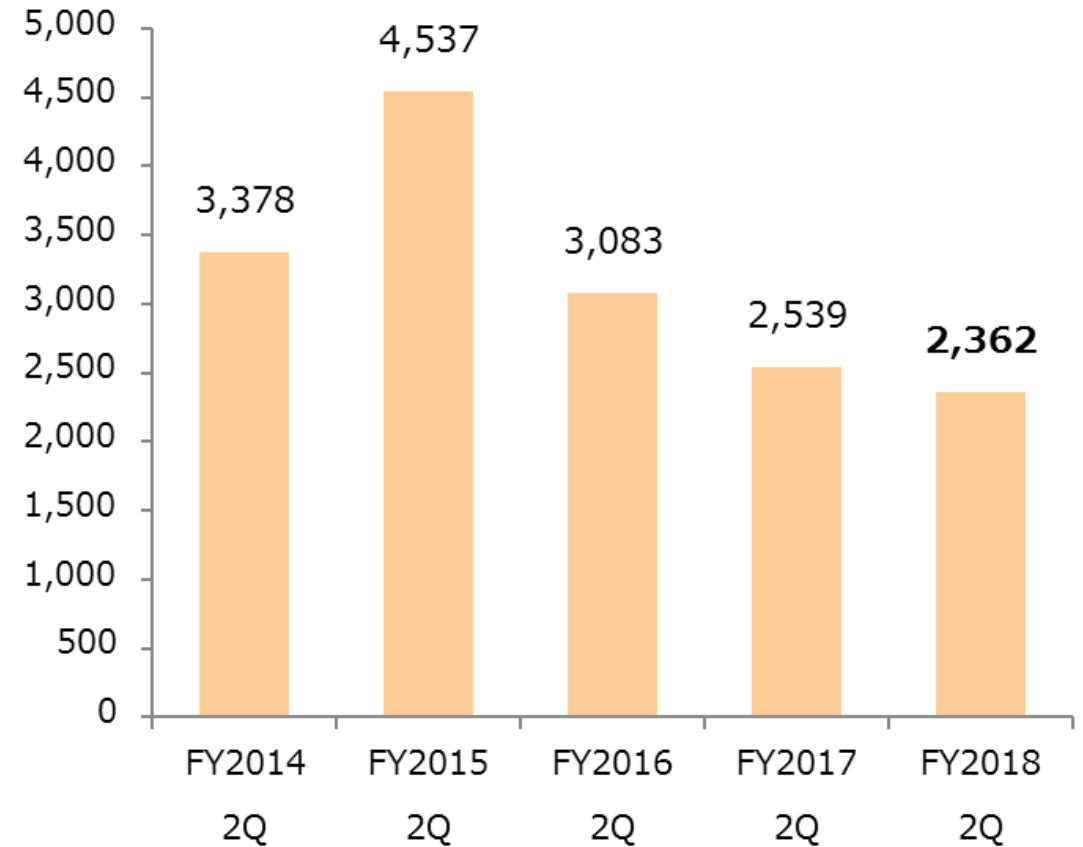
## Net Sales

(Unit: JPY million)



## Operating Income

(Unit: JPY million)



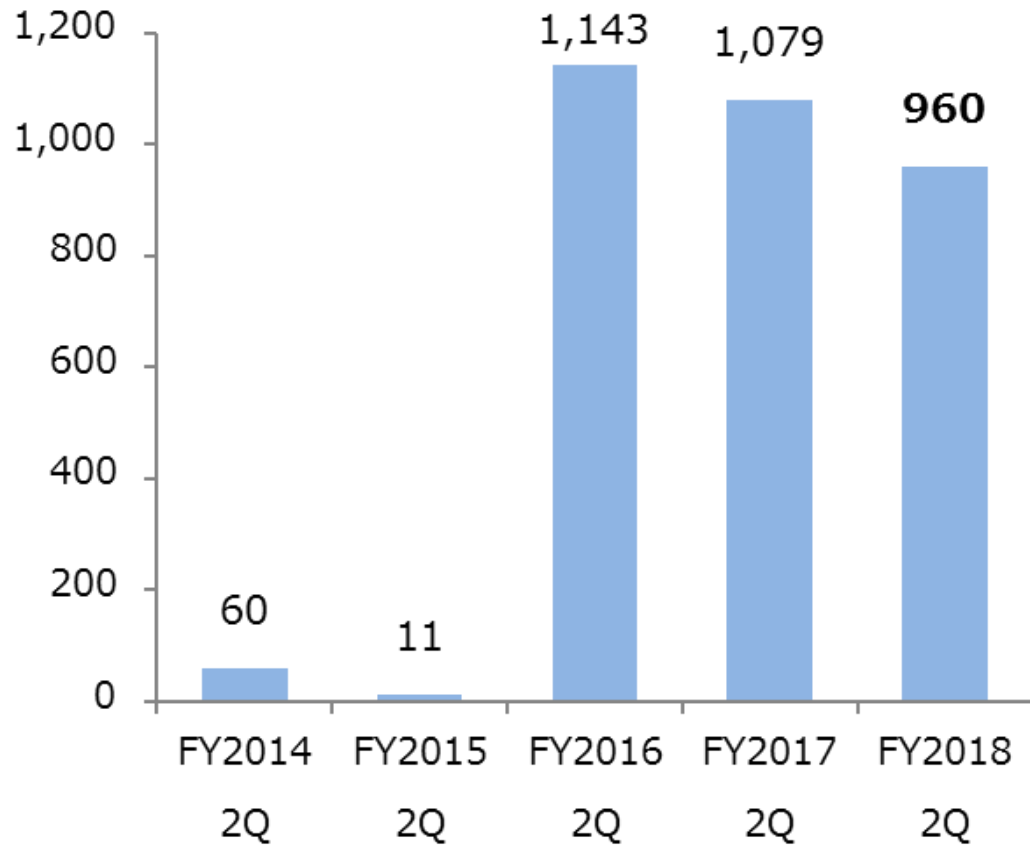
Note: FY ending March 31, 2019

# Net Sales and Operating Income Transition by Segment (Europe/Americas)



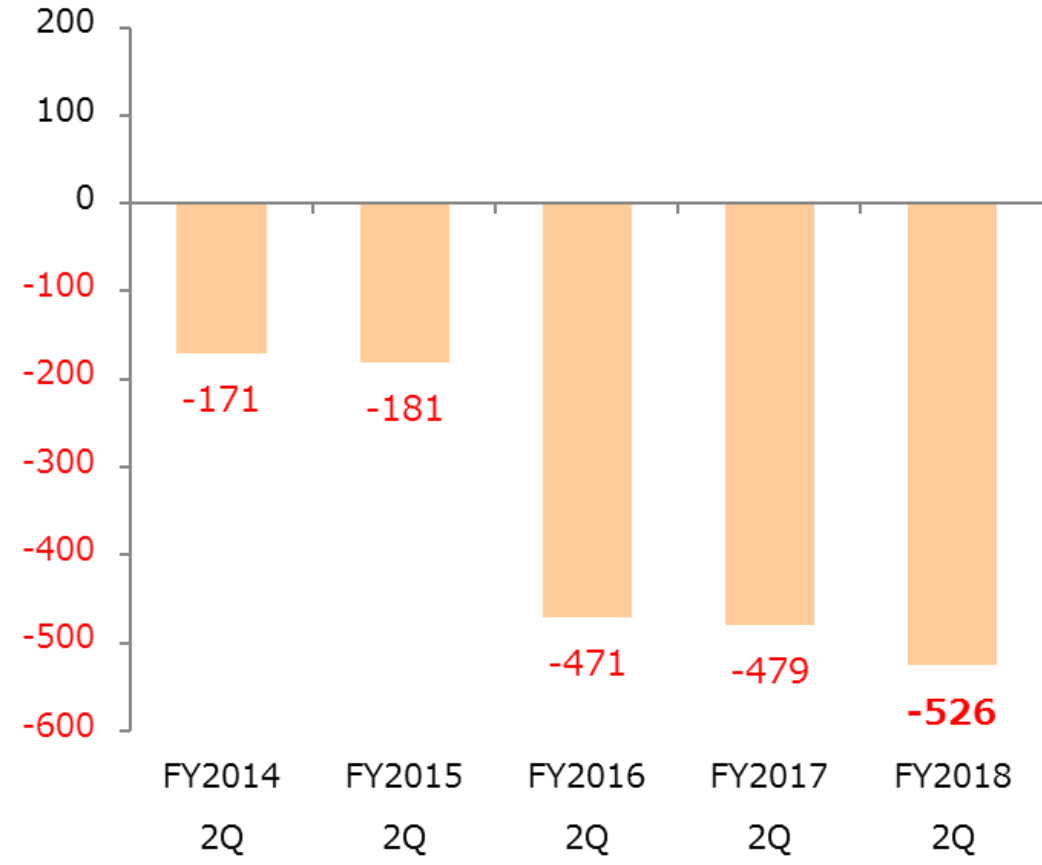
## Net Sales

(Unit: JPY million)



## Operating Income

(Unit: JPY million)

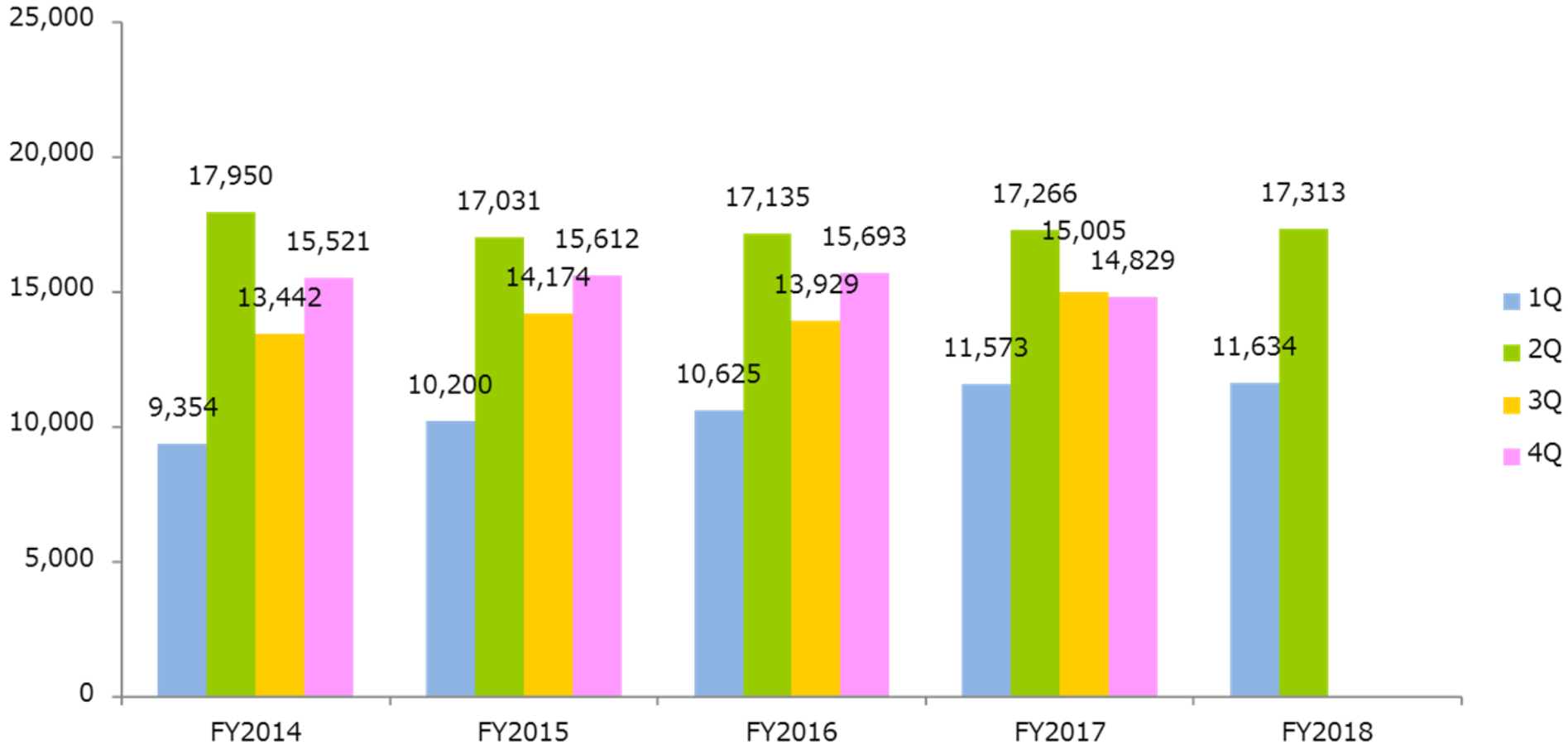


Note: FY ending March 31, 2019

# Quarterly Sales Transition by Segment (Japan)



(Unit: JPY million)

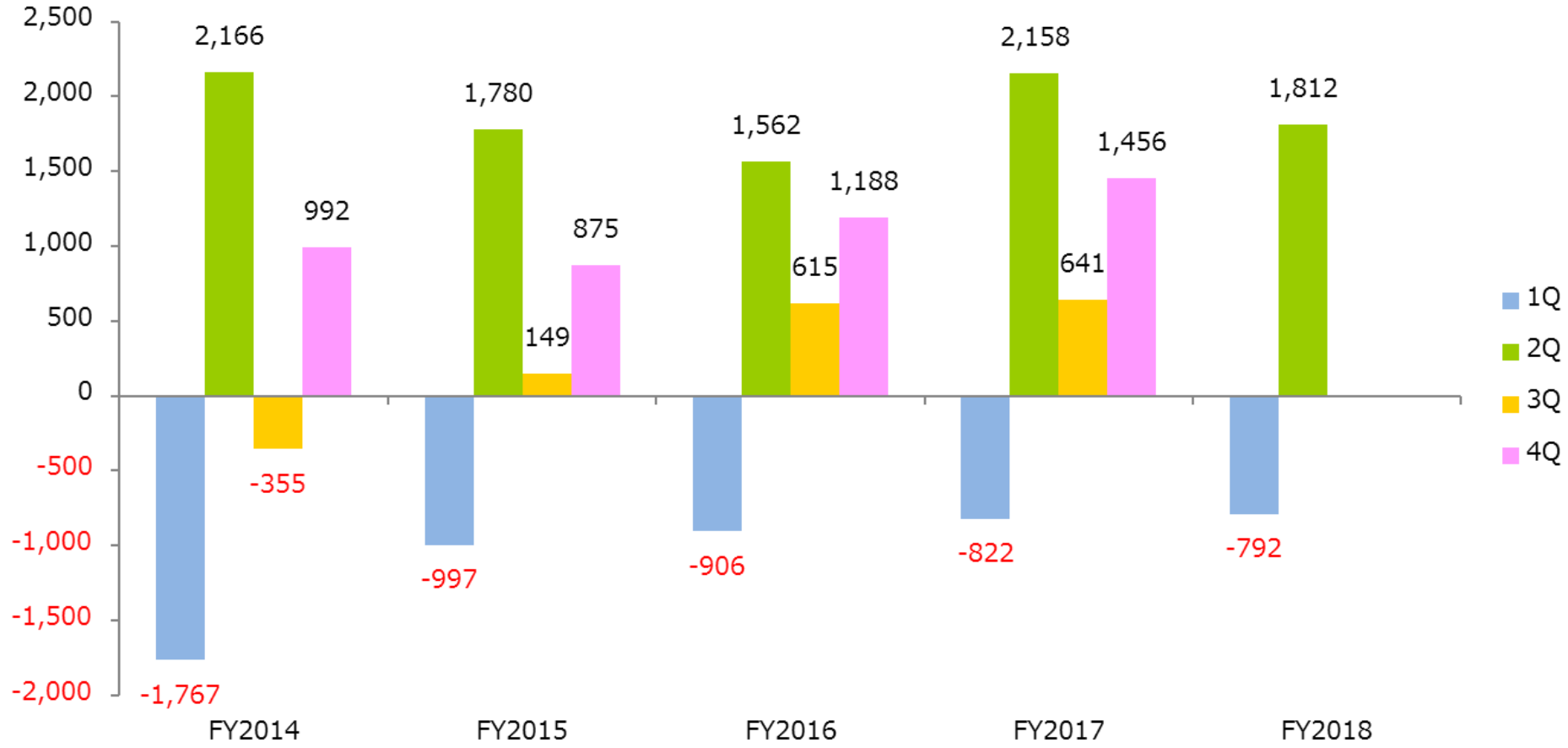


Note: FY ending March 31, 2019

# Quarterly Operating Income Transition by Segment (Japan)



(Unit: JPY million)



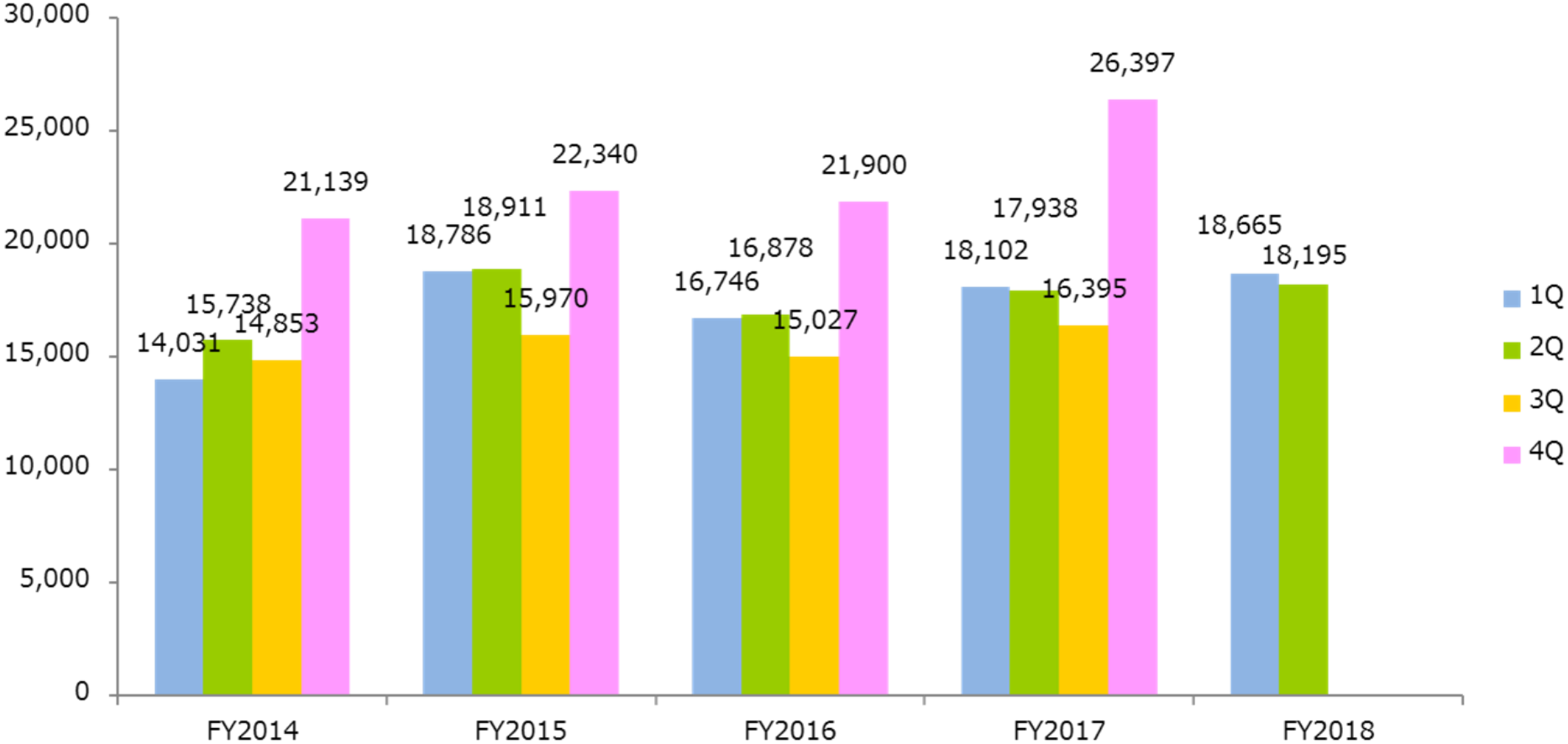
Note: FY ending March 31, 2019



# Quarterly Sales Transition by Segment (Asia)



(Unit: JPY million)

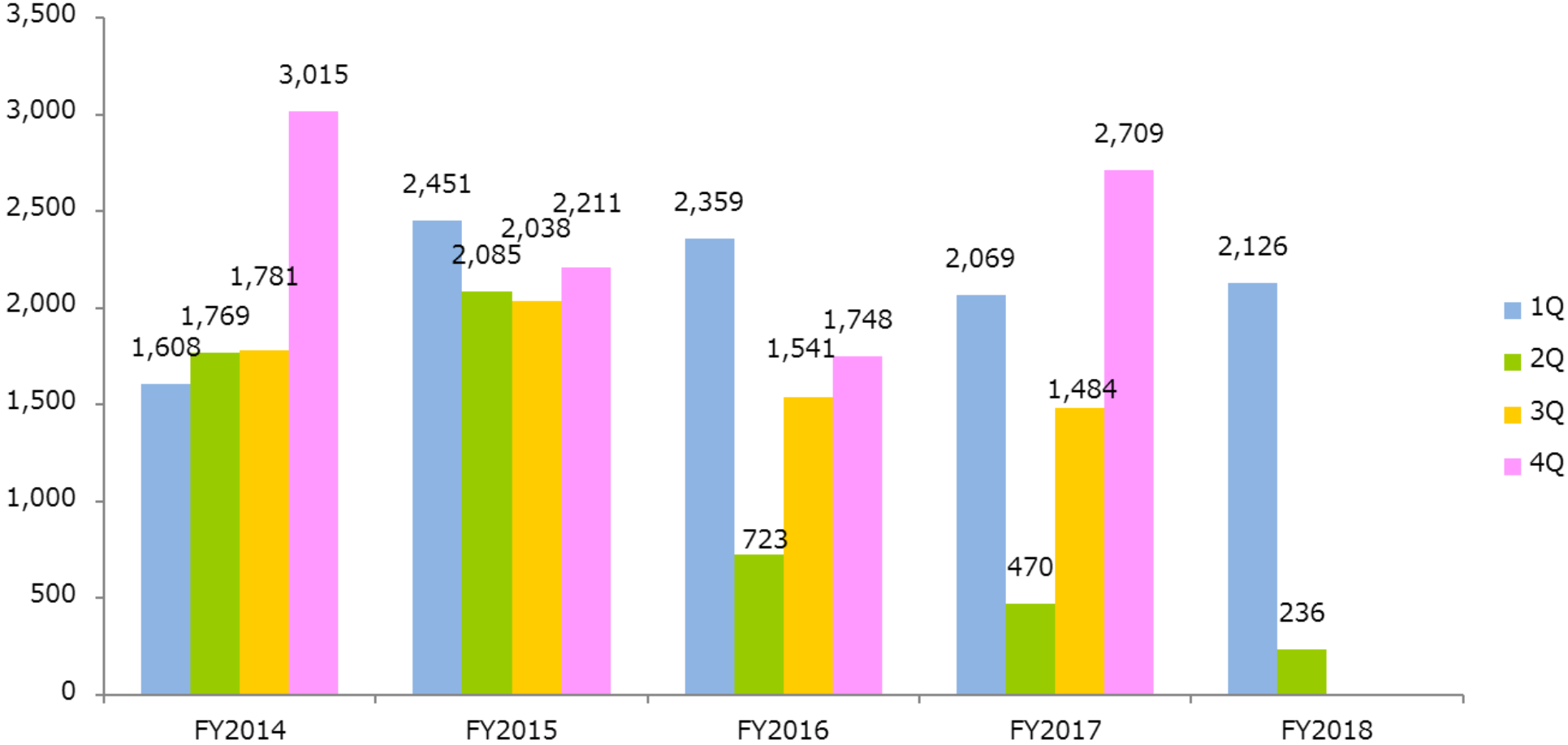


Note: FY ending March 31, 2019

# Quarterly Operating Income Transition by Segment (Asia)



(Unit: JPY million)

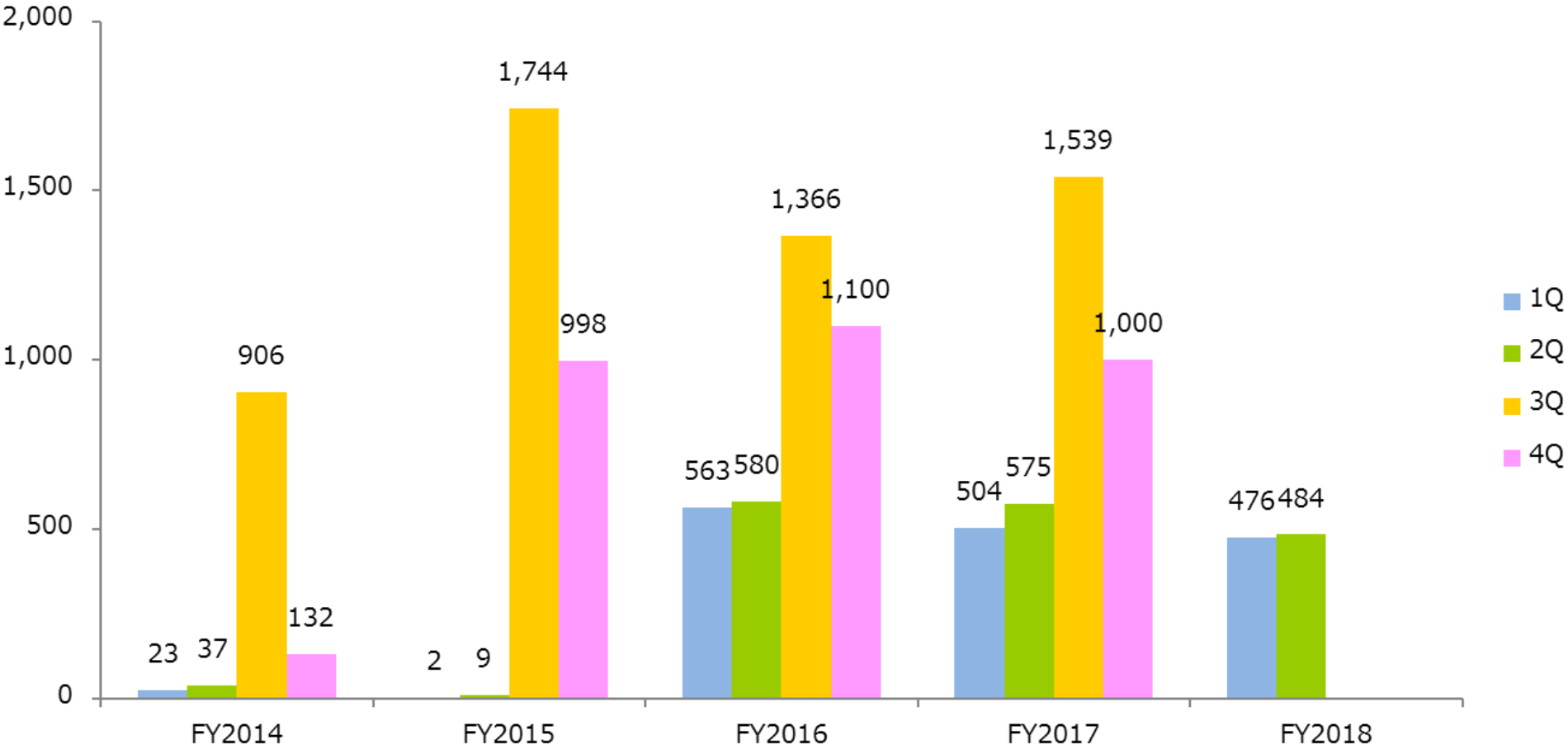


Note: FY ending March 31, 2019

# Quarterly Sales Transition by Segment (Europe/North America)



(Unit: JPY million)

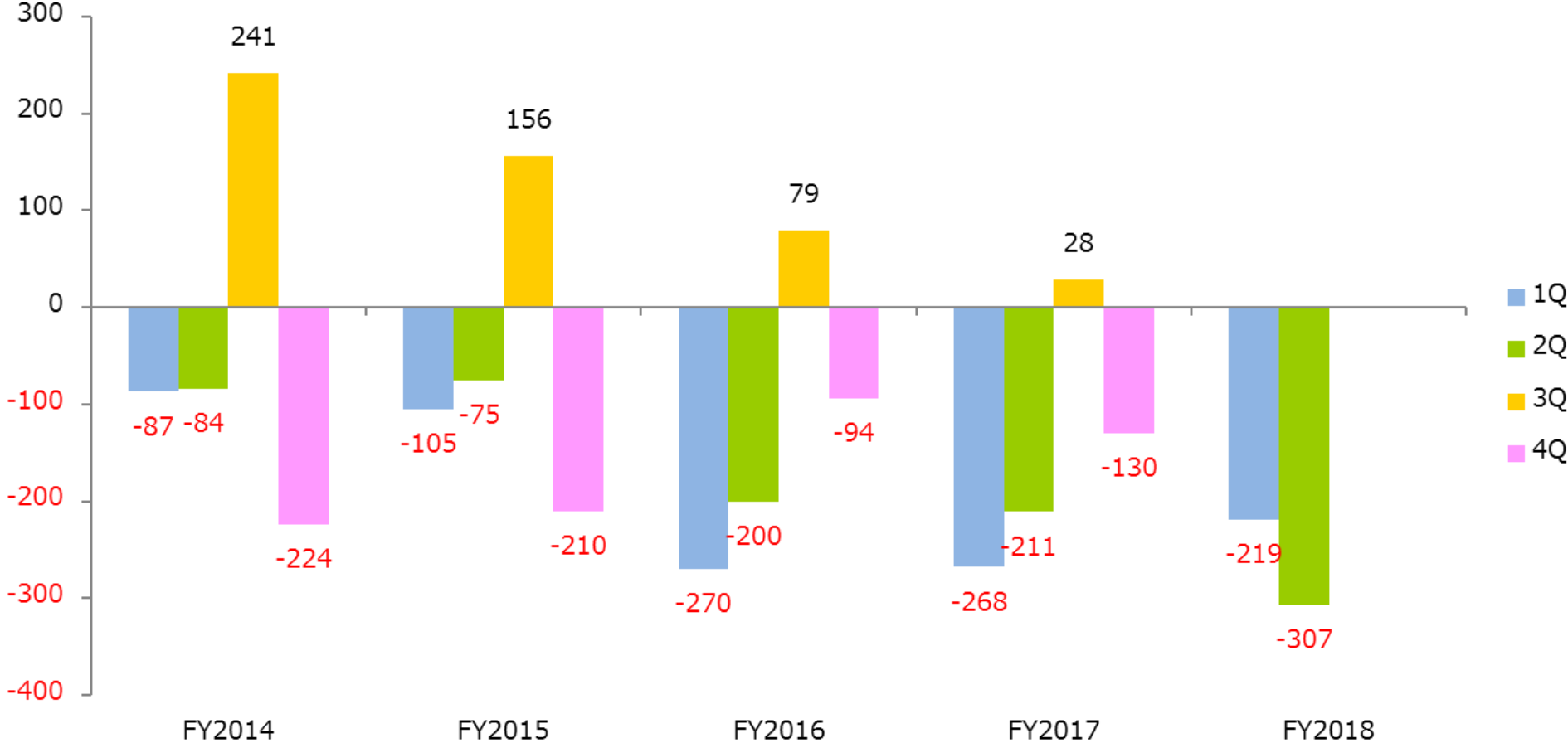


Note: FY ending March 31, 2019

# Quarterly Operating Income Transition by Segment (Europe/North America)



(Unit: JPY million)

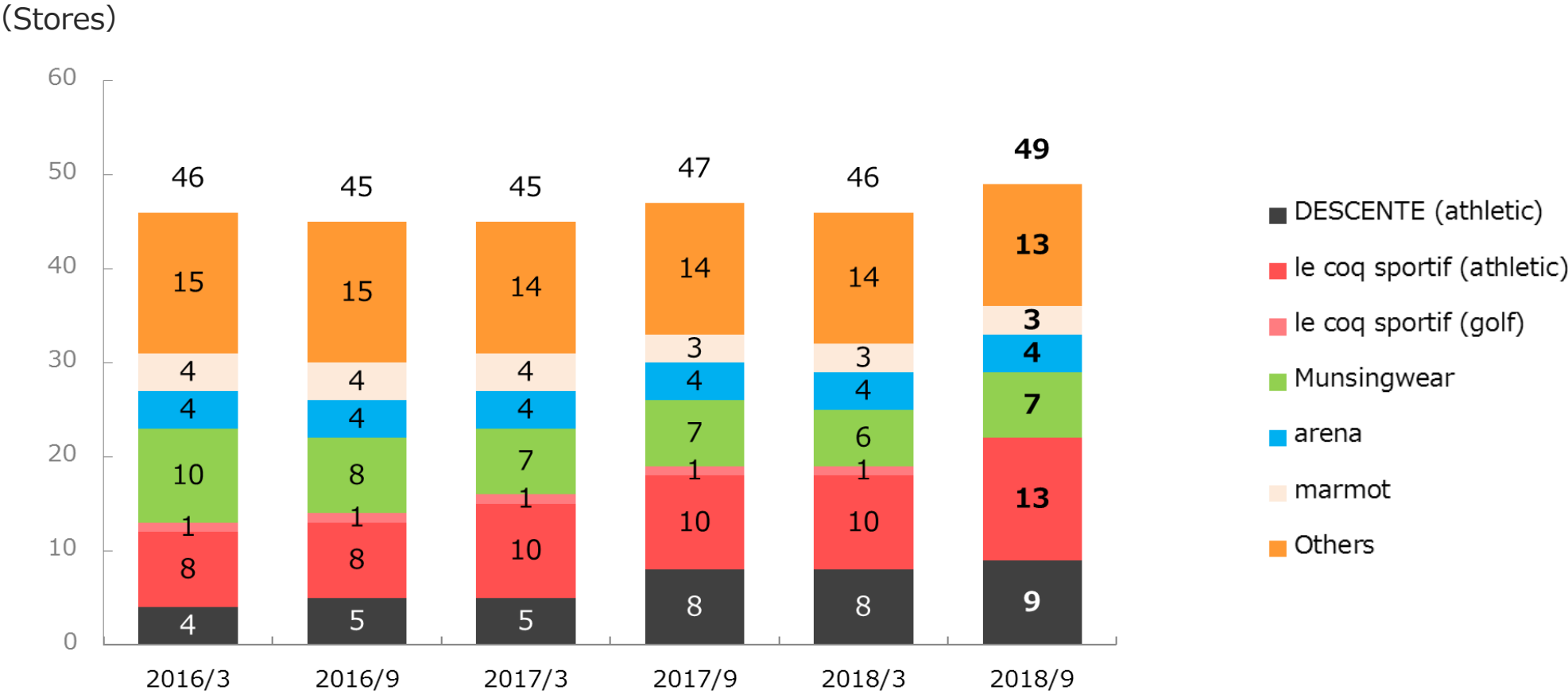


Note: FY ending March 31, 2019

# Number of Stores Transition in Japan (Retail)



※Including outlets

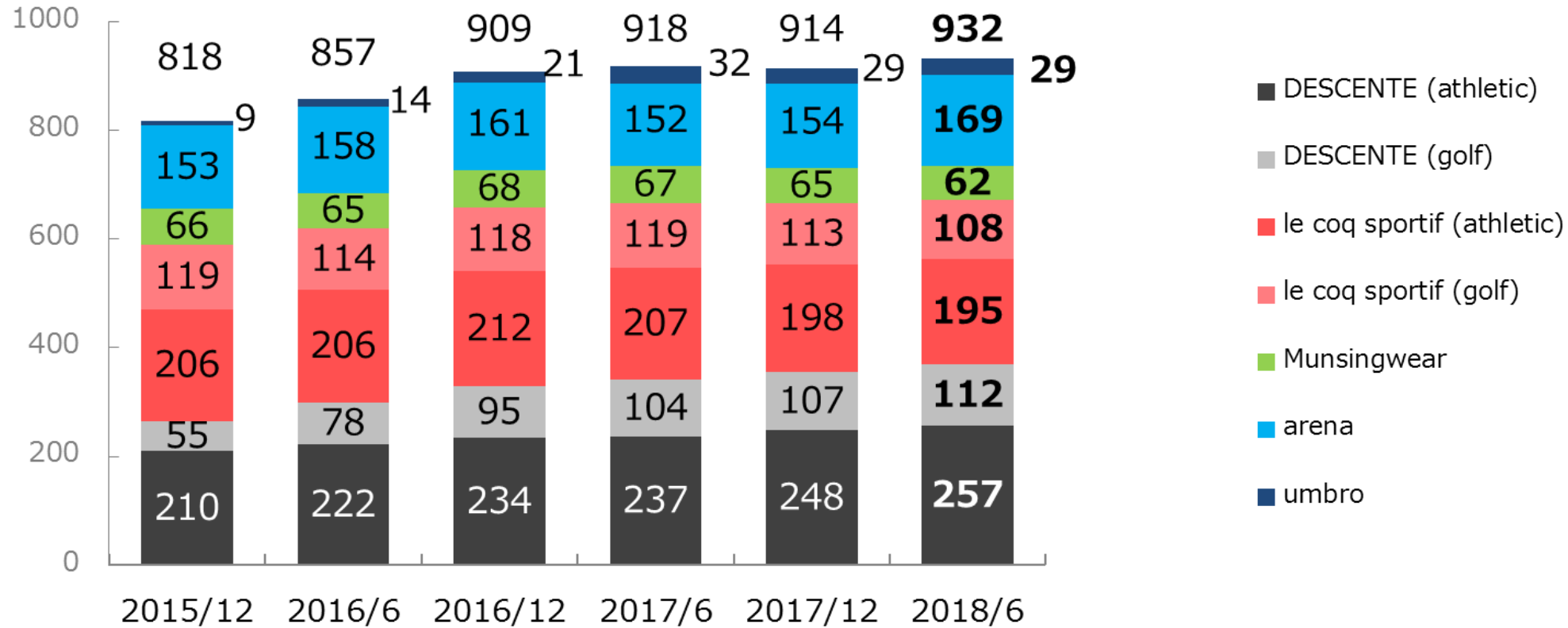


# Number of Stores Transition in Korea



※Including stores of commercial agents and outlets

(Stores)



# Sales by Brand in Korea (YoY)



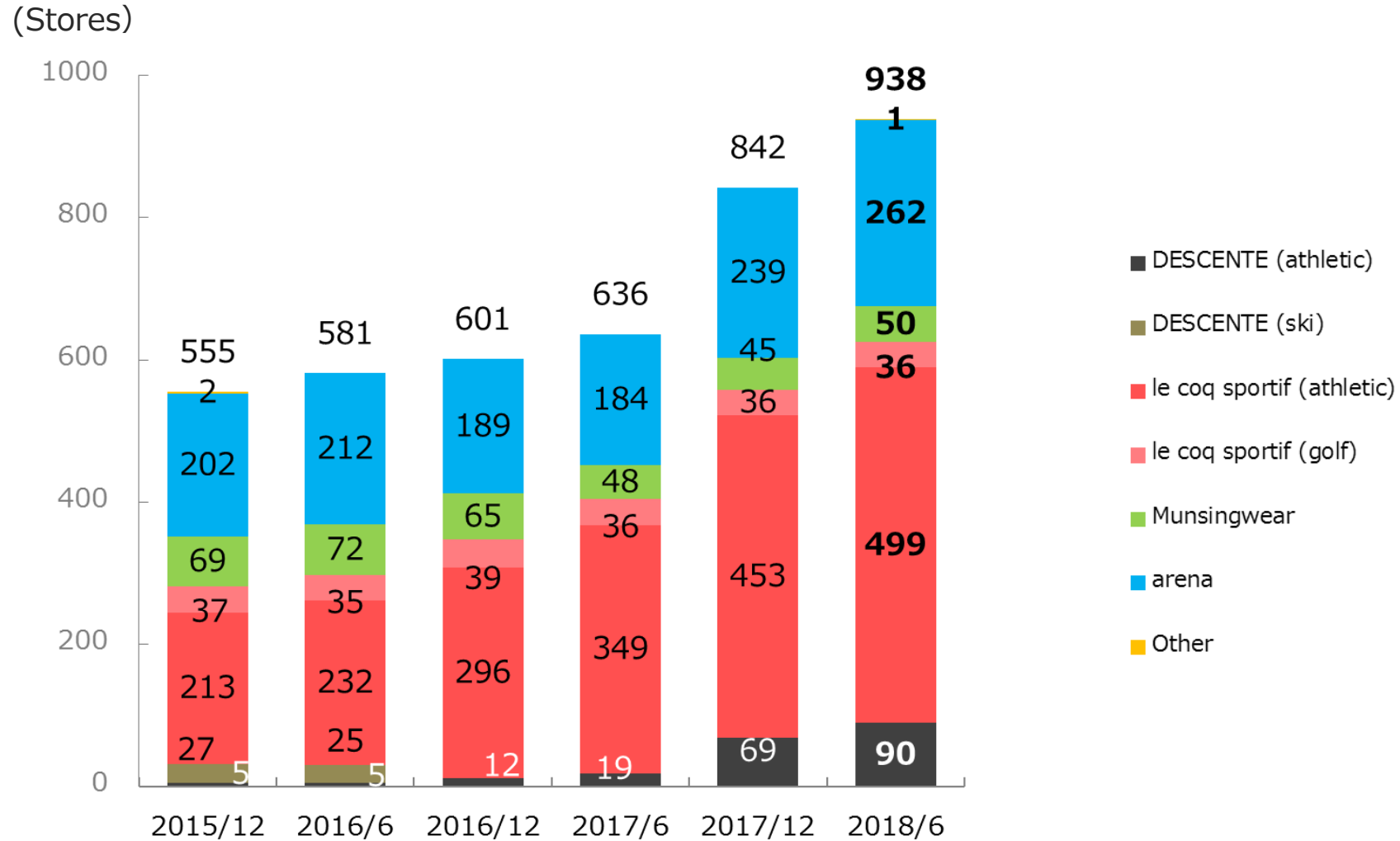
※Excluding stores of commercial agents and outlets

FY2018		Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	1Q	2Q	2Q YTD	3Q	3Q YTD	4Q	4Q YTD
Existing stores	DESCENTE (Athletic)	-13.1%	0.3%	4.7%	-10.7%	-4.2%	-0.1%	-0.4%	-6.5%	3.9%				-2.6%	-5.5%	-4.0%	-0.3%	-2.9%		
	le coq sportif (Athletic)	-11.6%	11.1%	7.5%	-5.5%	-0.9%	10.6%	13.5%	-0.4%	15.7%				2.7%	0.6%	1.7%	10.5%	4.3%		
	umbro	187.6%	136.2%	84.0%	122.1%	159.7%	107.4%	81.9%	93.2%	49.4%				125.4%	132.0%	129.0%	69.2%	103.0%		
	DESCENTE (Golf)	-7.8%	9.5%	2.7%	-3.1%	2.3%	12.2%	1.8%	-14.4%	-12.1%				1.9%	3.3%	2.8%	-8.3%	-1.3%		
	le coq sportif (Golf)	-22.3%	-23.9%	-23.9%	-27.0%	-23.3%	-15.8%	-14.7%	-14.4%	-11.4%				-23.5%	-22.7%	-23.0%	-13.3%	-20.1%		
	Munsingwear	-7.7%	-6.4%	-1.2%	-11.6%	-8.9%	-10.6%	-10.1%	-15.1%	-8.7%				-4.2%	-10.4%	-8.1%	-10.8%	-8.9%		
Total		-11.5%	3.1%	2.6%	-9.7%	-3.7%	2.0%	2.4%	-5.5%	3.6%				-1.6%	-4.3%	-3.0%	0.8%	-1.9%		
All stores	DESCENTE (Athletic)	-9.8%	3.0%	8.9%	-5.4%	2.5%	6.6%	6.9%	1.2%	11.6%				0.7%	0.7%	0.7%	7.3%	2.7%		
	le coq sportif (Athletic)	-15.9%	7.5%	2.8%	-9.4%	-4.6%	6.7%	10.8%	-1.7%	-14.4%				-1.5%	-3.2%	-2.3%	8.8%	0.9%		
	umbro	212.8%	172.9%	93.8%	108.6%	164.7%	117.7%	759.9%	132.9%	85.1%				147.9%	131.4%	138.9%	97.2%	121.6%		
	DESCENTE (Golf)	-1.6%	18.2%	7.2%	1.1%	6.7%	0.6%	9.6%	-18.0%	-2.7%				7.9%	2.9%	4.6%	-2.9%	1.9%		
	le coq sportif (Golf)	-23.9%	-24.2%	-25.5%	-28.7%	-25.5%	-18.3%	-17.0%	-16.8%	-13.1%				-24.8%	-24.7%	-24.7%	-15.4%	-22.0%		
	Munsingwear	-10.1%	-9.1%	-3.3%	-13.3%	-10.9%	-12.2%	-11.5%	-15.6%	-8.2%				-6.5%	-12.2%	-10.1%	-11.2%	-10.4%		
Total		-10.3%	4.6%	4.0%	-7.6%	-0.8%	3.3%	9.9%	2.6%	8.9%				-0.2%	-2.1%	-1.2%	5.2%	0.7%		
FY2017		Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	1Q	2Q	2Q YTD	3Q	3Q YTD	4Q	4Q YTD
Existing stores	DESCENTE (Athletic)	-2.5%	-13.1%	-9.9%	-5.7%	-12.4%	-15.8%	-14.3%	-11.4%	5.2%	8.3%	15.2%	-2.0%	-8.9%	-11.1%	-10.0%	-6.5%	-9.0%	8.0%	-3.3%
	le coq sportif (Athletic)	-1.9%	-20.1%	-13.5%	-12.9%	-14.7%	-13.5%	-9.7%	-7.8%	2.5%	25.7%	31.2%	-5.3%	-12.8%	-13.8%	-13.3%	-4.8%	-10.9%	18.3%	-2.8%
	umbro	35.2%	97.9%	97.9%	43.9%	46.5%	57.8%	110.0%	37.0%	100.0%	93.6%	186.3%	79.5%	76.7%	48.3%	58.7%	85.0%	70.4%	121.2%	96.6%
	DESCENTE (Golf)	7.4%	-6.4%	9.3%	5.8%	-4.1%	4.1%	-6.6%	-0.7%	12.1%	-0.7%	17.8%	-4.1%	5.0%	1.7%	2.8%	2.6%	2.7%	5.2%	3.6%
	le coq sportif (Golf)	0.5%	-8.8%	-7.9%	-8.4%	-11.1%	-7.0%	-17.4%	-17.7%	-17.6%	-23.7%	-4.0%	-17.8%	-6.1%	-9.0%	-7.9%	-17.5%	-10.9%	-15.5%	-12.3%
	Munsingwear	-10.1%	-14.7%	-9.3%	-10.1%	-11.0%	1.0%	-0.9%	-5.7%	14.8%	-3.0%	22.7%	10.3%	-11.0%	-7.6%	-8.9%	3.8%	-5.3%	9.0%	-1.4%
Total		-2.1%	-14.7%	-9.3%	-7.2%	-12.0%	-11.7%	-11.9%	-9.9%	3.7%	7.4%	18.9%	-2.8%	-9.3%	-10.2%	-9.8%	-5.6%	-8.5%	8.9%	-3.1%
All stores	DESCENTE (Athletic)	7.1%	-7.6%	-2.5%	0.6%	-7.0%	-11.8%	-9.9%	-5.4%	10.1%	12.1%	18.1%	2.6%	-1.7%	-5.8%	-3.8%	-1.4%	-3.1%	11.6%	1.9%
	le coq sportif (Athletic)	1.1%	-21.1%	-12.7%	-12.3%	-14.1%	-13.4%	-10.1%	-10.3%	-1.9%	20.6%	24.0%	-11.8%	-12.2%	-13.2%	-12.7%	-7.2%	-11.2%	11.9%	-4.6%
	umbro	202.8%	394.5%	270.1%	186.5%	210.1%	213.7%	303.3%	139.5%	136.4%	135.9%	239.9%	107.2%	281.9%	201.9%	233.7%	169.9%	204.0%	162.2%	182.3%
	DESCENTE (Golf)	75.2%	39.6%	39.4%	33.5%	21.9%	30.8%	21.4%	15.8%	27.4%	11.2%	30.0%	2.8%	46.2%	28.4%	34.1%	22.3%	29.6%	16.3%	25.0%
	le coq sportif (Golf)	0.6%	-12.3%	-8.3%	-8.7%	-9.0%	-6.5%	-17.1%	-17.4%	-19.1%	-24.9%	-6.8%	-20.6%	-7.3%	-8.2%	-7.9%	-18.0%	-11.1%	-17.6%	-13.0%
	Munsingwear	-9.7%	-16.0%	-8.4%	-9.9%	-11.0%	-0.1%	-1.2%	-6.3%	11.6%	-5.2%	19.9%	7.6%	-10.8%	-7.9%	-9.0%	2.3%	-5.8%	6.5%	-2.5%
Total		6.4%	-10.5%	-3.1%	-1.6%	-6.5%	-7.2%	-6.9%	-5.4%	6.4%	9.7%	20.2%	-1.2%	-3.2%	-5.0%	-4.1%	-1.5%	-3.4%	10.6%	1.0%

# Numbers of Stores in China (incl. Hong Kong)








※Including stores of commercial agents and outlets





# Affiliated Companies in China: Summary



Company Name	SHANGHAI DESCENTE COMMERCIAL CO., LTD.	LE COQ SPORTIF (NINGBO) CO., LTD	DESCENTE (CHINA) CO., LTD	ARENA(SHANGHAI) INDUSTRIAL CO.,LTD	HONG KONG DESCENTE TRADING, LTD
<b>Location</b>	Shanghai, China	Ningbo, China	Shanghai, China	Shanghai, China	Hong Kong
<b>Incorporated</b>	August, 2005	February, 2004	April, 2016	December, 2016	August, 2005
<b>Fiscal Year</b>	December	December	December	December	December
<b>Relations</b>	Consolidated subsidiary	Affiliated Companies Accounted for under the Equity Method	Affiliated Companies Accounted for under the Equity Method	Affiliated Companies Accounted for under the Equity Method	Consolidated subsidiary
<b>Investment Ratio</b>	100%	40%	30%	30%	100%
<b>Other Investors / Investment Ratio</b>		ShanShan group 50% Itochu group 10%	ANTA group 60% Itochu group 10%	Symphony Holdings Limited 70%	
<b>Brands</b>					
<b>Business</b>	Munsingwear: product planning, development, production, selling Arena: product planning, development, production	product planning, development, production, and selling	product planning, development, production, and selling	Selling	Selling
<b>Royalty</b>	Pay royalty to DESCENTE LTD.	Pay royalty to DESCENTE LTD.	Pay royalty to DESCENTE GLOBAL RETAIL LTD.	NO royalty payment (Buy all products from SHANGHAI DESCENTE COMMERCIAL CO., LTD.)	Pay royalty to DESCENTE LTD.
<b>Segment</b>	Asia(China)	Not included	Not included	Not included	Asia(China)
<b>Area</b>	Asia(China)	Not included	Not included	Not included	Asia (China, South-eastern Asia)

## Exchange Rates Used

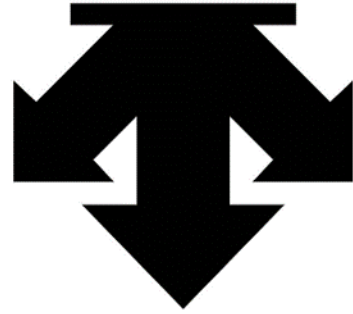
		USD	100KRW	CNY	HKD	SGD	GBP
FY2018	4Q YTD Plan	112.60	10.40	17.10	14.30	84.00	152.00
	2Q YTD	108.81	10.05	17.01	13.84	81.54	148.83
	1Q YTD	107.60	10.04	17.03	13.72	81.67	150.68
FY2017	4Q YTD	111.59	10.00	16.63	14.37	81.47	145.34
	3Q YTD	111.70	9.88	16.47	14.35	80.77	143.62
	2Q YTD	111.51	9.89	16.37	14.41	80.22	142.26
	1Q YTD	111.95	9.91	16.43	14.53	80.13	140.73
FY2016	4Q YTD	108.82	9.41	16.38	14.10	79.04	147.28
	3Q YTD	107.02	9.39	16.46	14.01	79.29	150.70
	2Q YTD	109.02	9.46	16.98	14.39	81.14	158.89
	1Q YTD	112.00	9.63	17.57	14.89	82.83	164.26
FY2015	4Q YTD	121.22	10.70	19.19	15.61	87.88	185.10
	3Q YTD	121.16	10.75	19.32	15.60	88.44	187.33
	2Q YTD	121.44	10.98	19.36	15.55	89.30	-
	1Q YTD	119.47	10.85	19.09	15.38	87.56	-
FY2014	4Q YTD	107.72	10.13	17.26	13.74	83.85	-
	3Q YTD	103.97	9.94	16.73	13.32	82.07	-
	2Q YTD	102.20	9.80	16.56	13.19	81.16	-
	1Q YTD	102.47	9.60	16.78	13.22	81.00	-
FY2013	4Q YTD	98.95	8.98	15.97	12.64	77.99	-
	3Q YTD	97.41	8.75	15.69	12.46	76.85	-
	2Q YTD	97.04	8.66	15.53	12.36	76.61	-
	1Q YTD	94.81	8.48	14.90	11.93	74.06	-

Disclaimer: The contents of the business plan and the future objectives described in this document are base on information currently available and therefore contain an element of uncertainty and potential risk. Please be advised there is a possibility that actual results may be affected by a number of factors and may differ materially from what is described.

1Q YTD = First 3 months of FY  
 2Q YTD = First 6 months of FY  
 3Q YTD = First 9 months of FY  
 4Q YTD = Full FY

Note: FY2018 = FY ending March 31, 2019

**DESCENTE**



Design for Sports