



## Message from the President

**Please tell us about the results of FY2023, the final fiscal year for the D-Summit 2023.**

In FY2023, we achieved a well-balanced profit in each segment, and our Group as a whole recorded an ordinary income of 15,279 million yen and net income of 12,014 million yen, reaching a record high for the second consecutive fiscal year running. As for Japan, segment income for FY2023 was 4,907 million yen. As a result of prioritizing the improvement of our brand value, profitability improved as a result of strong sales of full-priced products and curbing the loss ratio caused by returns and discounts, as well as an increase in the

sales ratio of the DTC business. In order to avoid damaging our brand value, we have set up a policy to no longer provide special offers and discounts. Each of the measures steadily contributed to the results, and we were able to increase the gross profit margins, particularly for our corporate brand, “DESCENTE”. We consider it as a great achievement that in the second year since we have started various initiatives to become a premium sports brand, our customers have recognized the value of our brand and products, and that we have achieved significant results. We have started a similar initiative for “Munsingwear” in 2023, so we expect to start seeing quantitative results this fall and winter, as we did for “DESCENTE”. As for the golf wear category, we saw a reaction against the previous boom caused by the COVID-19 pandemic, however the results of Japan segment were in line with our expectations, as we were able to compensate for the stagnation in the athletic wear category. Sales in South Korea temporarily struggled due to the boycott campaign starting in 2019 and the impact of COVID-19 starting in 2020, but as a result of continued efforts to improve brand value, especially “DESCENTE”, during that period, the sales began to recover from FY2022, with segment income of 4,564 million yen in FY2023. While we have returned to a path towards steady growth, we are struggling in the golf wear category for South Korea; but like Japan, the athletic

wear category is growing. Among them, “umbro”, as a street fashion brand with football origins, is growing in sales particularly among the MZ generation, and we will sustain its growth in the future. While we are experiencing stable growth, we are working on re-branding “le coq sportif”'s brand image, which has become ambiguous. We will draw up a strategy for further growth by leveraging the advantages of our multi-brand strategy to re-establish brands that are stagnant while supporting those that are performing well. In China, despite a generally sluggish economy, equity in earnings of affiliates amounted to 6,109 million yen in FY2023 driven by “DESCENTE”, which is recognized in the market as a premium sports brand. By combining our high-quality products with the retail know-how of our JV partner ANTA, we have been able to significantly increase our revenues each year. Furthermore, “arena” sales is growing year-on-year on the back of its brand power as the No. 1 brand in the swimming race market in China. While DESCENTE and arena are growing steadily, “le coq sportif” has been sluggish, and we have been working on re-branding it by redefining its value as a sports brand to its core since FY2023. Starting with the Spring & Summer 2024 product lineup, we have added a new collection after the re-branding. We believe that our customers are sensing a change in the brand image. We expect a recovery in the cur-



**Shuichi Koseki,**  
Representative Director and President

rent fiscal year onwards. As in South Korea, we will take advantage of the advantages of our multi-brand strategy to implement further scale expansion in for “DESCENTE”, while promoting the re-branding of other brands. With this approach, we will work towards expanding the scale of our business with four brands.

**In the medium-term management plan D-Summit 2023 up to the previous year, you had three main strategies: Implement strategies by regions for Japan, South Korea, and China, improve profitability of Japan business, and Enhance manufacturing capabilities. Could you tell us what you have accomplished and what you see as challenges for the future?**

Since drawing up D-Summit 2023, the pace of increase in sales for the past three years have been in line with our expectations, and we have achieved the highest profits in our history for two consecutive years. The Company has expanded surplus and I believe we are capable of achieving solid profit. With regard to the three key strategies, we were able to achieve most of what we had planned by increasing earnings in Japan, South Korea, and China, and by successfully developing high value-added products such as CREAS and 10 YEARS POLO SHIRTS that follow MIZUSAWA DOWN and improving earnings in Japan. The remaining challenge we face is that the DTC ratio in Japan was 44%, compared to the target of 55%. Among the DTC businesses, directly managed stores are performing well, but e-commerce is still in the process of development, and we are improving the convenience of the e-commerce websites and implementing measures such as increasing the number of product images and videos. We believe that increasing the DTC ratio is an important measure to further increase our earnings and it is where our growth potential lies. We will utilize the knowledge we have gained over the past three years and focus on the DTC business, particularly on our

signature brand DESCENTE, in the new medium-term management plan starting from FY2024.

**This year marks the start of a new medium-term management plan. Please tell us about its key strategies.**

For the new medium-term management plan, we will continue to enhance profitability through growth in Japan, South Korea, and China, with branding at the core, while taking on the challenge in two new areas for further growth. To generate a cash flow of 30 to 40 billion yen over three years, we will conduct growth and infrastructure investments. The key driver of growth is “DESCENTE”, our corporate brand that is now being refined as a premium sports brand. We would like to deliver our products to many customers with our manufacturing capabilities and brand power, which are the source of our competitiveness. Working towards this goal, we would like to expand our DTC business in Japan by concentrating on “DESCENTE” and increasing the sales per store and the number of stores to raise the DTC sales composition ratio of this brand to 80% as part of D-Summit 2026. We have also opened a brand flagship store in South Korea in March 2024, so we will communicate our brand value directly to customers in Japan, South Korea, and China. We will also engage in new businesses with the keywords of “sport x health” and “sport x information”. In order to enter the wellness field, we have launched new products for preventing injuries and enhancing the performance

of athletes, developed together with the sports trainer Hisao Kounoe, who has coached softball player Yukiko Ueno, Major League Baseball player Kodai Senga, and other well-known athletes, as well as establishing the new “KOUNOE” brand. We will expand our product sales area into the wellness field, which will lead to the improvement of daily health. In terms of sport x information, in addition to the product sales business we have worked on to date, we have taken on the challenge to develop a platform that gathers a wide variety of information for playing sports, and we are exploring new business possibilities by expanding our vision to include the “experiences” business. For future development on a medium- to long-term time frame, we would like to invest in two areas over the next three years: refining the existing businesses and developing new businesses. We will strengthen business investments for further growth through two pillars of investment: investment for growth - branding, manufacturing such as the rebuilding of the Mizusawa Factory, and new businesses; and investments to strengthen infrastructure such as DX, human capital, SDGs realization, etc. In addition, we will continue to set a dividend payout ratio of 30% and more as a means of returning profits to our shareholders, and we will ensure that this is achieved. We aim to achieve the highest profits for the third consecutive fiscal year in FY2024 to increase corporate value in a sustainable manner, and to become an excellent company that repay our shareholders, employees, and other stakeholders over the medium to long term. We will continue to work toward new development. We thank you for your continued support for DESCENTE.



Xander Schauffele, winner of the PGA Championship, under a new advisory contract beginning in 2024

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## Company Profile

### Company Overview

#### DESCENTE LTD.

<b>Founded</b>	February 1935	<b>Established</b>	February 1958
<b>President</b>	Shuichi Koseki	<b>Capital</b>	3.8 billion yen
<b>Turnover</b>	129.9 billion yen (Consolidated, FY ended March 2024)		

<b>Number of Employees</b>	2,654 employees (Consolidated) 34 employees (Non-consolidated) (As of March 31, 2024)
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**Business** Manufacture and sales of sportswear and related items

**Tokyo Office** Mejiro 1-4-8, Toshima-ku, Tokyo 171-8580  
Phone (03) 5979-6006 (HR/Administration)

**Osaka Office** Maruito Namba Building 13F  
Minatomachi 1-2-3, Naniwa-ku, Osaka-shi, Osaka 556-0017  
Phone (06) 6633-4201 (HR/Administration)

#### Board Member

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

(As of March 31, 2024)

\*Independent Director or Independent Auditor as defined by Tokyo Stock Exchange, Inc.

### List of Brands

(As of March 31, 2024)



MOVESPORT



## Share Information

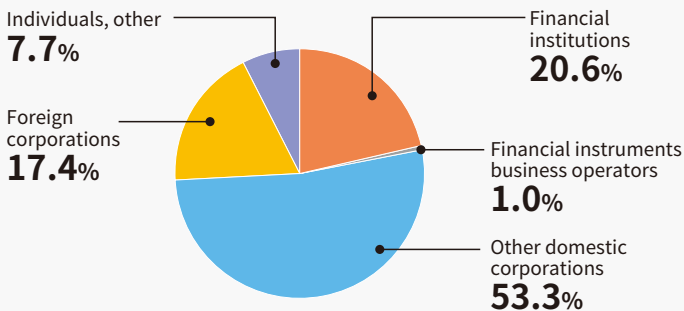
### Number of Shares and Shareholders

(As of March 31, 2024)

<b>Authorized Shares</b>	160,000,000 shares
<b>Outstanding Shares</b>	76,924,176 shares (including treasury shares of 1,388,780 shares)
<b>Number of Shareholders</b>	8,005 shareholders

### Distribution of Shares

(As of March 31, 2024)



### Major Shareholders and Number of Shares Held

(As of March 31, 2024)

Name of Shareholder	Number of Shares Held
BS Investment Co., Ltd.	33,584
The Master Trust Bank of Japan, Ltd. (trust account)	5,691
Nippon Life Insurance Company	3,238
Custody Bank of Japan, Ltd. (trust account)	2,254
TEIJIN FRONTIER CO., LTD.	2,232
Sumitomo Mitsui Banking Corporation	1,910
The Descente and Ishimoto Memorial Foundation for the Promotion of Sports Science	1,652
MSIP CLIENT SECURITIES	1,520
UBS AG HONG KONG	1,394
DESCENTE KYOEIKAI	758

## DESCENTE KYOEIKAI

<b>Fiscal year</b>	One year from April 1 to March 31 of the following year
<b>Date of determining shareholders receiving dividends</b>	March 31 Date of determining shareholders when conducting interim dividend is September 30.
<b>Ordinary Shareholders' Meeting</b>	Every June
<b>Method of notification</b>	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 <a href="https://www.descente.co.jp/">https://www.descente.co.jp/</a>
<b>Number of shares constituting one unit</b>	100 shares
<b>Ticker symbol</b>	8114
<b>Shareholder Registry administrator and institution managing the special account</b>	Mitsubishi UFJ Trust and Banking Corporation Marunouchi 1-4-5, Chiyoda-ku, Tokyo
<b>Contact details of the above</b>	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)