



MANUFACTURED BY MIZUSAWA FACTORY
MADE IN JAPAN.



Message from the President

The results of the first half of FY2023, the final fiscal year for the D-Summit 2023

In the first half of FY2023, our Group as a whole achieved record profits for two consecutive quarters, with ordinary profit of 8,007 million yen and net income of 5,672 million yen. Since being appointed as the president in 2019, I have set forth a profit-oriented perspective, rather than the sales-oriented approach the Company has been taking to that point, and have focused on structural reforms aimed at improving profitability. As we have a clear prospect towards establishing a foundation for our new approach, we are now focusing on the branding of the Company. Initiatives include ending excessive production and easy discounts that may cause damage to the value of the Company, and reviewing our product lineup with the aim of taking

quality and value to the next level. In the Japan business, where we are particularly focusing our efforts, we expected to struggle to some extent in sales and profits in the first half of the year compared to the previous fiscal year. The reasons for this were the changes in the external environment, such as the slowing down of the golf boom, and the decision to conduct various investments for branding purposes while the one-time gains associated with improved return rates that occurred last year did not occur this year. We believe that such upfront investment is the key to achieving results in our branding activities; and we see the current fiscal year as a period of patience until our brand position is established.

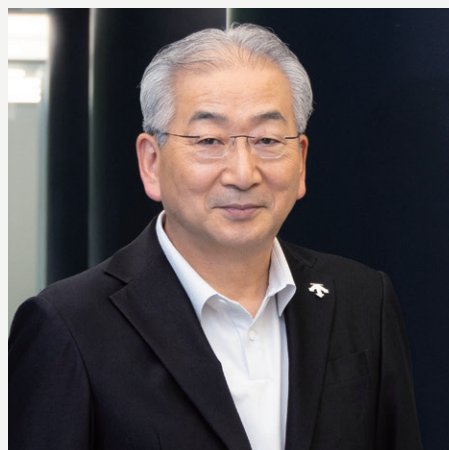
Even under such circumstances, the sales composition ratio of the DTC business in Japan increased to 42%, up 3% from the same period of the previous year, and is continuing to grow steadily. “DESCENTE”, which we are focusing on particularly, is performing well. The existing DESCENTE BLANC directly-managed stores were only handling products from our fashion category; however, we are currently in the process of upgrading them to DESCENTE STORE that handle all categories, including sportswear, with the aim of attracting a wider range of customers. Six stores were renovated during the first half of this year, and we have made a successful start. We have gone through a lot of trial and error to improve our skills in product organization and customer service, as well as finding a better solution to reach

out to our customers than we had in the previous fiscal year. As a result, the targets we should be aiming at are now becoming clear, such as strategies for opening stores and launching products that communicate value according to the direction of our brand.

Furthermore, thanks to the World Aquatics Championships held in Fukuoka in July, the “arena” sales grew, with many customers including those from overseas visiting our stores. The “arena” sales are growing steadily not only in Japan but in South Korea and China as well, and we will continue to strengthen the brand as the leading brand in the aquatics industry.

In South Korea, the athletic wear category is performing well, including “umbro” street style items with football origins that are targeting younger customers showing growth. “DESCENTE” is on a trend towards recovery, and we are looking forward to future growth. In addition, “arena”, which is operated by an equity-method affiliate, is capturing significant demand for leisure swimwear amongst overseas travelers. On the other hand, the golf wear category is experiencing a decrease in revenue due to the reverse effect of the golf boom which took place during the spread of COVID-19. The South Korean golf market has many new entrant brands and trends change quickly. We will clarify the position and value offered by each of our brand to differentiate them from other brands of the industry.

In China, the results have been steadily improving as a result of the hands-on management conducted by making the equity-method affiliates,



Shuichi Koseki,
Representative Director and President

who were rolling out the “le coq sportif” and “arena” brands, our subsidiaries. In addition, “DESCENTE” rolled out by DESCENTE CHINA HOLDING LTD., an equity-method affiliate, is fully leveraging the synergy effect of our product appeal and the retail roll out know-how of our partner ANTA. The recognition of the brand as a premium sports brand is improving, leading to continued steady sales of the brand such as *MoveWear*, which can be worn in daily life.

Focus on the second half of FY2023 and initiatives towards 2024

We will strengthen our product competitiveness and branding, clarify our brand position in the market, and deliver the value of our brand to our customers. For the Japanese market, this year is the first year that we will start working towards the ideal state of the brand. The Company is capable of creating value-added products that are suitable for developing a premium sports brand. In the second half of this fiscal year, we will continue to focus on refining our products and brand, and pursuing various possibilities to turn them into driving forces. The second half of the year is an important season for “DESCENTE”, which is strong in fall and winter wear. *Mizusawa Down* went on sale on August 25 and has been selling very well again this year. The shell jacket *CREAS* which can be sold year-round, is now becoming the second pillar of its lineup following *Mizusawa Down*. With these high-added value and high-performance products as the core, we will roll out smart outerwear with sport functionality, towards increasing sales and profit.

Sales and profits in South Korea are recovering to levels prior to the boycott and the impact of the COVID-19 pandemic. On the other hand, as a reflection on what we have done in the past, we have analyzed that the brand has deviated from its ideal state to pursue products that sell and satisfy the market. Moving forward, we will revise the internal structure again to continue creating items in accordance with our brand image. For all brands, we will not simply be following the trend, but will work towards steady growth based on our capabilities of creation, which is the source of the Company's competitiveness.

In China, “DESCENTE” is now recognized as a premium sports brand and is still continuing to perform well. Although the scale of sales has grown, it is important to maintain rarity value for growth,

and we will work with ANTA to further improve our business performance so as not to cause damage to the brand value. As for “le coq sportif”, the exhibition for Spring and Summer 2024 products held in July was well received, and we are now preparing to unveil our new look for next year. We are also reviewing “Munsingwear” in order to restructure the brand. With “DESCENTE” which is currently performing well, “le coq sportif” which is looking to get off to a good start next year, “Munsingwear” in the process of reconstructing, and “arena” favored by the world's top swimmers, we are in the process of completing a structure that will enable us to draw up a solid growth strategy in China in the next fiscal year and onwards.

The important point to focus for FY2024 and onwards

Based on the policy of “refining product competitiveness and brand,” we aim for the Company to become more profitable. As part of this, we will be investing approximately 3 billion yen to rebuild our Mizusawa Factory, our own sewing factory for Mizusawa Down, to further strengthen our product competitiveness. In addition to the Mizusawa Factory, the Yoshino Factory manufactures *10 YEARS POLO SHIRTS* under the “Munsingwear” brand, and the Saito Factory in Miyazaki manufactures “arena” swimsuits for top swimmers, utilizing its strength in adhesive sewing technology. Each factory has implemented a high-added value product, and is working towards strengthening product competitiveness.

With a focus on high quality products manufactured at Company-owned factories and following the example of the DESCENTE STORE upgrade in Japan, each brand will roll out branding that clearly defines its concept and the value it provides in each of the Japanese, South Korean, and Chinese markets. We are always looking for opportunities

for new businesses and entering new markets, however, we will continue to put in our efforts into what we can in Japan, South Korea, and China so that our products establish a solid position within those markets.

Company's Sustainability initiatives

As part of our sustainability initiatives, we are working on product development, recycling, and activities to promote sports that will lead to solving sustainability issues.

An example of this is the launch of the new *LCS CHARLES* and *LCS ARLES* baby shoes from the “le coq sportif” brand in July 2023 in Japan. These baby shoes are designed to support the undeveloped arches and inner sides of children's foot around one year old who are just starting to walk. The design, that demonstrates careful consideration of a child's feet, was highly praised and awarded the 17th KIDS DESIGN AWARD in the Design Contributing to Child Safety and Peace-of-Mind category.

We wish to continue to engage in manufacturing that will lead to solving social issues.

Message to the Shareholders

Thanks to the support of our shareholders, the Group's overall earnings have become stable, and all segments are now ready for the next steps. We will endeavor to achieve record profits for the full fiscal year of 2023. We thank you for your continued support as we will continue to improve our earnings and work to repay our shareholders in the form of dividends.



“DESCENTE” has conducted renovation of company-managed stores as part of their branding initiatives.

Click here for details on the Integrated Report

<https://www.descente.co.jp/wp-content/uploads/2023/11/IntegratedReport2023e.pdf>



Click here for details on information related to financial results

<https://www.descente.co.jp/en/ir/library/>



Company Profile

Company Overview

DESCENTE LTD.

Founded	February 1935	Incorporated	February 1958
President	Shuichi Koseki	Capital	3.8 billion yen
Turnover	120.6 billion yen (Consolidated, FY ended March 2023)		
Number of Employees	2,924 employees (Consolidated) 23 employees (Non-consolidated) (As of March 31, 2023)		
Business	Manufacture and sales of sportswear and related products		
Tokyo Office	Mejiro 1-4-8, Toshima-ku, Tokyo 171-8580 Phone +81 3 5979 6006 (HR/Administration)		
Osaka Office	Maruito Namba Building 13F Minatomachi 1-2-3, Naniwa-ku, Osaka-shi, Osaka 556-0017 Phone +81 6 6633 4201 (HR/Administration)		

Board Member

Representative Director and President:	Shuichi Koseki	Outside Director: Seiji Sato*
Director and Vice President:	Masahiro Morofuji	Outside Director: Yasuyo Kasahara*
Director and Senior Managing Executive Officer:	Motonari Shimizu	Full-time Auditor: Mikio Nakajima
Director and Managing Executive Officer:	Takeshi Shimada	External Auditor: Koichi Yoshioka*
Outside Director:	Tomonori Azuma*	External Auditor: Akira Matsumoto*

(As of September 30, 2023)

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

Brand Lineup

(As of September 30)



Share Information

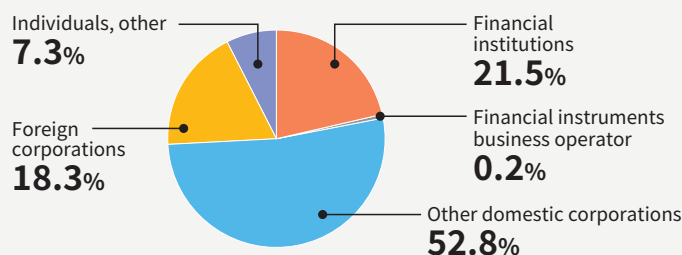
Number of Shares and Shareholders

(As of September 30, 2023)

Authorized Shares	160,000,000 shares
Outstanding Shares	76,924,176 shares (including treasury shares of 1,388,446 shares)
Number of Shareholders	5,994 shareholders

Distribution of Shares

(As of September 30, 2023)



Major Shareholders and Number of Shares Held

(As of September 30, 2023)

Name of Shareholder	Number of Shares Held (thousand shares)
BS Investment Co., Ltd.	33,063
The Master Trust Bank of Japan, Ltd. (trust account)	6,821
Nippon Life Insurance Company	3,238
TEIJIN FRONTIER CO., LTD.	2,349
Sumitomo Mitsui Banking Corporation	1,910
The Descente and Ishimoto Memorial Foundation for the Promotion of Sports Science	1,652
Custody Bank of Japan, Ltd. (trust account)	1,652
UBS AG HONG KONG	1,376
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	1,201
JP JPMSE LUX RE UBS AG LONDON BRANCH EQ CO	1,188

Shareholder Notes

Fiscal year	One year from April 1 to March 31 of the following year
Date of determining shareholders receiving dividends	March 31 Date of determining shareholders when conducting interim dividend is September 30.
Ordinary Shareholders' Meeting	Every June
Method of notification	Notification will be made through electronic public notice. (However, if we are not able to notify through electronic public notice, we will notify on the Nihon Keizai Shimbun-Nikkei.) Electronic Public Notice URL https://www.descente.co.jp/
Number of shares constituting one unit	100 shares
Ticker symbol	8114
Shareholder Registry administrator and institution managing the special account	Mitsubishi UFJ Trust and Banking Corporation Marunouchi 1-4-5, Chiyoda-ku, Tokyo
Contact details of the above	Osaka Stock Agency Division, Mitsubishi UFJ Trust and Banking Corporation Fushimimachi 3-6-3, Chuo-ku, Osaka-shi 541-8502 0120-094-777 (toll-free number)