

DESCENTE



To our shareholders

BUSINESS REPORT 2017

April 1, 2017 — March 31, 2018

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DESCENTE LTD.

Security code : 8114

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



PRESIDENT'S MESSAGE

The company spin off has gotten off to a good start and we are beginning to see positive effects both domestically and internationally.

Start by telling us about the Group's results for the fiscal year ended March 2018.

Results for the fiscal year ended March 2018 were an increase in both sales and profits, with net sales of JPY141.124 billion (up 7.3% year-on-year), operating profit of JPY9.596 billion (up 14% year-on-year), ordinary profit of JPY9.698 billion (up 12.4% year-on-year) and profit attributable to owners of parent of JPY5.771 billion (an increase of 2.1% year-on-year).



President

A handwritten signature in black ink, appearing to read 'Masatoshi Ishimoto', written in a cursive style.

Masatoshi Ishimoto

PRESIDENT'S MESSAGE

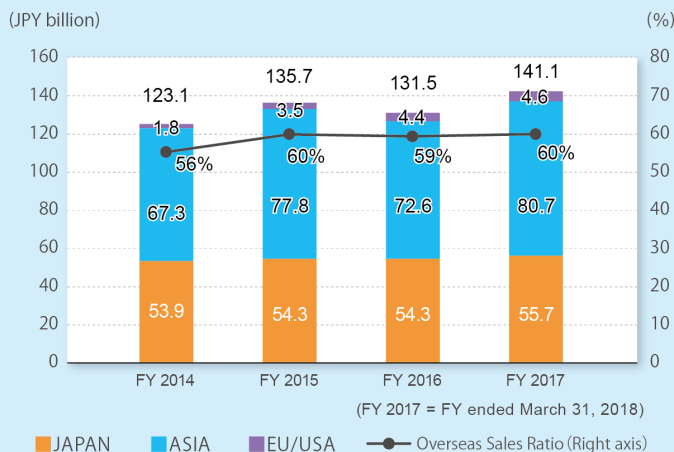
By region, our business in Japan saw us successfully deliver on one major goal of our recent company spin off: to increase revenue by steadily improving profitability and capturing domestic demand.

The DESCENTE brand led strong results in South Korea, and umbro brand sales doubled. The struggling le coq sportif brand also showed signs of recovery, and we sense the momentum is there for a turnaround.

Beyond Japan and South Korea, we are also focusing on establishing China as a third pillar, and with the two companies we established there in 2016 now in full-scale operation, we have successfully put the business there on track, opening 58 new DESCENTE brand stores as well as 50 stores under the arena brand. As a result, sales in China, converted to Japanese yen, were about JPY14.0 billion, a year-on-year increase of 150% (on a local currency basis), becoming an important pillar of our business.

Domestically and internationally, we are beginning to see the effects of the company spin off, and have gotten off to a good start.

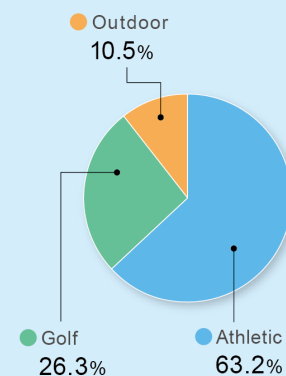
◆ Net Sales Transition and Overseas Sales Ratio



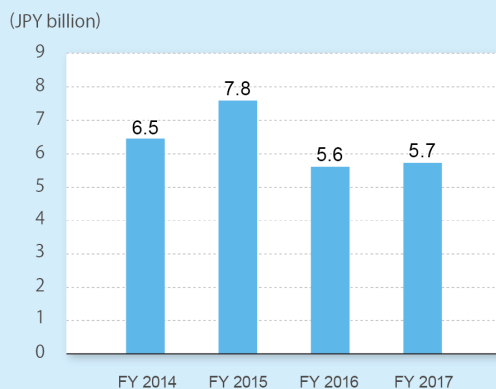
*Net sales is based on the location of the customer, and classified according to country and area

◆ Net Sales by Item

(Consolidated cumulative second quarter)



◆ Profit Attributable to Owners of Parent



(FY 2017 = FY ended March 31, 2018)

◆ Full-year Consolidated Financial Result Forecast

	FY 2016	FY 2017	FY 2018 (Plan)	FY 2018 Compass 2018
Net sales (JPY billions)	131.5	141.1	148.0	170.0
Operating income (JPY billions)	8.4	9.5	9.6	—
Ordinary income (JPY billions)	8.6	9.6	10.0	14.0
Profit attributable to owners of parent (JPY billions)	5.6	5.7	6.5	10.0
EPS (JPY)	75.00	76.59	86.24	—

(FY 2017 = FY ended March 31, 2018)

Tell us about some of your signature initiatives in the fiscal year ended March 2018.

In the past year, I think we succeeded in making the most of our distinctive qualities, as seen in our involvement with top athletes and in the positive response to our technical capabilities.

First, the DESCENTE brand was named a Gold winner for the seventh time at ISPO, the world's largest sporting goods show. DESCENTE has also exhibited in the ski category at ISPO since the show's inception, and this year saw us finally succeed in our goal of being recognized in that category, winning ISPO awards for two products. I feel we are making solid progress toward achieving our goal of improving our manufacturing creativity, one of the main strategies under Compass 2018, our current medium-term management plan.

Second, this winter we set up the directly run DESCENTE Brand Station in PyeongChang, South Korea. This provided a venue not only for product sales, but for offering a variety of information and for exhibiting World Cup models of competition sportswear supplied by DESCENTE. We also provided a booth where athletes could go to get their racing suits and other apparel repaired or adjusted. While we have provided repair services at international sports events in the past, by setting up this booth in full view, I think we gave visitors from around the world a chance to experience up close our approach to manufacturing and our technical capabilities.

We also continue to focus our efforts on our supplier contracts with top athletes, who serve an important role as ambassadors for our brands. Baseball star Shohei Ohtani, who recently moved from Japan to play in the US will continue wearing the DESCENTE and SKINS brands, and looking ahead, we plan to sign contracts with other young athletes who show promise. By having athletes compete wearing our brands, we hope to convey the excellence of our products to users around the world.

A year has passed since the company spin off. What kind of changes have there been internally?

One internal project we are working on is the re-indoctrination of our corporate identity. We are a diverse Group but our Group mission to create quality products and deliver them to customers should be the same across all of our companies and divisions. With the company spin off, I think it is more important than ever that this message is reaffirmed in the hearts and minds of each employee.



Gold Winner of ISPO Award 2018
FUSION KNIT PARAHLEM JACKET 'CLICK'
by DESCENTE ALLTERRAIN



DESCENTE Brand Station in PyeongChang



A booth where we provided repair services for athletes

PRESIDENT'S MESSAGE

We started by holding our first employee athletic meet in 20 years, as an opportunity to reinforce our corporate philosophy and founding spirit (Spirit of DESCENTE). We devised a number of ways to do this, including dividing the participants into teams named after the four key words representing the Spirit of DESCENTE: Creation, Challenge, Integrity and Harmony. The event was a chance for employees to fully enjoy what we can offer as a sports company, while making them more aware of our corporate identity.

We also held our “D-TOP Awards,” where designers from each of our brands divide up into six teams to design PC wallpaper based on the keywords of our Spirit of DESCENTE. Each of the completed designs was set up to display for several weeks on employee PCs in Japan, after which a vote was held to decide the top design. These kinds of events allowed all of our employees to share in our identity across divisional and occupational boundaries, and as a next step, we are planning other measures to ensure that each and every employee is aware of and can put our corporate identity into practice.

This is the final year of Compass 2018, the current medium-term management plan. Tell us about your policies going into the fiscal year ending March 2019.

In the first year of Compass 2018, the fiscal year ended March 2017, we faced a slowdown in the South Korean market, and we downgraded our forecast in the belief that achieving the quantitative targets we had set for the final year, the fiscal year ending March 2019, would be difficult. At the same time, we have worked steadily on the revised targets based on the main Compass 2018 strategies and are beginning to see results. For example, the two new R&D centers for apparel and shoes, which are expected to boost progress toward our goal of improving our manufacturing creativity, will be fully operational in the fiscal year ending March 2019. The relocation and reconstruction of the DESCENTE Apparel Yoshino Factory has been completed, and enhancements to equipment at the Mizusawa Factory are also wrapping up as we work to put everything in place on the facilities side. Next, we will begin taking steps specifically aimed at expanding production capacity and strengthening our design and development capabilities.

In addition, the inov-8 brand—working with the University of Manchester—has succeeded in developing and commercializing a new shoe using graphene, a material that earned its discovery team the Nobel Prize in Physics in 2010. Though nanometers thin, graphene offers extraordinary strength and flexibility. We believe that applying this material to sports shoes, which require outstanding grip, will allow us to respond to serious runners' expectations. We see that extending this graphene-based shoe technology to our other brands will also lead to improvements in our shoe development capabilities.



About 220 Group employees and their families participated in the athletic meet



PC wall paper designs of D-TOP Award which aims to deepen acknowledgement of Spirit of DESCENTE, “Creation”, “Challenge”, “Integrity” and “Harmony”

PRESIDENT'S MESSAGE

In the area of developing management infrastructure, introduction of a product lifestyle management (PLM) system should allow us to significantly streamline the work involved in everything from procurement for individual brands to sales. We also plan to deploy an enterprise resource planning (ERP) system. Digitalization of a variety of systems is something we will continue to focus on in our efforts to achieve further growth as a global company.

Finally, what message do you have for your shareholders?

The cover of this report shows the Swiss National Alpine Ski Team, our partner since 1978. It gives me great pleasure to know that we are able to maintain long term relationships with top teams like these. Similarly, many of our shareholders have held onto their shares in DESCENTE for 10 or 20 years or more, and we are grateful for their many years of loyalty and support.

In the next few years, Japan will play host to a number of major international sporting events, and interest in sports is on the rise. As sports in Japan reaches this high point in popularity, we hope to maintain our unique approach to conducting business and taking on challenges, ensuring that our brands continue to be appreciated by both our longtime and also new fans. Thank you again for your support.



DESCENTE Apparel Yoshino Factory
rebuilt in April 2017

FEATURE

Interview with the Heads of DESCENTE Group Companies in China

The DESCENTE Group's three companies accounted for using the equity method in China are expected to expand sales and bring further business growth. We asked the heads of each of these companies about their efforts in FY 2017 and their plans for the future.



LE COQ SPORTIF (NINGBO) CO., LTD.

Director/General Manager Ke Wang

Location : Ningbo, China

Incorporated : February, 2004

Functions : Product planning, development, production, and selling of le coq sportif products



DESCENTE (CHINA) CO., LTD.

CEO John Yang

Location : Shanghai, China

Incorporated : July, 2016

Functions : Product planning, development, production, and selling of DESCENTE products



ARENA (SHANGHAI) INDUSTRIAL CO., LTD.

General Manager Oriana Li

Location : Shanghai, China

Incorporated : October, 2016

Functions : Selling of arena products



LE COQ SPORTIF (NINGBO) CO., LTD.

Director/General Manager

Ke Wang



Reaching 160 New Store Openings

In 2017, we worked aggressively to expand new store openings. We opened about new 160 stores, primarily in southern China, which has a large population, and which is experiencing remarkable economic growth. That brought the total to 480 stores nationwide as of the end of 2017. In conjunction with this expansion, we also focused on product appeal and on enhancing brand recognition. This included co-sponsoring the Shanghai Criterium and other cycling competitions, as well as the Le Coq Sportif Beijing Ladies Classic on the China LGPA tour, and even a music event sponsored jointly with the Consulate General of France. We also worked on internal reforms designed to further improve productivity, streamlining business with the introduction of a sales inventory management system and shifting to paperless operations, thus gaining speed.



Cycling competition "Shanghai Criterium"

Aiming to Increase Sales by Narrowing Our Product Focus

In 2018, our goal is to firmly establish the stores that were part of our 2017 expansion and increase sales. One specific step we have taken is to divide our apparel collection into three categories: "Modern," aimed at the youth market; "Classic," our high-end line; and "Essential," our standard collection. This helps clarify our targets so that, for example, at a mall location near a university, where young people tend to gather, we can center our offering on the "Modern" collection. The objective is to drive sales by matching the product mix to the characteristics of each retail destination. We are also working to pick up on the needs of China's domestic market, including through the rollout of collaborative products and by building a structure for developing new shoes. These and other new offerings will enable us to continue expanding our brand's fan base.



"Modern" collection



DESCENTE (CHINA) CO., LTD.

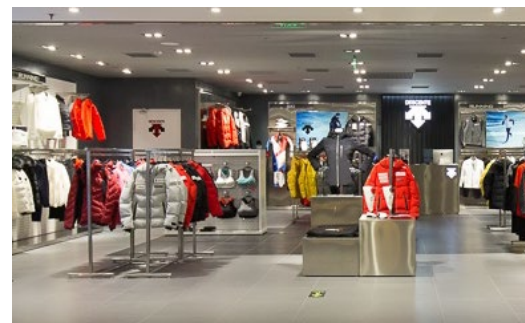
CEO

John Yang



Establishing a Reputation for Functional, High-quality Sportswear Brand

Since opening our first store in Changchun in August 2016, we have steadily increased the number of stores, and by December 2017, we had opened 64 stores. By focusing not only on product quality, but on location and on the level of service provided by store personnel, we were able to quickly establish a position as a premium sportswear brand in China. And in fact, sales of the Mizusawa Down and others in the high-end ALLTERRAIN collection have been strong. Meanwhile, we also began offering a membership program with the goal of turning fans of the brand into repeat customers. We focused on building a range of member services tailored to the amount of their purchases including, in 2017, invitations to a ski trip.



The DESCENTE brand store in Shanghai

Picking up on the Needs of China's Domestic Market

In our first year, our products were mainly imports from Japan and South Korea. Since 2017, however, we have been increasing the number of products planned in China. Items such as training wear catering to local needs are developed in China, while we continue to import high-performance global collection products, such as ALLTERRAIN. This allows us to offer a product mix that takes advantage of the best of both. In addition, the Chinese government has announced a policy of increasing the number of participants in winter sports to 300 million people by 2022. By meeting the needs of users in the winter sports market, which is expected to see rapid growth, we are confident we can become one of China's largest sportswear brands.



The DESCENTE ski collection



ARENA (SHANGHAI) INDUSTRIAL CO., LTD.

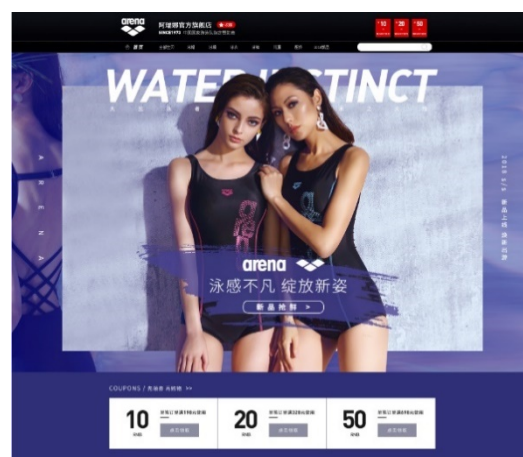
General Manager

Oriana Li



Online Business Undergoes Rapid Growth

There are three major factors behind our growth in FY 2017: Our shift to running our own e-commerce platforms; effective marketing; and teamwork within the company and with other Group companies. E-commerce has seen particularly rapid growth, and now represents 70% of sales. One significant reason for this growth is our success in shifting to managing our own flagship stores on China’s two largest e-commerce sites, Tmall and JD. Operating these online stores ourselves has allowed us to increase the amount of information we provide, improve service levels, and provide customers with a satisfying shopping experience. Developing products based on customer feedback, and marketing that leads to enhanced brand value also create synergies with e-commerce expansion. Further, communication between departments ensured those efforts proceeded efficiently, and teamwork with DESCENTE Shanghai helped us to develop better products and come up with merchandising schemes. All of these elements came together perfectly, and we believe that led to our success.



Top page of Tmall flagship store

Aiming to Increase Brand and Product Recognition

In 2018, along with digital and retail marketing, we will also be focusing on sports marketing activities. Today, we are working closely with the Chinese Swimming Association and the Zhejiang Province team to introduce our Arena Academy Program. The program involves having top swimmers and next-generation athletes wear our racing swimsuits, including those still at prototype stage, so they can experience the quality fit and functionality of arena swimwear. By doing so, we hope to leverage those qualities to increase the athletes’ confidence levels. Through our sponsorship of the upcoming World Swimming Championships in Hangzhou, along with swimming competitions in other major cities, we are working to establish a solid position for the brand in the swimwear category.



Chinese top swimmer wearing arena swimsuit

TOPICS

Development and Expansion of B2B Business for New Distribution Start of Partnerships with YMCA, Mercedes-Benz Japan and Others

DESCENTE JAPAN LTD. is working to develop new distribution channels, and in April 2017 established a B2B Sales & Support Section. This year, those efforts have resulted in the start of new partnerships with organizations such as the YMCA, Mercedes-Benz Japan and Subaru Tecnica International.

The YMCA has about 250 locations across 35 cities and prefectures in Japan, with a total of about 140,000 program members. Beginning in April 2018, staff and members of their swimming schools, gymnastics classes, nursery schools, kindergartens and other programs will begin wearing apparel from our brands, including DESCENTE, arena and umbro.

Looking ahead, we will be focusing on the expansion of its B2B business in a variety of industries and configurations, working not only to expand sales, but to offer opportunities for individuals to wear our brands in as many venues as possible, thus further enhancing corporate value.



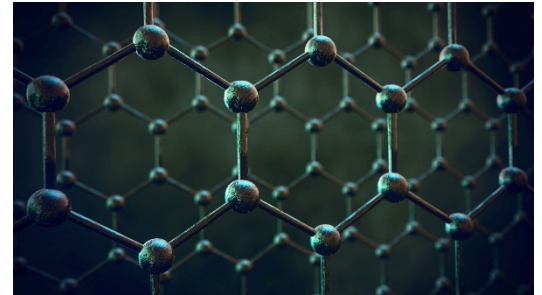
DESCENTE brand shirts and pants worn at gymnastics schools

INOVEIGHT LTD. Develops Shoe Using Graphene, the World's Thinnest, Strongest Material and the Winner of the Nobel Prize in Physics

In a joint project with the University of Manchester's National Graphene Institute, DESCENTE subsidiary INOVEIGHT LTD. has developed a breakthrough new shoe using one atom thick, two dimensional graphene*. The shoes will go on sale in July 2018.

Despite being known as the thinnest material on earth, graphene is also said to be the strongest, with a strength 200 times that of steel. It is also extremely flexible and can be bent and twisted without damage. Kneading graphene into rubber provides outstanding grip while overcoming rubber's weak point—its susceptibility to wear—allowing for the development of an outer sole that is stronger than conventional products, with greater elasticity and durability.

*Graphene is the world's first two-dimensional material, and was first successfully isolated from graphite by researchers at Manchester University in 2004. In 2010, their work was awarded the Nobel Prize in Physics for "groundbreaking experiments regarding the two-dimensional material graphene."



Schematic diagram of the structure of graphene



Shoes to be launched using graphene

Official Supplier Contract with the Japan Cycling Federation Design of 2017 Season Apparel to Feature a Sun Motif

On April 1, 2017, DESCENTE entered into a new, four-year official supplier contract with the Japan Cycling Federation.

The design of the racewear for the 2017 season features a sun motif, with the curving lines of a bicycle wheel on a white background on the torso and back, and red lines representing a bicycle's gearshift running from the abdomen to the chest. It is meant to represent the strength of competitive cycling, and the passion of the athletes as they race full-out toward their objectives. DESCENTE's goal is to strengthen its product development capabilities by supplying these top athletes, and to expand its global brand awareness by having the athletes wear the apparel in international competition.



Racing wear for competition

DESCENTE Official Apparel Sponsor of the JAL Honolulu Marathon

As part of its efforts to strengthen its running business, in 2017 DESCENTE became the Official Apparel Sponsor of the JAL Honolulu Marathon. This includes putting our logo on marathon banners, offering limited-edition design Honolulu Marathon merchandise for sale at the DESCENTE booth at the Marathon Expo venue, and distributing finisher t-shirts to those completing the race. The Honolulu Marathon is a race with a long history, marking its 45th anniversary in 2017. It is also unique in welcoming runners of all speeds, from advanced racers to those who just want to enjoy the scenery along the course, and in 2017 the marathon saw more than 26,000 entries. In recent years, runners from Japan have represented about 40% of all participants, and becoming apparel sponsor of the race was an effective way of conducting brand PR aimed at multi-national runners, including those from Japan.



Honolulu Marathon logo and Finisher t-shirt

Advisory Contracts Signed with Five Female Professional Golfers

DESCENTE JAPAN LTD. has entered into contracts for its Munsingwear and le coq sportif brands with five talented female pro golfers who will begin competing as professionals this season. They are Hina Arakaki, who is already making a name for herself on the pro tour, Momoka Miura, Sakura Koiwai, Aya Tamura and Nozomi Uetake. All of them left their marks in numerous junior and amateur competitions, and expectations are high that these young golfers will perform well on the pro tour. We will support their efforts by supplying them with golf apparel, while also conducting PR activities—including in-store promotions featuring the pros, user events, and others—designed to further enhance brand recognition and expand sales.



At the contract announcement
From left, Aya Tamura, Sakura Koiwai,
Hina Arakaki and Momoka Miura

DESCENTE Korea Conducts SAVE THE PENGUIN Campaign

SAVE THE PENGUIN is a campaign conducted by DESCENTE KOREA LTD. since 2009 to prevent further climate change-induced damage to penguin habitats in Antarctica. It began as a campaign for the Munsingwear brand with its penguin logo, and in 2013 it was expanded across DESCENTE Korea. The 2017 campaign featured a tie-up with the Disney Pixar movie “Toy Story”, with earnings from limited-time sales of five campaign t-shirt designs donated to various environmental protection activities, including a biological survey of penguins in Antarctica. The campaign also participated in the NAVER Happy Bean donation program run by NAVER, Korea’s largest portal site, and works to make environmental protection a familiar issue to more people through the use of popular characters, social media and other outlets with which youth have an affinity.



As a sporting goods manufacturer, we will continue to consider the safeguarding of the global environment one of our social responsibilities, in our ongoing quest to ensure the ability of people the world over to enjoy sports.

DESCENTE Group Holds First Athletic Meet in Almost 20 Years

In a proactive effort to increase the sense of unity among its Group companies and provide an opportunity for communication across generations and departments, DESCENTE recently held its first inter-group athletic meet in about 20 years. The event was held in Tokyo, and while attendance centered on employees working in the Tokyo area, a total of about 220 Group employees and their families from Osaka, Sapporo, Sendai, Nagoya, Hiroshima and Fukuoka participated.



In April 2017, DESCENTE LTD. was reorganized into two companies, DESCENTE LTD. and DESCENTE JAPAN LTD., but Group employees divided into four teams—Creation, Challenge, Integrity and Harmony—to compete regardless of company affiliation. The team names were taken from the four key words representing the spirit of the DESCENTE Group.

Planned and run by employees, the meet was a uniquely DESCENTE event, featuring original contests such as an apparel coordination relay using DESCENTE brand sportswear and guest appearances by contracted top athletes.

Through these kinds of activities, we hope to enable our employees to embody our corporate philosophy of “bringing the enjoyment of sports to all” for themselves, to facilitate collaboration within the DESCENTE Group by encouraging communication between employees, and to come together as a Group to engage in our business.

Please see the CSR pages of DESCENTE’s website:
▶ <http://www.descente.co.jp/en/csr/>

Financial Information

(JPY: Million)

Consolidated Balance Sheet

Subject	2017/3/31	2018/3/31
Assets		
Current assets	73,395	80,463
Fixed assets	33,580	37,365
Tangible fixed assets	17,732	22,156
Intangible fixed assets	6,624	5,078
Investments and other assets	9,223	10,130
TOTAL ASSETS	106,976	117,828
Liabilities		
Current liabilities	26,975	29,118
Fixed liabilities	9,057	9,834
TOTAL LIABILITIES	36,032	38,953
Net assets		
Equity	69,706	73,832
Capital stock	3,846	3,846
Capital surplus	25,184	25,223
Earned surplus	41,348	45,421
Own Shares	△672	△658
Accumulated other comprehensive income	1,237	5,042
Valuation difference on available-for-sale securities	895	822
Deferred gains or losses on hedges	△26	13
Foreign currency translation reserve	602	4,301
Remeasurements of defined benefit plans	△232	△95
TOTAL NET ASSETS	70,944	78,875
TOTAL LIABILITIES AND NET ASSETS	106,976	117,828

Consolidated Profit and Loss Statement

Subject	2016/4/1 ~2017/3/31	2017/4/1 ~2018/3/31
Sales	131,543	141,124
Cost of goods sold	58,316	62,803
Gross profit	73,226	78,321
Reversal of provision for sales returns	204	100
Provision for sales returns	—	—
Gross profit after provision	73,431	78,421
Administrative expenses	65,013	68,825
Operating income	8,418	9,596
Non-operating income	549	542
Non-operating expenses	335	439
Ordinary income	8,631	9,698
Extraordinary income	—	566
Extraordinary loss	98	1,659
Income before income taxes	8,533	8,606
Income taxes-current	2,500	2,469
Income taxes-deferred	382	364
Net income	5,650	5,771
PROFIT ATTRIBUTABLE TO OWNERS OF PARENT	5,650	5,771

Consolidated Cash Flow

Subject	2016/4/1 ~2017/3/31	2017/4/1 ~2018/3/31
Cash flow from operating activities	5,520	12,523
Cash flow from investment activities	△6,165	△6,361
Cash flow from financing activities	△1,643	△1,560
Effect of exchange rate changes on cash and cash equivalents	△933	1,032
Changes in cash and cash equivalents	△3,221	5,633
Cash and cash equivalents at beginning of the financial year	25,129	21,907
Cash and cash equivalents at the end of the period	21,907	27,369

ABOUT US

DESCENTE group offer high-quality and high-performance sporting goods by 15 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

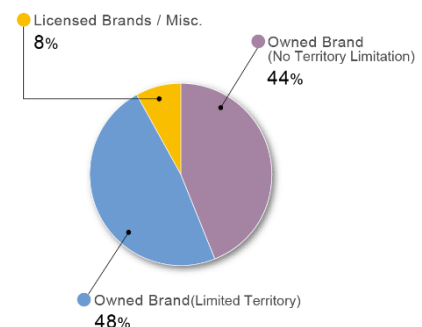


Descente is the French term for downhill skiing. The logo represents the three basic skiing techniques of schussing, traversing and sliding. It embodies our quest to be the best in all we do and our focus on the future.

Brand Lineup

(As of March 31, 2018)

[Share of Sales by Brand and Ownership Structure]



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

Brands that Descente develop based on the license agreement



Company Profile

DESCENTE LTD.

Founded	February, 1935
Incorporated	February, 1958
President	Masatoshi Ishimoto
Capital	¥3.8 billion
Turnover	¥141.1billion (FY ended March 2018, Consolidated)
Employees	Consolidated 3,469 / Non-consolidated 219 (As of March 31, 2018)
Business	Manufacture and sales of sportswear and related articles
Office	
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 (HR/Administration, Osaka)

Executives

Chairman Ichiro Nakamura	Director and Managing Executive Officer Hoon-Do Kim
President and Representative Director Masatoshi Ishimoto	Director Motonari Shimizu
Director and Senior Managing Executive Officer Yoshikazu Tanaka	Outside Director Masako Ii ^{*1} ^{*2}
Director and Managing Executive Officer Hisashi Mitsui	Outside Director Ungyong Shu ^{*1}
Director and Managing Executive Officer Hitoshi Haneda	Auditor (full-time) Masatsugu Morimitsu
Director and Managing Executive Officer Kenichi Tsujimoto	Auditor (outside) Seiji Higaki ^{*1}
	Auditor (outside) Katsumi Ota ^{*1}

^{*1} All Directors (outside) and Auditors (outside) are designated as independent Directors or independent Auditors specified by the TOKYO Stock Exchange in Japan.

^{*2}Ms. Masako Ii's registered name is Masako Kasai.

Subsidiary Companies

◆ Commercial Subsidiary Companies

DESCENTE JAPAN LTD. (Osaka)
Sales of sportswear and related articles

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

BEN-GENERAL CORPORATION (Higashi Osaka)
Sales of sportswear and related articles

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

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

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

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

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

SINGAPORE DESCENTE PTE. LTD. (Singapore)
Sales of sportswear and related articles

DESCENTE NORTH AMERICA, INC.
(Utah, United States)
Sales of sportswear and related articles

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

INOVEIGHT LTD. (Cumbria, England)
Sales of sportswear and related articles

◆ Affiliated Companies Accounted for under the Equity Method

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

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

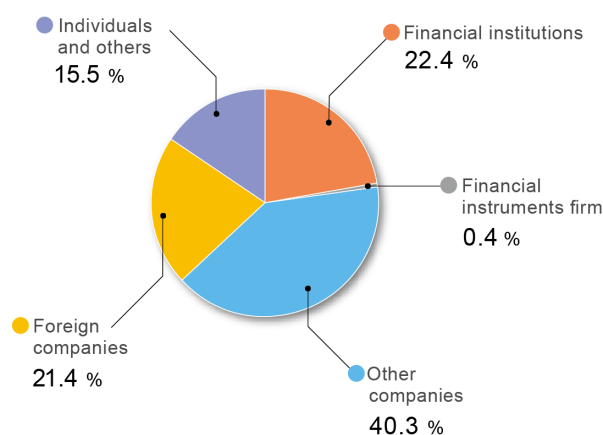
ARENA (SHANGHAI) INDUSTRIAL CO., LTD.
(Shanghai, China)
Sales of sportswear and related articles

Number of shares and shareholders

(As of March 31, 2018)

Number of shares authorized for issuance	160,000,000
Number of shares issued	76,924,176
	(including 1,551,380 own shares)
Number of shareholders	4,848

[Distribution of shareholder]



Principal shareholder

(As of March 31, 2018)

Name	Shareholdings (Thousands)
ITOCHU Corporation	19,235
UBS AG HONG KONG	3,465
Nippon Life Insurance Company	3,238
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,539
Sumitomo Mitsui Banking Corporation	2,110
TEIJIN FRONTIER Co., Ltd.	2,034
Japan Trustee Services Bank, Ltd. (Trust Account)	1,796
THE DESCENTE AND ISHIMOTO MEMORIAL FOUNDATION FOR THE PROMOTION OF SPORTS SCIENCE	1,652
Kazuyuki Ishimoto	1,600
TOYOBO STC CO.,LTD.	1,594

About the Photo on the cover : 40th Anniversary of the Supplier Contract with the Swiss Ski Federation

The Swiss Alpine Ski National Team is among the world's top competitive teams. DESCENTE has long worked with the team as partners, marking 40 years since we first entered into a supplier contract with them in 1978. We will continue working with their athletes in our ongoing quest for even better skiwear.

