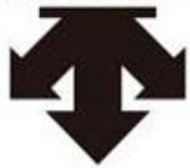


DESCENTE



Design for Sports

Financial Report

1st Half FY ending March 31. 2016

Disclaimer: The contents of this plan and the future expected earnings forecast described in this document are based 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.

Exchange Rates Used

	Sep/'14	Mar/'15	Sep/'15	Mar/'16 Plan
US \$	102.20	107.72	121.44	120.00
100KRW	9.80	10.13	10.98	10.50
RMB	16.56	17.26	19.36	19.00
HK \$	13.19	13.74	15.55	15.50
SGD	81.16	83.85	89.30	87.00

- "1H" means first half.
Example: "16/1H" means the first half on the FY ending March 31, 2016.
- "%" percentages are calculated on actual numbers.



1. The First Half of FY ending March 31, 2016

① Summary

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2. Objectives and plan for the FY ending March 31, 2016

Results for 1H of FY ending March 31, 2016



Design for Sports

Growth in Asia, spearheaded by Korea, has resulted in increased turnover and income. Every financial item is a historic high.

(Unit; JPY Million)

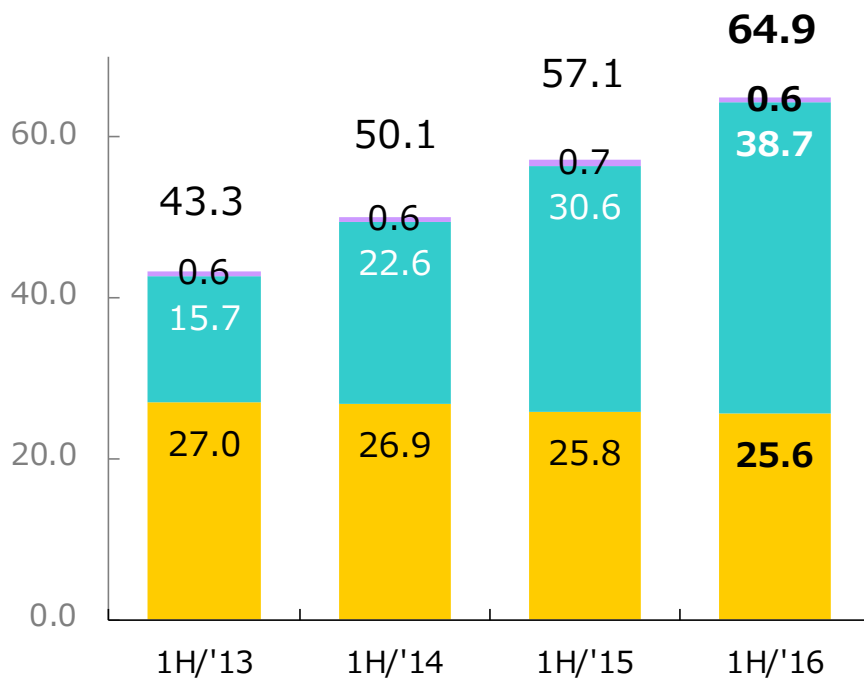
	'Mar/'16 First Half performance	'Mar/'15		'Mar/'16	
		First Half performance	Year- on-year	First Half announced plan	VS plan
Net sales	64,940	57,134	113.7%	64,500	100.7%
OP income	5,083	3,670	138.5%	3,900	130.3%
(%)	7.8%	6.4%		6.0%	
Ordinary income	5,261	3,912	134.5%	4,200	125.3%
(%)	8.1%	6.8%		6.5%	
NET income	3,721	2,775	134.1%	2,900	128.3%
(%)	5.7%	4.9%		4.5%	

Net Sales Transition(consolidated)



Design for Sports

Japan : All categories showed steady performance.
International : Korea was strong.
China and Hong Kong were also good.



Overseas Ratio	1H/'13	1H/'14	1H/'15	1H/'16
	38%	46%	55%	60%

(Unit; JPY Billion)



(vs last year)
+7.8 billion (114%)

Domestic ▲0.2b(99%)

athletic brands ▲0.2 b
golf brands ▲0.1 b
outdoor brands +0.1 b

Overseas +8.0b(125%)

Korea +7.4 b
Chine(&HKG) +0.7 b
Other Asia ±0.0 b
EU/USA ▲0.1 b

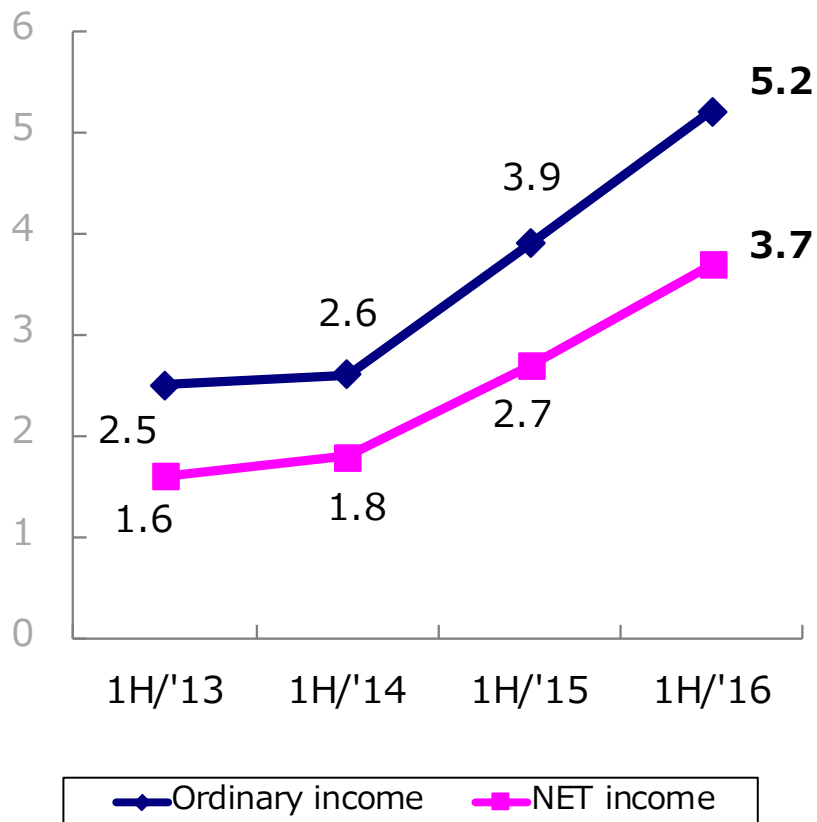
athletic brands +6.3 b
golf brands +1.0 b
outdoor brands +0.7 b

Income Transition(consolidated)



Design for Sports

Japan, Korea and China's earnings have influenced profitability.



(Unit; JPY Billion)

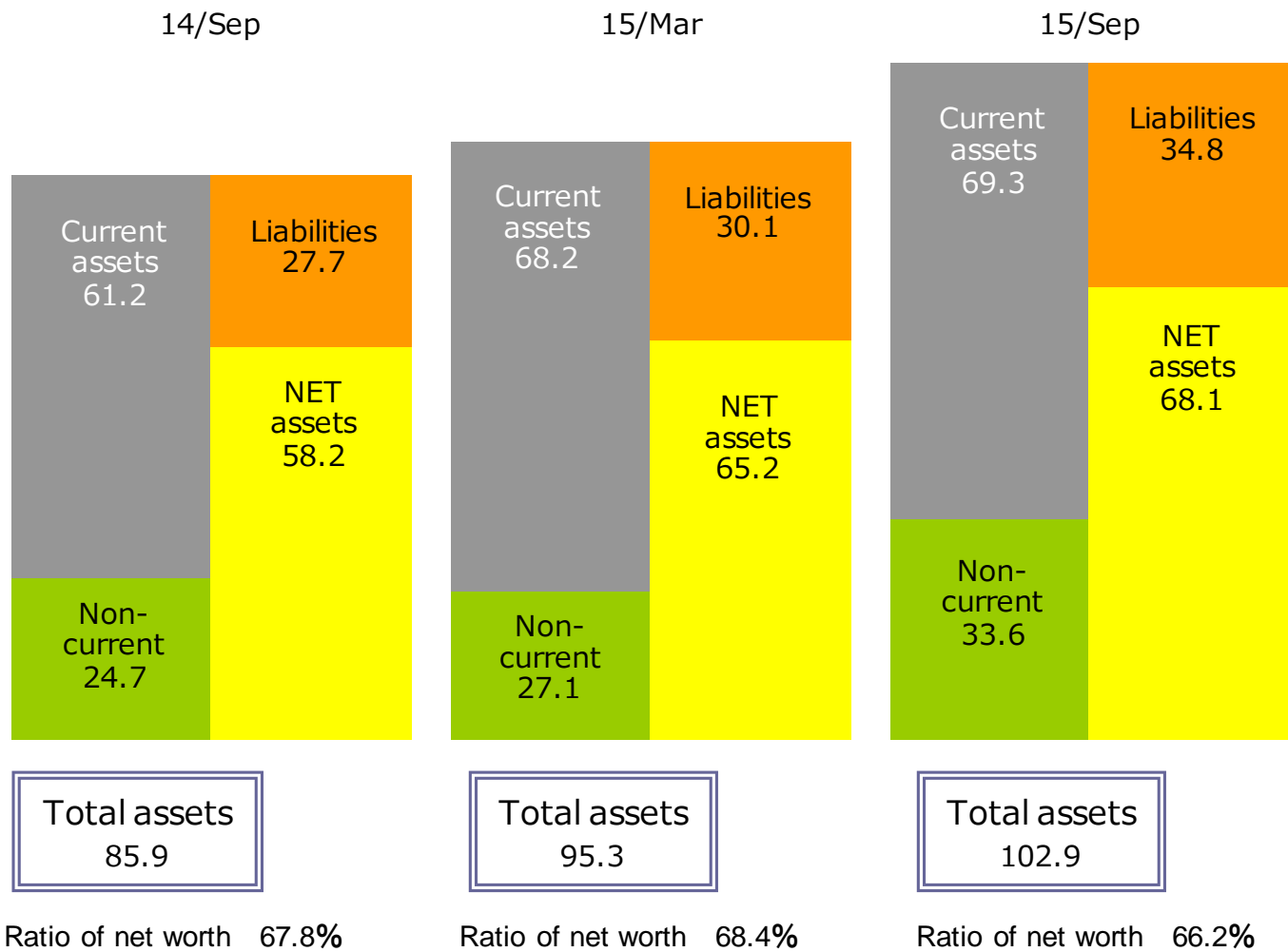
(Unit; JPY Billion)

	Current period	Prev-period	Change
Operating income	5.0	3.6	1.4
Non-operating income	0.4	0.3	0.1
Non-operating expense	0.2	0.0	0.2
Ordinary income	5.2	3.9	1.3
Extraordinary income	-	-	-
Extraordinary loss	-	-	-
Total income taxes	1.5	1.1	0.4
NET income	3.7	2.8	0.9

Balance Sheets Transition(consolidated)



Design for Sports



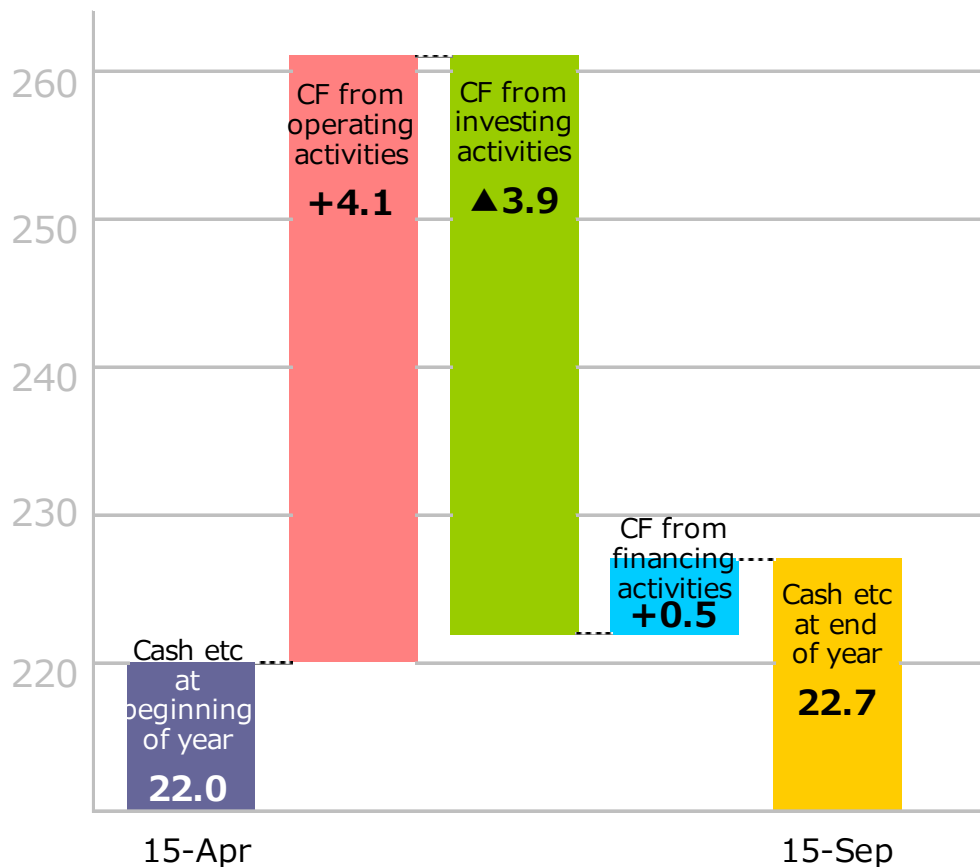
(Unit; JPY Billion)

Increase in current assets due to increase in cash and inventory. Fixed asset increase due to acquisition of Inov-8 group and investment in second warehouse in Korea.

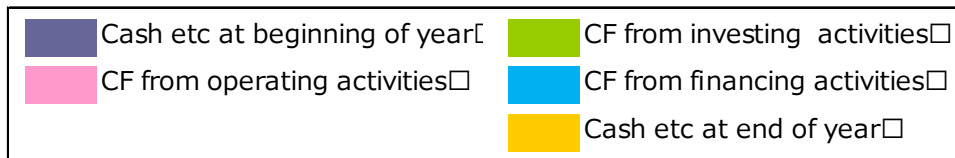
Cash flow(consolidated)



Design for Sports



(Unit; JPY Billion)



CF from operating activities(+4.1b)

Income before income taxes and minority interests	+ 5 .2 b
Depreciation and amortization	+ 1 .2 b
Increase in inventories	▲ 1 .2 b
Decrease in trade notes and accounts payable	▲ 1 .0 b
Etc	▲ 0 .1 b

CF from investing activities (▲3.9b)

Fixed assets	▲ 1 .1 b
Acquisition of stocks	▲ 2 .2 b
Etc	▲ 0 .6 b

CF from financing activities (+0.5b)

Debt loan	+ 1 .6 b
Dividend	▲ 1 .1 b

1. The First Half of FY ending March 31, 2016

① Summary

② Item-specific and area-specific reviews

③ Review of Brands

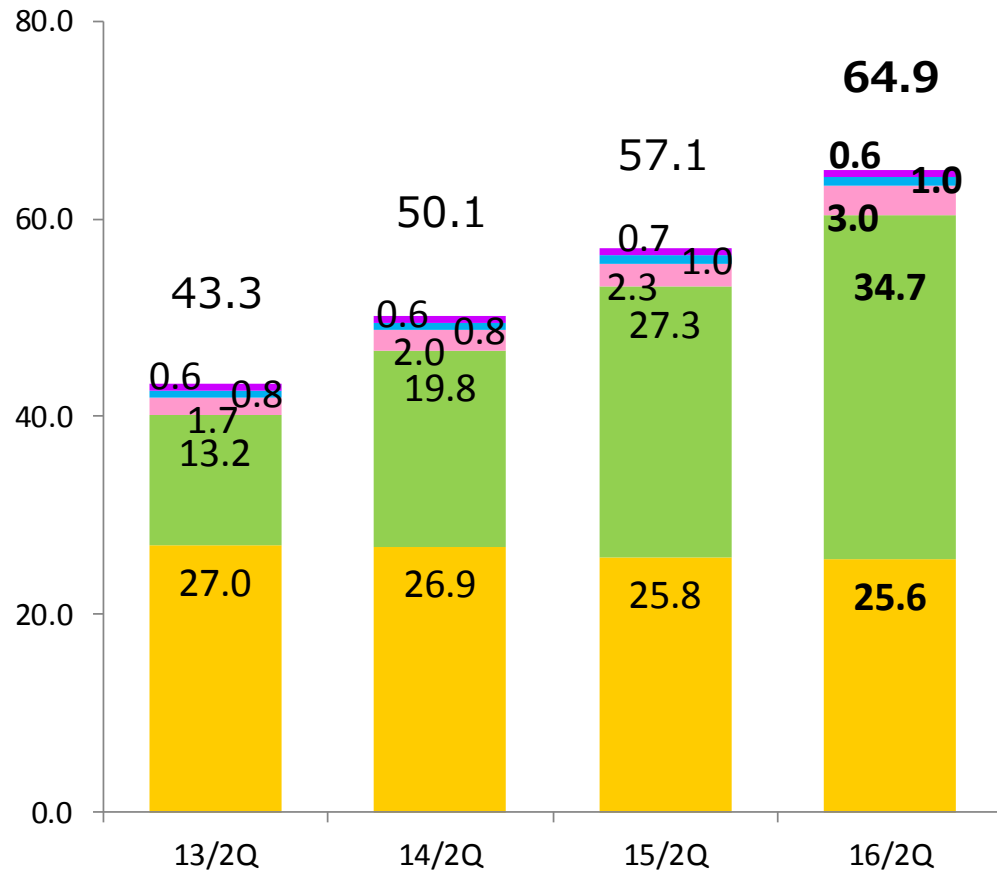
2. Objectives and plan for the FY ending March 31, 2016

Net Sales Transition per AREA (consolidated)



Design for Sports

Year on year: In Japan ▲0.2b(99%), in Asia +8.1b(126%)



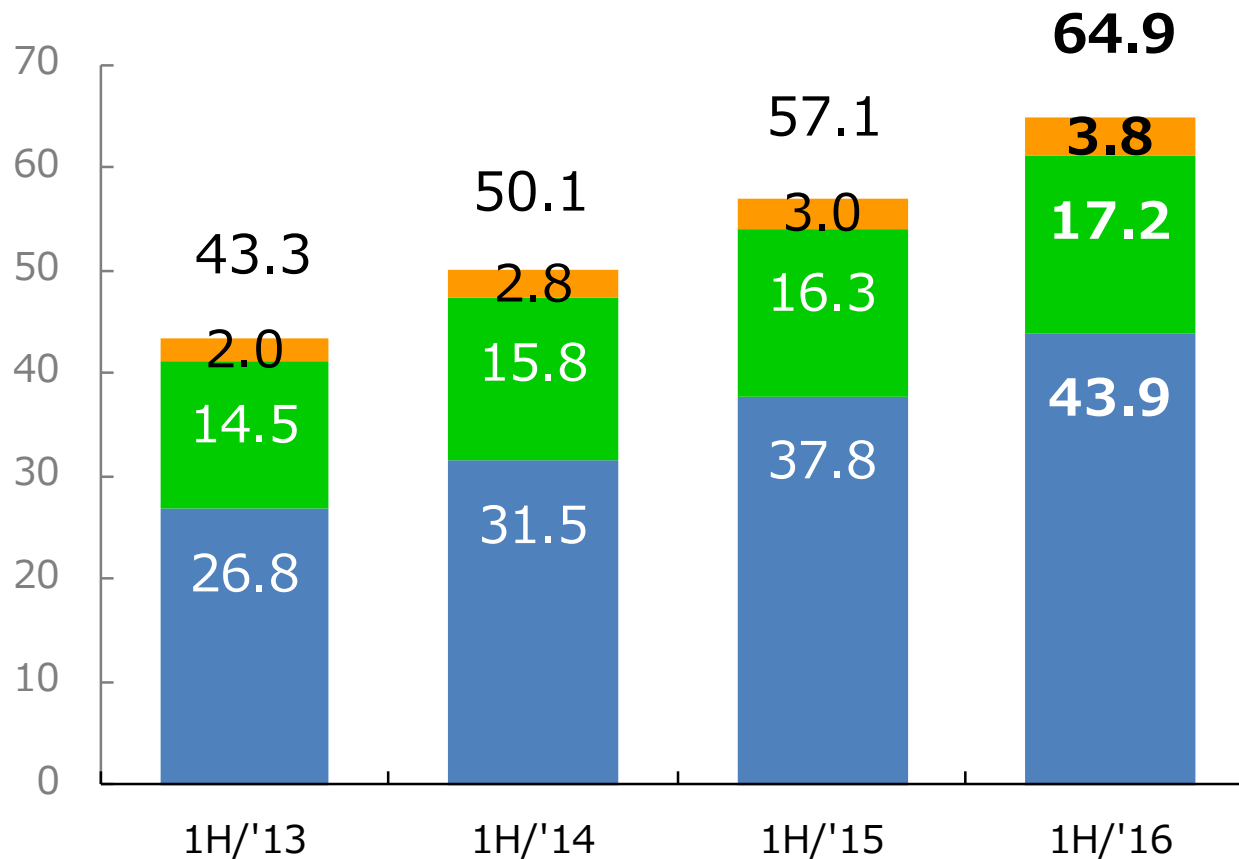
(Unit; JPY Billion)



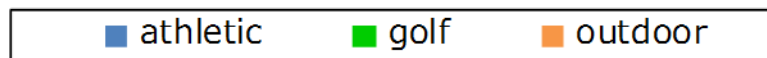
Net Sales Transition per ITEM (consolidated)



Design for Sports

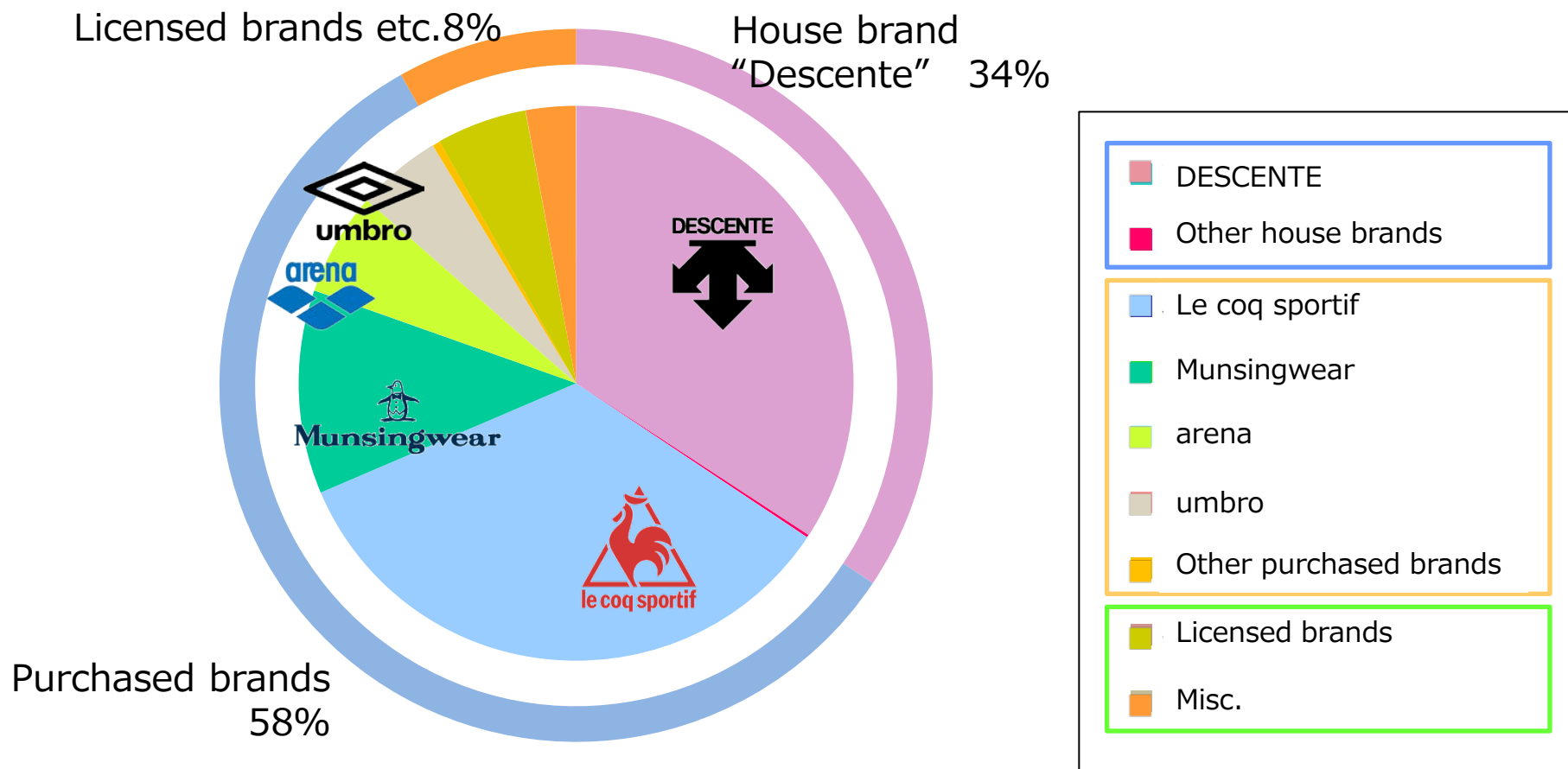


(Unit; JPY Billion)



Consolidated Sales by Brand and Ownership Structure (consolidated)

More than 90% of turnover is in house brands or purchased trademarks.



1. The First Half of FY ending March 31, 2016

① Summary

② Item-specific and area-specific reviews

③ **Review of Brands**

2. Objectives and plan for the
FY ending March 31, 2016

Review of Brands ①



Design for Sports



DESCENTE (*athletic*)

Recognized by consumers for technical excellence and craftsmanship. Global retail rollout to be accelerated.



DESCENTE (*golf*)

Launched in Spring/Summer 2015 in Japan and Korea. International PR activity focused on website and social media.



arena

Dedicated to producing the most technically advanced racing suits for swimmers, with strong brand image at every level of watersports.



umbro

Football focused with a wide range of products to suit every level of player.

Review of Brands ②



Design for Sports



le coq sportif (*athletic*)

Sportswear with an on-trend look. Each product category supported by sponsorship and PR activity.



le coq sportif (*golf*)

This year is the 20th anniversary of the launch of the golf collection. Le coq sportif's contracted golf pros have had an excellent year, especially Korean star Bo-Mee Lee.



Munsingwear

Offered a special range of 60th anniversary products with associated PR events. High-end items, particularly those "Made in Japan" have been very popular.



inov-8

Acquired an 80% of shareholding in the Inov-8 Group whose all-terrain shoes are distributed in more than 60 countries.



1. The First Half of FY ending March 31, 2016
 - ① Summary
 - ② Item-specific and area-specific reviews
 - ③ Review of Brands

2. **Objectives and plan for the
FY ending March 31, 2016**



Design for Sports

Further Acceleration of Global Operation

- ◇ **Emphasis on increasing global brand value.**
- ◇ **Promotion of the DESCENTE brand's global retail rollout.**

Restructuring of Domestic Operation

◇ **Strengthening of Product Development and Supply Management**

- Focus on core strength of functional, high quality, value-added products.
- Improve operation systems to deliver the right products at the right time.

◇ **Focusing on Sell-Through Results**

- In addition to directly operated brand shops there will be an expansion of the “shop in shop” within general and sports retailers.
- Improvements in past season inventory management at the retail level will be targeted as well as current season sell-through.

Turnover and Net Income are at historical highs for the second consecutive year as a result of expansion in Asia and improvement in Japan domestic market profitability.

(Unit; JPY million)

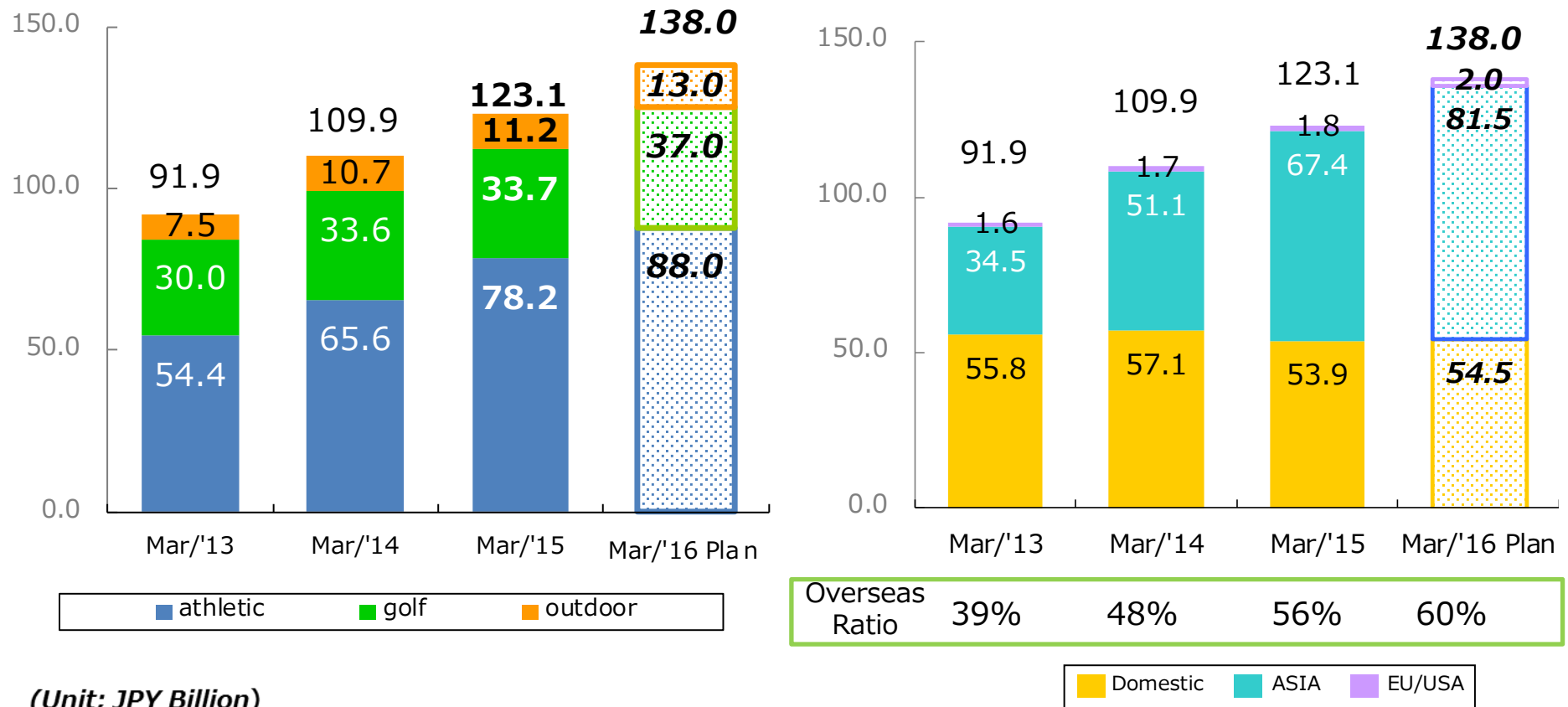
	Mar/'16		Mar/'16	Mar/'15	Mar/'14
	Plan (Revised)	Previous year	Plan (Initial)		
Net sales	138,000	112.1%	138,000	123,128	109,944
OP income	10,500	114.9%	10,000	9,136	6,271
(%)	7.6%		7.2%	7.4%	5.7%
Ordinary income	11,000	115.3%	10,500	9,543	6,643
(%)	8.0%		7.6%	7.8%	6.0%
NET income	7,600	115.8%	7,300	6,563	4,470
(%)	5.5%		5.3%	5.3%	4.1%
Net income per share	100.88		96.89	87.12	59.33

Item- specific and area-specific Sales(Consolidated)



Design for Sports

There is projected growth in all market segments with a planned year-on-year increase of +14.9 billion to 138 billion (112%) for the FY ending March 16. Sales in Asia and Europe projected to grow to more than 50% of total turnover.



(Unit; JPY Billion)

An annual dividend for 2016 is planned to JPY17.

(Unit; JPY million)

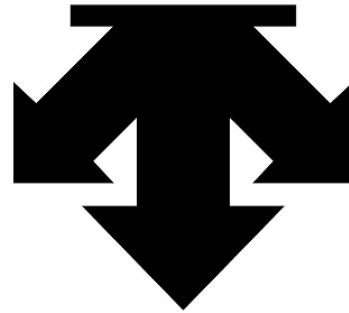
	Mar/'13	Mar/'14	Mar/'15	Mar/'16 Plan
Dividends	602	753	1,130	1,280
Amount/share	JPY 8.0	JPY10.0	JPY15.0	JPY 17.0
Net income(Consolidated)	3,561	4,470	6,563	7,600
Payout ratio	16.9%	16.9%	17.2%	16.9%

Dividend planning according to the Midterm management Plan Compass 2015

Projected dividend of JPY10 or more

Additionally focus will be on strengthening the corporate structure from a long-term and comprehensive perspective, the ability to invest in future growth areas by enhancing reserves , and implementing a stable dividend.

DESCENTE



Design for Sports