

(Note) The year-end dividend for the fiscal year ending March 2021 is undecided at this stage. We will announce it promptly when rational estimation is possible.

3. Consolidated earnings forecast for the fiscal year ending March 31, 2021 (April 1, 2020 - March 31, 2021)

Consolidated earnings forecast for the fiscal year ending March 31, 2021 is not prepared at this stage because the outlook is uncertain due to COVID-19 infection. We will announce promptly when rational estimation is possible.

*Notes

(1) Changes in significant subsidiaries during the fiscal year (Changes in specified subsidiaries resulting in changes in the scope of consolidation):
 Yes
 New : None, Exclude : 1 (Company name) PEDES INVESTMENTS LTD.

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

1. Changes in accounting policies associated with revision of accounting standards: Yes
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, 2020	76,924,176	FY ended March 31, 2019	76,924,176
FY ended March 31, 2020	1,489,862	FY ended March 31, 2019	1,516,109
FY ended March 31, 2020	75,424,257	FY ended March 31, 2019	75,397,359

(Reference) Summary of non-consolidated results

1. Non-consolidated results for the fiscal year ended March 31, 2020 (April 1, 2019 - March 31, 2020)

(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, 2020	10,540	△4.1	1,617	△7.8	1,882	△66.0	430	△54.9
FY ended March 31, 2019	10,990	△0.5	1,754	△23.7	5,529	33.5	955	△10.0
	Net income per share		Diluted net income per share					
	Yen		Yen					
FY ended March 31, 2020	5.71		—					
FY ended March 31, 2019	12.68		—					

(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, 2020	23,887	16,785	70.3	222.52
FY ended March 31, 2019	29,340	18,501	63.1	245.36

(Reference) Equity FY ended March 31, 2020: ¥16,785 million, FY ended March 31, 2019: ¥18,501 million

2. Non-consolidated earnings forecast for the fiscal year ending March 31, 2021 (April 1, 2020 - March 31, 2021)

Non-consolidated earnings forecast for the fiscal year ending March 31, 2021 is not prepared at this stage because the outlook is uncertain due to COVID-19 infection. We will announce promptly when rational estimation is possible.

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 5.

Table of Contents of Appendix

1. Overview of Consolidated Operating Results.....	2
(1) Overview of Consolidated Operating Results.....	2
(2) Overview of Consolidated Financial Position	4
(3) Overview of Consolidated Cash Flow	5
(4) Consolidated Performance Forecast	5
2. Basic Approach of Selection of Accounting Standards.....	6
3. Consolidated Financial Statements and Notes	7
(1) Consolidated Balance Sheets.....	7
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income.....	9
(3) Consolidated Statements of Changes in Net Assets	11
(4) Consolidated Statements of Cash Flows	13
(5) Notes to Consolidated Financial Statements	14
(Going Concern Assumptions)	14
(Important Matter of Basis for Preparing Consolidated Financial Statements)	14
(Change in Accounting Policy).....	14
(Segment Information).....	15
(Information per Share).....	17
(Important Subsequent Events).....	17
4. Others	18
Overseas Sales	18

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, 2020 was ¥124,561 million (Δ 12.6% YOY), operating income was ¥379 million (Δ 95.2% YOY), ordinary income was ¥456 million (Δ 94.6% YOY), and loss attributable to owners of parent was ¥2,481 million (Previous year: profit of 3,944 million)

Operating Results Overviews

As the major overseas subsidiaries close their accounts in December, the impact of COVID-19 infection is not included in the operating results of the Asia/Europe segment.

(Net sales by Segments)

Segment	Net Sales (Yen in millions) (year on year)	Segment Income or Loss (Yen in millions) (year on year)
Japan	56,793 (95.2%)	396 (18.5%)
Asia	64,257 (81.1%)	650 (10.1%)
Europe/Americas	3,510 (98.4%)	Δ 741 (Previous year: Δ 765 million)
Adjustments	—	73 (Previous year: 110 million)
Total	124,561 (87.4%)	379 (4.8%)

(Japan)

In addition to a slowdown in sales of winter goods due to warm winter, the spread of COVID-19 infection in March led to a decrease in inbound visitors and other purchases, resulting in a decline in overall sales in Japan. In order to improve the profitability in Japan, we are aiming to expand sales of our self-managed sales floor. Although sales of our directly-managed stores and own EC sites rose significantly from the previous year, the scale of sales is still small, and overall profits were significantly lower than the previous year due to a decline in gross profit of wholesale. In the athletic category, sales of "DESCENTE", "arena" remained steady, while "le coq sportif" and "umbro" struggled. As for golf category, "DESCENTE" performed well, but other brands struggled due to a decline in department store sales.

(Asia)

In China, sales of "DESCENTE" are growing steadily by equity-method affiliates. In South Korea, sales of "DESCENTE" and other brands declined significantly due to the impact of boycotts of Japanese products from July 2019. Sales of "umbro" remained firm. In Hong Kong, each brand also struggled due to the protests. As a result, sales and profits in Asia as a whole were lower than the previous year due to the significant impact of lower sales and profits in South Korea.

(Europe and Americas)

Sales decreased due to the business suspension of DESCENTE NORTH AMERICA INC. Loss decreased slightly due to the closing of amortization of goodwill and intangible assets in "INOVEIGHT Group" in the previous fiscal year.

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	79,727	64.0	88.6
Golf wear and related products	33,362	26.8	92.1
Outdoor wear and related products	11,471	9.2	70.5
Total	124,561	100.0	87.4

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

(Athletics wear and related products)

In the Athletic Category, sales increased for "DESCENTE" due to the opening of new directly-managed stores in Japan and also for "umbro" due to an increase in sales of lifestyle products in South Korea. However, sales of other brands decreased in Japan and overseas resulted overall sales decrease.

DESCENTE: As part of our efforts to strengthen the women's category in Japan, we appointed actress *Kyoko Fukada* and promoted brand image targeting women and strengthen communication to new customers. As a result, sales in the women's category increased from previous year. In November 2019, we have launched new triathlon shoes which was developed by our Research & Development Center, "DISC". The shoes was developed in response to requests from our company contract athletes. In December, we launched running shoes named "GENTEN". "GENTEN" conform to the shape of the Japanese foot and convert the force of a runner's foot kicking the ground into propulsion. The shoes enabled "DESCENTE" to enter the domestic running shoes market. We also opened two new directly-managed "DESCENTE BLANC" stores. In South Korea, we have moved and reopened a directly-managed store in Gangnam. The store is a large three-story building and customers can actually experience through various events there. In China, we opened a large-scale pop-up shop with the global collection "ALLTERRAIN" on the grand floor of the Nanjing Deji Plaza Shopping Center, and held an event inviting brand ambassador actor *Daniel Wu* to promote the brand penetration.

le coq sportif : We have appointed actress *Elaiza Ikeda* as a new brand ambassador in Japan, and are conducting promotions in stores and on social media and selling products produced by *Elaiza Ikeda* in order to approach women in their 20s and 30s who had no interest in sports and/or who are willing to start sports in the future. During the Rugby World Cup 2019, we collaborated with *le coq sportif International*, the global distributor of the brand outside Asia, to supply uniforms for the France Rugby National Team. During that time, replica products sold well. In Japan, sales of women's shoes continued to be strong, and sales of standard models such as court shoes steadily increased.

arena: We were the official sponsor for the "18th FINA World Swimming Championships" (Gwangju, South Korea) held in Korea in July 2019, and raised recognition as a leading brand. In Japan, in October, we announced "ULTIMATE AQUAFORCE X", a top model swimsuit for competitive swimming which was developed in response to the opinions of swimmers such as *Daiya Seto* (ANA). The swimsuit was launched in January 2020. *Daiya Seto* broke the record with ULTIMATE AQUAFORCE X, which resulted to the sales increase compared to the previous models.

umbro: We are focusing on the shoes business by developing soccer shoes that are equipped with "GAINA", a coating material that provides a high level of thermal insulation. We are the first in Japan to use "GAINA" on shoes. In South Korea, football lifestyle products are popular among young people, and we are expanding our store network.

(Golf wear and related products)

In the Golf category, sales of "DESCENTE" increased in Japan, but struggled overseas. Overall, sales decreased compared to the same period of the previous fiscal year.

As a topic of the entire golf brand, in Japan, as part of a comprehensive business alliance with *Wacoal Corporation* (hereinafter "*Wacoal*"), several golf brands have released "Cross Shape Pants", the golf pants that use *Wacoal's* patents

to create beautiful silhouettes. We also jointly sponsored the LPGA Tour "50th DESCENTE Ladies Tokai Classic" held in September with *Tokai Television Broadcasting Corporation*. This tournament, is a revamped version of the "Munsingwear Ladies Tokai Classic" and features six our company golf brands. The number of visitors reached a record of about 25,000.

DESCENTE: Our contract professional *Asuka Kashiwabara* achieved her first win in the LPGA Tour "MIYAGI TV CUP DUNLOP LADIES OPEN GOLF" held in September. At the "WGC-HSBC Champions" held in Shanghai, China, tournament officials, staff and volunteers wore "DESCENTE" brand clothing to promote the brand in the golf category.

le coq sportif: Our contract professional *Ai Suzuki* won seven tournaments including the LPGA Tour "Ai Miyazato SUNTORY Ladies Open Golf Tournament" held in June and became her second money-list winner.

(Other Topics)

In March 2020, based on our corporate philosophy, "To bring the enjoyment of sports to all.", a new project "TEAM DESCENTE", to bring our top athletes representing each brand of our company as ambassadors to our customers, has started.

We will promote the project in various ways such as event with users and product development in the future. At the ISPO held in Germany in January 2020, "DESCENTE 3D FOAM LAMINATION ACTIVE SHELL JACKET", a product developed globally by "DESCENTE", won the ISPO Award: Gold Winner. Winning the Gold Winner under the brand "DESCENTE" is the fourth consecutive year since 2017. We will continue to focus on unique development led by DISC as one of our key strategies to improve our manufacturing creativity.

(2) Overview of Consolidated Financial Position for FY ended March 31, 2020

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

As of FY ended March 31, 2020, total assets decreased ¥7,252 million from the previous fiscal year to ¥108,504 million.

Current assets decreased ¥10,035 million to ¥68,015 million. This was mainly due to a decrease in cash and deposit of ¥7,826 million, and a decrease in notes and accounts receivable-trade of 3,870million and an increase in merchandise and finished goods of ¥2,714 million.

Non-current assets increased ¥2,783 million to ¥40,488 million. This was mainly due to an increase in property, plant and equipment of ¥2,839 million.

Total liabilities decreased ¥999 million to ¥36,311 million. This was mainly due to a decrease in income tax payable of ¥1,144 million, a decrease in long-term loans payable of ¥3,838 million and an increase in lease obligations of ¥3,049 million.

Net assets decreased ¥6,252 million to ¥72,193 million. This was mainly to a decrease in retained earnings of ¥4,442 million, a decrease in net unrealized gains on other securities of ¥365 million and a decrease in foreign currency translation adjustment of ¥1,388 million.

As a result, the equity ratio decreased by 1.3% to 66.5%.

(3) Overview of Consolidated Cash Flow for FY ended March 31, 2020

(Analysis of Cash Flow Status)

The balance of cash and cash equivalents as of FY ended March 31, 2020 decreased ¥7,670 million from the previous fiscal year to ¥19,559 million.

Cash flows from operating activities was ¥2,371 million in excess of revenues (¥11,137 million in excess of revenue in the previous fiscal year). This was due to a loss before income taxes of ¥1,184 million, income taxes payment of ¥1,517 million, increase in inventories of ¥3,922 million and factors that contributed to the increase included depreciation of ¥6,270 million and an impairment loss of ¥773 million.

Cash flows from investing activities was ¥5,949 million in excess of expenditures (¥8,267 million in excess of expenditures in the previous fiscal year). This was mainly due to purchase of property of ¥2,040 million, purchase of intangible assets of ¥1,531 million and to sale of stocks in subsidiaries of ¥2,481 million resulting in change in scope of consolidation.

Cash flows from financing activities was ¥4,128 million in excess of expenditures (¥2,136 million in excess of expenditures in the previous fiscal year). This was mainly due to the dividend payments of ¥1,960 million and repayment for lease obligations of ¥2,502 million.

(Reference) Cash Flow Related Indicators

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Equity Ratio (%)	64.8	66.3	67.3	67.8	66.5
Equity Ratio based on Market Value (%)	116.1	93.0	108.0	188.9	88.3
Cash Flow/Liabilities with Interest Ratio (Years)	0.6	1.0	0.5	0.5	1.1
Interest Coverage Ratio (Times)	136.3	55.7	135.8	82.5	8.1

(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, 2021

Consolidated Performance Forecast for the fiscal year ending March 31, 2021 is not prepared at this stage because the outlook is extremely uncertain due to the continuing spread of COVID-19. We will announce promptly when rational estimation is possible.

In Japan, including our company, we work to ensure the health and safety of our customers and employees from the perspective of preventing the spread of infection and maintaining a business continuity system.

As of April 2020, employees work at home for safety purposes in principle. In addition, 57 directly-managed stores including four stores opened in April close temporary as of the end of the month following the issuance of the Emergency Declaration. Including wholesalers temporary closures and shorter working hours at shopping malls, department stores, etc., these and other factors are expected to have a significant impact on our business results.

As for Korea and China, the impact on the store business has been significant since mid-January (Lunar New Year). Now as of April 2020, all 933 directly-managed stores and department stores in South Korea and 828 stores

in China, excluding 39 stores which are still temporarily closed, resumed operations and sales are recovering.

We will continue to implement the key measures in our mid-term management plan "D-Summit 2021" and focus on the three core profit sources of Asia (Japan, China and South Korea) and further enhance our company's competitiveness in the Asian market. By steadily increasing corporate value, we believe that we will be able to return more of our profits as an early resumption of dividend payments to our shareholders.

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)

	FY2018 (March 31, 2019)	FY2019 (March 31, 2020)
Assets		
Current assets		
Cash and deposits	28,136	20,309
Notes and accounts receivable – trade	21,190	17,319
Merchandise and finished goods	23,860	26,575
Work in process	161	195
Raw materials and supplies	799	726
Other	4,762	3,006
Allowance for doubtful accounts	△859	△118
Total current assets	78,051	68,015
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,356	11,485
Land	8,728	8,599
Right-of-use assets	–	4,610
Construction in progress	9	26
Other, net	3,815	3,028
Total property, plant and equipment	24,910	27,750
Intangible assets		
Other	2,701	2,961
Total intangible assets	2,701	2,961
Investments and other assets		
Investments in securities	3,445	3,003
Deferred tax assets	681	449
Other	6,055	6,378
Allowance for doubtful accounts	△89	△55
Total investments and other assets	10,093	9,777
Total non-current assets	37,705	40,488
Total assets	115,756	108,504

(Yen in millions)

	FY2018 (March 31, 2019)	FY2019 (March 31, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	18,448	16,648
Short-term loans payable	405	1,436
Current portion of long-term loans payable	254	225
Accounts payable - other	4,195	4,527
Income taxes payable	1,183	38
Provision for bonuses	898	965
Lease obligation	104	1,902
Provision for sales returns	883	837
Provision for loss on guarantees	121	–
Other	3,033	2,194
Total current liabilities	29,527	28,776
Non-current liabilities		
Long-term loans payable	4,133	295
Net defined benefit liability	952	968
Lease obligations	251	3,301
Deferred tax liabilities	1,685	2,111
Other	760	858
Total non-current liabilities	7,783	7,534
Total liabilities	37,310	36,311
Net assets		
Shareholders' equity		
Capital stock	3,846	3,846
Capital surplus	25,281	25,316
Retained earnings	47,632	43,190
Treasury shares	△643	△633
Total shareholders' equity	76,115	71,719
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	739	373
Deferred gains or losses on hedges	△4	13
Foreign currency translation adjustment	1,607	218
Remeasurements of defined benefit plans	△11	△131
Total accumulated other comprehensive income	2,330	473
Total net assets	78,446	72,193
Total liabilities and net assets	115,756	108,504

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

Consolidated Statements of Income

(Yen in millions)

	FY2018 (April 1, 2018 – March 31, 2019)	FY2019 (April 1, 2019 – March 31, 2020)
Net Sales	142,443	124,561
Cost of sales	62,915	56,580
Gross profit	79,527	67,981
Reversal of provision for sales returns	–	46
Provision for sales returns	33	–
Gross profit - net	79,494	68,027
Selling, general and administrative expenses	71,558	67,647
Operating income	7,935	379
Non-operating income		
Interest income	328	326
Dividend income	91	84
Equity in earnings of affiliates	117	328
Foreign exchange gains	48	–
Other	213	238
Total non-operating income	799	978
Non-operating expenses		
Interest expense	135	291
Loss on retirement of non-current assets	115	170
Foreign exchange losses	–	147
Other	25	291
Total non-operating expenses	276	901
Ordinary income	8,458	456
Extraordinary income		
Reversal of reserve for loss on guarantees	–	121
Reversal of allowance for doubtful accounts	–	52
Total extraordinary income	–	173
Extraordinary loss		
Impairment loss	1,817	773
Loss on sale of subsidiaries' stock	–	607
Loss on liquidation of subsidiaries	–	387
Provision for loss on guarantees	471	–
Loss on valuation of investment securities	354	–
Loss on liquidation of brands	131	–
Other	–	46
Total extraordinary losses	2,775	1,815
Income before income taxes or Loss before income taxes (△)	5,683	△1,184
Income taxes – current	2,386	431
Refund of income taxes	△1,268	–
Income taxes-deferred	620	864
Total income taxes	1,738	1,296
Net income or Net loss	3,944	△2,481
Profit attributable to owners of parent or Loss attributable to owners of parent (△)	3,944	△2,481

Consolidated Statements of Comprehensive Income

(Yen in millions)

	FY2018 (April 1, 2018 – March 31, 2019)	FY2019 (April 1, 2019 – March 31, 2020)
Net income or Net loss (Δ)	3,944	Δ 2,481
Other comprehensive income		
Valuation difference on available-for-sale securities	Δ 83	Δ 365
Deferred gains or losses on hedges	Δ 18	18
Foreign currency translation adjustment	Δ 2,532	Δ 1,280
Remeasurements of defined benefit plans	84	Δ 120
Share of other comprehensive income of entities accounted for using equity method	Δ 162	Δ 108
Total other comprehensive income	Δ 2,712	Δ 1,857
Comprehensive income	1,232	Δ 4,338
(Breakdown)		
Comprehensive income attributable to owners of parent	1,232	Δ 4,338

(3) Consolidated Statements of Changes in Net Assets

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

(Yen in millions)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the period	3,846	25,223	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
Net changes of items during the period except for items under shareholders' equity					
Total changes of items during period	—	57	2,210	14	2,282
Balance at end of the 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
Net changes of items during the period except for items under shareholders' equity	△83	△18	△2,694	84	△2,712	△2,712
Total changes of items during period	△83	△18	△2,694	84	△2,712	△429
Balance at end of the period	739	△4	1,607	△11	2,330	78,446

FY 2019(April 1, 2019 - March 31, 2020)

(Yen in millions)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury	Total shareholder's equity
Balance at beginning of the period	3,846	25,281	47,632	△643	76,115
Changes of items during period					
Dividends from surplus			△1,960		△1,960
Profit attributable to owners of parent or Loss attributable to owners of parent (△)			△2,481		△2,481
Purchase of treasury stock					—
Disposal of treasury stock		35		10	46
Effect of change in accounting period of consolidated subsidiaries					
Net changes of items during the period except for items under shareholders' equity	—	35	△4,442	10	△4,395
Total changes of items during period	3,846	25,316	43,190	△633	71,719

	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	739	△4	1,607	△11	2,330	78,446
Changes of items during period						
Dividends from surplus						△1,960
Profit attributable to owners of parent or Loss attributable to owners of parent (△)						△2,481
Purchase of treasury stock						—
Disposal of treasury stock						46
Effect of change in accounting period of consolidated subsidiaries	△365	18	△1,388	△120	△1,857	△1,857
Net changes of items during the period except for items under shareholders' equity	△365	18	△1,388	△120	△1,857	△6,252
Total changes of items during period	373	13	218	△131	473	72,193

(4) Consolidated Statements of Cash Flow

(Yen in millions)

	FY2018 (April 1, 2018 - March 31, 2019)	FY2019 (April 1, 2019 - March 31, 2020)
Cash flows from operating activities		
Income before income taxes or Loss before income taxes (Δ)	5,683	Δ 1,184
Depreciation	3,773	6,270
Amortization of goodwill	116	-
Impairment loss	1,817	773
Loss on liquidation of brands	131	-
Increase (decrease) in allowance for doubtful accounts	760	Δ 768
Increase (decrease) in provision for bonuses	Δ 3	66
Increase (decrease) in provision for sales returns	33	Δ 46
Increase (decrease) in provision for loss on guarantees	Δ 292	-
Increase (decrease) in net defined benefit liability	Δ 16	37
Interest and dividend income	Δ 420	Δ 411
Interest expenses	135	291
Decrease (increase) in notes and accounts receivable-trade	137	3,126
Decrease (increase) in inventories	233	Δ 3,922
Increase (decrease) in notes and accounts payable-trade	1,089	Δ 1,177
Other	Δ 1,289	712
Subtotal	11,891	3,769
Interest and dividend income received	420	411
Interest expenses paid	Δ 135	Δ 291
Income taxes paid	Δ 1,038	Δ 1,517
Net cash provided by (used in) operating	11,137	2,371
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	Δ 986	Δ 817
Payments into time deposits	631	942
Purchase of property, plant and equipment	Δ 5,863	Δ 2,040
Purchase of intangible assets	Δ 811	Δ 1,531
Purchase of investment securities	Δ 281	Δ 10
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	-	Δ 2,481
Payments for guarantee deposits	Δ 774	Δ 518
Other	Δ 182	508
Net cash provided by (used in) investing activities	Δ 8,267	Δ 5,949
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	Δ 112	1,050
Repayment of long-term loans payable	Δ 468	Δ 762
Cash dividends paid	Δ 1,733	Δ 1,960
Purchase of treasury shares	Δ 0	Δ 0
Repayment of lease obligation payable	Δ 90	Δ 2,502
Other	270	46
Net cash provided by (used in) financing activities	Δ 2,136	Δ 4,128
Effect of exchange rate change on cash and cash equivalents	Δ 873	35
Net increase (decrease) in cash and cash equivalents	Δ 140	Δ 7,670
Cash and cash equivalents at beginning of period	27,369	27,229
Cash and cash equivalents at end of period	27,229	19,559

(5) Notes on Consolidated Financial Statements

(Going Concern Assumptions)

None

(Important Matter of Basis for preparing Consolidated Financial Statements)

Scope of consolidation

(Change in scope consolidation)

PEDES INVESTMENTS LTD.is excluded from the scope of consolidation due to the transfer of all shares of this company during the current consolidated fiscal year.

(Change in Accounting Policy)

Subsidiaries applying International Financial Reporting Standards has adopted International Financial Reporting Standards No. 16 "Leases supplement" (Hereinafter referred to as "IFRS 16".) since the first quarter of the current fiscal year. As a result, the lessee has been recorded all leases in the balance sheet as assets and liabilities. The adoption of IFRS 16 is a transitional treatment, and the cumulative effect of adopting this standard is recognized on the first day of adoption.

As a result, at the end of the current consolidated accounting period, "right-of-use asset" of tangible fixed assets increased to 4.610 million, "lease obligation" of current liabilities of 1,797 million and "lease obligation" of long-term liabilities increased to 3.100 million yen. The effect on profit and loss in the period under review is immaterial.

(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 "Basis for Preparation of Consolidated Financial Statements".

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

FY2019 (April 1, 2019 - March 31, 2020)

(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	56,793	64,257	3,510	124,561	—	124,561
Intersegment Sales or Transfers	5,025	472	170	5,669	△5,669	—
Total	61,819	64,730	3,680	130,230	△5,669	124,561
Segment Income (Loss)	396	650	△741	306	73	379
Segment Assets	63,201	51,591	1,429	116,222	△7,718	108,504
Other Items						
Depreciation	1,452	4,733	84	6,270	—	6,270
Investments in equity-method affiliates	1,325	1,164	—	2,489	—	2,489
Increase in property, plant and equipment and intangible assets	1,771	1,761	39	3,572	—	3,572

(Note 1) 1. Segment income (loss) adjustment of ¥73 million includes intersegment transaction eliminations of ¥64 million and inventory adjustment of ¥8 million.

2. The segment assets adjustment of ¥(7,718) million includes intersegment transactions eliminations of ¥(7,802) million and inventory adjustment of ¥83 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 FY2018 (March 31, 2019)	At end of FY2019 (March 31, 2020)
(1) Net assets per share (Yen)	1,040.29	957.03
(Basis of calculation)		
Total net assets (Yen in millions)	78,446	72,193
Amount deducted from total net assets (Yen in millions)	—	—
Year-end net assets associated with common stock (Yen in millions)	78,446	72,193
Year-end number of shares of common stock used in the calculation of net assets per share (1,000 shares)	75,408	75,434

	FY2018 (April 1, 2018 - March 31, 2019)	FY 2019 (April 1, 2019 - March 31, 2020)
(2) Net income or Net loss per share (Yen)	52.31	△32.90
(Basis of calculation)		
Profit or Loss attributable to owners of parent (Yen in millions)	3,944	△2,481
Amount not attributable to shareholders of common stock (Yen in millions)	—	—
Profit attributable to owners of parent associated with common stock (Yen in millions)	3,944	△2,481
Weighted average number of shares of common stock during the fiscal year (1,000 shares)	75,397	75,424

(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

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.

FY2019 (April 1, 2019 - March 31, 2020)

(Yen in millions, %)

	Asia	North America	Europe and other regions	Total
(1) Overseas Net Sales	65,928	2,222	2,276	70,427
(2) Consolidated Net Sales				124,561
(3) Percentage of overseas net sales in consolidated net sales	52.9	1.8	1.8	56.5

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