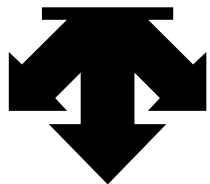


DESCENTE



DESCENTE LTD.

Security code : 8114

<http://www.descente.co.jp/en/>

# BUSINESS REPORT 2019

April 1, 2019 – March 31, 2020

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YUKI ISHIKAWA  
DESCENTE

HINA ARAKAKI  
MUNSINGWEAR

DAIYA SETO  
ARENA

GAKU SHIBASAKI  
UMBRO

SHOHEI OHTANI  
DESCENTE

RYOSUKE IRIE  
ARENA

AI SUZUKI  
LE COQ SPORTIF

HIDEKI MATSUYAMA  
SRIXON

Team  
DESCENTE

# DESCENTE GROUP

DESCENTE group offer high-quality and high-performance sporting goods by 12 brands, including the house brand “DESCENTE”. Each brand is conducting their own marketing and challenging the improvement of brand’s value for the pleasure of everyone from top athletes to recreational and leisure enthusiasts.

## Corporate Philosophy

### To bring the enjoyment of sports to all

Sport is based on the idea of enjoyment through movement of the body and competing; and it is through sports that DESCENTE contributes to life being lived -by everyone- to the full.

## Corporate Slogan

Design for Sports

## Origin of the Corporate Name and Logo



Descente is the French term for downhill skiing. The logo represents the three basic skiing techniques of schussing, traversing and sliding. It embodies our quest to be the best in all we do and our focus on the future.

## Brand Lineup

(As of March 31, 2020)

### Owned Brands (No Territory Limitation)

Brands that Descente is the owner of the trademark



### Owned Brands (Limited Territory)

Brands that Descente is the owner of the trademark in limited countries and areas



### Licensed Brands

Brands that Descente develops based on the license agreements



# Message from the President

## **We will expand revenue by focusing our resources on Japan, South Korea and China.**

---

Results for the fiscal year ended March 2020 (FY2019) were a decrease in both sales and profits, with net sales of JPY124.561 billion (down 12.6% year-on-year), operating profit of JPY0.379 billion (down 95.2% year-on-year), ordinary profit of JPY0.456 billion (down 94.6% year-on-year) and loss attributable to owners of parent of ▲JPY2.481 billion (Profit for FY2019 was JPY3.944 billion).

The global spread of the COVID-19 virus has had an enormous impact on our three pillars of business in Japan, South Korea and China, but its effects are not reflected in the FY2019 numbers for our subsidiaries in South Korea and China, whose 2019 fiscal year ran from January to December. Still, the effects of COVID-19 in Japan worsened beginning in the fourth quarter, and had an impact in February and March. Scheduled events were cancelled and the number of visitors to our stores dropped as people stayed home, and the temporary closing of directly managed stores and other steps we took inflicted a heavy blow on net sales. In South Korea, the first half of the fiscal year was solid, but a downturn in sales, caused by a boycott stemming from political problems between Japan and South Korea that started in July 2019, has continued, and revenue has also fallen. In China, meanwhile, net sales have grown about in line with forecasts, and we can say it was our strongest market this fiscal year. The DESCENTE brand saw particularly significant growth, with net sales increasing by nearly 80% year on year (local currency basis).

In Europe and North America we worked to slim down the business, revising our policies in order to keep any negative impacts to a minimum. Starting with the DESCENTE brand business in North America, our goal until now had been to build the business by developing directly managed stores through our local subsidiary. By shifting the business to one centered on wholesale, as in Europe, without a local office, we were able to reduce the risk of losses such as from having to carry inventory.



President

**Shuichi Koseki**

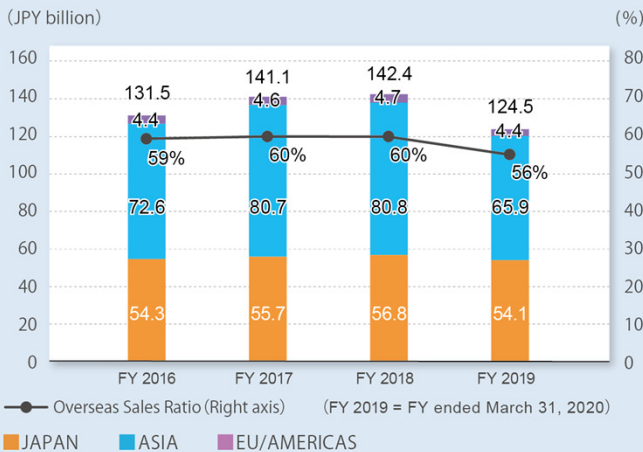
# Message from the President

In the inov-8 business, we held 80% of the shares in the company handling the brand and were running the business as a consolidated subsidiary. We have now changed that structure, transferring our shares to the partner that holds the remaining 20% while maintaining our trademark rights in Japan, South Korea and China.

In Southeast Asia, where we operated through offices in Hong Kong and Singapore, we found that these two locations were insufficient to cover the territory and were not functioning fully in some areas. We changed the structure and now have the head office in Japan taking the lead in growing the business in that region.

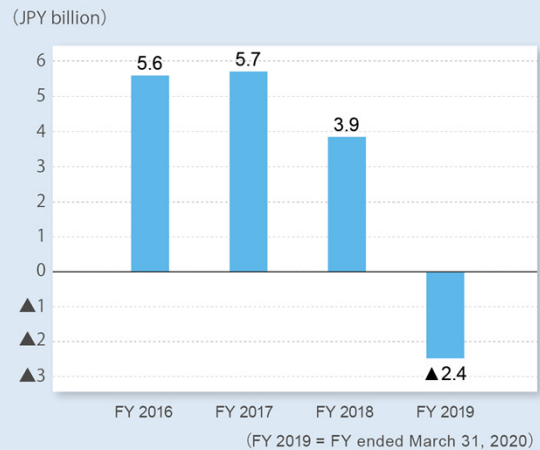
We have thus spent the past year expanding revenue by focusing our resources on Japan, South Korea and China, and in other markets have put in place a system for wholesale sales that limit risk.

## Net Sales Transition and Overseas Sales Ratio



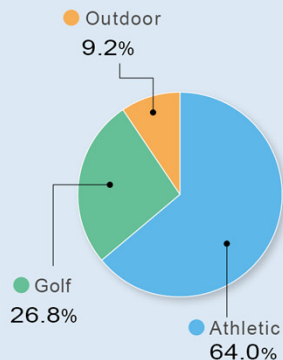
\*Net sales is based on the location of the customer, and classified according to country and area

## Profit Attributable to Owners of Parent



## Sales Composition by Item

(Consolidated cumulative second quarter)

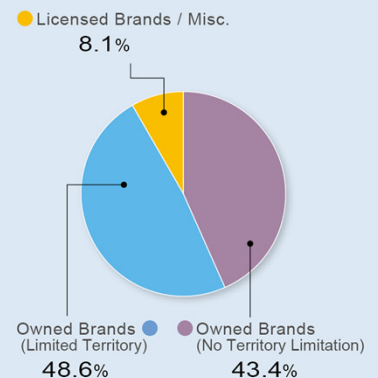


## Full-year Consolidated Earnings Forecast

	FY 2018	FY 2019	FY 2020 (Plan)
Net sales (JPY billions)	142.4	124.5	—
Operating income (JPY billions)	7.9	0.3	—
Ordinary income (JPY billions)	8.4	0.4	—
Profit attributable to owners of parent (JPY billions)	3.9	▲2.4	—
EPS (JPY)	52.31	▲32.90	—

(FY 2019 = FY ended March 31, 2020)

## Sales Composition by Brand Types



## Progress with D-Summit 2021, the Medium-term Management Plan

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One of the key strategies of D-Summit 2021, formulated in 2019, is “Consolidate in Asia,” and in FY2019, our efforts focused on doing that. In the past, the Company had sought expansion in the global marketplace. Under the current conditions, however, we determined that continuing to expand our market would bring significant risks in terms of the Company’s resources and personnel, and that we should select and concentrate on certain areas and brands. This means targeting those markets that meet our current capabilities, while slimming down business and reducing risk in those that do not. As noted above, in Europe and North America we have positioned maintaining our brand image as our highest-priority strategy, reducing risk by shifting to a wholesale business model, and changing strategy to focus on Asia—and particularly China—where revenue can grow. In the Chinese market, where the DESCENTE brand is the core of our business, we established a joint venture with ANTA and are working to expand sales, steadily rolling out new stores and were able to turn a profit in FY2019, a full year ahead of schedule. In the fiscal year ending March 31, 2021 (FY2020), we will increase the Company’s stake in the joint venture from 30% to 40% and in the following year plan to shift to a scheme that will expand our revenue further. Discussions are currently progressing with ANTA with the final contract yet to be agreed. This future shift will increase the profits we gain from the partnership and will increase the contribution to revenue of the DESCENTE business in China, but discussions continue on measures for further expansion.



Supplier contract with Canada Speed Skating  
National Team from 2019

Leveraging the contracts with top athletes in Europe  
and North America for marketing in the Asian market

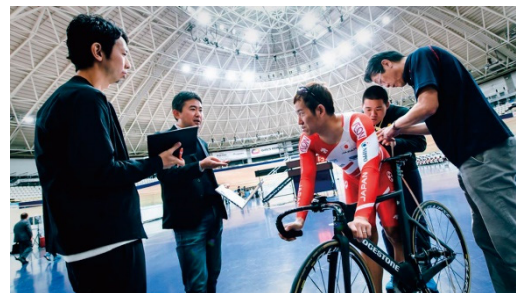
# Message from the President

With Japan, South Korea and China—three disparate markets—as our three pillars, we can diversify and deal with any risks that may arise. In North America and Europe, on the other hand, marketability, cultural backgrounds and other factors differ from those in Asia, and the markets feature much stronger competition; we determined that considering our current resources, we are unable to adequately manage in those markets. We believe that Japan, South Korea and China are the three markets in which we can control risk and increase revenue, and that if we can demonstrate our strengths there, revenue will stabilize.

In addition, until the fiscal year ended March 31, 2019 (FY2018) we had managed 14 brands. We have begun to select and concentrate in our brand approach, too, shifting to a strategy of leveraging our ability to focus on the Asian region with brands that can demonstrate their strength there. Among these, DESCENTE, an extremely important corporate brand for the Company, is seeing steady growth, and we plan to devote our planning and design resources to DESCENTE to grow the brand further, building results along with our other strong brands.

Another key strategy of D-Summit 2021 is to “Improve the Profitability of the Japan Business.” The DESCENTE corporate brand has had success in retail by expanding its directly managed stores in South Korea and China. Building on this successful experience, we want to expand our retail effort in Japan, increasing the number of directly managed stores even further to deliver our strength in manufacturing creativity directly to consumers. Beginning in FY2020, we plan to invest aggressively in promoting this strategy, including e-commerce.

In terms of our final key strategy to “Enhance our Manufacturing Capabilities,” our DISC R&D centers in Japan and South Korea have now been in operation for nearly a year and a half. DISC OSAKA is focused primarily on developing apparel, and has generated a number of products—including those developed jointly with top athletes—that will seed future business, but products that can connect with a large number of consumers and that will lead to business expansion still lie ahead. I think this will require every individual in the Company—from sales to R&D staff—to aim for revenue-conscious product development. DISC BUSAN, meanwhile, specializes in developing shoes, but since that work takes time, and considering that other major global brands have particular strength in shoes, the team is working to develop shoes that are “uniquely DESCENTE.”



Joint development with athletes, which is the basis of our Manufacturing Development is not only done in the DISC facility, but sometimes goes directly to the athlete's practice field and makes fine adjustments

To accomplish that, we are attempting to develop shoes that meet the needs of consumers in each region—shoes that fit the shape of Japanese feet, or the feet of people in South Korea and China—just as we have done in expanding our business by devising and developing products aligned with the characteristics of specific market areas.

## To Our Shareholders

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FY2019 was an extremely challenging year for business; with our dividend reduced to zero, I know our shareholders are disappointed. With a structure in place for a three-pillar business centered around Japan, South Korea and China, and with management risks reduced, we will take a positive approach to the work that lies ahead in FY2020. The COVID-19 pandemic will eventually come to an end and be resolved. We want to build a strong presence in the three markets where we have a structure in place, and make this a company that delivers both profits and revenue.

As a result of COVID-19, both professional sports and an array of sporting events have been shut down across the board, and there is almost none of the sports news that usually enlivens television and newspapers. We feel this very keenly, and it makes us realize once again just how necessary sports are to people's everyday lives. Our corporate philosophy is to "bring the enjoyment of sports to all." These recent events have, unintentionally, given us an opportunity to recognize the importance of this philosophy. With consecutive forthcoming major international sporting events in Japan and China—we look forward to a bright future.

# Feature

## DESCENTE's Business in China

“Consolidate in Asia” is one of the key strategies laid out in D-Summit 2021, DESCENTE's medium term management plan established in the fiscal year ended March 31, 2020, and we are working particularly on strengthening our business in the Chinese market. Mikio Nakajima has served as president of our China subsidiary and a director of our joint venture in China, and is currently in charge of the Corporate Planning Department at DESCENTE LTD.'s head office. We asked him about the development of DESCENTE's business in China and its future prospects.

### Establishment of Subsidiaries and Affiliates:

December 1994	BEIJING DESCENTE CO., LTD. established
December 2002	SHANGHAI DESCENTE TRADING, LTD. Established
February 2004	LE COQ SPORTIF (NINGBO) CO., LTD. established as an equity method affiliate le coq sportif business launched with Shanshan Group
August 2005	SHANGHAI DESCENTE COMMERCIAL CO., LTD. established, aimed at expanding business for the Munsingwear and arena brands
July 2016	DESCENTE (CHINA) CO., LTD. established as an equity method affiliate DESCENTE business launched with ANTA Group
October 2016	ARENA (SHANGHAI) INDUSTRIAL CO., LTD. established as an equity method affiliate; arena business launched the following year with Symphony Group



## Expansion of Business to China Began in 1994

The start of our business in China goes back to around 1994, when we launched sales of Munsingwear products through a distributor. At the time, we had almost no knowledge of the Chinese market, so we started from scratch with a series of trial-and-error efforts. While it was challenging to try to develop sales in unknown territory, we confirmed our belief in the potential for business expansion, and using those same sales channels, in 1999 we began offering swimwear products from our arena brand. In 2002 in Shanghai, we established the company that would become the parent organization of SHANGHAI DESCENTE COMMERCIAL CO., LTD., and gradually increased both the brands handled and net sales in China. Later, with an eye toward expanding our business in China and further growth, we shifted to a scheme of establishing joint ventures with local Chinese companies to pursue sales. These included launching the le coq sportif business with Shanshan Group in 2004, the DESCENTE business with ANTA Group in 2016, and the arena business with Symphony Group in 2017.

## Partnerships with Local Companies

I think this scheme to do business by establishing joint ventures with local companies has many advantages for DESCENTE, with its multi-brand portfolio. Because each brand deals with different sports, target markets and selling points, finding and working with the optimal partner for each brand makes it possible to work toward the type of growth most suited to that particular brand. Shanshan Group is a trusted partner, one we have collaborated with through trial and error since the time the le coq sportif brand was almost completely unknown in China, sharing good times and bad as we expanded the business. New store rollouts have grown not only in coastal areas in China but in the interior as well, and the business has expanded considerably, currently numbering about 500 stores. ANTA Group is China's largest sportswear manufacturer, skilled at local strategy and negotiations, and has been a significant driver of growth in net sales for DESCENTE in China through the expansion of directly owned stores there. They also respect our manufacturing creativity and our expertise in directly owned operations in South Korea, and have enabled us to build an extremely powerful business model that combines DESCENTE's manufacturing creativity and ANTA Group's sales capabilities. Symphony Group, which we partnered with in 2017 and have only worked with for a short time, has experience selling competitive swimwear, and because it already had its own retail spaces, was immediately effective in expanding net sales for the arena brand.



Manager, Corporate Planning

### Miki Nakajima

Joined DESCENTE in 1988. Started his career in domestic sales, but spent half of his 30 years with the Company in legal affairs, handling a variety of contract negotiations. After working in risk management, business administration and corporate planning, spent two years as both president of SHANGHAI DESCENTE COMMERCIAL CO., LTD. and in charge of our joint venture before assuming his current post in April 2020. Serves concurrently as chairman of both SHANGHAI DESCENTE and HONG KONG DESCENTE TRADING, LTD.



"le coq sportif" sales exhibition in China  
Promoting the brand's French image

## Challenges of the Chinese Market

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China is geographically closer to Japan than Europe and America, and the Chinese are physically similar to the Japanese, which I think makes it easier to grasp the unique characteristics of the market there. The same is true looking at Japan from the Chinese perspective, and there is also the advantage that many consumers in China find reassurance in products made in Japan. Still, there are many challenges to doing business in China, and any uncertainties about ensuring profitability can make it difficult even to continue negotiations. Business practices in China also emphasize strong relationships of trust between individuals, to an even greater extent than in Japan. Finding points of compromise in terms of mutual benefits and needs, acknowledging one another as someone to be trusted and building that trust relationship can be very hard. Once that relationship is established, though, decisions move forward with great speed, significantly accelerating the pace of business expansion.

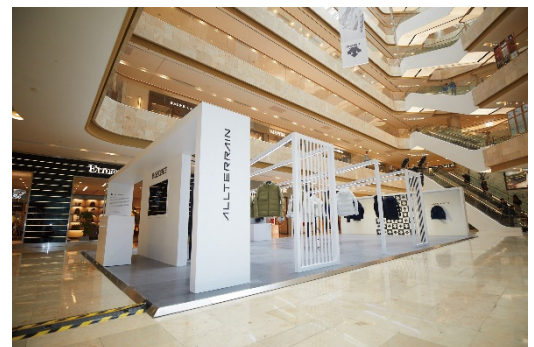
Administrative regulations are also complex, and product quality and safety is governed by the so-called Guobiao standards (GB standards), the national standards of the People's Republic of China which are, in some areas, stricter than those of Japan. Should a product be sold that fails to conform to those standards, the authorities can impose significant fines. While price competitiveness is needed, extremely strict requirements regarding quality and safety make for unending struggles for manufacturing.

Online business has also seen dramatic growth recently. While this results in rapid growth in net sales, intensifying competition requires ever-advancing, more complex skill levels. Employees cannot get ahead unless they are able to keep up with, and surpass, these social trends, a tension people are constantly aware of.

## Outlook for Business in China

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As indicated in D-Summit 2021, we intend to further strengthen our business in China. While the number of stores has increased significantly compared to just a few years ago, I think for the business as a whole, we are still less than halfway to the goals we have set out. Market competition is intensifying in China, but for us there is still room for improvement, as well as power to spare toward further growth. In continuing to grow, our strength will lie, as always, in the manufacturing creativity we have worked so hard to develop over time. Our ability as a manufacturer to continue to develop unique, competitive products and to come out a winner in the Japanese market will be important to DESCENTE's future expansion in the Chinese market. I believe that a source of brand strength will only come with success in the Japanese market. I also think that to better understand the characteristics of business in China, and expand our business there by working with influential partners such as Shanshan Group, ANTA Group and Symphony Group, it is essential that we gain a deeper understanding of our own unique qualities.



Pop-up shop for "ALLTERRAIN" from the DESCENTE Global Collection, in a large shopping complex

# Topics

## Embodiment of the Corporate Philosophy

Efforts to Encourage Mental and Physical Well-being Through Sports  
DESCENTE promotes sports as a way of encouraging and managing improved employee health, and has been certified as a “Health & Productivity Management Outstanding Organization” by the Ministry of Economy, Trade and Industry, and as a “Sports Yell Company” by the Japan Sports Agency. Further, in 2020, in concurrence with the Sports Agency’s Sport in Life Project with the aim of making sports a part of everyday life, we will develop a company Sports Promotion Declaration. Specifically, this declares that we will offer children the opportunity to experience the fun of sports through our Sports School for Healthy Kids activities. At the same time we will work to have even more employees embody our corporate philosophy to “bring the enjoyment of sports to all”, and by engaging in sports themselves, improve their mental and physical health.



Logo of Sports in Life Project

## Efforts to Contribute to a Reduction in Global Warming

### Switching to Electric Power Through Renewable Energy

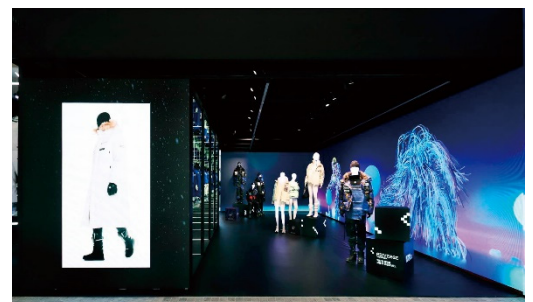
On March 1, 2020, DESCENTE Apparel's Mizusawa Factory, which produces the Mizusawa Down line of products, switched to supplying 100% of its electric power from renewable energy. Further, beginning with DESCENTE's Tokyo office—the largest of our domestic operations—we will launch an effort to begin having all our domestic sites use electricity from renewable energy by April 2021. By the fiscal year ending March 2022, we plan to have all of our locations get the equivalent of 30% of their electricity from renewable energy sources, reducing CO2 by about 40% annually. Based on D-Summit 2021, the medium-term management plan announced in August 2019, we will strengthen our sustainability efforts incorporating ESG perspectives, and continue to practice manufacturing that achieves a reduction in environmental impact.



Mizusawa Factory switched to supplying electric power from renewable energy

## Reopening of the DESCENTE Street-level Store in Gangnam, South Korea

Following renovations, the DESCENTE brand street-level store in the Gangnam district of Seoul, re-opened In November 2019, The popular Gangnam district attracts the latest fashions and shops aimed at South Korea's younger generation. Extending over three floors and 942m2, the store offers a space where customers can experience the essence of the brand in a way that addresses both the latest trends and customer needs. The store features a different theme every three months, and offers a variety of events. These are aimed at creating buzz, especially among those in their 20s and 30s, and at growing net sales, and include events where customers are able to customize their own products.



The expansive store interior allows for a variety of expression along specific themes

## Top Racing Model Swimsuit Debut of the Ultimate Aquaforce X

The Ultimate Aquaforce X, arena's top racing model swimsuit, has been developed to pursue the quest for speed. In response to athlete needs, two models have been developed—one which focuses on ease of movement, and a second type that emphasizes support. Shortly after its debut in January 2020, swimmer Daiya Seto (ANA) wore the swimsuit when setting a new Asia record in the men's 200m butterfly at the FINA Champions Swim Series and when winning the men's 400m individual medley at the Kosuke Kitajima Cup 2020.



Swimmer Daiya Seto wearing the Ultimate Aquaforce X

## Descente Golf Going Strong Efforts to Further Expand Customer Base

Sales of the DESCENTE golf collection, launched in Spring 2015, are expanding at a solid pace. The brand gained excellent exposure by leveraging digital content from the initial launch featuring former Japan national soccer team member Hidetoshi Nakata as brand ambassador. Net sales were 130% compared to the previous year for the period between April 2019 and March 2020, and women's apparel showed particularly strong growth with net sales reaching 150% of the previous year. In an effort to further expand the brand's customer base, the BLUE LABEL collection, incorporating more casual elements, was launched in April 2020. The number of stores carrying the collection increased significantly, boosting DESCENTE's recognition among golf brands.



Shirt from the BLUE LABEL collection

## Strong Performance in le coq sportif Women's Sneakers Business

Women now wear sneakers for everyday use and commuting to work. In the women's sneaker market, le coq sportif shoe sales have risen by double digits over the previous year. They are popular for their comfortable fit and simple design that makes them easy to coordinate with clothing, and the number of major shoe store chains carrying them is increasing. In January 2020, popular young actress Elaiza Ikeda was brought in as brand ambassador, with the aim of expanding our customer base to include the youth segment.



Elaiza Ikeda brought in as brand ambassador

# Financial Information

(JPY: Million)

## Consolidated Balance Sheet

Subject	2019/3/31	2020/3/31
<b>Assets</b>		
Current assets	78,051	68,015
Non-Current assets	37,705	40,488
Property, plant and equipment	24,910	27,750
Intangible assets	2,701	2,961
Investments and other assets	10,093	9,777
<b>TOTAL ASSETS</b>	<b>115,756</b>	<b>108,504</b>
<b>Liabilities</b>		
Current liabilities	29,527	28,776
Non-Current liabilities	7,783	7,534
<b>TOTAL LIABILITIES</b>	<b>37,310</b>	<b>36,311</b>
<b>Net assets</b>		
Shareholder's Equity	76,115	71,719
Capital stock	3,846	3,846
Capital surplus	25,281	25,316
Retained earnings	47,632	43,190
Treasury Shares	△643	△633
Accumulated other comprehensive income	2,330	473
Valuation difference on available-for-sale securities	739	373
Deferred gains or losses on hedges	△4	13
Foreign currency translation adjustment	1,607	218
Remeasurements of defined benefit plans	△11	△131
<b>TOTAL NET ASSETS</b>	<b>78,446</b>	<b>72,193</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>115,756</b>	<b>108,504</b>

## Consolidated Statements of Income

Subject	2018/4/1 ~2019/3/31	2019/4/1 ~2020/3/31
Net Sales	142,443	124,561
Cost of sales	62,915	56,580
Gross profit	79,527	67,981
Reversal of provision for sales returns	-	46
Provision for sales returns	33	-
Gross profit-net	79,494	68,027
Selling, general and administrative expenses	71,558	67,647
Operating profit	7,935	379
Non-operating income	799	978
Non-operating expenses	276	901
Ordinary income	8,458	456
Extraordinary income	-	173
Extraordinary losses	2,775	1,815
Income before income taxes or Loss before income taxes (△)	5,683	△1,184
Income taxes-current	2,386	431
Refund of income taxes	△1,268	-
Income taxes-deferred	620	864
Net income or Net loss (△)	3,944	△2,481
<b>PROFIT ATTRIBUTABLE TO OWNERS OF PARENT OR LOSS ATTRIBUTABLE TO OWNERS OF PARENT (△)</b>	<b>3,944</b>	<b>△2,481</b>

## Consolidated Statements of Cash Flow

Subject	2018/4/1 ~2019/3/31	2019/4/1 ~2020/3/31
Cash flows from operating activities	11,137	2,371
Cash flows from investment activities	△8,267	△5,949
Cash flows from financing activities	△2,136	△4,128
Effect of exchange rate change on cash and cash equivalents	△837	35
Net increase (decrease) in cash and cash equivalents	△140	△7,670
Cash and cash equivalents at beginning of the period	27,369	27,229
Cash and cash equivalents at the end of period	27,229	19,559

## Company Profile

### DESCENTE LTD.

<b>Founded</b>	February, 1935
<b>Incorporated</b>	February, 1958
<b>President</b>	Shuichi Koseki
<b>Capital</b>	¥3.8 billion
<b>Turnover</b>	¥124.5billion (FY ended March 2020, Consolidated)
<b>Employees</b>	Consolidated 3,452 / Non-consolidated 241 (As of March 31, 2020)
<b>Business</b>	Manufacture and sale of sportswear and related articles
<b>Office</b>	
Tokyo Office	1-4-8 Mejiro, Toshima-ku, Tokyo 171-8580 TEL. +81-3-5979-6006 (HR/Administration, Tokyo)
Osaka Office	1-11-3 Dogashiba, Tennoji-ku, Osaka 543-8921 TEL. +81-6-6774-0365 (Administration/Secretariat)

## Executives

<b>President and Representative Director</b> Shuichi Koseki	<b>Outside Director</b> Tomonori Azuma*
<b>Director and Senior Managing Executive Officer</b> Hoon-Do Kim	<b>Outside Director</b> Seiji Sato*
<b>Director and Managing Executive Officer</b> Akira Tsuchihashi	<b>Auditor (full-time)</b> Masatsugu Morimitsu
<b>Director and Managing Executive Officer</b> Norio Ogawa	<b>Auditor (outside)</b> Koichi Yoshioka*
	<b>Auditor (outside)</b> Akira Matsumoto*

※ All Directors (outside) and Auditors (outside) are designated as independent Directors or independent Auditors specified by the TOKYO Stock Exchange in Japan.

## Subsidiary Companies

### ◆ Commercial Subsidiary Companies

**DESCENTE JAPAN LTD.** (Tokyo, Japan)  
Manufacture and sale of sportswear and related articles

**DESCENTE APPAREL LTD.** (Osaka, Japan)  
Manufacture of sportswear and related articles

**BEN-GENERAL CORPORATION** (Osaka, Japan)  
Sale of sportswear and related articles

**BEIJING DESCENTE CO., LTD.** (Beijing, China)  
Manufacture of sportswear and related articles

**SHANGHAI DESCENTE COMMERCIAL CO., LTD.** (Shanghai, China)  
Sale of sportswear and related articles

**HONG KONG DESCENTE TRADING, LTD.** (Hong Kong, China)  
Sale of sportswear and related articles

**DESCENTE KOREA LTD.** (Seoul, South Korea)  
Sale of sportswear and related articles

**DESCENTE GLOBAL RETAIL LTD.** (Seoul, South Korea)  
Sale of sportswear and related articles

**SINGAPORE DESCENTE PTE. LTD.\*** (Singapore)  
Sale of sportswear and related articles

**DESCENTE MOUNTAIN AMERICAS\***  
\*DESCENTE MOUNTAIN AMERICAS's registered name is DESCENTE NORTH AMERICA INC. (Utah, United States)  
Sale of sportswear and related articles

**DESCENTE ATHLETIC AMERICAS INC.\*** (Georgia, United States)  
Sale of sportswear and related articles

※ Subsidiary companies scheduled for liquidation

### ◆ Affiliated Companies Accounted for under the Equity Method

**LE COQ SPORTIF (NINGBO) CO., LTD.** (Ningbo, China)  
Sale of sportswear and related articles

**DESCENTE (CHINA) CO., LTD.** (Shanghai, China)  
Sale of sportswear and related articles

**ARENA (SHANGHAI) INDUSTRIAL CO., LTD.** (Shanghai, China)  
Sale of sportswear and related articles

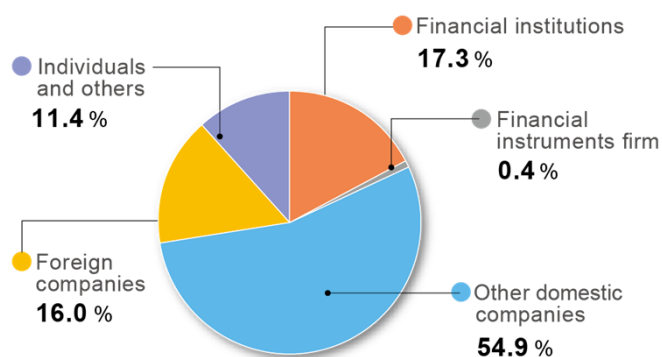
**ARENA KOREA LTD.** (Seoul, South Korea)  
Sale of sportswear and related articles

## Number of shares and shareholders

(As of March 31, 2020)

Number of shares authorized for issuance	160,000,000
Number of shares issued	76,924,176
	(including 1,489,862 own shares)
Number of shareholders	5,088

[Distribution of shareholder]



## Principal shareholder

(As of March 31, 2020)

Name	Shareholdings (Thousands)
BS Investment Corporation	30,164
UBS AG HONG KONG	3,465
Nippon Life Insurance Company	3,238
TEIJIN FRONTIER Co., Ltd.	2,465
Sumitomo Mitsui Banking Corporation	2,110
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,672
THE DESCENTE AND ISHIMOTO MEMORIAL FOUNDATION FOR THE PROMOTION OF SPORTS SCIENCE	1,652
TOYOBO STC CO.,LTD.	1,594
Kazuyuki Ishimoto	1,550
MLI FOR CLIENT GENERAL NON TREATY-PB	1,319

### About the Photo on the Cover :

### Team DESCENTE Project with Athletes Representing Each Brand

Top athletes representing each of our brands have become our ambassadors and newly launched the Team DESCENTE Project to connect DESCENTE with customers. In 2020, which marks the 85th anniversary of our founding, we are in an era where sports are becoming more diverse. At that moment, by returning to our corporate philosophy we will continue to transmit “the enjoyments of sports” more than ever.

