

DESCENTE GROUP

- Financial Summary of FY2023
- Mid-Term Plan “D-Summit 2026”

DESCENTE LTD.

May 13, 2024

Securities Code: 8114

TSE Prime

Disclaimer: This is an English translation of the original Japanese-language Consolidated Financial Summary of DESCENTE LTD. (the Company) for the fiscal year ended March 31, 2024 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

- 1. Review of “D-Summit 2023”**
 - 1-1 Review of Each Key Strategies**
 - 1-2 Financial Summary of FY2023**
- 2. Forecast of FY2024**
- 3. New Mid-term Plan “D-Summit 2026”**

- 1. Review of “D-Summit 2023”**
 - 1-1 Review of Each Key Strategies**
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2. Forecast of FY2024
3. New Mid-term Plan “D-Summit 2026”

1. Review of “D-Summit 2023”

“D-Summit 2023” went well, resulting Ordinary Income and Net income of FY2023 record high in 2 consecutive years

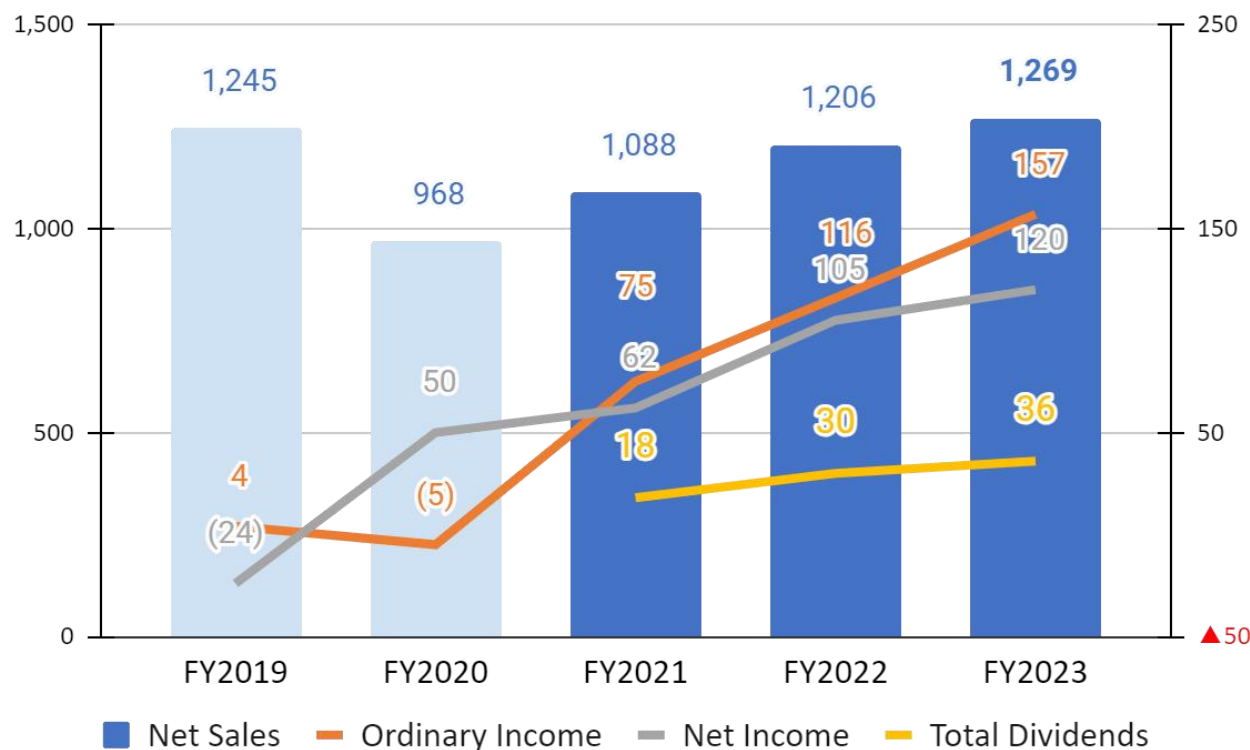
D-Summit 2021

D-Summit 2023

Overview of Key Strategies

Net sales
(0.1 billion)

Net sales, income and dividends

Income, Total Dividends
(0.1 billion yen)

- ◎ **Implement strategies by regions**
Profit achieved its target in each area
- ◎ **Improve profitability of Japan business**
DTC ratio was below target, however profitability was improved due to less sales loss
- ◎ **Enhance manufacturing capabilities**
Strengthened product mix as developing new shell jacket which became top-selling item after Mizusawa Down and launching original golf shoes in each area

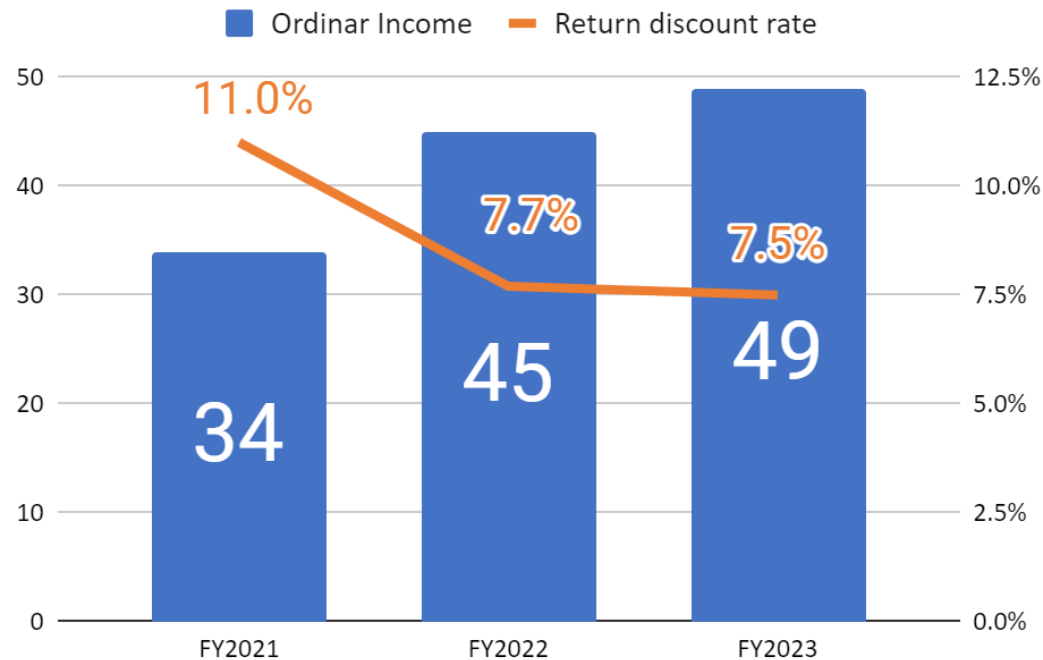


Dividend increased 3 consecutive years, achieving record high in last 2 years

Focus on “profit”, not “sales”

- Sales method focused on profitability (improving gross margin, reducing sales loss) + Enhance DTC business
- Branding for greater earnings . Renewing retails stores of “DESCENTE”

(0.1 billion yen)



1 Reducing sales loss by controlling returns and discounts

- Sales tactics focused on profitability such as adjusting order amounts, balancing inventories by channels and increasing full-priced sales for better returns/discount rates

2 Enhancement of DTC business

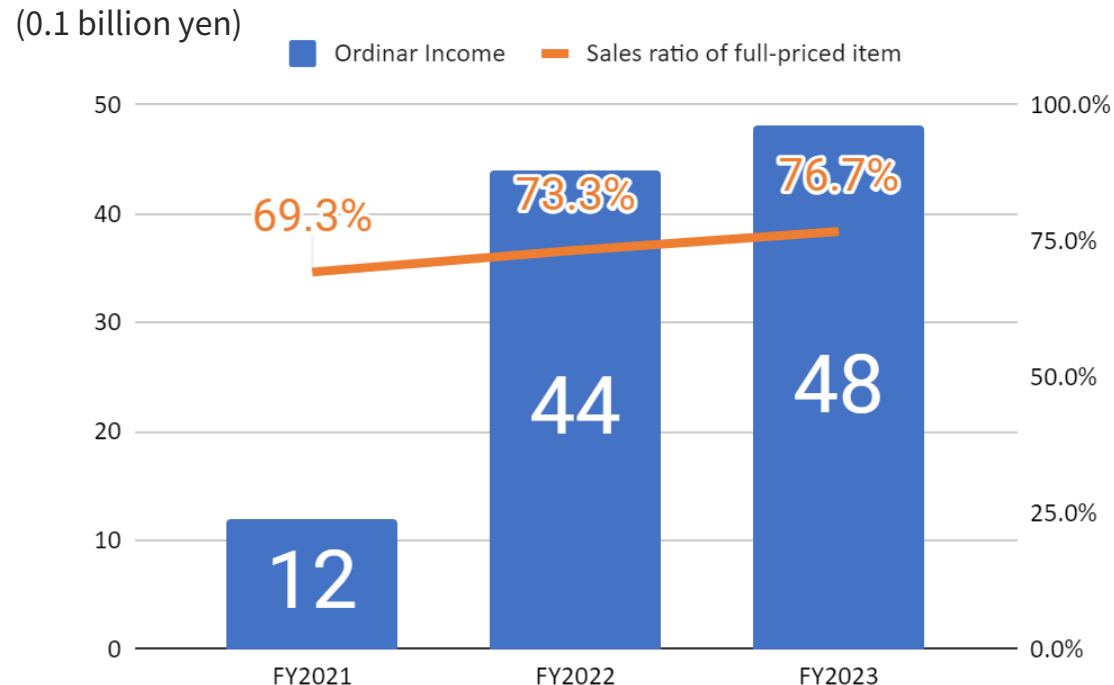
- Although we did not hit the target of 55%, DTC sales ratio increased by 8pt (36%→44%), due to “DESCENTE” retail stores, which we changed business type and renewed stores

3 Branding

- Defined position of each brand for differentiation, such as rolling out “MOVESPORT” to clarify “DESCENTE” as premium sports brand. Revised marketing strategy to be brands chosen by the target customers

Rapid recovery from external factors, improving full-priced sales

- Profitability recovered rapidly since the 1st year of mid-term plan which affected by boycott movement and COVID-19, due to improvement in sales ratio of full-priced item
- Able to increase income in the last year of mid-term plan. In the phase of steady growth



1 Profitability improvement in core brand “DESCENTE”

- As a core brand, advanced brand recognition as a premium sports brand focused on running, training and ski, resulted improvement in profitability

2 Recognition of “umbro” enlarged

- As a street fashion brand with its origin in football, recognition enlarged in MZ-generation and lead to strong growth

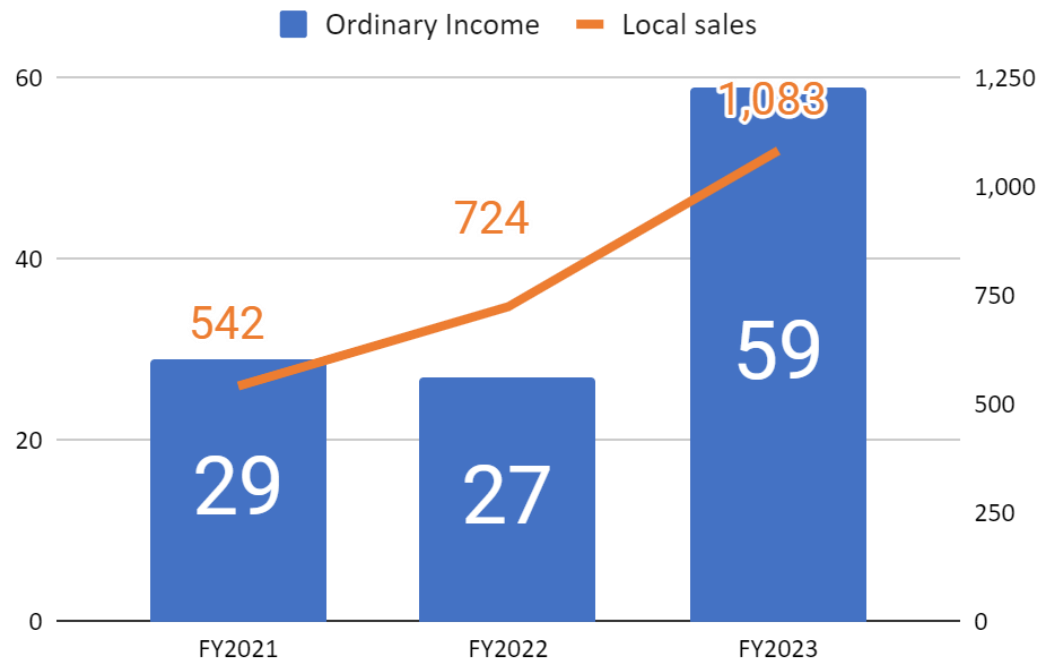
3 Market recovery for “arena”

- By maintaining strong brand recognition and brand value, sales recovered quickly corresponding to the re-opening of pools since COVID-19, in addition to strengthening EC business

Business Expansion

- “DESCENTE” established its brand position as premium sports brand. Pursuit customer satisfaction and achieved high-efficient store operations
- Incorporated affiliate companies which operate “le coq sportif” and “arena” . Implemented branding by hands-on management. Building business structure to achieve growth with “DESCENTE” and other brands

(0.1 billion yen)



1 Rapid growth of DESCENTE CHINA HOLDING (DCH)

- Sales and income of DCH is growing year and year
- Contribution of local net sales and income of China area is enlarged

2 Better recognition of “arena”

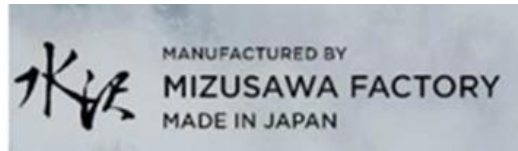
- Throughout events such as 50th anniversary year of brand and Zhejiang swimming teams, recognition improved as an elite swimwear brand

3 Rebranding of “le coq sportif”

- Focused on tennis, cycling and training, implemented rebranding as an authentic sports brand

Focus on research and development of high-value-added products

- Developing novelty products in own research and development center (DISC) in Japan and South Korea
- Utilizing own sewing factory in Japan, developed and produced high-value-added products for differentiation
- Developed high-value-added products being the core, established a mechanism to link local product MD in each area



1-2. PL Summary of FY2023

DESCENTE

(Million Yen)	FY2022	FY2023	YoY	FY2023 Forecast	vs Forecast
Net Sales	120,614	126,989	+6,375	127,000	100.0%
Gross Profit	69,188	75,554	+6,366		
SG&A	61,395	66,813	+5,418		
Operating Income	7,793	8,740	+947	8,500	102.8%
Non-operating income	4,126	7,532			
Non-operating expense	254	542			
Ordinary Income	11,664	15,729	+4,065	13,000	121.0%
Extraordinary income	2,132	112			
Extraordinary expense	825	506			
Net Income	10,550	12,014	+1,464	11,000	109.2%
Gross Profit Ratio	57.4%	59.5%	+2.1pt		
Operating Income Ratio	6.5%	6.9%	+0.4pt	6.7%	
Net Income Ratio	8.7%	9.5%	+0.7pt	8.7%	

【Net Sales】

Including incorporating of NLCS※1 sales of athletic wear increased stronger than decrease of golf wear (incl. forex of ¥3.3B in South Korea, ¥0.1B in China)

【Gross Profit】

Improvement of DTC business in Japan, stronger full-priced sales in South Korea, incorporation of NLCS resulted record-high gross margin of 59.5%

【Operating Income】

Gross profit outperformed increase in SG&A expenses

【Ordinary Income】

Due to strong performance of DCH※2, reached record-high

【Net Income】

Strong ordinary Income outperformed rebound of extraordinary income which calculated FY2022 due to incorporation of NLCS, resulting record-high income

※1 LE COQ SPORTIF (NINGBO) CO., LTD.

※2 DESCENTE CHINA HOLDING LTD.

1-2. BS Summary of FY2023

DESCENTE

(Million Yen)	FY2022	FY2023	Changes
Current Assets	82,505	87,159	+4,653
Cash and Deposits	41,412	42,660	+1,247
Inventory	21,581	23,283	+1,702
Other	19,512	21,216	+1,704
Non-Current Assets	51,057	63,145	+12,087
PP&E	24,107	26,279	+2,172
Intangible Assets	5,008	5,929	+921
Other	21,941	30,935	+8,994
Current Liabilities	25,944	26,531	+587
Non-Current Liabilities	7,318	10,039	+2,721
Net Assets	100,300	113,733	+13,432
Total Assets	133,562	150,304	+16,741
ROE*	11.3%	11.3%	+0.0pt
ROA*	8.4%	8.5%	+0.0pt
Equity Ratio	74.6%	75.3%	+0.7pt

【Current Assets】

Cash and Deposits, Inventory increased due to the impact exchange rate fluctuation

(Reference) Breakdown of inventory changes

Japan : +¥472M

South Korea : +¥436M (incl. forex of +¥503M)

China : +¥795M (incl. forex of +¥199M)

【Non-Current Assets】

Investment securities (incl. in the Others) increased

【Liabilities】

Long-term borrowings and lease liabilities increased

【Net Assets】

Increase in retained earnings and foreign currency translation adjustment

【ROE / ROA*】

ROE stayed 2-digits, ROA maintained 8% level

*Calculation of ROE (ROA is also based on the below calculation)
 = (Quarterly Net Income) ÷ ((Equity in Beginning + Equity in End) ÷ 2)

1-2. CF Summary of FY2023

DESCENTE

(Million Yen)	FY2022	FY2023	Changes
Cash Flow from Operating Activities	12,906	7,392	(5,514)
Income before Income Taxes	12,971	15,336	+2,365
Depreciation	4,558	4,419	(139)
Share of Entities Accounted for Using Equity Method Affiliates	(3,416)	(6,381)	(2,965)
Changes in Working Capital※1	2,273	(1,937)	(4,210)
Other	(3,480)	(4,045)	(565)
Cash Flow from Investing Activities	(8,013)	(9,611)	(1,598)
Decrease (increase) in Time Deposits-Trade	(3,994)	(6,280)	(2,286)
Purchase of PP&E and/or Intangible Assets	(1,631)	(2,884)	(1,253)
Other	(2,388)	(447)	+1,941
Cash Flow from Financing Activities	(3,963)	(3,628)	+335
Cash Dividends Paid	(1,886)	(3,020)	(1,134)
Other	(2,077)	(608)	+1,469

【Cash Flow from Operating Activities】
Net cash-inflow of ¥7,392M mainly due to the income before income taxes

【Cash Flow from Investing Activities】
Net cash-outflow of ¥9,611M mainly due to increase in time deposits-trade and purchase of PP&E and/or intangible assets

【Cash flow from Financing Activities】
Net cash- outflow of ¥3,628M mainly due to the payment of dividends

※1: Working capital is the change in notes and accounts receivable-trade, inventories and notes and accounts payable trade

1-2. Segment Review of FY2023 (according to the location of the company) DESCENTE

Japan

- Sales decreased due to the rebound of golf boom and termination of the “Marmot” brand, operating income increased due to improvement in gross profit margin by DTC business

Korea

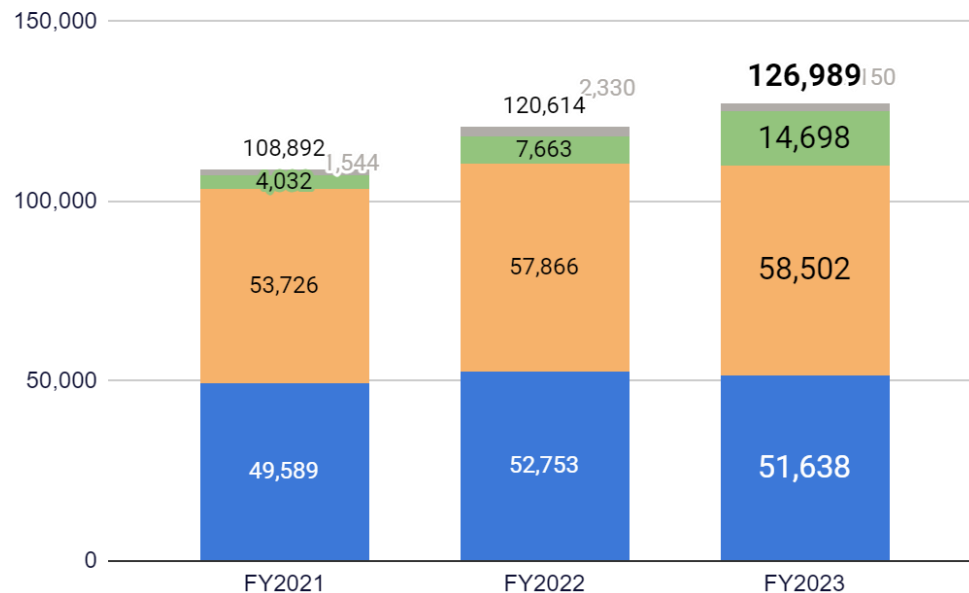
- Despite the rebound of golf boom, sales increased due to strong sales of the athletic category and the yen's depreciation, operating income increased due to strong sales of full-priced item

China

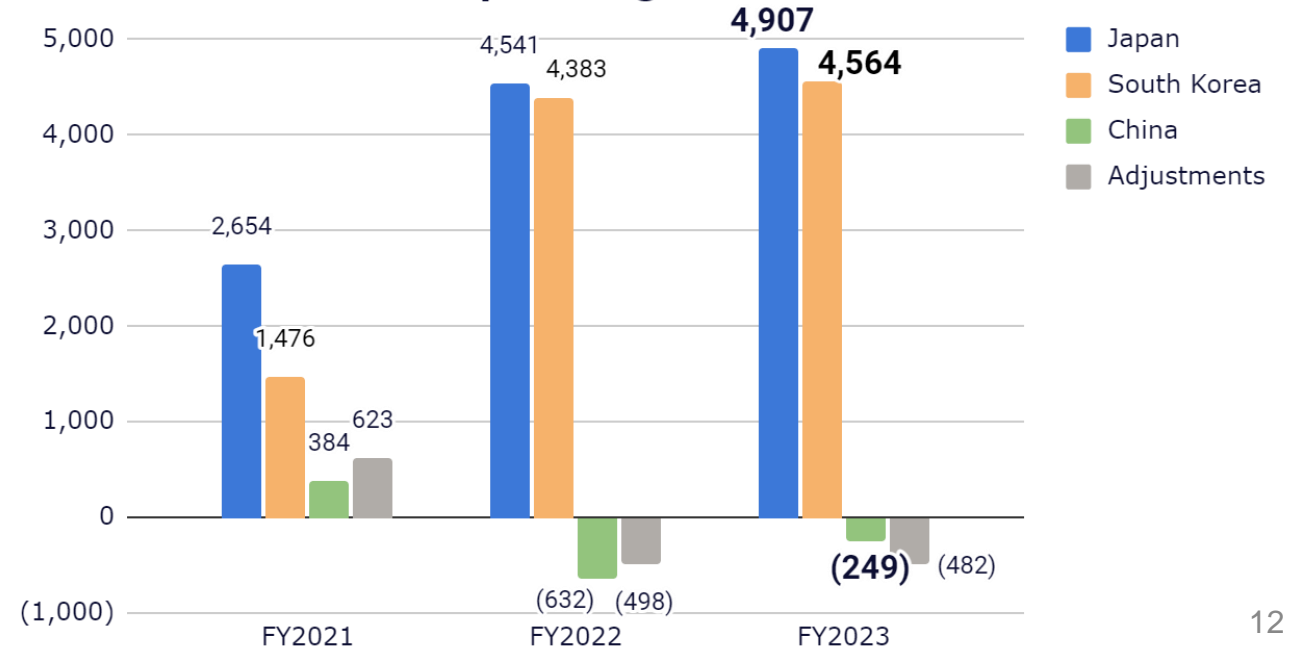
- Sales increased due to incorporation of NLCS, segment loss also improved

(million yen)

Net Sales



Operating Income



1-2. Area Review of FY2023 (according to the location of the customers)

Japan

- Although sales did not hit target, as profitability improved mainly due to DTC, income achieved its target

Korea

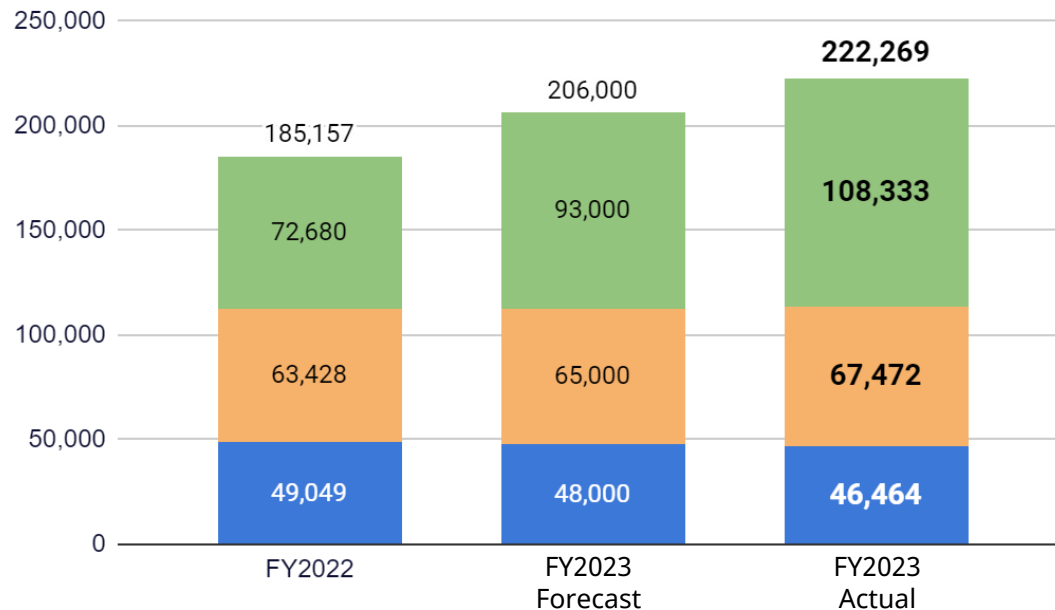
- Sales and income achieved target due to stronger performance of full-priced sales by store renovations, etc

China

- Contribution to the Group enlarged, mainly due to the equity-method affiliate

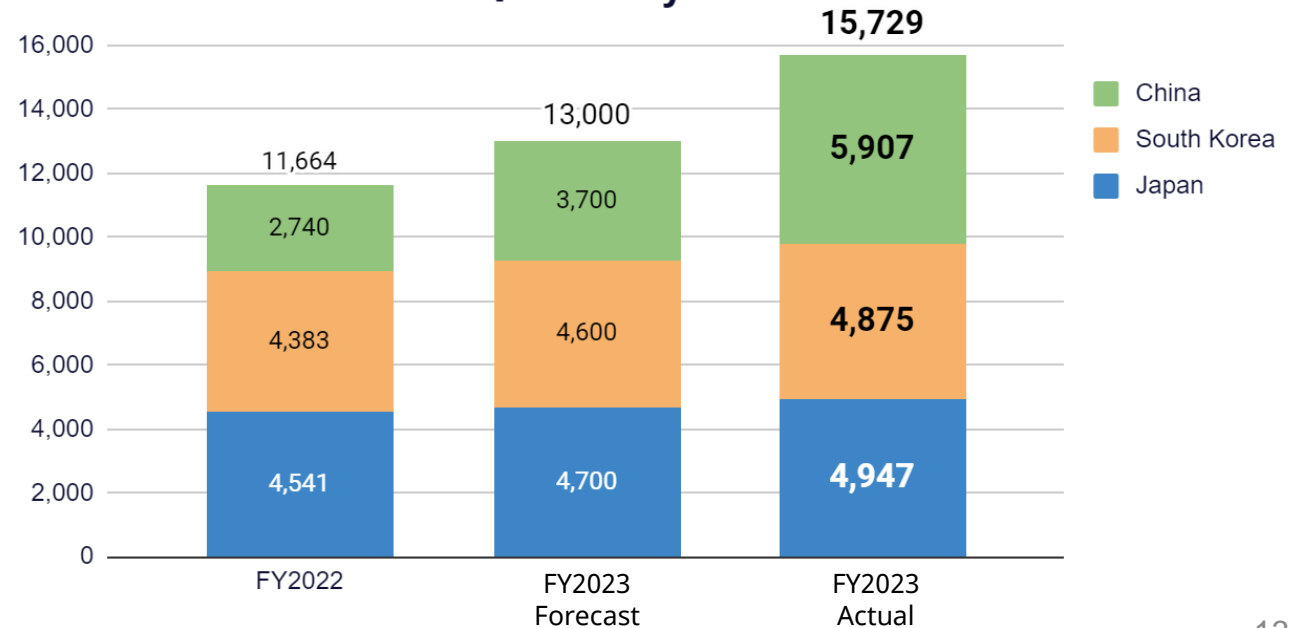
(million yen)

Local Net Sales



Net sales of consolidated subsidiary + net sales of equity method affiliates

Ordinary Income



Simplified calculation using segment income/loss and share of entities for equity method

Focus on branding for further earnings growth

- Sales declined due to the impact of the golf boom and the termination of “Marmot”
- Growth in sales of “DESCENTE”, which strengthen its product lineup of high-value-added products as a premium sports brand, “umbro”, which focused on products for juniors, and “arena”, which has high brand recognition

Japan (Million Yen)	FY2021	FY2022	FY2023	YoY
DESCENTE	17,149	12,205	12,519	102.6%
MOVERSPORT	(incl. in DESCENTE)	5,459	5,214	95.5%
le coq sportif	11,493	12,671	12,238	96.6%
Munsingwear	6,885	6,677	5,991	89.7%
arena	3,619	3,750	4,103	109.4%
umbro	2,761	2,348	2,549	108.6%
Other	5,774	5,939	3,850	64.8%
Total	47,681	49,049	46,464	94.7%



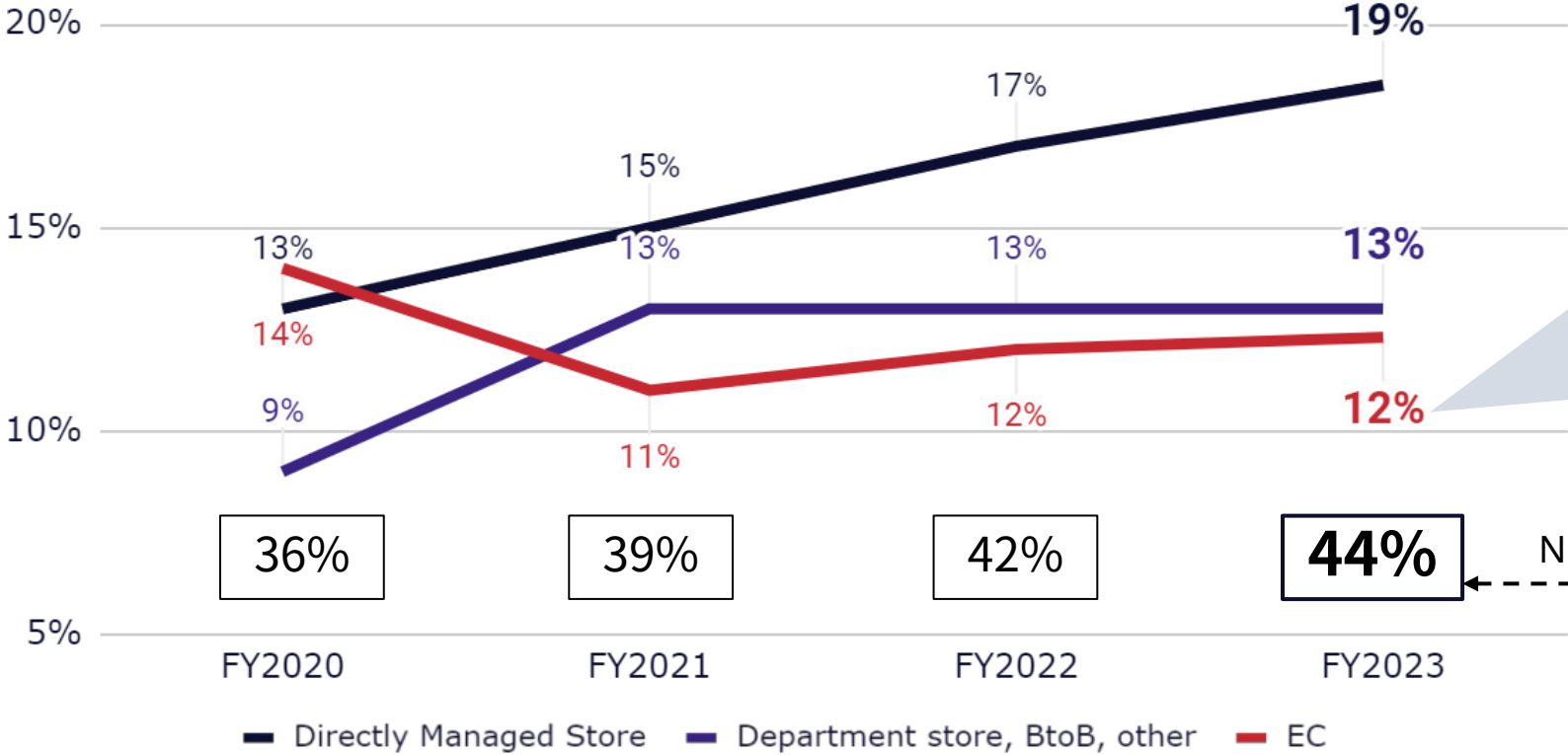
- Contract with Xander Schauffele to improve brand value, utilize sports assets in global marketing



- Launching 100-year anniversary since January aiming to improve brand recognition and brand value

Improvement in profitability due to DTC business

- Directly managed store business increased sales and sales ratio, especially “DESCENTE” retail store business improved +70% YoY
- Own EC business saw growth due to continuous efforts to improve UI
- Gross margin $\hat{=}$ profitability of Japan business improved due to the improvement in DTC ratio and reducing sales loss such as controlling discounts and returns
- Target of DTC ratio 55% was not achieved



EC improvements

Provide customer experience similar to that of a retail stores by enhancing product detail, etc.

Earnings increased due to strengthen full-priced sales

- Directly-managed stores' renewal and other factors led to increased sales of full-priced items
- Sales of “DESCENTE” grew in the athletic category, centered on heavyweight clothing, and sales of street fashion products were strong at “umbro”, which is popular among the MZ generation
- “arena”, which is operated by an equity-method affiliate, showed significant growth due to recovery from the COVID-19

South Korea (Million Yen)	FY2021	FY2022	FY2023	YoY
DESCENTE	26,779	26,813	27,160	101.3%
le coq sportif	14,987	15,315	14,028	91.6%
umbro	6,521	9,864	12,518	126.9%
Munsingwear	2,753	2,591	2,144	82.7%
arena*	3,715	8,845	11,622	131.4%
Total	54,755	63,428	67,472	106.4%



- Down-jackets were strong despite warm-winter trends



- Collaboration with influencers to expand brand awareness as a football brand

*Operated by equity method affiliate

Each brand increase sales

- Sales of each brand recovered from the impact of lockdowns that occurred in the previous year
- “arena” held a 50th anniversary event in conjunction with Japan and South Korea to raise brand recognition for further growth
- “DESCENTE”, which operated by an equity-method affiliate, continued to grow strongly without being affected by consumption trends due to its strong brand position.

China (Million Yen)	FY2021	FY2022	FY2023	YoY
le coq sportif	8,589	8,850	10,255	115.9%
arena	2,505	2,332	3,044	130.5%
Munsingwear	1,451	1,261	1,417	112.4%
DESCENTE*	41,868	60,237	93,617	155.4%
Total	54,413	72,680	108,333	149.1%



- Enlarged brand recognition in FY2023 throughout marketing events



- Continued to open premium stores with a premium brand image (new store in Shanghai Xintiandi)

*Operated by equity method affiliate

1-2. Number of Stores

DESCENTE

Implemented renewal of stores in each area

Number of Stores	Japan			South Korea*			China*		
	FY2021	FY2022	FY2023	FY2021	FY2022	FY2023	FY2021	FY2022	FY2023
DESCENTE	24	24	23	303	280	279	182	191	187
le coq sportif	7	7	6	238	211	202	372	324	297
Munsingwear	5	5	5	40	35	37	26	24	25
arena	3	3	3	146	141	139	165	190	207
umbro	0	0	0	97	111	120			
Other	24	18	21						
Total	63	57	58	824	778	777	745	729	716

Includes outlet stores in the above figures

*Includes stores of agency merchants

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2. FY2024 Earnings Forecast

DESCENTE

(million yen)	FY2022	FY2023	FY2024 Forecast	Changes	YoY
Net sales	120,614	126,989	130,000	+3,011	+2.4%
Operating Income	7,793	8,740	9,000	+260	+3.0%
Ordinary Income	11,664	15,729	17,000	+1,271	+8.1%
Net Income	10,550	12,014	12,500	+486	+4.0%
Operating Income Ratio	6.5%	6.9%	6.9%	+0.0pt	
Net Income Ratio	8.7%	9.5%	9.6%	+0.2pt	
Annual dividend	3,020	3,625	3,776	+151	
Dividend per share(yen)	40.0	48.0	50.0	+2.0	
Payout ratio	28.6%	30.2%	30.2%	+0.0pt	

【Net Sales】

Plan to increase sales mainly by South Korea and China

【Operating Income】

Despite the continuous investment for branding, improve gross margin to increase operating income

【Ordinary Income】

Increase due to operating income and further growth of equity method affiliates

【Net Income】

Plan to update record-high in 3 consecutive years

【Dividend】

Due to increase in net income, plan for record-high dividend in 3 consecutive years

2. Earnings Forecast in Japan / South Korea / China (≠ Consolidated PL) DESCENTE

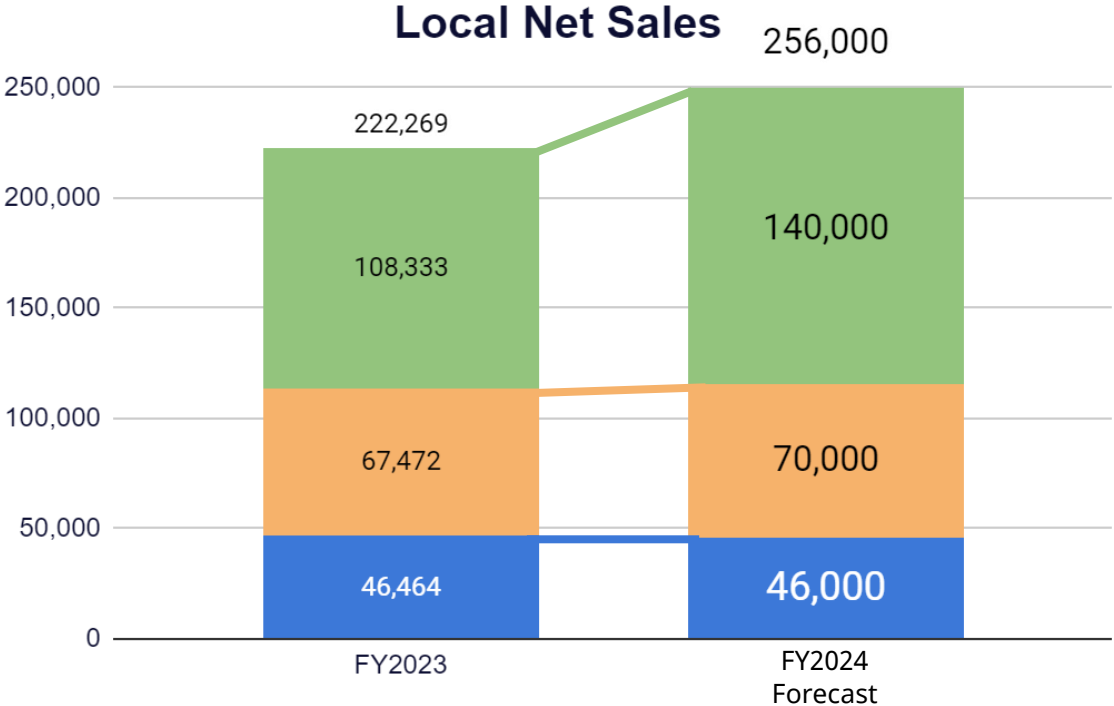
Net sales

Japan stay the same level, Steady growth in South Korea, strong performance in China

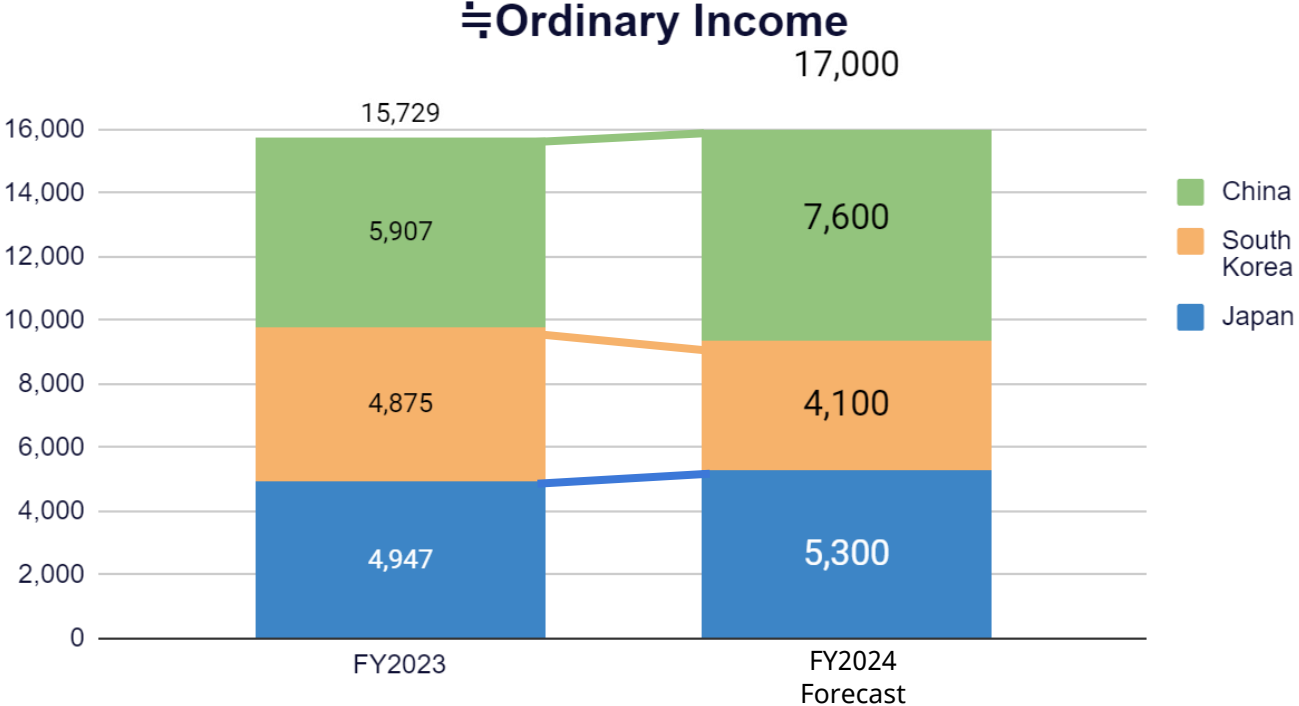
Ordinary Income

Japan and China to increase income. Strong investment in South Korea.

(million yen)



Net sales of consolidated subsidiary + net sales of equity method affiliates



Simplified calculation using segment income/loss and share of entities for equity method

**Dividend of FY2024 is planned to update record-high
Maintain high-level of ROE around 11-12% during the mid-term plan period**

(million yen)	FY2021	FY2022	FY2023	FY2024 Plan
Total Dividend	1,886	3,020	3,625	3,776
Dividend per share (yen)	25.0	40.0	48.0	50.0
Net Income	6,229	10,550	12,014	12,500
Payout Ratio	30.3%	28.6%	30.2%	30.2%

	FY2021	FY2022	FY2023	...	FY2026(Plan)
ROE	7.6%	11.3%	11.3%		11%~12%

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1



Earn ¥30~¥40B of cash flow from operating activities

2



Maintain high level ROE of 11~12%

3

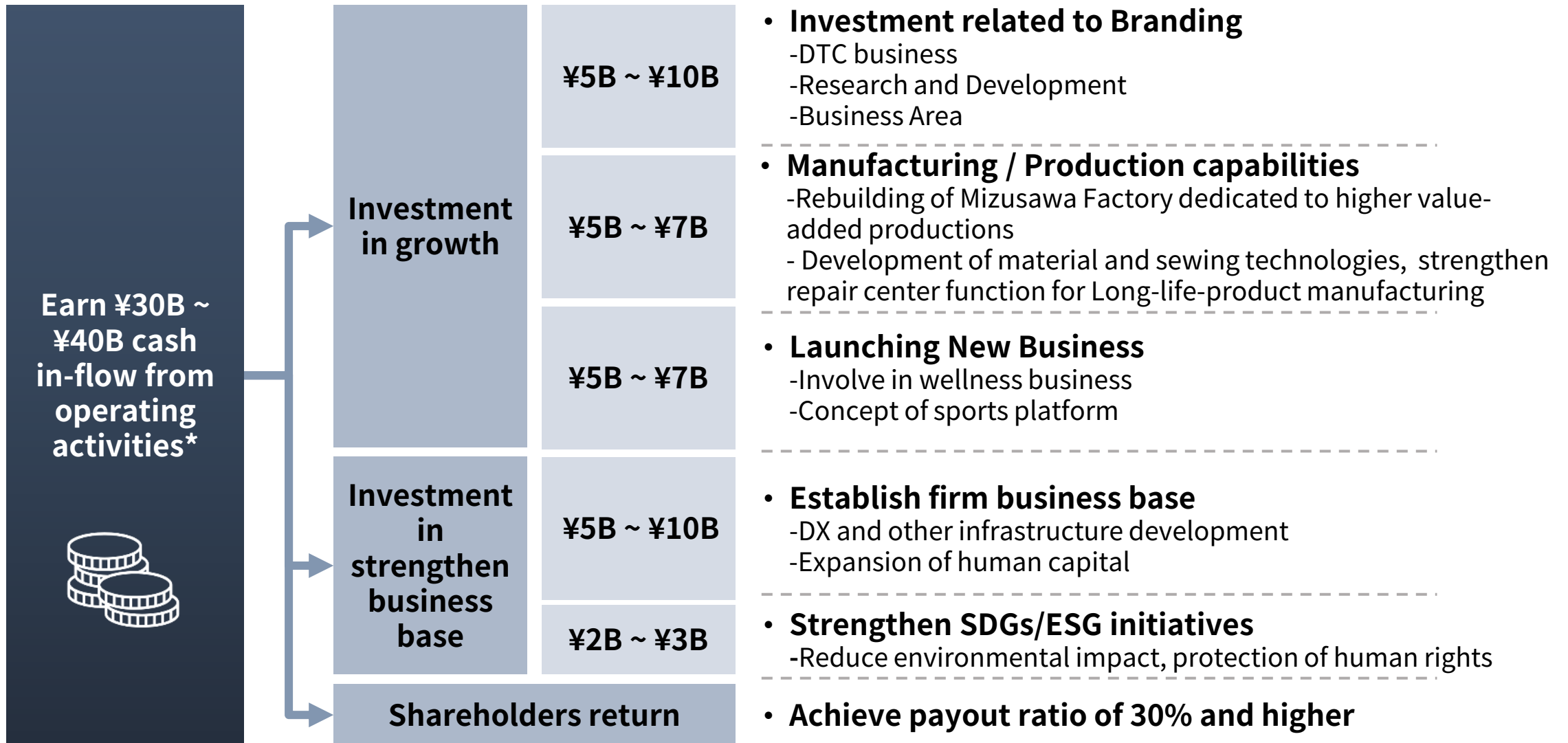


Establish sustainable business base, reducing environment impact



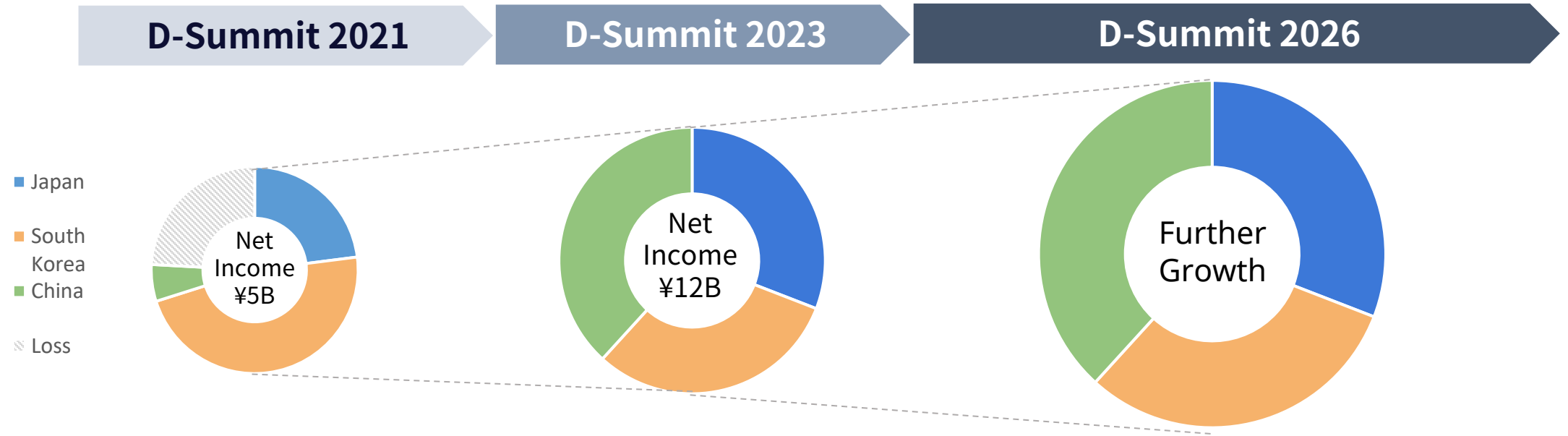
**Generate cash for investment in growth and strengthening of business base
Achieve a dividend payout ratio of 30% or more as shareholder return**

3. Cash Allocation Plan of “D-Summit 2026”



*During the new mid-term plan period

3. Growth Image to FY2026



Growth Strategy

Strengthen Business Base

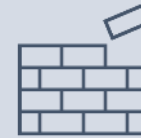
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|---|---|---|---|---|--|
| > | Withdrawal of EU/US Subsidiaries | ➡ | Focus on Japan, South Korea, China | < | Japan, South Korea, China, and +α |
| ➡ | Sports | < | Sports + MoveWear | < | Sports + MoveWear + New Business |
| ➡ | Sufficient Business Base | < | Define Human Resource Strategy | < | Strengthen Human Capital Base + Business Base |

Growth Strategy



1. **Strategies by Japan, South Korea and China**
-Promote Branding-
2. **Enhancing Manufacturing Capabilities**
3. **Launching New Business**

Strengthen Business Base



1. **Expand Human Capital**
2. **Establish Digital Business Base**
3. **Sustainable Business**

Expand DTC by concentrating on the corporate brand “DESCENTE”

Goals



- ✓ Establish successful model of mid-sized (40-50 tsubo ≒ 150m²) “DESCENTE” stores
- ✓ Improve profitability by increasing sales per store
- ✓ Expand scale by increasing the number of stores

Goal of “DESCENTE” DTC sales ratio in Japan

FY2023

48.8%



FY2026

80.0%

Methods



- Further capture consumer needs by increasing the DTC composition ratio
- Volume expansion of established full-price sales (no discounts)
- Development of top selling items (shell jackets, etc.) following Mizusawa down

Shift to proactive measures through brand value enhancement and rebranding

Goal



✓ **Sales of ¥70 billion, equivalent to the pre-COVID**

Methods



• **Investment in strong performing brands**



: Opening largest flagship store in Gangnam (Mar 24)



: Plan to open brand's first flagship store (Apr 25)

• **Promote rebranding**



: Implement product planning and marketing based on sports evidence, and execute differentiated multi-brand strategy

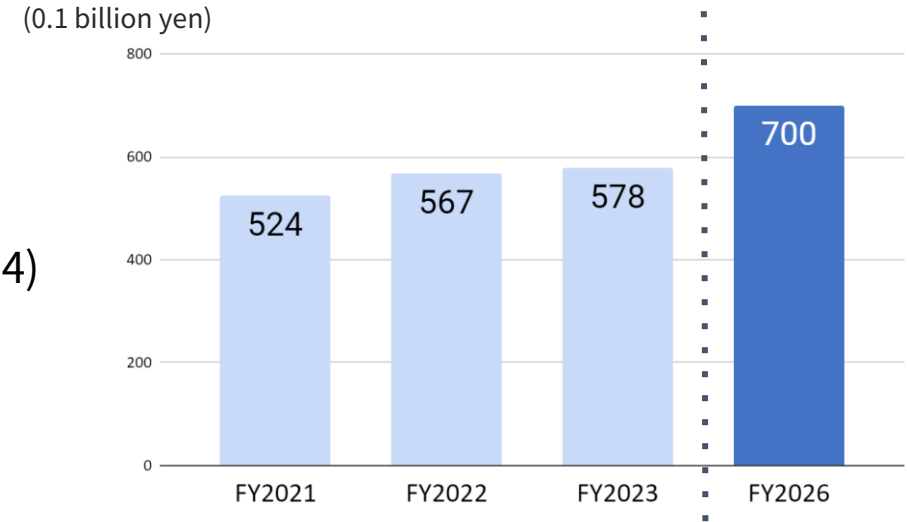
• **Strengthening Shoes**

Strengthen product development at DISC BUSAN, our R&D center, and expand the number of items

• **Increase EC Ratio**

Aim to increase the ratio of own EC and improve profitability, aiming for an EC ratio of 17% in FY2026

DESCENTE KOREA LTD. Sales trend



Growth driver “DESCENTE” + Expansion of scale through development of other 3 brands

Goals



- ✓ “DESCENTE”: Maintaining expansion trend
- ✓ “le coq sportif”, “arena”: Reaping the benefits of rebranding
- ✓ “Munsingwear”: Implementing rebranding

Methods



- FY24 store count target 220 stores (+40 vs FY23) through expansion of kids and golf
- Strengthen product collaboration between Japan, South Korea and China



- Penetrate new brand image to increase earnings



- Focus on Japan-planned products and building the American Golf brand image

3. Growth Strategy -Promote Branding-

Defined core value and key words of each brand



Premium sports tech brand with high functionality, high quality, and excellent design in pursuit of functional beauty



A brand that accompanies to your own playful way of life in sports and all other scenes



Leading brand in the world of swimming that supports all those who love water sports



Golf brand for adults seeking a sophisticated lifestyle loved by three generations of golfers and their families



Football brand that supports both top players and juniors with high-quality, highly functional products



MOVESPORT

In addition to functionality that supports performance, the brand offers enhanced design that is easy to wear in everyday life



Footwear brand that can handle any terrain in a variety of outdoor sporting situations



Golf brand offering an elegant sports lifestyle

SRIXON



Golf brand that maximizes performance through outstanding proprietary technology



Based on the “Konoe Theory,” offer products that make you want to move, and suggest how to move your body, according to your body type

Refine apparel development, the source of our competitiveness, and link it to shoes / ACC



Strengthen development in the apparel area

Development of function sharing know-hows among brands



Applying development to shoes and ACC

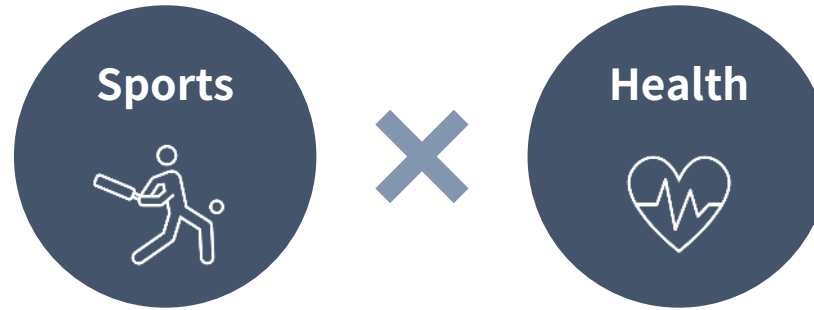
Conversion of sewing technology cultivated in apparel development

- Expansion of products that lead to solutions to users' problems
- Product development linked to the image of apparel
- Product development utilizing the know-how of DISC OSAKA



Product example: Development of a back panel for a backpack based on an analysis of how the back sweats

Involve in wellness business



Products for sports injury prevention and performance enhancement

Products and services to help people live more energetic lives in their daily lives



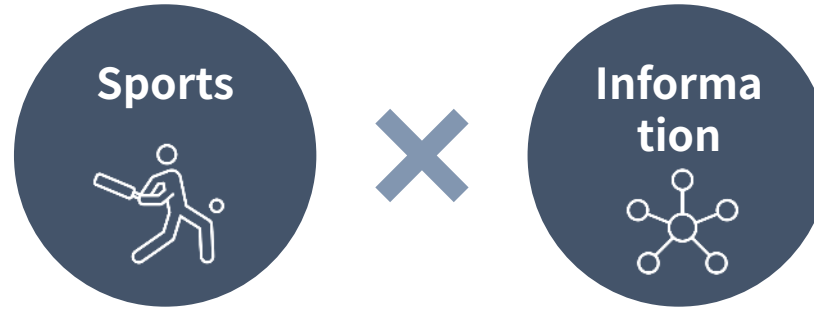
New Brand —KOUNOE—

Based on the theory that humans are born with a left-right difference in the way their pelvic bones open, KOUNOE has developed a line of products that apply the Kounoe Theory*, which divides the body into 2 types; “arm” type and “leg” type



※Kounoe Theory : a unique theory by Hisao Kounoe who coached Ueno Yukiko (Softball), Senga Kodai (Baseball), Amamoto Haruka (Golf) and Japanese National Softball Team in Tokyo Olympics 2020

Involve in service industry



Sports promotion activities for the community

Taking on the challenge of experiential consumption with sports as a domain



Sports Platform Concept

- Providing casual sports environment online
- Increase contacts with people who are interested in sports



※Image

① Expand Human Capital

Slogan
(personality we look for)

People who are committed to professionalism, competition, and the pursuit of satisfaction

Guidelines for Action

- 1. Break out of the box and create profit
- 2. Create beyond customer expectations
- 3. Never give up and work together to get things done



Achieve optimal allocation of personnel by fostering highly specialized human resources and promoting career ownership

② Establish Digital Business Base

Establish a digital business infrastructure that meets digital needs today and next 30 years

DESCENTE JAPAN
Promote ERP project

DESCENTE KOREA
Next generation projects such as ERP system, Integration of EC mall, etc.



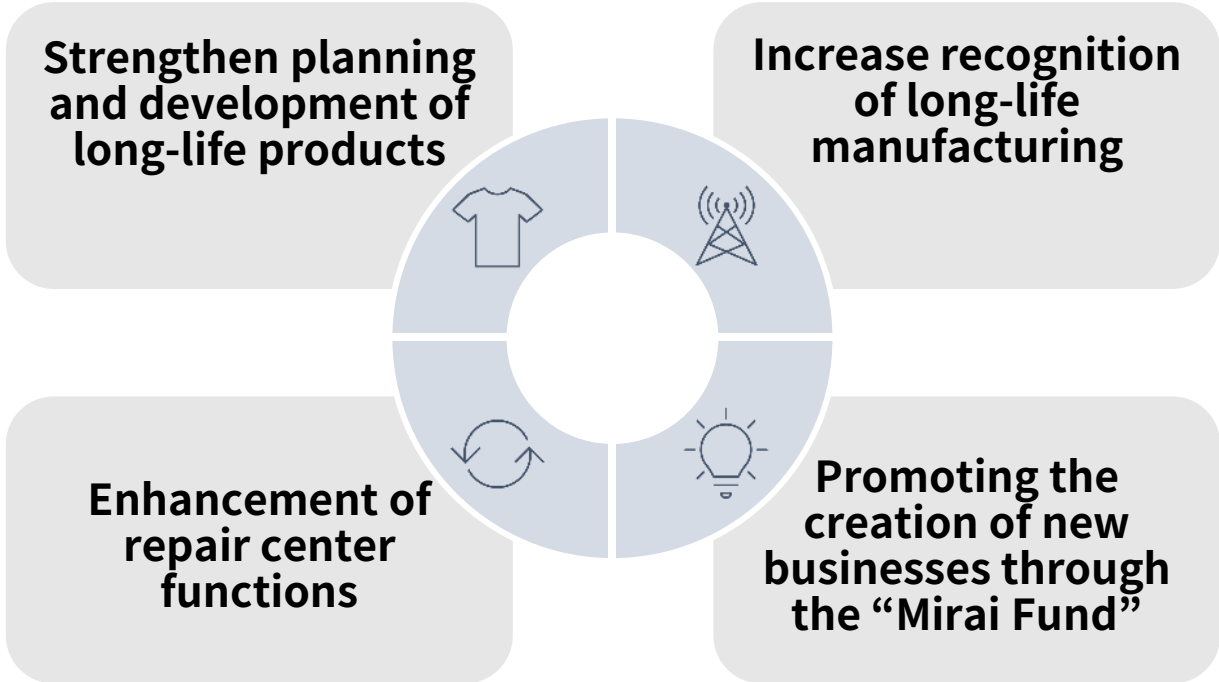
Contributes to labor savings and increased sophistication of transactions



③ Sustainable Business

1 Challenge for sustainable manufacturing

2 Create new values



3 Business with Integrity

- Enhance HR development system and penetrate compliance
- Establish sustainability promotion system

4 Harmony with society

- Accelerating measures to achieve carbon neutrality at domestic facilities by 2030
- Coexistence with multi-stakeholders

THE END

Reference - Quarterly Net Sales and Income by Segments

DESCENTE

Segment Quarterly Net Sales (Million yen)

FY2020	Q1	Q2	Q3	Q4	Cumulative
Japan	5,083	14,568	13,485	13,941	47,079
South Korea	9,375	11,634	9,397	15,749	46,158
China	875	1,130	859	532	3,397
Other	218	10	0	1	229
Adjustments	0	0	▲1	0	0
Total	15,553	27,343	23,741	30,224	96,862

FY2021	Q1	Q2	Q3	Q4	Cumulative
Japan	9,364	13,012	13,912	13,300	49,589
South Korea	11,737	12,993	11,482	17,512	53,726
China	975	1,084	1,062	909	4,032
Adjustments	403	354	297	487	1,544
Total	22,481	27,444	26,755	32,210	108,892

FY2022	Q1	Q2	Q3	Q4	Cumulative
Japan	12,096	13,590	14,247	12,819	52,753
South Korea	12,710	15,519	12,718	16,917	57,868
China	1,065	1,139	1,431	4,026	7,663
Adjustments	553	534	491	750	2,330
Total	26,425	30,784	28,889	34,514	120,614

FY2023	Q1	Q2	Q3	Q4	Cumulative
Japan	11,079	12,878	13,958	13,722	51,638
South Korea	12,274	15,477	12,348	18,402	58,502
China	3,209	3,889	3,304	4,294	14,698
Adjustments	599	577	504	469	2,150
Total	27,162	32,822	30,115	36,888	126,989

Segment Quarterly Income (Million yen)

FY2020	Q1	Q2	Q3	Q4	Cumulative
Japan	▲2,595	895	▲107	39	▲1,767
South Korea	▲494	▲201	52	654	11
China	▲34	28	41	▲77	▲41
Other	▲40	▲30	▲4	21	▲64
Adjustments	5	17	11	10	55
Total	▲3,159	710	▲5	648	1,806

FY2021	Q1	Q2	Q3	Q4	Cumulative
Japan	93	1,461	630	378	2,654
South Korea	762	▲293	823	183	1,475
China	107	127	151	▲2	384
Adjustments	67	387	59	199	623
Total	1,032	1,682	1,655	757	5,137

FY2022	Q1	Q2	Q3	Q4	Cumulative
Japan	1,376	1,828	1,231	104	4,541
South Korea	1,225	774	1,252	1,131	4,383
China	124	5	131	▲894	▲632
Adjustments	▲194	▲244	▲210	152	▲498
Total	2,531	2,364	2,404	492	7,793

FY2023	Q1	Q2	Q3	Q4	Cumulative
Japan	714	1,340	1,287	1,565	4,907
South Korea	1,115	624	1,223	1,599	4,564
China	101	140	▲198	▲292	▲249
Adjustments	19	95	▲30	▲567	▲482
Total	1,951	2,200	2,282	2,308	8,740

Reference - Terms, Reportable Segment, Exchange Rates

DESCENTE

Segment: Classified according to country and area of the location of the company

Example: Net sales from DESCENTE JAPAN LTD. to affiliates in China is counted in Japan segment *Segment of "Japan" breakdown changed from FY2022 (refer below)

Area: Classified according to country and area of the location of the customers

Example: Net sales from DESCENTE JAPAN LTD. to affiliates in China is counted in China area

Note: Group internal sales is eliminated in neither of above (Not Counted)

Business Year:

<Japan> April–March

<Overseas> January-December

Example: Q4 = January – March

Example: Q4 = October – December

		USD	100KRW	CNY	HKD
FY2021	Q1 YTD	107.15	9.55	16.45	13.81
	Q2 YTD	108.47	9.69	16.76	13.98
	Q3 YTD	109.13	9.62	16.86	14.05
	Q4 YTD	110.39	9.64	17.12	14.20
FY2022	Q1 YTD	117.82	9.77	18.56	15.08
	Q2 YTD	124.53	10.06	19.13	15.90
	Q3 YTD	129.48	10.13	19.46	16.52
	Q4 YTD	132.10	10.22	19.50	16.86
FY2023	Q1 YTD	133.45	10.43	19.43	17.02
	Q2 YTD	136.54	10.49	19.55	17.41
	Q3 YTD	139.55	10.69	19.72	17.81
	Q4 YTD	141.20	10.81	19.87	18.03
	Q4 YTD INITIAL PLAN	132.00	10.20	19.20	17.00
	FY2024 INITIAL PLAN	143.00	11.50	20.50	17.50

1Q YTD = First 3 months
2Q YTD = First 6 months
3Q YTD = First 9 months
4Q YTD = Full Year

FY2023 = Fiscal Year
ended March 2024

Reportable Segments: From Q1 FY 2022, as the Company has become a pure holding company, the segment changed as below

Segments	Breakdown					
Japan	DESCENTE JAPAN LTD. DESCENTE APPARELL LTD. intra-segment eliminations					
South Korea	DESCENTE KOREA LTD.	DESCENTE GLOBAL RETAIL LTD.	intra-segment eliminations			
China	BEIJING DESCENTE CO., LTD	SHANGHAI DESCENTE COMMERCIAL CO., LTD	HONG KONG DESCENTE TRADING CO., LTD	ARENA (SHANGHAI) INDUSTRIAL CO., LTD.	LE COQ SPORTIF (NINGBO) CO., LTD.	intra-segment eliminations
Adjustments	DESCENTE LTD.	Adjustments				

NOTE) ARENA KOREA LTD. and DESCENTE CHINA HOLDING LTD., which are not listed above, are equity-method affiliates and equity in earnings of affiliated is included in non-operating income of the Company based on the percentage of the ownership