

To our stakeholders

# BUSINESS REPORT 2020

April 1, 2020 - March 31, 2021

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

DESCENTE LTD.

Security code : 8114

■ DESCENTE GROUP	02
■ PRESIDENT'S MESSAGE	03
■ FEATURE	08
■ TOPICS	11
■ FINANCIAL INFORMATION	13
■ ABOUT US	15



# DESCENTE GROUP

DESCENTE group offer high-quality and high-performance sporting goods by 9 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, 2021)

### Owned Brands (No Territory Limitation)

Brands that Descente group is the owner of the trademark



### Owned Brands (Limited Territory)

Brands that Descente group is the owner of the trademark in limited country and area

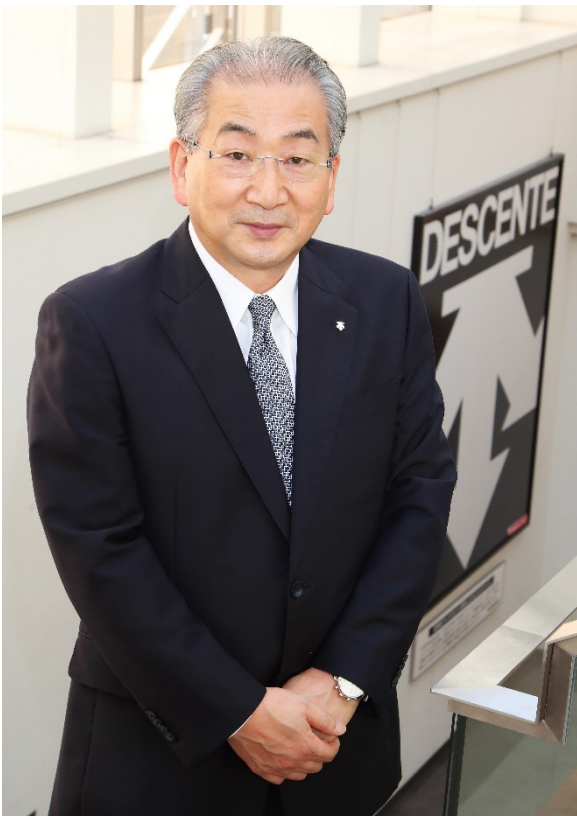


### Licensed Brands/Others

Brands that Descente develop based on the license agreement, etc.



# PRESIDENT'S MESSAGE



**DESCENTE LTD.**  
**President and Representative Director**  
Shuichi Koseki

## Leveraging the technology we have cultivated to take apparel beyond sports, we are advancing the development of “MoveWear,” sportswear to “Move the body, move the spirit.”

### It's been two years since you were appointed president in June 2019. What have been some of your accomplishments during that time?

In my first year, I focused on eliminating unprofitable businesses, our biggest problem in terms of revenue. Having expanded our business to Europe and North America, and having dispersed our assets, we were unable to strike a balance between own resources and the resources needed for business execution, with the result that the EU/Americas segment was consistently in the red. Deciding that there was no prospect of making that segment profitable, we worked to shift from doing business through subsidiaries to a wholesale format. In the end, this allowed us to avoid the impact of the spread of the novel coronavirus (COVID-19), so this decision early on proved effective. In the two years since similarly recognizing that we had also scattered our assets, we narrowed our brands from fourteen to nine. Over 90% of our sales come from our own brands, primarily DESCENTE, and I think this is a very strong positive for us. This was not about simply cutting back the number of brands. We identified those brands that either did not contribute much to revenue, or that would not have a significant impact on management were we to cease their development and rectifying this scattering of resources left us with nine brands. I think that in future, this natural process will lead us to make decisions on whether to leave businesses depending on their profitability or future potential, and conversely, to deploy those brands we believe have significance for DESCENTE.

In my second year, sales and profits fell drastically in South Korea, our core profit center at the time, due to an unanticipated boycott of Japanese products. At the same time, that situation helped bring clearly to light the problem that, despite our having said that Japan, South Korea and China were DESCENTE's “three pillars” of revenue, in fact revenue was excessively concentrated in South Korea. As a result, it also highlighted the relatively poor profitability of our business in Japan and a variety of other problems in comparison to our competitors, so we began working on major reforms in our domestic business. As we worked to respond to the boycott in South Korea and to the COVID-19 pandemic—another unforeseen event—we began taking steps to address our various issues with business in Japan. In November 2020, we announced a restructuring of our Japanese business, and began working to reduce headcount by calling for voluntary early retirements. Given business conditions, we probably should have been reducing staff over the past ten years, but in fact we added about 100 people, so we brought headcount back to a more suitable scale by cutting staff back by that amount.



Expanding ski category products and promoting activities with ski resorts

While these reforms caused some pain, we went ahead after determining that, as a company, we had no choice. There are many other steps we should be taking, but given the number of issues our domestic business faces, I think it will take three years to complete a solid restructuring.

Meanwhile, development of the DESCENTE brand business in China is progressing even better than planned. Despite the impact of COVID-19 in 2020, growth is strong in China, where we are among the winners. The DESCENTE brand has been accepted as a unique premium apparel brand in the field of sports and has been successful in meeting the needs of Chinese consumers. Our product development capabilities have also been a good match for the sales capabilities of our partner company ANTA. During this process, our careful selection of products from Japan and the expertise we gained in our successful development of stores in South Korea have proven useful in helping us achieve extremely rapid growth in China.

## Meanwhile, what turned out differently than you expected when you first took the position?

One thing I hadn't anticipated was how difficult it is to generate revenue under the business model in Japan, which is primarily wholesale. Having 80% of our sales come from wholesale already puts us behind the times in the apparel industry, and because such a very small share of our business in Japan comes from retail—including e-commerce—we cannot communicate directly with consumers. I believe, unless we change, this way of doing business will make it difficult to survive in the apparel industry. We need to break out of this mold. Despite the fact that providing products to top athletes has given DESCENTE solid expertise in each field of sports, we still have no retail spaces where consumers can see a full cross-section of those products for themselves. Most of our sales floors are in sportinggoods stores and department stores, where products are often sold by category. Even where we have a branded section, space tends to be limited, making it difficult to communicate the brand's entire worldview to the consumer. Because consumers only purchase DESCENTE products in retail spaces that carry a variety of other brands, DESCENTE is seen as just one brand out of many. This is a deep-seated problem, since even if we wanted to take action to connect with consumers, we have no place to do so. I think if we were able to invert our sales-to-distribution ratio, with 80% from direct sales and 20% from wholesale, we might call ourselves a blue-chip company. The situation with our domestic business has not changed in 10 years. I greatly regret that we got so caught up in our success in South Korea that we put off reforms in Japan. While expanding our directly managed stores in Japan is going to take time, by balancing that with development of our e-commerce business, in three years we aim to see 50% of sales come from the direct-to-consumer (DTC) business—directly managed stores and e-commerce.

## DESCENTE GROUP Mid-term Management Plan D-Summit 2023

### I Implement strategies by regions for Japan, South Korea, and China

- Japan: Improve profitability
  - Focus on profit
  - Implement restructuring to increase operating income
- South Korea: Steadily growth
  - Optimize the balance of sales and income
  - Enhance brand value by launch of new shoes developed by DISC
- China: Sales expansion
  - Expand sales and profit
  - Aim net sales of ¥50 billion in “DESCENTE” brand

### II Improve profitability of Japan business

- Reforming product planning and sales channels focusing on strengthening DTC business
- Clarifying KPI for improving profitability
- Renewal of ERP
- New Personnel System for “Pay for performance”

### III Enhance our manufacturing capabilities

- Launch “MoveWear” to strengthen appearance as premium sports wear
- Utilize R&D center (DISC) and own factories to fulfill consumer needs
- Manufacturing capabilities to solve materiality

## You recently updated the company's mid-term management plan. Can you tell us why, and what the new plan will focus on?

Market conditions have changed dramatically with the boycott in South Korea and the global COVID-19 pandemic. In addition, we completed our efforts to concentrate our business on Japan, South Korea and China as set forth under D-Summit 2021, the mid-term management plan we announced in August 2019. So we decided to take that opportunity to end that three-year plan after two years, and announced D-Summit 2023, a new three-year mid-term management plan beginning the fiscal year ending March 31, 2022.

The centerpiece of the new mid-term management plan is reforming our domestic business. We are seeing a gradual recovery in South Korea, and growth in China has been very steady. By focusing on Japan and executing business reforms there, I believe we can generate stable revenue from our three pillars in Japan, South Korea and China.

Japan is a very difficult market. With fast fashion at the center, clothing prices have dropped, and consumers in Japan are spending less money on clothes as a result. Spending on clothes is remarkably low even in comparison to other countries. We realize that only the most overwhelmingly popular brands can win in this challenging market; everyone else will end up as losers. I do not think we can win, or profit, unless we aim not for an average score, but for a much higher ranking.

Given these conditions, we should be focusing foremost on enhancing our manufacturing capabilities, the source of our competitive strength. Underlying the successful expansion of our business in South Korea and China is the quality of our products. We make premium products with an obsessive attention to detail. We are confident that the grade and quality of our products can stand up even against our major European and American brand competitors, and it is important that we maintain this level of manufacturing. In any market, consumers constantly demand new products, carefully designed products, throughout the year, and we want to fulfill our mission of responding to those expectations. This is particularly true in China, where maintaining the current success of the DESCENTE brand will require us to constantly introduce a succession of fresh new products. Fortunately, we have our two DISC research and development centers along with five of our own factories, which we can leverage in continuing to develop unique and good new products. We can also leverage the technology we have cultivated in developing sports apparel to develop products that will appeal to even more consumers, and that they can wear in situations beyond just sports. After collecting suggestions in-house, we decided to call this type of apparel "MoveWear," a term we defined as apparel for moving, sportswear to "move the body, move the spirit." We plan to create apparel that feels good when you move and that gets people excited, and introduce it to our markets in Japan, South Korea and China.



The DESCENTE brand Zero Style series that is easy to move, and functional and can be worn scenelessly

## What are some of the policies you will pursue in the fiscal year ending March 31, 2022, your third year as president?

---

As I noted earlier, we are working to deal with historical and ongoing problems in our domestic business, and we have already determined the key performance indicators which will help take us to profitability. In fiscal 2022, we will be taking more detailed control of the business based on those indicators, bringing it back under proper management. As we have completed the transfer of a consolidated subsidiary that was conducting our wholesale business in Japan we plan to focus all of our resources on increasing the ratio of retail sales. We will also be conducting detailed monthly business progress reviews, again based on the key performance indicators we have established. Business conditions in South Korea have gradually begun to recover, so we will aim for stable growth there. Business in China has also been better than expected, so we believe that in future, we will be able to reach a good balance of revenue between our three pillars in Japan, South Korea and China.

## What message can you offer DESCENTE's stakeholders?

---

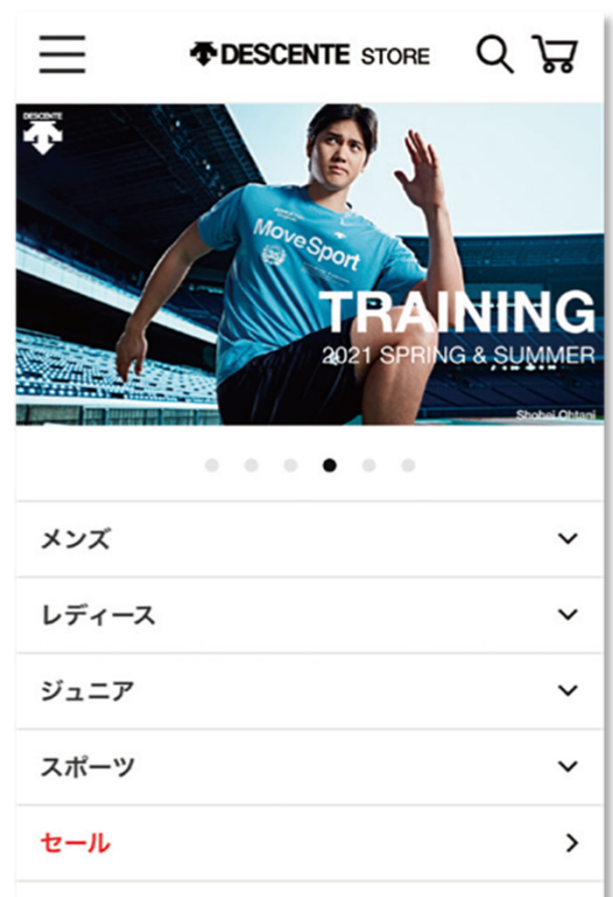
I would first like to offer my sincerest apologies to our shareholders for the fact that two years have gone by without a dividend, although the causes included the boycott in South Korea, the difficult conditions brought about by the COVID-19 pandemic and the various restructuring efforts we have made. We now have a structure in place and have established a clear direction for our three markets under our new mid-term management plan. To demonstrate to all of you the success of those efforts in the current fiscal year and beyond, we plan for net income of 3,000 million yen in the fiscal year ending March 31, 2022, and a resumption of dividends based on our usual 30% payout ratio guideline. We hope you will look forward to what DESCENTE can accomplish.

# FEATURE

The Key to Restructuring the Business in Japan:

**Aiming for a 20% share of domestic sales**

**Redesign of the DESCENTE Official E-commerce Site  
DESCENTE STORE ONLINE**





**As part of the restructuring of our Japanese business, we completely rebuilt our official EC site, DESCENTE STORE ONLINE (the official EC site) and opened in November 2020. With this rebuild, we have shortened the delivery time, which enables to offer shipping as quickly as the next day, expanded product information such as photos of models actually wearing the products and suggestions for coordinating products, improved search navigation to make it easier to find the product consumers are looking for. As an official EC site, we have improved and enhanced its functions.**

## **The Value that Customers Expect from the Official EC Site**

---

[Koido] What is important is that our official multi-brand EC site be more than just a collection of brand sites, but offers a way of creating even better value by combining DESCENTE's nine brands and allows customers to purchase products that are not available in real stores. It can be a site the whole family can enjoy, with Dad, for example, looking for golf apparel, Mom for fitness fashions, and kids for baseball uniforms; individuals can also choose products to suit their various activities, looking to the Munsingwear brand for golf, or the DESCENTE brand for running. Having so many brands allows us to offer value. We believe that another important EC role is that small sizes, which sell out quickly in real stores, can be purchased at any time through the official EC site.

## **Embodying the direct-to-consumer (DTC) experience**

---

[Mizoguchi] In order to fulfill this role, we rebuilt the EC site in 2020 so that customers can feel the value of purchasing from the online DESCENTE STORE. We have now outsourced our e-commerce system, so our employees no longer have to deal with running or maintaining the system, and are able to focus on providing our customers with as much useful information as possible. This might include adding product photos that better highlight what differentiates the products, or photos of models actually wearing the products to make it easier to see how they fit and how they can be coordinated. We continue to make little improvements on a day-to-day basis to ensure the site allows customers to experience as much as possible the enjoyment they get when shopping at our directly managed stores. We have also made it possible for users to move smoothly from our various individual brand sites to the official EC site and make purchases there, working to improve customer convenience by creating an integrated brand e-commerce site. In addition, with efforts progressing to establish the official EC site as a base, we are also focused on how to bring more new customers to the site and get them to make repeat visits. Through ULLR MAG., our inhouse digital media, we offer a diverse range of sports-related feature articles, creating opportunities for even more customers to learn about DESCENTE.



**Ichiro Koido**  
Acting Manager  
DESCENTE JAPAN LTD.  
DTC Division Digital Business



**Tomoaki Mizoguchi**  
Manager  
DESCENTE JAPAN LTD.  
DTC Division Digital Business

We have also had our contracted athletes make appearances at our directly managed stores to showcase product and this has been uploaded to social media platforms. Customers who then purchase these products from the official EC site receive as a gift items signed by those athletes. For customers who have registered through our CLUB DESCENTE membership system, we not only send out a variety of useful information, including news about the activities of our contracted athletes and suggestions for coordinating products across brands, but also offer members-only services including opportunities to make advance purchases of the DESCENTE Athletic Mask, which was forecast to sell out, and the Core Cooler, an item to prevent heat build-up.

## A base supporting 20% of domestic sales

[Koido] Before the rebuild, we had managed our own EC system, but the redesign was done in conjunction with a corporate partner providing e-commerce fulfillment services. We have not yet reached the point where we can offer all sizes, but we have made fundamental changes in the way we ship products. Up until now, we were unable to send individual shipments from our warehouses—we had to send them to a shipping center and repackage them there before delivering them to the customer, which took time and effort. To solve that issue, we set up an exclusive e-commerce warehouse enabling us to send products directly to customers. This resulted in our being able to offer shipping as quickly as the next day.

[Mizoguchi] Our goal for the future is for the official EC site integrating our brand sites to serve as a platform connecting our customers with a variety of information, including our corporate activities, updates on our contracted athletes, seasonal brand campaigns and our products themselves. E-commerce sales channels are diversifying, and there are multiple online malls; we believe that the “DESCENTE experience” as offered on our official EC site will have a ripple effect on these other online malls. Ultimately, we hope to increase the number of places where customers can purchase our products, including those other sales channels, by linking information on product inventory and strong-selling products.

Linkage with our real stores is something else we hope to quickly achieve. For example, if a customer visiting a store cannot find a product in the color they want, we can let them purchase it from the official EC site while at the store and then have it delivered to their home. This allows them to enjoy communicating with in-store sales staff, and avoid the disappointment of not being able to find the product they want. We expect this will improve the quality of the “DESCENTE experience.”

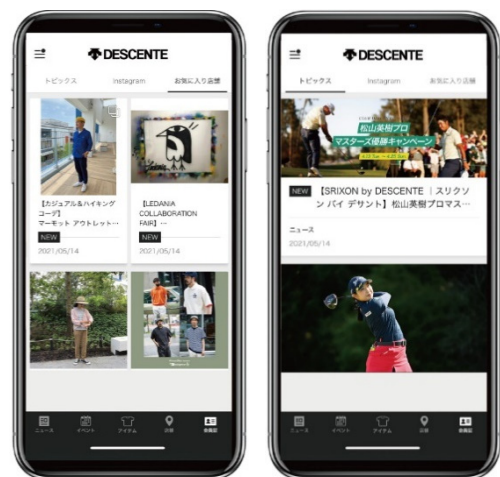
[Koido] With concrete measure in place, I think the goal of increasing e-commerce sales to 20% of domestic sales is well within reach. Our redesign of the official EC site is just the first step in our planned improvements. We will continue to upgrade the site, working to address the needs of our customers and offer them an even better “DESCENTE experience.”



トレーニングウェアのパンツは、デザイン性だけでなく、機能性や着心地、さらにトレーニングの内容に合ったパンツを選ぶことが大切です。

そこで今回は、トレーニング用のパンツの種類

For example, ULLR MAG provides features on how to choose training wear and other questions for customers who want to start exercising.



CLUB DESCENTE App images

Used as a tool to give us direct contact with customers.

This membership system offers users a special experience, including our own point system and a ranking system based on the amount of purchases. It provides a way for us to share the fun of sports and to work with members to create emotional experiences.

# TOPICS

## The DESCENTE Brand Jointly Develops Ski Wear with the Dior Brand

French fashion's iconic Dior brand launched its first men's ski capsule collection in collaboration with the DESCENTE brand, jointly developing down jackets, shell jackets and pants. The items combine the luxury of the Dior brand with the high-tech functionality of the DESCENTE brand. All items are produced at our own Mizusawa Factory (DESCENTE APPAREL LTD.), recognized by the Dior brand for its excellent sewing skills. We will continue to strive to further enhance our "manufacturing capability" and offer products that will satisfy our customers.



DESCENTE x Dior down jacket with a combination of luxury and high-tech functions

## Launched a Global Collection for Top Racing Model Swimsuit from the arena Brand

Our arena swimwear brand, endorsed by top swimmers worldwide, launched the global ARENA BISHAMON COLLECTION. The design concept embodies the Buddhist deity Bishamonten, known as the god of battle and victory, and the powerful motifs incorporate the spirit of "Unleash your Inner Warrior." Top swimmers contracted to the arena brand such as Ryosuke Irie (Itoman Toshin), will be competing in swimsuits from the same collection. In addition to further enhancing our visibility as a global swimwear brand, we will continue to use our product development and design capabilities to develop arena brand products that not only provide support in terms of technology and function, but also enhance swimmers' motivation.



From right: Ryosuke Irie, Adam Peaty (United Kingdom), Katinka Hosszu (Hungary)

## Development of Golf Shoes Utilizing the Know-how of DISC BUSAN, our R&D Center for Shoes

Innovative shoe development is the focus at DESCENTE's R&D Center DISC BUSAN which opened in South Korea in October 2018. Spikeless shoes are becoming standard footwear for golf, and with our proprietary technology we have succeeded in reducing their propensity to slip, the major disadvantage of spikeless shoes. We have also accumulated a data base on the shape of the South Korean foot for the development of lasts (3D molds for shoe construction) Together with DISC OSAKA, our R&D Center for apparel, we will continue to strengthen our Group-wide "manufacturing capabilities".



The DESCENTE brand's R90 golf shoe

## Opened first DESCENTE BLANC store in China

Sales of the DESCENTE brand in China have been expanding steadily even during the COVID-19 pandemic, and DESCENTE is gaining recognition as a high-quality premium sports brand. In October 2020, the first DESCENTE BLANC store in China opened, to further enhance our brand value. This store concept originated in Japan and offers a sports brand's vision of effortlessly comfortable lifestyle wear. This first store opened in Beijing's Taikoo Li Sanlitun shopping mall, a favorite of fashion-conscious locals. All products in the store are designed in Japan, and include ALLTERRAIN's Mizusawa Down Jackets. By communicating the DESCENTE brand's carefully nurtured craftsmanship and worldview, we will strive to improve our brand image and continue to focus on expanding our business in China.



DESCENTE BLANC Beijing, replicating the interior and fixtures of the Japan stores

## Social Contribution Business "Sukoyaka Kids Sports School"

### Distribution of Gymnastics Program Videos to All Elementary Schools in Sendai City

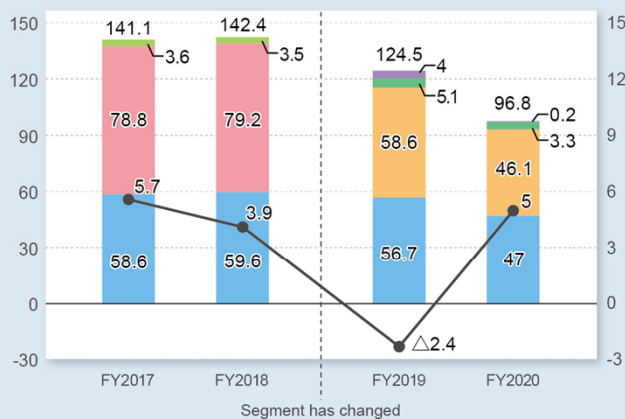
Now in its 16th year, our social outreach program, "Sukoyaka Kids Sports School", most recently collaborated with the Sendai City Board of Education to conduct activities for local schoolchildren. Mr. Hikaru Tanaka, a former Olympic gymnast and now the Head Coach of the Women's Gymnastics Enhancement Division of the Japan Gymnastics Association, visited schools with us to teach gymnastics. In addition, we distributed a video created with Mr. Tanaka to improve the physical strength of children who have had fewer opportunities to exercise due to the spread of COVID-19. The video incorporates basic gymnastics movements to cultivate a sense of balance and to improve jumping ability. This was distributed to all elementary schools and special support schools in Sendai city so that they can conduct classes either at school or at home. We will continue to use video distribution, as well as visiting classes, to provide more children with opportunities to experience sports and continue to engage in sustainable social contribution activities that help them learn the enjoyment of physical activities.



Mr. Tanaka teaching gymnastics in a class  
Watching the video in the classroom

# Financial Information

## Sales by Segment and Profit Attributable to Owners of Parent (JPY billion)



■ OTHER ■ CHINA ■ SOUTH KOREA ■ EUROPE / AMERICAS  
■ ASIA ■ JAPAN ● Profit Attributable to Owners of Parent

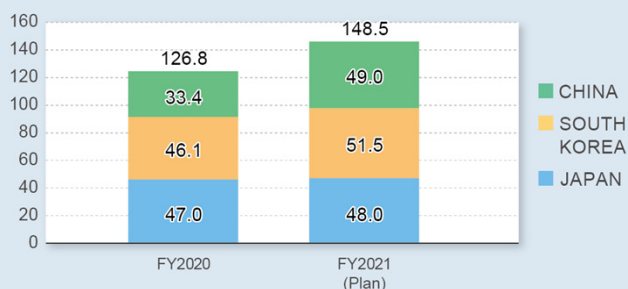
\*Sales and operating income by segment are based on location of the company, and classified according to country and area.

## Full-year Consolidated Earnings Forecast

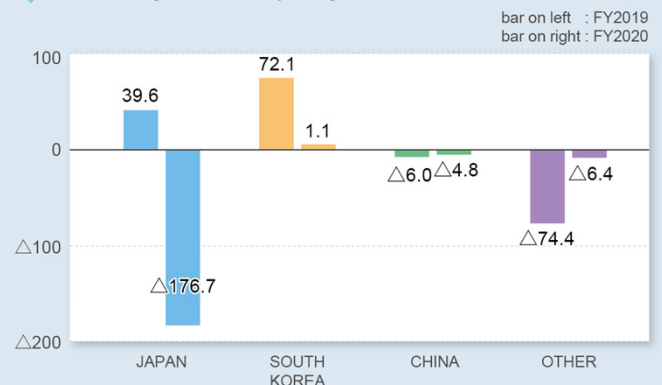
	FY2019	FY2020	FY2021 (Plan)
Net sales (JPY billion)	124.5	96.8	<b>103.0</b>
Operating income (JPY billion)	0.3	△1.8	<b>3.1</b>
Ordinary income (JPY billion)	0.4	△0.5	<b>4.3</b>
Profit attributable to owners of parent (JPY billion)	△2.4	5.0	<b>3.0</b>
EPS (JPY)	△32.90	66.80	<b>39.76</b>

## Local Net Sales Forecast (JPY billion)

\*Net sales of consolidated subsidiary + Net sales of equity method affiliates (reference) - internal transactions

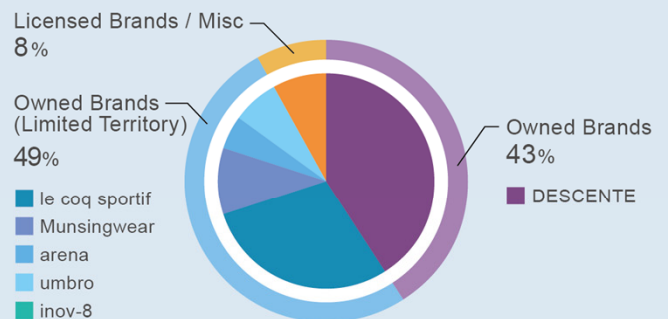


## Operating Income by Segment (JPY million)



\*No applicable data of before FY2018 due to segment change from FY2020.

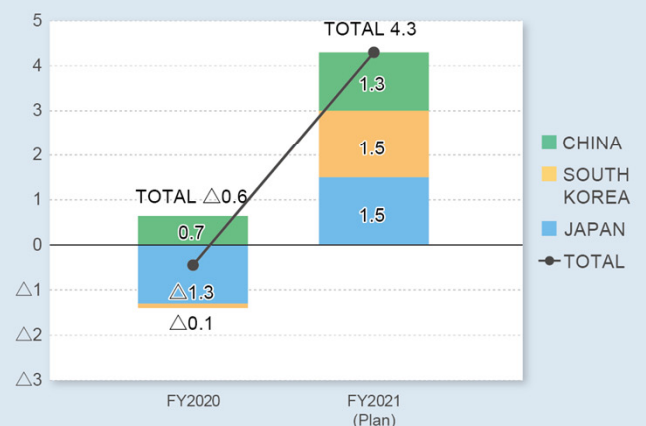
## Sales Composition by Brands and Ownership Structure



More than 90% of sales is in owned brands led by our corporate brand DESCENTE

## Ordinary Income Forecast (JPY billion)

\*Segment profit / loss + Equity in earnings or losses of affiliates. (Note : Simple calculation such as excluding interest rate balance)



## Consolidated Balance Sheet

Subject	2020/3/31	2021/3/31
<b>Assets</b>		
Current assets	68,015	65,368
Non-current assets	40,488	42,619
Property, plant and equipment	27,750	25,289
Intangible assets	2,961	2,206
Investments and other assets	9,777	15,122
<b>TOTAL ASSETS</b>	<b>108,504</b>	<b>107,987</b>
<b>Liabilities</b>		
Current liabilities	28,776	25,172
Non-current liabilities	7,534	4,851
<b>TOTAL LIABILITIES</b>	<b>36,311</b>	<b>30,024</b>
<b>Net assets</b>		
Shareholders' equity	71,719	76,796
Capital stock	3,846	3,846
Capital surplus	25,316	25,344
Retained earnings	43,190	48,230
Treasury shares	△633	△624
Accumulated other comprehensive income	473	1,167
Valuation difference on available-for-sale securities	373	199
Deferred gains or losses on hedges	13	△21
Foreign currency translation adjustment	218	561
Remeasurements of defined benefit plans	△131	427
<b>TOTAL NET ASSETS</b>	<b>72,193</b>	<b>77,963</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>108,504</b>	<b>107,987</b>

## Consolidated Statements of Income

Subject	2019/4/1 ~2020/3/31	2020/4/1 ~2021/3/31
Net Sales	124,561	96,862
Cost of sales	56,580	45,851
Gross profit	67,981	51,010
Gross profit-net	68,027	50,979
SG&A expenses	67,647	52,785
Operating income	379	△1,806
Non-operating income	978	1,720
Non-operating expenses	901	498
Ordinary income	456	△584
Extraordinary income	173	8,060
Extraordinary loss	1,815	1,910
Income before income taxes	△1,184	5,565
Income taxes-current	431	1,566
Income taxes-deferred	864	△1,040
Net income	△2,481	5,039
<b>PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT</b>	<b>△2,481</b>	<b>5,039</b>

## Consolidated Statements of Cash Flow

Subject	2019/4/1 ~2020/3/31	2020/4/1 ~2021/3/31
Cash flow from operating activities	2,371	2,393
Cash flow from investing activities	△5,949	51
Cash flow from financing activities	△4,128	△2,586
Effect of exchange rate change on cash and cash equivalents	35	△173
Net increase (decrease) in cash and cash equivalents	△7,670	△315
Cash and cash equivalents at beginning of the period	27,229	19,559
Cash and cash equivalents at the end of the period	19,559	19,244

# ABOUT US

## 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>	¥96.8 billion (FY ended March 2021, Consolidated)
<b>Employees</b>	Consolidated 3,148 / Non-consolidated 34 (As of March 31, 2021)
<b>Business</b>	Manufacture and sales of sportswear and related articles
<b>Office</b>	
Tokyo Office	1-4-8 Mejiro, Toshima-ku, Tokyo 171-8580 TEL. +81-3-5979-6006 (Administration / Secretariat)
Osaka Office	1-11-3 Dogashiba, Tennoji-ku, Osaka 543-8921 TEL. +81-6-6774-0365 (HR)

## 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> Mikio Nakajima
<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

### ◆ Consolidated 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

#### **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

\* 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

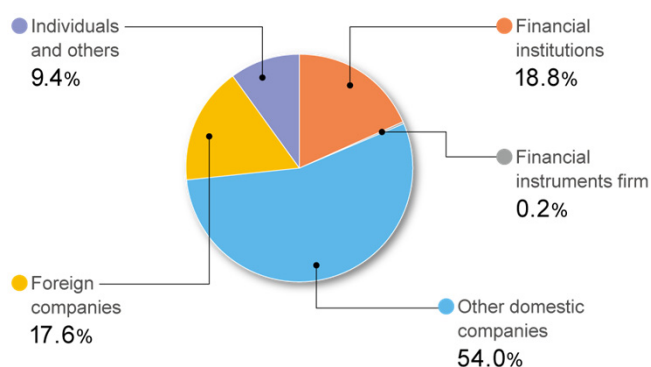


# SHAREHOLDER INFORMATION

## Number of shares and shareholders

(As of March 31, 2021)

Number of shares authorized for issuance	160,000,000
Number of shares issued	76,924,176
	(including 1,467,517 own shares)
Number of shareholders	4,878



## Principal shareholder

(As of March 31, 2021)

Name	Shareholdings (Thousands)
BS Investment Corporation	30,164
UBS AG HONG KONG	3,495
Nippon Life Insurance Company	3,238
TEIJIN FRONTIER Co., Ltd.	2,465
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,307
Sumitomo Mitsui Banking Corporation	2,110
THE DESCENTE AND ISHIMOTO MEMORIAL FOUNDATION FOR THE PROMOTION OF SPORTS SCIENCE	1,652
TOYOBO STC CO., LTD	1,594
BNY GCM CLIENT ACCOUNT JPRD AC ISG(FE-AC)	1,040
The Hokkoku Bank, Ltd.	1,039