

DESCENTE

Financial Summary for the Second Quarter of FY2024

DESCENTE LTD. (Securities Code : 8114)

Disclaimer: This is an English translation of the original Japanese-language Consolidated Financial Summary of DESCENTE LTD. (the Company) for the second quarter of fiscal year ended September 30, 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.

November 8, 2024

PL Summary for the Second Quarter of FY2024

DESCENTE

Net sales increased due to foreign exchange effects and growth of “DESCENTE” and “umbro” in Japan and South Korea

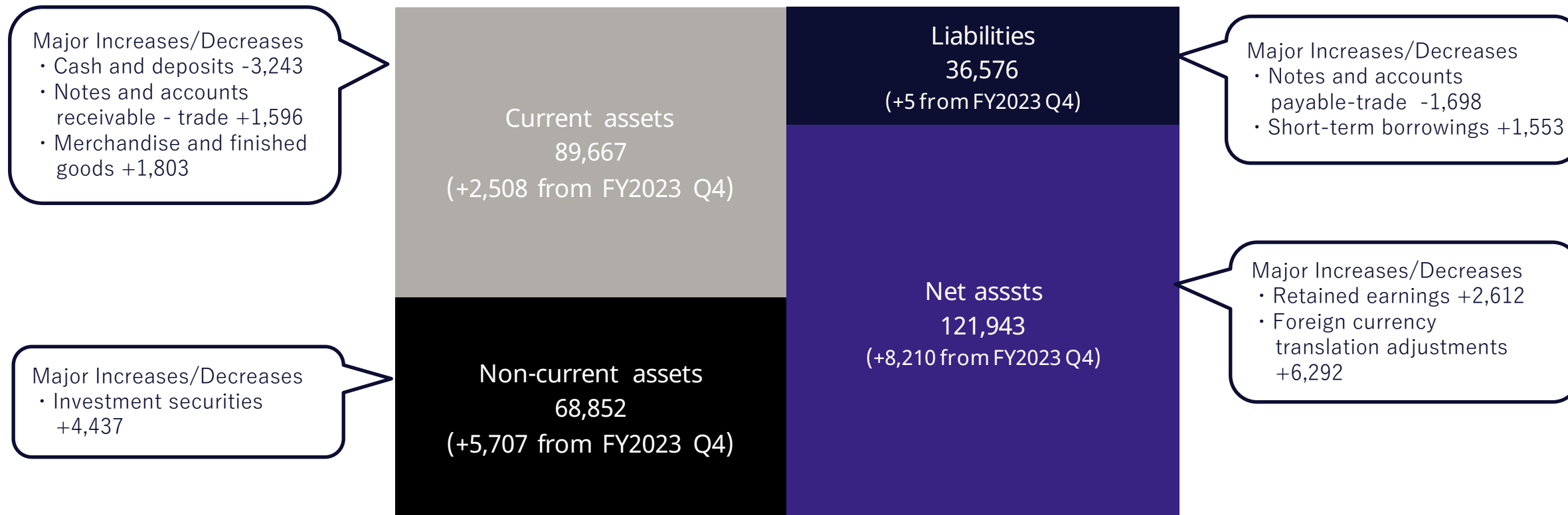
Operating income decreased due to an increase in SG&A expenses for global promotions, etc.

Record-high ordinary income and net income in Q2 for the third consecutive year due to an increase in equity in earnings of affiliates

| (Million Yen) | FY2023 Q2 | FY2024 Q2 | Changes | | FY2024 Plan |
|-------------------------|---------------|---------------|---------------|---|----------------|
| Net Sales | 59,985 | 62,818 | +2,833 | Gross profit margin was 61.1% (+1.3 pt) due to growth in full-price sales, price discount control, and an increase in the percentage of sales accounted for by DTC in Japan | 130,000 |
| Gross Profit | 35,897 | 38,382 | +2,485 | | - |
| SG&A | 31,745 | 35,247 | +3,502 | | - |
| Operating Income | 4,151 | 3,134 | -1,017 | Increase in equity in earnings of affiliates 5,393(+1,989) | 9,000 |
| Non-operating Income | 4,030 | 6,238 | +2,208 | | - |
| Non-operating expense | 174 | 227 | +53 | | - |
| Ordinary Income | 8,007 | 9,145 | +1,138 | | 17,000 |
| Extraordinary income | - | 53 | +53 | | - |
| Extraordinary expense | 303 | 417 | +114 | | - |
| Income tax | 2,031 | 2,688 | +657 | | - |
| Net Income | 5,672 | 6,238 | +566 | | 12,500 |

Total assets increased from the end of FY2023 due to an increase in investment securities

(Million Yen)



ROE : 10.6% (-0.4 pt YoY) ROA : 8.1% (-0.3 pt YoY)
 Equity ratio: 76.6% (+1.4pt vs end of FY2023)
 Total assets: 158,520 (+8,216 vs end of FY2023)

*Calculation of quarterly ROE (ROA is also based on this formula)
 = (Net income x 2) ÷ ((Shareholders' equity at beginning of Q2 + Shareholders' equity at end of Q2) ÷ 2)

Increase in operating CF due to higher net income and dividends included in others

| (Million Yen) | FY2023 Q2 | FY2024 Q2 | Changes |
|---|----------------|------------------|---------------|
| Cash Flow from operating activities | 237 | 2,294 | +2,057 |
| Net income before income taxes | 7,704 | 8,782 | +1,078 |
| Depreciation | 1,934 | 2,224 | +290 |
| Share of Entities Accounted for Using Equity Method Affiliates | (3,404) | (5,393) | -1,989 |
| Changes in Working Capital※ | (3,886) | (4,068) | -182 |
| Other | (2,111) | 749 | +2,860 |
| Cash Flow from Investing Activities | (6,078) | (1,882) | +4,196 |
| Decrease (increase) in Time Deposits-Trade | (4,705) | 1,202 | +5,907 |
| Purchase of PP&E and/or Intangible Assets | (1,505) | (2,520) | -1,015 |
| Other | 132 | (564) | -696 |
| Cash Flow from Financing Activities | (4,204) | (3,278) | +926 |
| Cash Dividends Paid | (3,020) | (3,625) | -605 |
| Other | (1,184) | 347 | +1,531 |

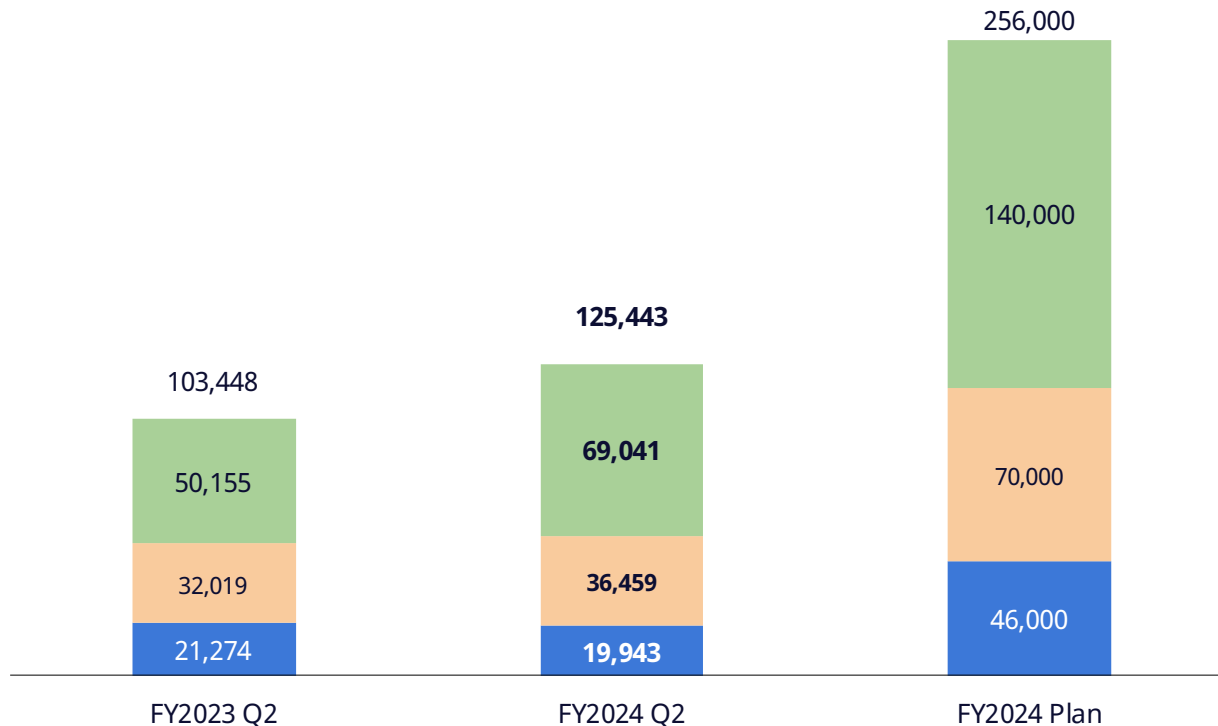
※Working capital is the change in notes and accounts receivable-trade, inventories, and notes and accounts payable trade

Area Review (according to the location of the customers)

DESCENTE

- ✓ In Japan, slight decrease in sales, but increase in actual income due to increase in gross profit from higher DTC ratio
- ✓ In South Korea, sales and income increased due to strong full-price sales mainly driven by “DESCENTE” and “umbro”
- ✓ In China, despite continued upfront investment in rebranding expenses for “le coq sportif”, both sales and income increased due to growth of equity-method affiliates

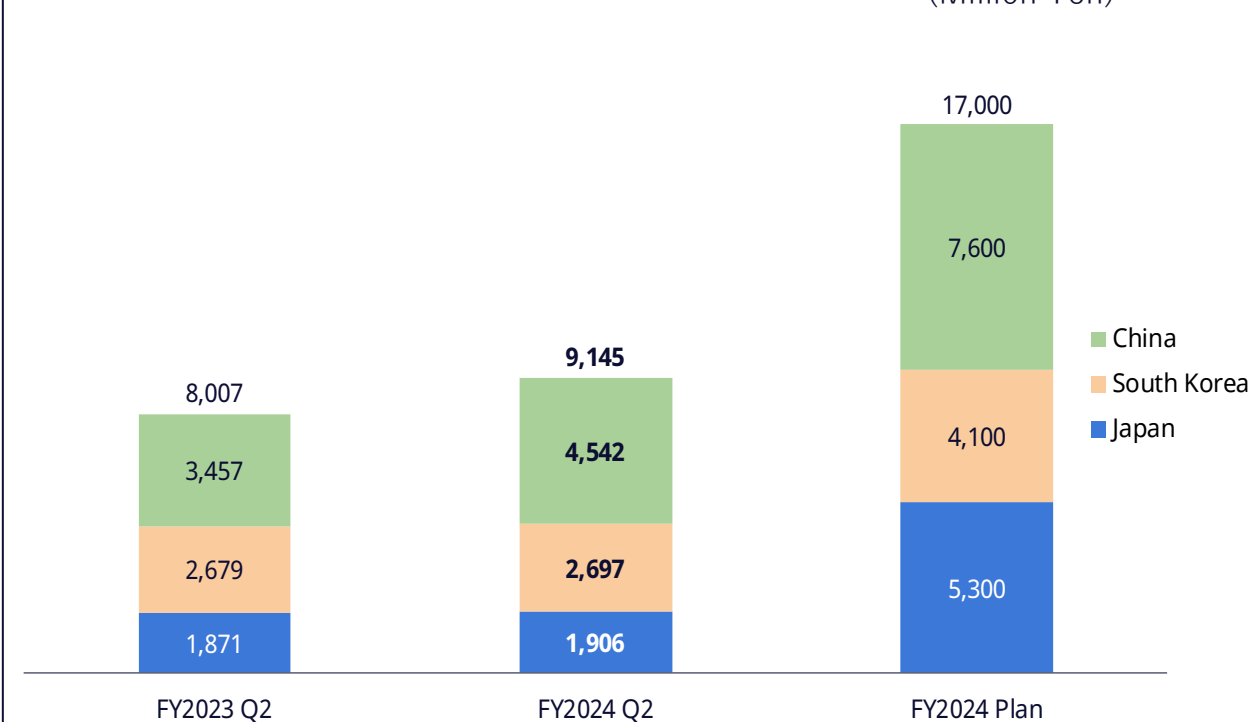
Local Net Sales



Net sales of consolidated subsidiaries and equity method affiliates in each area

≡ Ordinary Income

(Million Yen)

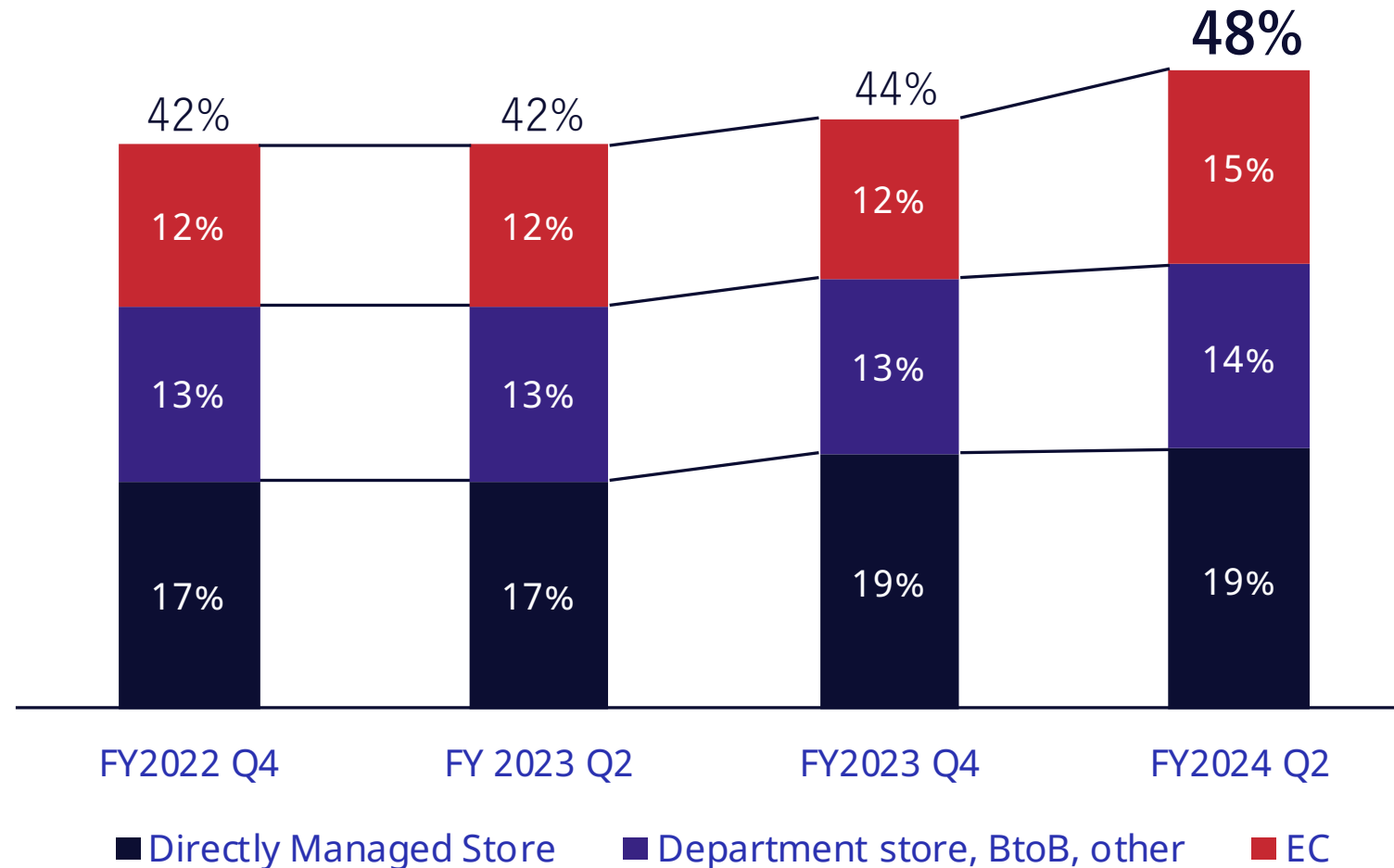


Simplified calculation using segment income/loss and share of entities for equity method

- ✓ Sales of “DESCENTE”, as a premium sports brand, increased due to strong sales of high-functional products.
- ✓ Sales of “le coq sportif” and “MOVESPORT”, etc., which are distributed through wholesale channels, declined.

| Japan (Million Yen) | FY2022 Q2 | | FY2023 Q2 | | FY2024 Q2 | | Changes | |
|------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Sales | No. of Stores | Sales | No. of Stores | Sales | No. of Stores | Sales | No. of Stores |
| DESCENTE | 5,190 | 25 | 4,880 | 23 | 5,672 | 24 | +792 | +1 |
| MOVESPORT | 2,713 | - | 2,691 | - | 1,626 | - | -1,065 | - |
| le coq sportif | 6,286 | 7 | 5,702 | 6 | 4,961 | 4 | -741 | -2 |
| Munsingwear | 3,417 | 6 | 2,864 | 5 | 2,511 | 4 | -353 | -1 |
| arena | 2,232 | 3 | 2,263 | 3 | 2,337 | 3 | +74 | - |
| umbro | 1,171 | - | 1,217 | - | 1,342 | - | +125 | - |
| Other | 2,916 | 22 | 1,657 | 21 | 1,494 | 20 | -163 | -1 |
| Total | 23,925 | 63 | 21,274 | 58 | 19,943 | 55 | -1,331 | -3 |

- ✓ DTC ratio increased due to growth in directly managed stores and e-commerce (EC) and decrease in wholesale sales
- ✓ Gross profit margin ratio of Japan increased by 1.0 percentage point YoY due to higher DTC ratio



- ✓ Opened “DESCENTE GOLF COMPLEX TENJIN”, a directly-managed store complex in Tenjin, Fukuoka City that brings together four brands golf items
- ✓ Sales of collaboration products with Yuki Ishikawa available exclusively on EC site
Orders flooded in and implemented additional orders

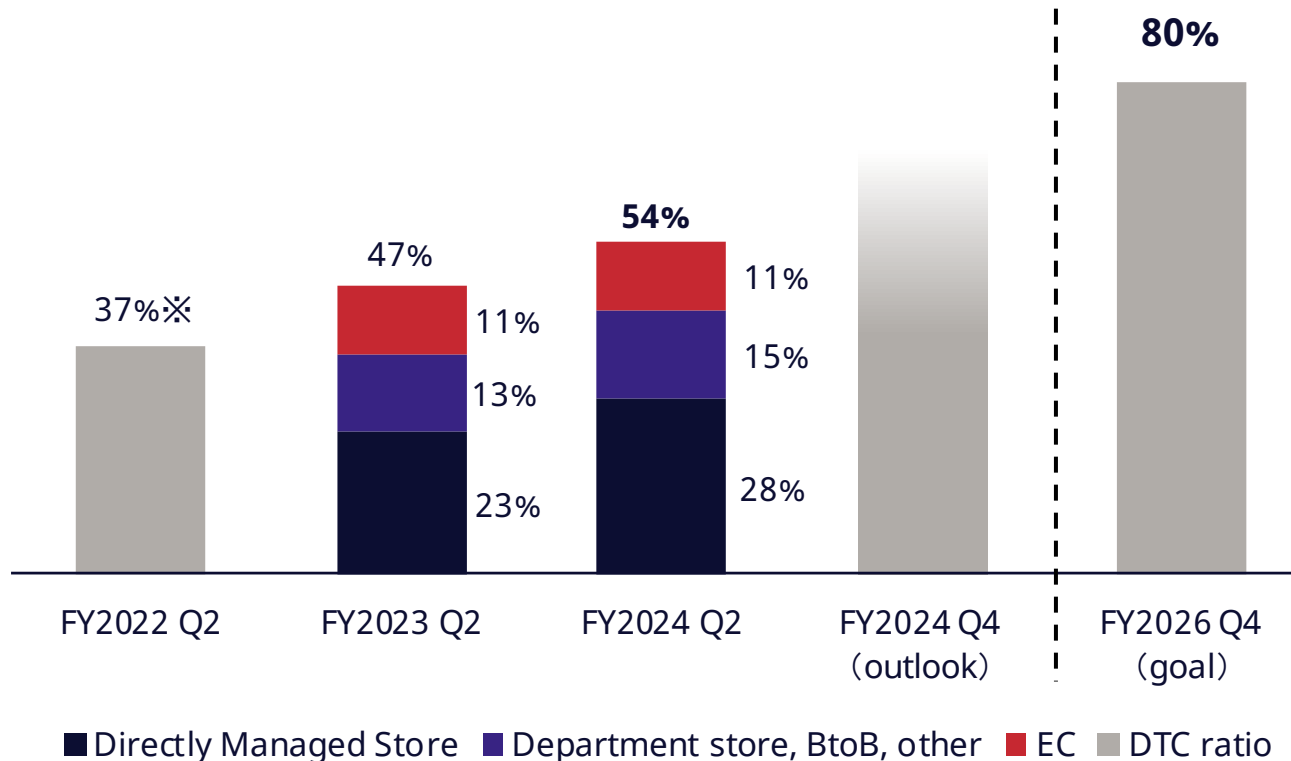


DESCENTE GOLF COMPLEX
TENJIN opened on September 20,
2024



Sales of collaboration products with Yuki
Ishikawa have begun on September 5, 2024
exclusively through DESCENTE STORE Online

- ✓ Sales of high-functional products, led by shell jackets CREAS, were strong, and the directly managed store business grew +38% YoY.
- ✓ Department store sales grew mainly in the golf category due to increased exposure of Xander Schauffele, who won a major championship this season, and the effect of increased inbound sales.
- ✓ EC sales grew as limited-edition products featuring volleyball player Yuki Ishikawa sold out.



Sales of hardshell jackets “CREAS” are strong, especially in the directly-managed store business. 9

South Korea Brand Review (according to the location of the customer)

DESCENTE

- ✓ Sales increased due to sustained growth of “DESCENTE” and “umbro” and the impact of foreign exchange effects
- ✓ Sales of “arena”, which is developed by an equity-method affiliate, also increased

| South Korea (Million Yen) | FY2022 Q2 | | FY2023 Q2 | | FY2024 Q2 | | Changes | |
|------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Sales | No. of Stores | Sales | No. of Stores | Sales | No. of Stores | Sales | No. of Stores |
| DESCENTE | 13,111 | 293 | 12,544 | 277 | 15,151 | 280 | +2,607 | +3 |
| le coq sportif | 7,381 | 221 | 6,797 | 203 | 6,656 | 203 | -141 | - |
| umbro | 4,768 | 103 | 5,962 | 117 | 7,100 | 124 | +1,138 | +7 |
| Munsingwear | 1,327 | 37 | 1,066 | 35 | 1,166 | 36 | +100 | +1 |
| arena* | 3,509 | 142 | 5,650 | 143 | 6,386 | 137 | +736 | -6 |
| Total | 30,096 | 796 | 32,019 | 775 | 36,459 | 780 | +4,440 | +5 |

*Developed by equity-method affiliate

- ✓ Sales of “DESCENTE”, which is developed by an equity-method affiliate, increased due to an increase in the number of customers, and due to an increase in the number of stores
- ✓ Slight increase in “le coq sportif” due to the impact of foreign exchange effects

| China (Million Yen) | FY2022 Q2 | | FY2023 Q2 | | FY2024 Q2 | | Changes | |
|------------------------|-----------|---------------|-----------|---------------|---------------|---------------|---------|---------------|
| | Sales | No. of Stores | Sales | No. of Stores | Sales | No. of Stores | Sales | No. of Stores |
| le coq sportif | 3,906 | 358 | 4,966 | 314 | 5,034 | 285 | +67 | -29 |
| arena | 967 | 190 | 1,473 | 191 | 1,417 | 198 | -56 | +7 |
| Munsingwear | 508 | 25 | 757 | 32 | 551 | 18 | -206 | -14 |
| DESCENTE* | 25,353 | 181 | 42,959 | 188 | 62,040 | 196 | +19,081 | +8 |
| Total | 30,734 | 755 | 50,155 | 725 | 69,041 | 697 | +18,886 | -28 |

Reference - Quarterly Net Sales and Income by Segments

DESCENTE

Quarterly sales by segment (Million Yen)

| FY2022 | Q1 | Q2 | Q3 | Q4 | Full Year |
|---------------|---------------|---------------|---------------|---------------|----------------|
| Japan | 12,096 | 13,590 | 14,247 | 12,819 | 52,753 |
| South Korea | 12,710 | 15,519 | 12,718 | 16,917 | 57,866 |
| China | 1,065 | 1,139 | 1,431 | 4,026 | 7,663 |
| Adjustment | 553 | 534 | 491 | 750 | 2,330 |
| Total | 26,425 | 30,784 | 28,889 | 34,514 | 120,614 |
| FY2023 | Q1 | Q2 | Q3 | Q4 | Full Year |
| 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 |
| Adjustment | 599 | 577 | 504 | 469 | 2,150 |
| Total | 27,162 | 32,822 | 30,115 | 36,888 | 126,989 |
| FY2024 | Q1 | Q2 | Q3 | Q4 | Full Year |
| Japan | 9,665 | 13,968 | - | - | 23,633 |
| South Korea | 13,907 | 17,195 | - | - | 31,102 |
| China | 3,346 | 3,632 | - | - | 6,978 |
| Adjustment | 564 | 538 | - | - | 1,102 |
| Total | 27,482 | 35,335 | - | - | 62,818 |

Quarterly operating income by segment (Million yen)

| FY2022 | Q1 | Q2 | Q3 | Q4 | Full Year |
|---------------|--------------|--------------|--------------|--------------|--------------|
| 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) |
| Adjustment | (194) | (244) | (210) | 152 | (498) |
| Total | 2,531 | 2,364 | 2,404 | 492 | 7,793 |
| FY2023 | Q1 | Q2 | Q3 | Q4 | Full Year |
| 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) |
| Adjustment | 19 | 95 | (30) | (567) | (482) |
| Total | 1,951 | 2,200 | 2,282 | 2,306 | 8,740 |
| FY2024 | Q1 | Q2 | Q3 | Q4 | Full Year |
| Japan | 105 | 1,953 | - | - | 2,059 |
| South Korea | 971 | 1,138 | - | - | 2,110 |
| China | (45) | (401) | - | - | (446) |
| Adjustment | (349) | (239) | - | - | (588) |
| Total | 683 | 2,451 | - | - | 3,134 |

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

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
Area net sales includes the sales of equity method affiliates

Note: Group interna; sales are eliminated in neither of above(Not Counted)

Business Year:

<Japan> April – March
<Overseas> January – December

Example: Q2 = April – September
Example: Q2 = January – June

| | | USD | 100KRW | CNY | HKD | |
|--------|---------|--------|--------|-------|-------|---------------------|
| FY2022 | Q1 | 117.82 | 9.77 | 18.56 | 15.08 | |
| | Q2 | 124.53 | 10.06 | 19.13 | 15.90 | Q1 = First 3 months |
| | Q3 | 129.48 | 10.13 | 19.46 | 16.52 | Q2 = First 6 months |
| | Q4 | 132.10 | 10.22 | 19.50 | 16.86 | Q3 = First 9 months |
| FY2023 | Q1 | 133.45 | 10.43 | 19.43 | 17.02 | Q4 = Full Year |
| | Q2 | 136.54 | 10.49 | 19.55 | 17.41 | |
| | Q3 | 139.55 | 10.69 | 19.72 | 17.81 | FY2024 |
| | Q4 | 141.20 | 10.81 | 19.87 | 18.03 | = Fiscal Year |
| FY2024 | Q1 | 149.86 | 11.21 | 20.74 | 19.15 | ended March 2025 |
| | Q2 | 154.05 | 11.35 | 21.25 | 19.70 | |
| | Q4 PLAN | 143.00 | 11.50 | 20.50 | 17.50 | |

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 affiliates is included in non-operating income of the Company based on the percentage of ownership.