

Management Policy for the Future

Disclaimer: This is an English translation of the original Japanese- language 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 FY2022 (2nd year of “D-Summit 2023”)

1. Established a well-balanced profit structure in 3 markets (Japan/South Korea/China)

- Sales and profits were increased in Japan and South Korea, but profits were decreased in China due to COVID-19 and write-down of inventories associated with rebranding
 - ✓ Japan : Achieved ¥ 4.5B segment income because of the increased revenue and decreased sales losses
 - ✓ South Korea : Increased revenue because higher sales rate of full-price items and optimizing inventory levels
 - ✓ China : Investment and disposition for rebranding

2. ¥10.5B consolidated net income was the best in our history

- Earning forecast for FY2023: Net income of ¥11.0B
- About 20% gain in net income forecasts compared with last year excluding non-recurring gain/loss

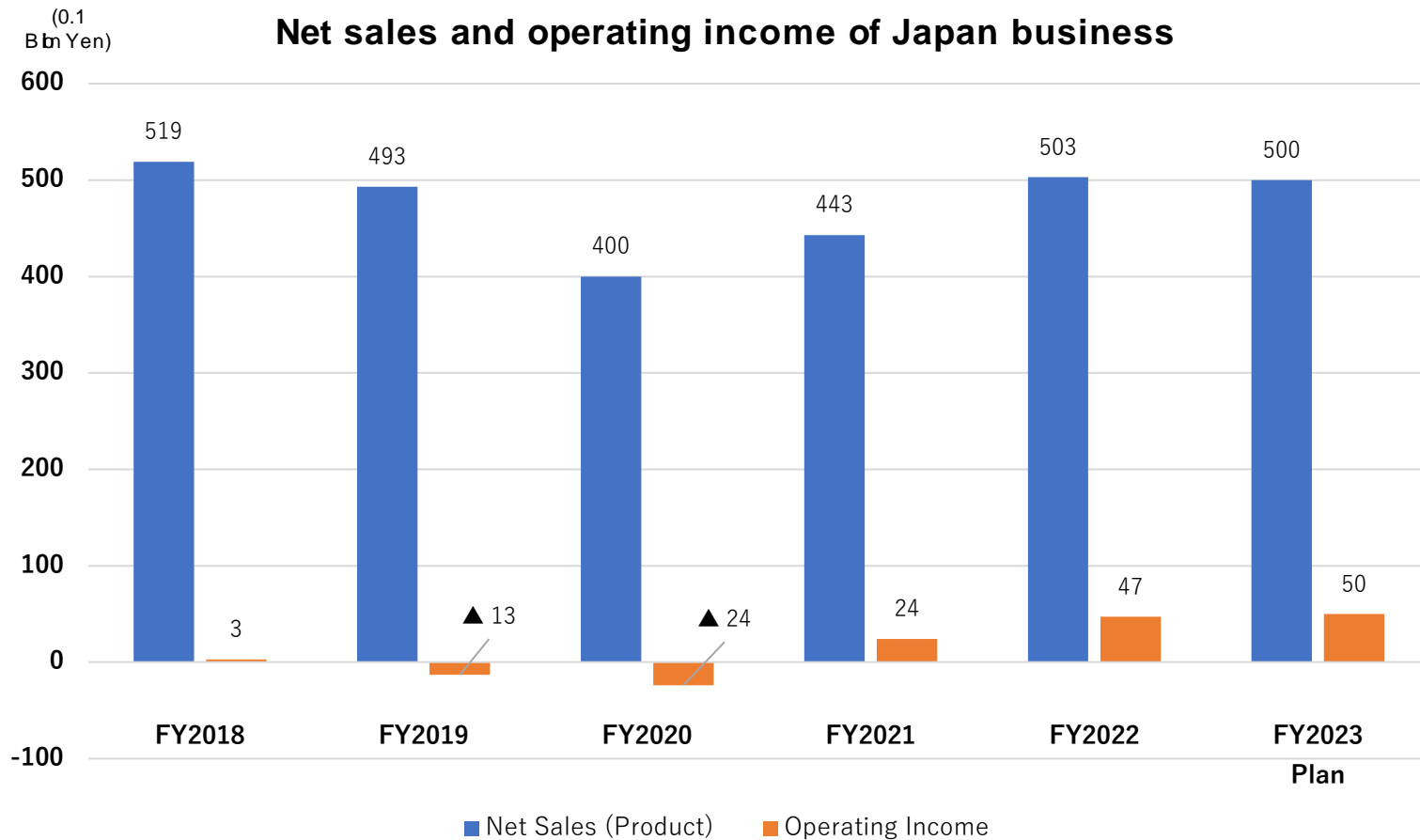
3. Increased dividends (¥40 / per share)

- ¥40 / per share are the best dividends in our history
- Dividend forecast for FY2023: ¥44 / per share

○ Improve profitability of Japan business

1. Focus on profit, not sales

◎ Operating income **¥4.4B increase since FY2018**
(Achieved ¥4.7B in FY2022)

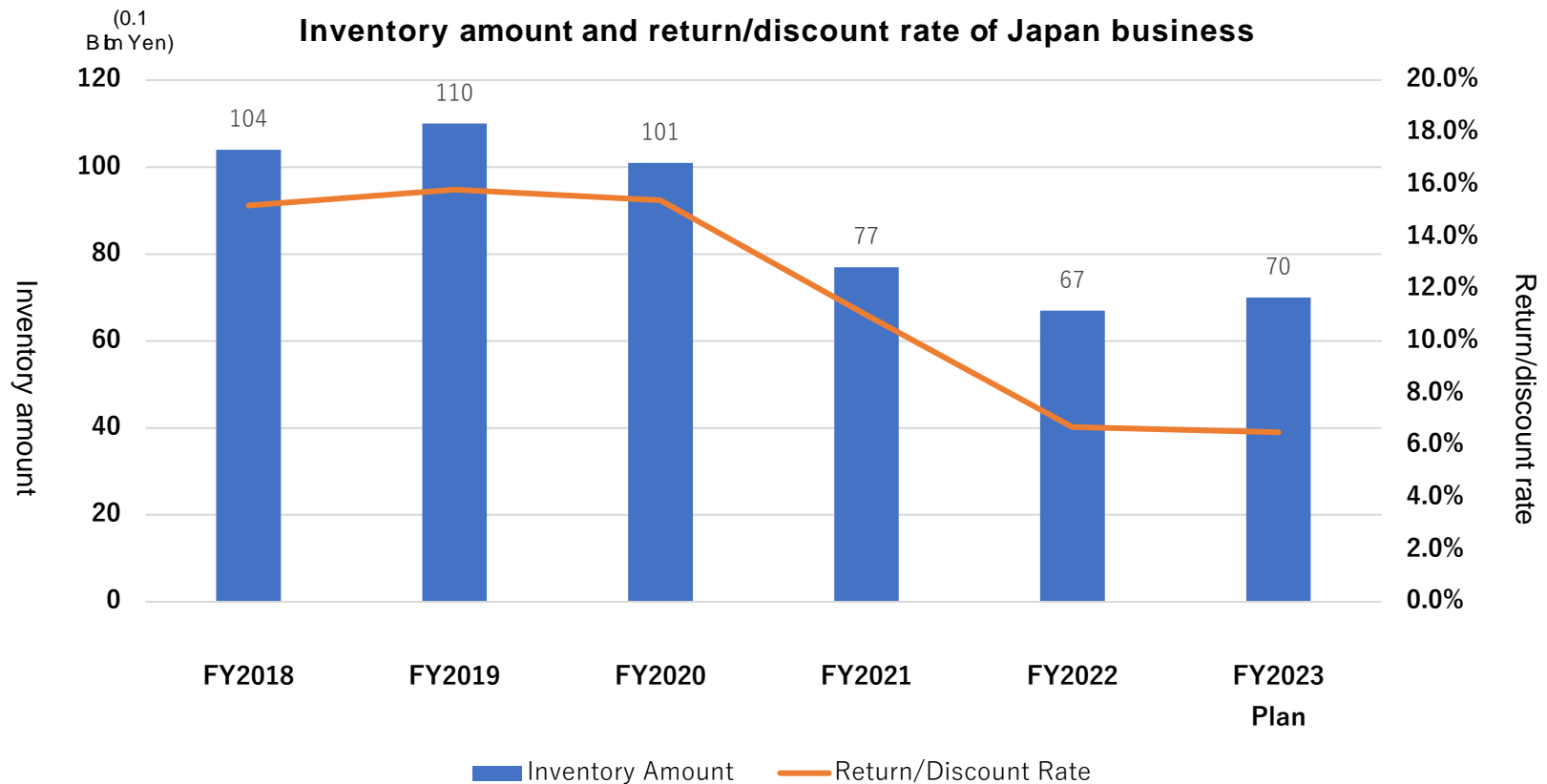


○Improve profitability of Japan business

2. Control of production/inventory amount (Improvements since FY2018)

◎ Inventory amount **3.6% ↓**

◎ Return/discount rate **8.5% ↓**

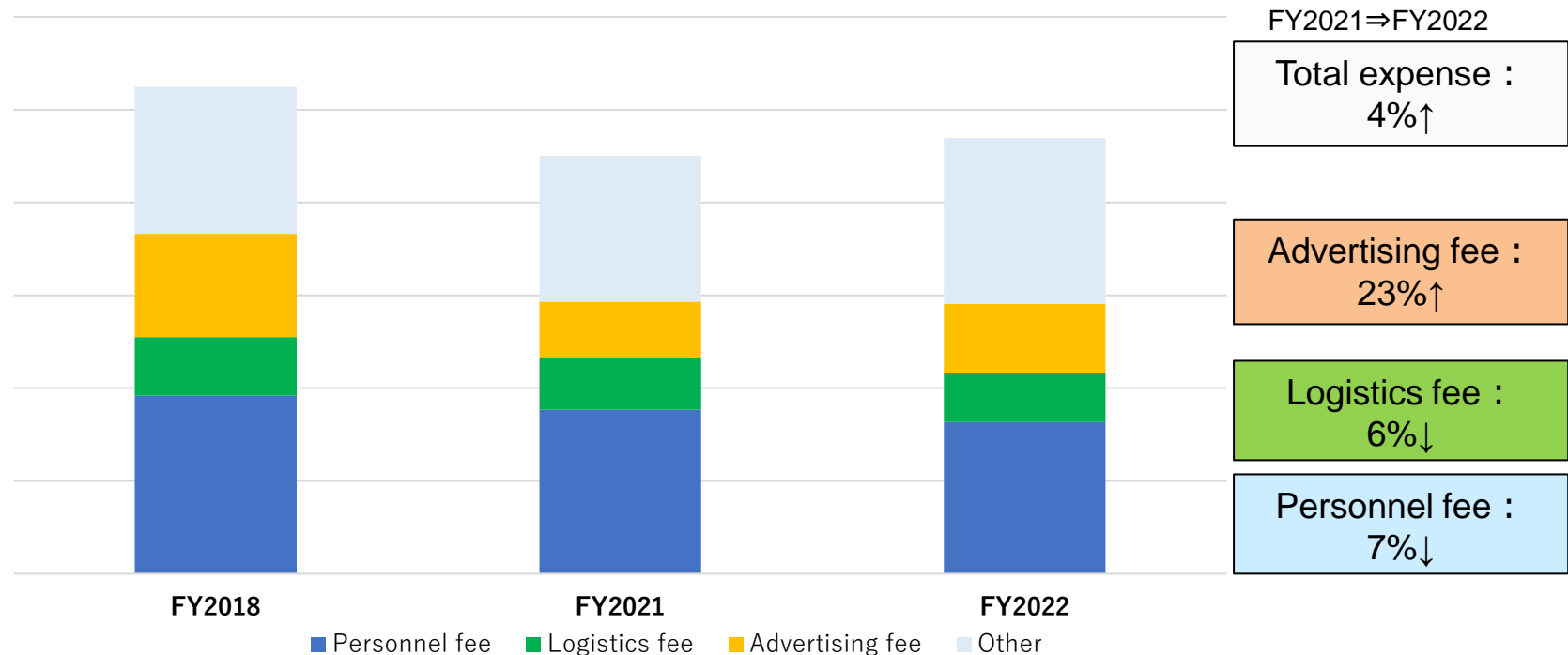


○Improve profitability of Japan business

3. Control of expenses (FY2021⇒FY2022)

◎ Total expense	4% ↑	Change from cost reduction to aggressive investment
• Advertising	23% ↑	Resumed investments to strengthen branding
• Logistics	6% ↓	Reduced returned items and improved packaging consolidation
• Personnel	7% ↓	Personnel reduction

Advertising, logistics, personnel fee of Japan business



Enhance manufacturing: Japan

- DESCENTE APPAREL LTD. announced renewal of Mizusawa factory
- Construction of a new concept for the next 50 years as a domestic garment factory

Total investment: over 3 billion yen

- ① Become the “Mother Factory” of three domestic factories in development, manufacturing, and sustainability
- ② Further evolution of "high value" items that create “One” from “Zero” which is the source of competitiveness

Image after renewal



Management Policy for the Future

DESCENTE

Enhance manufacturing: Japan

- Branding of three domestic factories dedicated to high value products

水沢



Plan to revamp the Mizusawa Factory which produces “Mizusawa Down”

吉野



Yoshino Factory specializing in polo shirts

西都



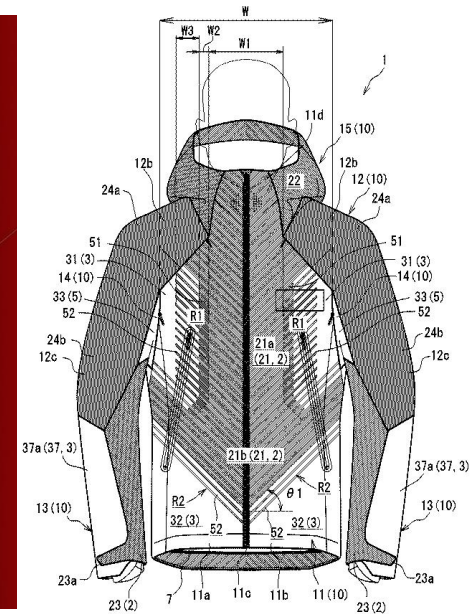
Saito Factory producing swimsuits and other products using adhesive sewing technology

Management Policy for the Future

DESCENTE

Enhance manufacturing: Japan

- Yoshino Factory started production of high-quality polo shirt "10 YEARS POLO SHIRTS"
- Enhanced product development capability. "Schematech" and other patents are registered.



Developed "10 YEARS POLO SHIRTS" that can be worn for a long time after clearing original test standards such as 200 washing tests

"Schematech", a high-quality, patented jacket that is being sold globally

Enhance Branding

- In “DESCENTE”, the product lineup was bifurcated into “DESCENTE”, which aims to become a premium sports brand, and “MOVESPORT”, which focuses on the wholesale business.



“DESCENTE”, as a premium sports brand,
Expanded high-quality collection “ALLTERRAIN”

MOVESPORT



“MOVESPORT” was launched as a new label
With a concept of “more like sports in everyday life”

Management Policy for the Future

DESCENTE

Enhance Branding

- Implement branding that clarifies the value provided to customers and areas to focus for each brand.



Munsingwear



le coq sportif



To be a brand that accompanies golf lovers and their families in their daily lives



To be a brand that accompanies your own playful way of life in sports and any other scenes

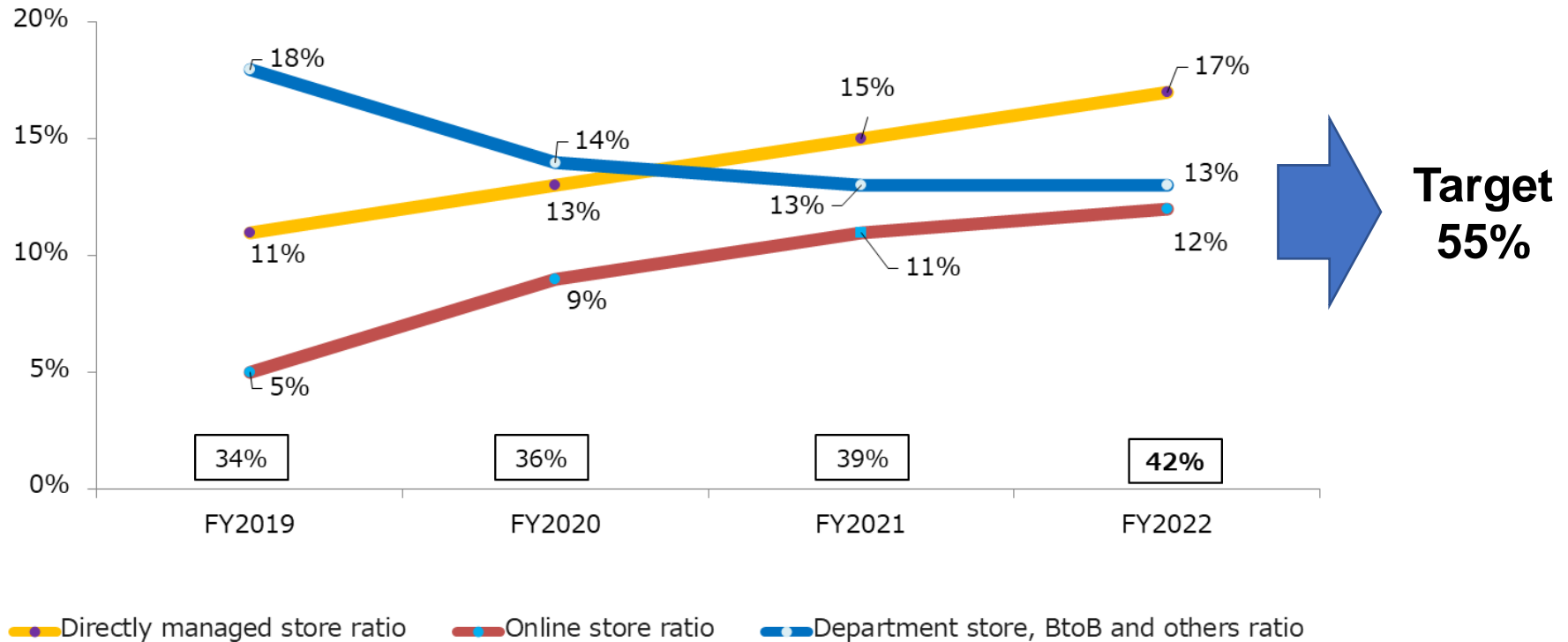


To be the dominant No.1 brand in swimming

Management Policy for the Future

DESCENTE

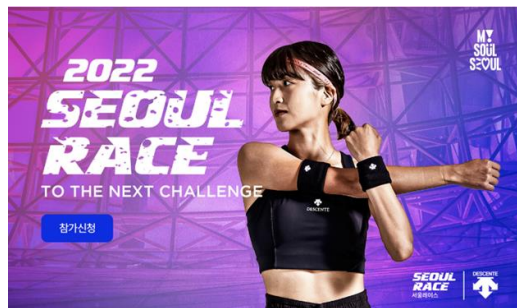
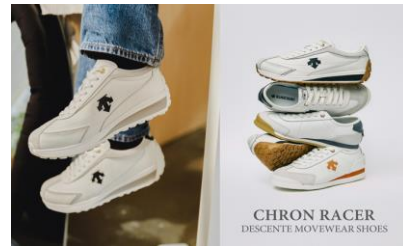
**Japan : Further increase in earnings from DTC business
DTC ratio target 55%**



Management Policy for the Future

DESCENTE

Implement Strategies by Regions in South Korea and China



(South Korea)
Development of shoes utilizing DISC BUSAN
Enhancing marketing activities to acquire new customers

(China)
Continue to expand "DESCENTE" as a premium brand
Rebranding of other brand and expansion of earnings

Management Policy for the Future

DESCENTE

ESG・Sustainability : Japan



"DESCENTE SC OF THE YEAR" adopts new customer service methods such as Instagram live customer service at the final stage



With Ryosuke Irie, we held a talk show to think about SDGs with parents and children living in Toshima Ward (TOKYO)