

This is an English translation of the original Japanese-language Business Results of DESCENTE LTD. (the Company) for the fiscal year ended March 31, 2019 and is provided for reference purposes only. Readers are advised that the Company does not guarantee the accuracy of the content contained in this report. In the event of any discrepancy between this translation and the Japanese original, the Japanese original shall prevail.



Summary of Financial Statements for the Fiscal Year Ended March 31, 2019
[Japan GAAP] (Consolidated)

May 13, 2019

Name of the Company: DESCENTE LTD.

Listed Exchange: TSE

Code No.: 8114

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

Representative: Masatoshi Ishimoto, President

Person responsible for inquiry: Kenichi Tsujimoto, Director, Managing Executive Officer, CFO

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Date of Annual General Meeting of Shareholders: June 20, 2019

Date of Dividend Payments: June 21, 2019

Date of Submission of Securities Report: June 20, 2019

Supplementary Financial Statements: Yes

Financial Results Briefing: None

(Note: Amounts less than one million yen are rounded down)

1. Consolidated Results for the Fiscal Year 2018 (April 1, 2018 - March 31, 2019)

(1) Consolidated operating results

(%, YoY)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen in millions	%
FY ended March 31, 2019	142,443	0.9	7,935	(17.3)	8,458	(12.8)	3,944	(31.7)
FY ended March 31, 2018	141,124	7.3	9,596	14.0	9,698	12.4	5,771	2.1

(Note) Comprehensive income FY ended March 31, 2019: ¥1,232 million (-87.1%), FY ended March 31, 2018: ¥9,576 million (286.7%)

	Net income per share	Diluted net income per share	Return on equity	Return on asset	Operating income ratio
	Yen	Yen	%	%	%
FY ended March 31, 2019	52.31	—	5.0	7.3	5.6
FY ended March 31, 2018	76.59	—	7.7	8.7	6.8

(Reference) Equity in earnings of affiliates

FY ended March 31, 2019: ¥117 million, FY ended March 31, 2018: ¥82 million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Yen in millions	Yen in millions	%	Yen
FY ended March 31, 2019	115,756	78,446	67.8	1,040.29
FY ended March 31, 2018	117,141	78,875	67.3	1,046.47

(reference) Equity

FY ended March 31, 2019: ¥78,446 million, FY ended March 31, 2018: ¥78,875 million

(3) Consolidated cash flow

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	Yen in millions	Yen in millions	Yen in millions	Yen in millions
FY ended March 31, 2019	11,137	(8,267)	(2,136)	27,229
FY ended March 31, 2018	12,523	(6,361)	(1,560)	27,369

2. Dividends

	Annual cash dividend per share					Dividend amount (Total)	Payout ratio (Consolidated)	Dividend on equity (Consolidated)
	End of the 1st quarter	End of the 2nd quarter	End of the 3rd quarter	End of the 4th quarter	Total			
	Yen	Yen	Yen	Yen	Yen	Yen in millions	%	%
FY ended March 31, 2018	—	0.00	—	23.00	23.00	1,733	30.0	2.3
FY ended March 31, 2019	—	0.00	—	26.00	26.00	1,960	49.7	2.5
FY ended March 31, 2020 (Forecast)	—	0.00	—	22.00	22.00		31.3	

3. Consolidated earnings forecast for the fiscal year ending March 31, 2020 (April 1, 2019 - March 31, 2020)

(%, YoY)

	Sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen
First half of fiscal year	64,400	(3.5)	1,500	(47.8)	1,600	(50.3)	1,100	(52.0)	14.59
Full-year	144,000	1.1	8,000	0.8	8,200	(3.1)	5,300	34.4	70.29

*Notes

(1) Changes in significant subsidiaries during the fiscal year (Changes in specified subsidiaries resulting in changes in the scope of consolidation):
None

(2) Changes in accounting policies, accounting estimates, and restatement

1. Changes in accounting policies associated with revision of accounting standards: None
2. Changes in accounting policy other than 1: None
3. Changing in accounting estimates: None
4. Restatement: None

(3) Number of shares issued and outstanding (common stock)

1. Number of shares issued and outstanding at the end of fiscal year (including treasury stock):
2. Number of treasury stock at fiscal end:
3. Average number of shares during the term:

FY ended March 31, 2019	76,924,176	FY ended March 31, 2018	76,924,176
FY ended March 31, 2019	1,516,109	FY ended March 31, 2018	1,551,380
FY ended March 31, 2019	75,397,359	FY ended March 31, 2018	75,362,012

(Reference) Summary of non-consolidated results

1. Non-consolidated results for the fiscal year ended March 31, 2019 (April 1, 2018 - March 31, 2019)

(1) Non-consolidated operating results

(%, YoY)

	Net sales		Operating income		Ordinary income		Net income	
	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen in millions	%
FY ended March 31, 2019	10,990	(0.5)	1,754	(23.7)	5,529	33.5	955	(10.0)
FY ended March 31, 2018	11,046	(80.7)	2,299	(1.2)	4,143	4.0	1,062	(64.7)

	Net income per share	Diluted net income per share
	Yen	Yen
FY ended March 31, 2019	12.68	—
FY ended March 31, 2018	14.10	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Yen in millions	Yen in millions	%	Yen
FY ended March 31, 2019	29,340	18,501	63.1	245.36
FY ended March 31, 2018	28,149	16,392	58.2	217.49

(Reference) Equity

FY ended March 31, 2019: ¥18,501 million, FY ended March 31, 2018: ¥16,392 million

3. Non-consolidated earnings forecast for the fiscal year ending March 31, 2020 (April 1, 2019 - March 31, 2020)

(%, YoY)

	Sales		Ordinary income		Net income		Net income per share
	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen
First half of fiscal year	5,900	1.3	500	(64.6)	400	(62.7)	5.31
Full-year	11,000	0.1	3,100	(43.9)	2,400	151.1	31.83

Note: Summary of financial statement is not subject to auditing procedures by independent auditors or auditing firms.

Note: Explanation of appropriate use of business performance forecasts and other special items
(Notes on future descriptions)

Descriptions about future such as the earnings forecasts in this document are based on the current information and certain assumptions that are considered reasonable, therefore it is not intended to state or imply any commitment by the company to achieve. Actual results may vary greatly depending on various factors. Prerequisites for earnings forecast or notes for using it, please refer to "1. Overview of Consolidated Operating Results" on page 4.

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1. Overview of Consolidated Operating Results

(1) Overview of Consolidated Operating Results for FY ended March 31, 2019

Net sales for FY ended March 31, 2019 was ¥142,443 million (+0.9% YOY), operating income was ¥7,935 million (-17.3% YOY), ordinary income was ¥8,458 million (-12.8% YOY), and profit attributable to owners of parent was ¥3,944 million (-31.7% YOY)

Operating Results Overviews (Net sales by Segments)

Segment	Net Sales (Yen in millions) (year on year)	Segment Income or Loss (Yen in millions) (year on year)
Japan	59,656 (101.7%)	2,142 (62.4%)
Asia	79,219 (100.5%)	6,447 (95.8%)
Europe/Americas	3,568 (98.6%)	-765 (Previous year: -581 million)
Adjustments	—	110 (Previous year: 11 million)
Total	142,443 (100.9%)	7,935 (82.7%)

(Japan)

In the athletic category, “DESCENTE” and “le coq sportif” performed well, but “umbro” struggled. In the golf category, sales of “DESCENTE” and “le coq sportif” performed steadily, but sales of “Munsingwear” struggled. As a result, although sales in Japan as a whole increased year-on-year, segment income decreased because SG & A expenses increased resulting from prior investment in directly-managed stores and e-commerce activities more than an increase in gross profit from sales growth.

(Asia)

In Korea, “DESCENTE” performed well, but “le coq sportif” and “Munsingwear” struggled. “Arena” performed well in Hong Kong and Singapore. As a result, although sales in Asia as a whole performed steadily, segment income decreased from the previous year due to an increase in SG & A expenses resulting from the opening of more directly managed stores in Korea.

(Europe and Americas)

The establishment of DESCENTE ATHLETIC AMERICAS, INC., has led to an increase in sales of “DESCENTE”. However, because of an increase in SG & A expenses of the Company and sluggish growth in “DESCENTE MOUNTAIN AMERICAS” and “INOVEIGHT LTD.” both sales and segment income in Europe and Americas decreased from the previous year, and an impairment loss on “INOVEIGHT LTD.” related assets was recorded as an extraordinary loss (not included above table).

Net Sales by Item is as follows: (Net sales by Item)

Item	Amount (Yen in millions)	Composition Ratio (%)	Year on year (%)
Athletic wear and related products	89,974	63.2	100.9
Golf wear and related products	36,206	25.4	97.6
Outdoor wear and related products	16,263	11.4	109.3
Total	142,443	100.0	100.9

(Note) The above amounts do not include consumption tax.

(Athletics wear and related products)

In the Athletic category, although sales increased in Japan and overseas for "DESCENTE" and in Japan for "le coq sportif" and overseas for "umbro", sales decreased in Japan for the "umbro" and overseas for the "le coq sportif", "arena" and "inov-8". As a result, overall sales increased slightly from the same period of the previous year.

DESCENTE: At the "24th Emperor's Cup Inter Prefectural Men's Ekiden Hiroshima" held in Hiroshima in January, 2019, we supplied uniforms for all 42 prefectural teams in "DESCENTE" brand. In February 2019, the largest flagship store of the brand, "DESCENTE TOKYO" was opened along Meiji-dori in Shibuya. In that store, in addition to products for the sports scene, we sell product categories that incorporate the functions cultivated by "DESCENTE" and can be worn on a daily basis. We will continue to raise the brand value by promoting the craftsmanship and manufacturing spirit of "DESCENTE" through brand exposure in the direct managed stores and supplying to athletic associations. In South Korea, we released exclusive products such as long down coats to commemorate the 40-year anniversary of our sponsorship with the Swiss alpine national ski team. We are rapidly expanding the number of stores in China and as of the end of December, 2018, it reached 118.

le coq sportif: Products collaborated with "MAGGY" who is popular fashion model and talent are performing well in Japan. We are also expanding our business in Southeast Asia with the opening of three stores in Indonesia since August.

arena: Following the "Pan Pacific Swimming Championships 2018" in August, we co-sponsored the "14th FINA World Swimming Championships (25m)" held in Hangzhou, China, in December, and promoted brand through various marketing activities, including campaigns to liven up the event and related products sales. Our contracted swimmer Daiya Seto (ANA/JSS Moroyama) won the gold medal in the 200m butterfly at both championships, contributing to an increase in the value of the brand. Also, in preparation for the "18th FINA World Championships" to be held in July 2019, we jointly developed the Top Racing Swimwear "Ultimate Aqua Force" with our contracted athletes.

umbro: We are expanding our shoe business. For example, in Japan, we launched football boots, which we developed and improved together with our contract athletes, Gaku Shibasaki and Yasuhito Endo, and in South Korea, sales of shoes "BUMPY" remained strong.

(Golf wear and related products)

In the Golf category, sales increased due to continued strong sales of "DESCENTE" in Japan and overseas. In Japan, sales of "le coq sportif" increased, but "Munsingwear" decreased. In overseas, sales of "le coq sportif" and "Munsingwear" struggled, and as a result, overall sales decreased from the same period of the previous year.

Munsingwear: As a measure to strengthen the brand, we have launched the "ENVOY" series of products in Japan that pursue design and functionality in the image of young professional golfers. In Vietnam, following the opening of the first store in Lotte Department Hanoi in April, we opened the second store in Hanoi in July to expand our business in Southeast Asia. In order to protect the penguins, which are also the brand icons, from the danger of extinction, and to curb global warming and environmental deterioration, we are promoting "SAVE the PENGUIN" campaign and selling collaboration products with the "WWF (World Wide Fund for Nature)", an environmental conservation NGO, in Japan, China, Singapore and other Asian countries.

le coq sportif: We are working to expand our customer base by launching products in collaboration with Japanese illustrator "Chocomoo" in South Korea and the "SUNDAY" series which performed well for young people.

DESCENTE: We opened our first golf store in China in August at Shanghai Jiu-Guang Department Store. We are expanding our brand in the golf category as well as the athletic category. In February, 2019, global contracted athlete Nelly Korda (United States) won the "ISPS HANDA Australian Women's Open" and enhanced brand exposure.

In October, we opened the first directly managed golf compound business type store in the Mitsui Outlet Park Kisarazu in Japan. In addition to our 5 golf brands, we also carry 3 golf gear brands of Sumitomo Rubber Industries, Ltd., with the aim of acquiring more brand fans and expanding the golf business to meet the needs of a wide range of golfers.

(Other Topics)

In the area of R&D, at the Apparel R&D Center ("DISC OSAKA") in Osaka, which went into operation in July, we launched our original developed fabric "Coolist D-Tec", which has a cooling function by releasing unnecessary heat in clothing, as a company-wide key strategic material for the summer. In addition, at the International Sporting Goods Fair "ISPO Munich 2019" held in Germany in January 2019, the ISPO Gold Winner was awarded to "Mizusawa Down Jacket Variant" which is a product marketed globally under the "DESCENTE" brand. The ISPO Gold Winner under the "DESCENTE" brand has been awarded for 3 consecutive years since 2017. We will continue to strive to improve our "Manufacturing Creativity" as one of our priority strategies, focusing on unique development led by DISC.

In the area of business partnership, we entered into a comprehensive business alliance agreement with Wacoal Holdings Corp. in August, and started cross-selling each company's branded products at directly managed stores of

each in October. This was the start of specific partnership activities such as the development of a joint pop-up store and transferring customers to mutual e-commerce sites. Going forward, we will continue to leverage our respective management resources to strengthen, expand, and develop our business foundations to create new value beyond the fields of fashion and sports, and to expand and globalize the businesses of both companies.

In the field of new distribution development, as part of our B-to-B business development at DESCENTE JAPAN LTD., in cooperation with ASKUL Corporation, we created new driver uniforms for ASKUL LOGIST Corporation, a 100% subsidiary of ASKUL Corporation that handles logistics for the company. We will make the most of our expertise in sports so that the drivers can work without stress both physically and mentally with comfortable functional sports base uniform and to build good communication with customers.

(2) Overview of Consolidated Financial Position for FY ended March 31, 2019

(Analysis of the status of assets, liabilities, and net assets)

As of FY ended March 31, 2019, total assets decreased ¥1,384 million from the previous fiscal year to ¥115,756 million.

Current assets decreased ¥16 million to ¥78,051 million. This was mainly due to a decrease in merchandise and finished goods of ¥1,073 million, and an increase in accounts receivable-other included in current assets of ¥772 million.

Non-current assets decreased ¥1,368 million to ¥37,705 million. This was mainly due to an increase in property, plant and equipment of ¥2,754 million, a decrease in impairment losses on intangible fixed assets including goodwill of ¥2,377 million and a decrease in deferred tax assets of ¥1,219 million.

Total liabilities decreased ¥955 million to ¥37,310 million. This was mainly due to a decrease in long-term loans payable of ¥525 million and deferred tax liabilities of ¥564 million.

Net assets decreased ¥429 million to ¥78,446 million. This was mainly to an increase in retained earnings of ¥2,210 million and a decrease in foreign currency translation adjustment of ¥2,694 million.

As a result, the equity ratio increased by 0.5% to 67.8%.

(3) Overview of Consolidated Cash Flow for FY ended March 31, 2019

(Analysis of Cash Flow Status)

The balance of cash and cash equivalents as of FY ended March 31, 2019 decreased ¥140 million from the previous fiscal year to ¥27,229 million.

Cash flows from operating activities was ¥11,137 million in excess of revenues (¥12,523 million in excess of revenue in the previous fiscal year). This was due to income tax payment of ¥1,038 million, but there are also increasing factor of posting income before income taxes of ¥5,683 million and depreciation expenses of ¥3,773 million, and impairment loss of ¥1,817 million.

Cash flows from investing activities was ¥8,267 million in excess of expenditures (¥6,361 million in excess of expenditures in the previous fiscal year). This was mainly due to purchase of property of ¥5,863 million and purchase of intangible assets of ¥811 million.

Cash flows from financing activities was ¥2,136 million in excess of expenditures (¥1,560 million in excess of expenditures in the previous fiscal year). This was mainly due to the dividend payments of ¥1,733 million.

(Reference) Cash Flow Related Indicators

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Equity Ratio (%)	68.4	64.8	66.3	67.3	67.8
Equity Ratio based on Market Value (%)	117.8	116.1	93.0	108.0	188.9
Cash Flow/Liabilities with Interest Ratio (Years)	0.3	0.6	1.0	0.5	0.5
Interest Coverage Ratio (Times)	593.9	136.3	55.7	135.8	82.5

FY2018: fiscal year ended March, 2019

(Notes) Equity Ratio = Net worth/Total Assets

Equity Ratio based on Market Value = Market Capitalization/Total Assets

Cash Flow/Liabilities with Interest Ratio = Liabilities with Interest/Operating Cash Flow

Interest Coverage Ratio = Operating Cash Flow/Interest Payments

1. Each indicator is calculated based on consolidated financial figures.
2. Market capitalization is calculated based on closing share prices at year-end multiple the number of shares issued and outstanding at year-end excluding treasury shares.
3. Operating cash flows refers to cash flows from operating activities of the consolidated cash flow statements. Liabilities with Interest includes all liabilities on which we pay interest shown on the consolidated balance sheet. Interest payments refers to payments of interest paid on the consolidated cash flow statement.

(4) Consolidated Performance Forecast for the fiscal year ending March 31, 2020

For the fiscal year ending March 31, 2020, consolidated forecasts are net sales of ¥144,000 million, operating income of ¥8,000 million, ordinary income of ¥8,200 million, and profit attributable to owners of parent of ¥5,300 million.

2. Basic Approach to the Selection of Accounting Standards

Over the near term, the Group will prepare its consolidated financial statements based on Japanese GAAP. Regarding the application of International Financial Reporting Standards (IFRS), we plan to appropriately respond to the situation in Japan and abroad.

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheets

(Yen in millions)

	FY2017 (March 31, 2018)	FY2018 (March 31, 2019)
Assets		
Current assets		
Cash and deposits	27,954	28,136
Notes and accounts receivable - trade	21,852	21,190
Merchandise and finished goods	24,933	23,860
Work in process	140	161
Raw materials and supplies	885	799
Other	2,391	4,762
Allowance for doubtful accounts	(90)	(859)
Total current assets	78,068	78,051
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,375	12,356
Land	8,206	8,728
Construction in progress	2,837	9
Other, net	3,737	3,815
Total property, plant and equipment	22,156	24,910
Intangible assets		
Goodwill	905	-
Other	4,172	2,701
Total intangible assets	5,078	2,701
Investments and other assets		
Investments in securities	3,562	3,445
Deferred tax assets	1,900	681
Other	6,477	6,055
Allowance for doubtful accounts	(102)	(89)
Total investments and other assets	11,838	10,093
Total non-current assets	39,073	37,705
Total assets	117,141	115,756

(Yen in millions)

	FY2017 (March 31, 2018)	FY2018 (March 31, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	17,705	18,448
Short-term loans payable	521	405
Current portion of long-term loans payable	359	254
Accounts payable - other	4,503	4,195
Income taxes payable	1,269	1,183
Provision for bonuses	901	898
Provision for sales returns	849	883
Provision for loss on guarantees	–	121
Other	3,004	3,138
Total current liabilities	29,116	29,527
Non-current liabilities		
Long-term loans payable	4,659	4,133
Provision for loss on guarantees	413	–
Net defined benefit liability	995	952
Deferred tax liabilities	2,249	1,685
Other	832	1,011
Total non-current liabilities	9,149	7,783
Total liabilities	38,266	37,310
Net assets		
Shareholders' equity		
Capital stock	3,846	3,846
Capital surplus	25,223	25,281
Retained earnings	45,421	47,632
Treasury shares	(658)	(643)
Total shareholders' equity	73,832	76,115
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	822	739
Deferred gains or losses on hedges	13	(4)
Foreign currency translation adjustment	4,301	1,607
Remeasurements of defined benefit plans	(95)	(11)
Total accumulated other comprehensive income	5,042	2,330
Total net assets	78,875	78,446
Total liabilities and net assets	117,141	115,756

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Consolidated Statements of Income

(Yen in millions)

	FY2017 (April 1, 2017 – March 31, 2018)	FY2018 (April 1, 2018 – March 31, 2019)
Net Sales	141,124	142,443
Cost of sales	62,803	62,915
Gross profit	78,321	79,527
Reversal of provision for sales returns	100	–
Provision for sales returns	–	33
Gross profit - net	78,421	79,494
Selling, general and administrative expenses	68,825	71,558
Operating profit	9,596	7,935
Non-operating income		
Interest income	231	328
Dividend income	68	91
Equity in earnings of affiliates	82	117
Compensation income	62	–
Foreign exchange gains	–	48
Other	97	213
Total non-operating income	542	799
Non-operating expenses		
Interest expense	92	135
Loss on retirement of non-current assets	68	115
Foreign exchange losses	254	–
Other	23	25
Total non-operating expenses	439	276
Ordinary income	9,698	8,458
Extraordinary income		
Gain on sales of investment securities	396	–
Compensation income for damage	170	–
Total extraordinary income	566	–
Extraordinary loss		
Impairment loss	1,246	1,817
Provision for loss on guarantees	413	471
Loss on valuation of investment securities	–	354
Loss on liquidation of brands	–	131
Total extraordinary losses	1,659	2,775
Income before income taxes	8,606	5,683
Income taxes - current	2,469	2,386
Refund of income taxes	–	(1,268)
Income taxes-deferred	364	620
Total income taxes	2,834	1,738
Net income	5,771	3,944
Profit attributable to owners of parent	5,771	3,944

Consolidated Statements of Comprehensive Income

(Yen in millions)

	FY2017 (April 1, 2017 – March 31, 2018)	FY2018 (April 1, 2018 – March 31, 2019)
Net income	5,771	3,944
Other comprehensive income		
Valuation difference on available-for-sale securities	(72)	(83)
Deferred gains or losses on hedges	40	(18)
Foreign currency translation adjustment	3,523	(2,532)
Remeasurements of defined benefit plans	137	84
Share of other comprehensive income of entities accounted for using equity method	176	(162)
Total other comprehensive income	3,804	(2,712)
Comprehensive income	9,576	1,232
(Breakdown)		
Comprehensive income attributable to owners of parent	9,576	1,232

(3) Consolidated Statements of Changes in Net Assets

FY 2017 (April 1, 2017 - March 31, 2018)

(Yen in millions)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the period	3,846	25,184	41,348	(672)	69,706
Changes of items during period					
Dividends from surplus			(1,732)		(1,732)
Profit attributable to owners of parent			5,771		5,771
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock		39		15	54
Effect of change in accounting period of consolidated subsidiaries			34		34
Net changes of items during the period except for items under shareholders' equity					
Total changes of items during period	—	39	4,072	14	4,126
Balance at end of the period	3,846	25,223	45,421	(658)	73,832

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of the period	895	(26)	602	(232)	1,237	70,944
Changes of items during period						
Dividends from surplus						(1,732)
Profit attributable to owners of parent						5,771
Purchase of treasury stock						(0)
Disposal of treasury stock						54
Effect of change in accounting period of consolidated subsidiaries						34
Net changes of items during the period except for items under shareholders' equity	(72)	40	3,699	137	3,804	3,804
Total changes of items during period	(72)	40	3,699	137	3,804	7,931
Balance at end of the period	822	13	4,301	(95)	5,042	78,875

FY 2018 (April 1, 2018 - March 31, 2019)

(Yen in millions)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury	Total shareholder's equity
Balance at beginning of the period	3,846	25,223	45,421	(658)	73,832
Changes of items during period					
Dividends from surplus			(1,733)		(1,733)
Profit attributable to owners of parent			3,944		3,944
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock		57		15	72
Effect of change in accounting period of consolidated subsidiaries					
Net changes of items during the period except for items under shareholders' equity	—	57	2,210	14	2,282
Total changes of items during period	3,846	25,281	47,632	(643)	76,115

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of the period	822	13	4,301	(95)	5,042	78,875
Changes of items during period						
Dividends from surplus						(1,733)
Profit attributable to owners of parent						3,944
Purchase of treasury stock						(0)
Disposal of treasury stock						72
Effect of change in accounting period of consolidated subsidiaries	(83)	(18)	(2,694)	84	(2,712)	(2,712)
Net changes of items during the period except for items under shareholders' equity	(83)	(18)	(2,694)	84	(2,712)	(429)
Total changes of items during period	739	(4)	1,607	(11)	2,330	78,446

(4) Consolidated Statements of Cash Flow

(Yen in millions)

	FY2017 (April 1, 2017 - March 31, 2018)	FY2018 (April 1, 2018 - March 31, 2019)
Cash flows from operating activities		
Income before income taxes	8,606	5,683
Depreciation	3,181	3,773
Amortization of goodwill	274	116
Impairment loss	1,246	1,817
Loss on liquidation of brands	—	131
Loss (gain) on sales of investment securities	(396)	—
Increase (decrease) in allowance for doubtful accounts	19	760
Increase (decrease) in provision for bonuses	8	(3)
Increase (decrease) in provision for sales returns	(100)	33
Increase (decrease) in provision for loss on guarantees	413	(292)
Increase (decrease) in net defined benefit liability	(84)	(16)
Interest and dividend income	(299)	(420)
Interest expenses	92	135
Decrease (increase) in notes and accounts receivable-trade	(808)	137
Decrease (increase) in inventories	917	233
Increase (decrease) in notes and accounts payable-trade	295	1,089
Other	1,169	(1,289)
Subtotal	14,533	11,891
Interest and dividend income received	299	420
Interest expenses paid	(92)	(135)
Income taxes paid	(2,217)	(1,038)
Net cash provided by (used in) operating	12,523	11,137
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	1,325	631
Payments into time deposits	(992)	(986)
Purchase of property, plant and equipment	(6,344)	(5,863)
Purchase of intangible assets	(462)	(811)
Purchase of investment securities	(9)	(102)
Purchase of stocks of subsidiaries and affiliates	—	(178)
Payments for guarantee deposits	—	(774)
Other	122	(182)
Net cash provided by (used in) investing activities	(6,361)	(8,267)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	529	(112)
Proceeds from long-term loans payable	166	—
Repayment of long-term loans payable	(463)	(468)
Cash dividends paid	(1,732)	(1,733)
Purchase of treasury shares	(0)	(0)
Other	(59)	179
Net cash provided by (used in) financing activities	(1,560)	(2,136)
Effect of exchange rate change on cash and cash equivalents	1,032	(873)
Net increase (decrease) in cash and cash equivalents	5,633	(140)
Cash and cash equivalents at beginning of period	21,907	27,369
Net increase (decrease) in cash and cash equivalents to changes in accounting period of consolidated subsidiaries	(172)	—
Cash and cash equivalents at end of period	27,369	27,229

(5) Notes on Consolidated Financial Statements

(Going Concern Assumptions)

None

(Segment Information)

1. General Information about Reportable Segments

A reportable segment is a component of the group of which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to make decisions about resource allocation and to assess its performance.

The Group manufactures and sells sportswear and its related products, and has established comprehensive strategies for each brand in each region based on the group company's location (Japan, Asia and Europe/Americas) and conducts business activities.

Therefore, the group consists of regional segment of the group company's location based on the headquarters and its consolidated subsidiaries, with three reporting segments: "Japan", "Asia", and "Europe/Americas".

2. Calculation Method for Net Sales, Profit (Loss), Assets, Liabilities and Other Items by Reportable Segment

The accounting method for the Group's reportable business segments is generally the same as those described in the recent securities filings (submitted: June 21, 2018) "Basis for Preparation of Consolidated Financial Statements".

3. Information about Net Sales, Profit (Loss), Assets, Liabilities and Other Items by Reportable Segment

FY2017 (April 1, 2017 - March 31, 2018)

(Yen in millions)

	Reportable Segments				Adjustment (Note 1)	Amount of Shown on Consolidated Financial Statements (Note 2)
	Japan	Asia	Europe/Americas	Total		
Net Sales						
Sales to External Customers	58,673	78,832	3,618	141,124	—	141,124
Intersegment Sales or Transfers	5,012	434	145	5,592	(5,592)	—
Total	63,685	79,267	3,764	146,717	(5,592)	141,124
Segment Income (Loss)	3,433	6,732	(581)	9,584	11	9,596
Segment Assets	69,584	50,985	3,197	123,767	(6,625)	117,141
Other Items						
Depreciation	941	1,996	243	3,181	—	3,181
Amortization of Goodwill	—	—	274	274	—	274
Investments in equity-method affiliates	1,105	1,186	—	2,292	—	2,292
Increase in property, plant and equipment and intangible assets	2,230	4,361	71	6,663	—	6,663

(Note 1) 1. Segment income (loss) adjustment of ¥11 million includes intersegment transaction eliminations of ¥28 million and inventory adjustment of ¥(16) million.

2. The segment assets adjustment of ¥(6,625) million includes intersegment transactions eliminations of ¥(6,505) million and inventory adjustment of ¥(120) million.

(Note 2) Segment income (loss) is adjusted for operating income reported in the consolidated statements of income.

(Note 3) "Partial revision of 'Accounting Standards for Tax Effect Accounting'" (Corporate Accounting Standard No. 28, February 16, 2018), etc. has been applied from the beginning of the fiscal year 2018 ended March, 2019, and segment assets for the fiscal year ended March, 2018 are after retroactive application of this accounting standard.

FY2018 (April 1, 2018 - March 31, 2019)

(Yen in millions)

	Reportable Segments				Adjustment (Note 1)	Amount of Shown on Consolidated Financial Statements (Note 2)
	Japan	Asia	Europe/Americas	Total		
Net Sales						
Sales to External Customers	59,656	79,219	3,568	142,443	—	142,443
Intersegment Sales or Transfers	5,345	465	130	5,940	(5,940)	—
Total	65,001	79,684	3,698	148,384	(5,940)	142,443
Segment Income (Loss)	2,142	6,447	(765)	7,824	110	7,935
Segment Assets	69,022	50,715	810	120,547	(4,791)	115,756
Other Items						
Depreciation and Amortization	1,305	2,213	254	3,773	—	3,773
Amortization of Goodwill	—	—	116	116	—	116
Investments in equity-method affiliates	1,282	1,024	—	2,306	—	2,306
Increase in property, plant and equipment and intangible assets	2,099	4,889	65	7,053	—	7,053

(Note 1) 1. Segment income (loss) adjustment of ¥110 million includes intersegment transaction eliminations of ¥82 million and inventory adjustment of ¥28 million.

2. The segment assets adjustment of ¥(4,791) million includes intersegment transactions eliminations of ¥(4,883) million and inventory adjustment of ¥(92) million.

(Note 2) Segment income (loss) is adjusted for operating income reported in the consolidated statements of income.

(Information per Share)

Net assets per share, net income per share and basis of calculation for them are as follows.

	At end of FY2017 (March 31, 2018)	At end of FY2018 (March 31, 2019)
(1) Net assets per share (Yen)	1,046.47	1,040.29
(Basis of calculation)		
Total net assets (Yen in millions)	78,875	78,446
Amount deducted from total net assets (Yen in millions)	—	—
Year-end net assets associated with common stock (Yen in millions)	78,875	78,446
Year-end number of shares of common stock used in the calculation of net assets per share (1000 shares)	75,372	75,408

	FY2017 (April 1, 2017 - March 31, 2018)	FY 2018 (April 1, 2018 - March 31, 2019)
(2) Net income per share (Yen)	76.59	52.31
(Basis of calculation)		
Profit attributable to owners of parent (Yen in millions)	5,771	3,944
Amount not attributable to shareholders of common stock (Yen in millions)	—	—
Profit attributable to owners of parent associated with common stock (Yen in millions)	5,771	3,944
Weighted average number of shares of common stock during the fiscal year (1000 shares)	75,362	75,397

(Note) Net income per share after adjustment of dilutive shares is not disclosed because there are no dilutive shares.

(Important Subsequent Event)

None

4. Other

Overseas sales

FY2017 (April 1, 2017 - March 31, 2018)

(Yen in millions, %)

	Asia	North America	Europe and other regions	Total
(1) Overseas Net Sales	80,754	1,903	2,709	85,367
(2) Consolidated Net Sales				141,124
(3) Percentage of overseas net sales in consolidated net sales	57.2	1.3	1.9	60.5

(Note) Net sales are based on the customer's location and classified into countries or regions.

FY2018 (April 1, 2018 - March 31, 2019)

(Yen in millions, %)

	Asia	North America	Europe and other regions	Total
(1) Overseas Net Sales	80,861	1,934	2,811	85,607
(2) Consolidated Net Sales				142,443
(3) Percentage of overseas net sales in consolidated net sales	56.8	1.4	2.0	60.1

(Note) Net sales are based on the customer's location and classified into countries or regions.