



# **Summary of Consolidated Financial Statements for the Third Quarter Ended September 30, 2017 (Japan GAAP)**

November 2, 2017

Name of the Company: ASICS Corporation

Listing Exchanges: Tokyo

Code No.: 7936

URL: <http://corp.asics.com/en/>

Chairman, President and CEO, Representative Director: Motoi Oyama

Date of filing Securities Report by quarter: November 9, 2017

Date of scheduled payment of dividends: –

Quarterly Results Supplemental Materials: Yes

Quarterly Results Presentation Meeting: None

(Amounts less than one million yen are truncated)

## 1. Consolidated results for the third quarter ended September 30, 2017 (January 1, 2017– September 30, 2017)

### (1) Consolidated business results (Accumulated)

(The percentages indicate the rates of increase or decrease compared with the corresponding period of the previous fiscal year)

|                                      | Net sales |       | Operating income |        | Ordinary income |       | Profit attributable to owners of parent |        |
|--------------------------------------|-----------|-------|------------------|--------|-----------------|-------|-----------------------------------------|--------|
|                                      | MY        | %     | MY               | %      | MY              | %     | MY                                      | %      |
| 3rd quarter ended September 30, 2017 | 310,292   | (0.7) | 24,424           | (17.2) | 25,716          | (4.0) | 15,802                                  | (15.4) |
| 3rd quarter ended September 30, 2016 | 312,520   | (7.2) | 29,506           | (10.8) | 26,792          | (2.1) | 18,684                                  | 22.9   |

(Note) Comprehensive income: 3rd quarter ended September 30, 2017: ¥ 7,191million (– %)

3rd quarter ended September 30, 2016: ¥ (15,958) million (– %)

|                                      | Net income<br>per share | Diluted net<br>income per share |
|--------------------------------------|-------------------------|---------------------------------|
|                                      | Yen                     | Yen                             |
| 3rd quarter ended September 30, 2017 | 83.25                   | 78.54                           |
| 3rd quarter ended September 30, 2016 | 98.43                   | 92.96                           |

### (2) Consolidated financial position

|                          | Total assets | Net assets | Shareholders' equity<br>ratio |
|--------------------------|--------------|------------|-------------------------------|
|                          | MY           | MY         | %                             |
| As of September 30, 2017 | 345,687      | 204,055    | 58.5                          |
| As of December 31, 2016  | 342,812      | 201,207    | 58.3                          |

(Reference) Shareholders' equity: September 30, 2017: ¥ 202,389 million

December 31, 2016: ¥ 199,936 million

## 2. Dividends

|                                         | Cash dividend per share |                    |                    |             |        |
|-----------------------------------------|-------------------------|--------------------|--------------------|-------------|--------|
| (Record date)                           | End of 1st quarter      | End of 2nd quarter | End of 3rd quarter | End of year | Annual |
|                                         | Yen                     | Yen                | Yen                | Yen         | Yen    |
| FY ended December 31, 2016              | —                       | —                  | —                  | 23.50       | 23.50  |
| FY ending December 31, 2017             | —                       | —                  | —                  |             |        |
| FY ending December 31, 2017 (Projected) |                         |                    |                    | 23.50       | 23.50  |

(Note) Changes in projected dividends: None

## 3. Forecast of consolidated business results for the fiscal year ending December 31, 2017 (January 1, 2017 – December 31, 2017)

(The full-year percentages indicate the rates of increase or decrease compared with the previous fiscal year)

|           | Net sales |     | Operating income |        | Ordinary income |        | Profit attributable to owners of parent |        | Net income per share |
|-----------|-----------|-----|------------------|--------|-----------------|--------|-----------------------------------------|--------|----------------------|
|           | MY        | %   | MY               | %      | MY              | %      | MY                                      | %      | Yen                  |
| Full-year | 420,000   | 5.2 | 22,000           | (13.6) | 21,000          | (10.3) | 13,000                                  | (16.5) | 68.48                |

(Note) Changes in forecast of consolidated business results: None

## ※ Notes

- (1) Changes in significant subsidiaries during the fiscal year (changes in specified subsidiaries that caused changes in the scope of consolidation): None
- (2) Adopting accounting treatment simplified or specialized for quarterly consolidation: Yes
- (3) Changes in accounting policy, changes in accounting estimates, and changes in presentation due to revisions
  - ① Changes in accounting policy to conform to revisions in accounting standards and others: Adopted: None
  - ② Changes in accounting policy adopted otherwise than in①: None
  - ③ Changes in accounting estimates: None
  - ④ Changes in presentation due to revisions: None
- (4) Number of shares (of common stock) issued and outstanding
  - ① Number of shares outstanding (including treasury shares) at fiscal end:
 

|                    |                    |                   |                    |
|--------------------|--------------------|-------------------|--------------------|
| September 30, 2017 | 199,962,991 shares | December 31, 2016 | 199,962,991 shares |
|--------------------|--------------------|-------------------|--------------------|
  - ② Number of treasury shares at fiscal end:
 

|                    |                   |                   |                   |
|--------------------|-------------------|-------------------|-------------------|
| September 30, 2017 | 10,139,280 shares | December 31, 2016 | 10,139,476 shares |
|--------------------|-------------------|-------------------|-------------------|
  - ③ Average number of shares during the term:
 

|                                      |                    |                                      |                    |
|--------------------------------------|--------------------|--------------------------------------|--------------------|
| 3rd quarter ended September 30, 2017 | 189,823,326 shares | 3rd quarter ended September 30, 2016 | 189,819,490 shares |
|--------------------------------------|--------------------|--------------------------------------|--------------------|

\* Summary of Consolidated Financial Statements is not subjected to quarterly review

\* Explanation of appropriate use of business performance forecasts; other special items

(Notes to the description about future, other)

The performance forecasts above are estimated based on information available as of the date hereof. This may cause actual results to differ from stated projections due to changing business conditions or other factors.

(How to access supplemental materials on quarterly business results)

We plan to post the supplemental materials on quarterly business results on Company's website (<http://corp.asics.com/en/>) on Thursday November 2, 2017.

## **Qualitative information for consolidated business results**

### **(1) Explanation on business results**

In the third quarter ended September 30, 2017, despite a slowing trend in the United States, business was steady in the sporting goods industry on the back of a high level of interest in sports owing to rising health consciousness, as well as an increase in everyday use of sporting goods.

Under these conditions, the ASICS Group (“the Group”) expanded its consumer base and improved the value of its brands on a global scale through the launch of high value added products etc. that meet consumers’ changing tastes on the basis of the Five-Year Strategic Plan, “ASICS Growth Plan (AGP) 2020”.

In the own retail store business, the Group aimed to expand its consumer base and increase sales by developing its own new concept retail stores that are well lit and have a sense of spaciousness. ASICS Store Tokyo, the Group’s first own retail store specialized for running that opened in 2007, was renovated and reopened with an expanded lineup of products not just in the running category but also in the training category as an own retail store offering a new experience for a wide range of runners and consumers who exercise for fitness. In addition, the Group opened its largest flagship store ASICS REGENT STREET FLAGSHIP in London. This store is the first own retail store handling the products of all the four brands of the Group: ASICS, ASICS Tiger, Onitsuka Tiger, and HAGLÖFS. The number of own retail stores of the ASICS Group brands reached 871 worldwide.

In the running category that is the Group’s core business, the Group launched DynaFlyte 2, Dynamis, and RoadHawk FF as the FlyteFoam Fast Series, which uses ASICS’ original midsole material, FlyteFoam, for both excellent cushioning and light weight. The Group also launched GEL-KENUN running shoes for fun runners that achieve both stability and cushioning. In addition, the Group sponsored marathon events held in Tokyo, Paris, Stockholm and Gold Coast, etc.

In the training category, the Group aimed to improve the value of its brand through a premium collection for active young people. Under the concept of valuing simple and minimalist designs associated with traditional Japanese aesthetics, the Group launched the JYUNI Collection worldwide, a series of sports apparel that combines sophisticated designs and high functionality. In addition, with “adaptable” as the design concept, the Group launched a new line of training apparel that is functional yet suitable not only in sports scenes but also in lifestyle scenes.

In the core performance sports category, to heighten brand awareness and trust in its products throughout the world, the Group launched the high-function tennis shoes COURT FF that use FlyteFoam, followed by the high-function volleyball shoes VOLLEY ELITE FF which use the same material. As an official partner of the World Para Athletics, the Group supported the World Para Athletics Championships London 2017. In addition, as the official partner of the International Association of Athletics Federations (IAAF), the Group supported the 16th IAAF World Championships 2017, which was also held in London. Furthermore, the Group contributed to establishment of a new record by sprinter Yoshihide Kiryu of Toyo University who became the first Japanese athlete to break the 10-second barrier in the 100 meters. He wore the shoes the Group specially produced based on the knowledge gained through measurement of his feet and analysis of runs and experiments and reflecting his opinions.

In addition, starting at the 16th IAAF World Championships 2017, ASICS launched its new brand message, “I MOVE ME”. In London, where the World Championships were held, by creating

tunnels made from hoops whose light changes in sync with the music, the Group hosted “Run The Tube” events to offer an experience of the joy of exercising. In addition, the Group ran various marketing campaigns to communicate the new brand message.

In the lifestyle category, the Group strove to heighten awareness of its two brands among a wide range of consumers. For the ASICS Tiger brand, the Group launched a new product, GEL-KAYANO TRAINER KNIT, shoes made from knit material. In addition, the Group opened its own retail stores in Seoul and Shanghai. For the Onitsuka Tiger brand, the Group opened Onitsuka Tiger Omotesando NIPPON MADE, the world’s first specialty store offering the NIPPON MADE series of products featuring Japanese craftsmanship right down to the smallest details as a Japanese brand.

In the domestic business, the Group identified with the philosophy of “Contributing to the development of the baseball industry and the sports industry, as well as the sports culture in Japan” upheld by the Japan national baseball team SAMURAI JAPAN, and agreed to a partner contract with NPB Enterprise, Inc. to be a SAMURAI JAPAN Diamond Partner. In addition, based on the concept of encouraging a lifestyle revolving around sports, the Group opened ASICS CONNECTION TOKYO, a new facility that includes cafes and fitness studios, in Tokyo.

Also, the Group constructed a new factory building and rebuilt existing buildings of SANIN ASICS Industry Corporation, which is a shoes production location, and relocated and constructed a new factory of ASICS Apparel Industry Corp., which is an apparel production location, to strengthen systems for development and production of high-value-added “made in Japan” products in both the shoes and apparel categories.

ASICS was selected as a constituent of the FTSE Blossom Japan Index, the MSCI ESG Select Leaders Index, and the MSCI Japan Empowering Women Index (WIN), which are new environmental, social and governance (ESG) indexes for socially responsible investment. The Company was also selected for the third consecutive year as a constituent of the Asia/Pacific Index of Dow Jones Sustainability Indices, a world-renowned ESG index.

In addition, with the aim of promoting diversity internally and enhancing female employees’ awareness of their career, career design programs for female employees were carried out, with the scope of their target audience extended to younger employees. The Group was certified as an excellent company that promotes the success of women in the workplace and awarded “*Eruboshi*” (the highest level) by the Minister of Health, Labour and Welfare. Moreover, to realize workplaces where diverse people can bring their capabilities into full play, the Group implemented flextime and other systems while tackling work-style reform.

In the third quarter ended September 30, 2017, consolidated net sales decreased 0.7% (a decrease of 2.3% using the previous fiscal year’s foreign exchange rate) to ¥310,292 million. Domestic net sales decreased 1.4% to ¥79,088 million mainly due to weak sales of sportswear, despite steady sales of running shoes. Overseas sales decreased 0.5% (a decrease of 2.6% using the previous fiscal year’s foreign exchange rate) to ¥231,203 million mainly due to weak sales in the American and European regions, despite strong sales of running shoes and Onitsuka Tiger shoes in the Oceanian/Southeast and South Asian regions as well as the East Asian region.

Gross profit increased 2.4% to ¥143,277 million mainly due to an improved cost of sales ratio.

Selling, general and administrative expenses increased 7.6% to ¥118,853 million due to increased costs in line with the expansion of own retail stores and increased costs related to the rollout of various digital strategies. As a result, operating income decreased 17.2% to ¥24,424 million. Ordinary income decreased 4.0% to ¥25,716 million due to foreign exchange gains recorded in the third quarter ended September 30, 2017 compared to foreign exchange losses posted in the corresponding period of the previous fiscal year. Profit attributable to owners of parent decreased 15.4% to ¥15,802 million mainly due to the recording of an extraordinary loss owing to business restructuring in the European region.

Business results by reportable segments were as follows.

① Japanese region

Sales decreased 1.6% to ¥92,362 million, due to weak sales of sportswear, despite steady sales of running shoes. Segment income decreased 12.2% to ¥6,487 million, due to the effect of declined sales, despite an improved cost of sales ratio.

② American region

Sales decreased 5.6% (a decrease of 7.5% using the previous fiscal year's foreign exchange rate) to ¥82,305 million, due to weak sales in the U.S. Segment income increased 151.8% (an increase of 146.7% using the previous fiscal year's foreign exchange rate) to ¥4,330 million mainly due to an improved cost of sales ratio as well as a decrease in the amount of allowance for doubtful receivables.

③ European region

Sales decreased 4.5% (a decrease of 6.6% using the previous fiscal year's foreign exchange rate) to ¥81,149 million, due to the effect of changes in the retail market and intensifying competition. Segment income decreased 25.5% (a decrease of 27.2% using the previous fiscal year's foreign exchange rate) to ¥7,265 million mainly due to the effect of declined sales.

④ Oceanian/Southeast and South Asian regions

Sales increased 15.8% (an increase of 10.5% using the previous fiscal year's foreign exchange rate) to ¥21,203 million, due to the strong sales of running shoes and Onitsuka Tiger shoes. Segment income increased 7.7% (an increase of 2.9% using the previous fiscal year's foreign exchange rate) to ¥3,415 million.

⑤ East Asian region

Sales increased 14.8% (an increase of 13.6% using the previous fiscal year's foreign exchange rate) to ¥39,169 million, due to the continuing strong sales of running shoes and Onitsuka Tiger shoes in China despite lower sales in South Korea due to restructuring current retail stores. On the other hand, segment income decreased 8.2% (a decrease of 7.6% using the previous fiscal year's foreign exchange rate) to ¥5,553 million due to the effect of lower profit in South Korea.

⑥ Other business

Sales decreased 7.3% (a decrease of 7.1% using the previous fiscal year's foreign exchange rate) to ¥6,976 million, due to weak sales of outdoor wear and other items under the HAGLÖFS brand. Segment loss was ¥57 million.

## **(2) Explanation on financial position**

As for consolidated financial position as of September 30, 2017, total assets increased 0.8% from the end of the previous fiscal year to ¥345,687 million, total liabilities increased 0.0% from the end of the previous fiscal year to ¥141,632 million and net assets increased 1.4% from the end of the previous fiscal year to ¥204,055 million.

Current assets increased 2.0% to ¥256,145 million, due to increases in cash and deposits and notes and accounts receivable-trade, despite decreases in inventories and other assets resulting from a decrease in short-term derivative assets.

Non-current assets decreased 2.3% to ¥89,541 million, due mainly to a decrease in investments and other assets resulting from a decrease in long-term derivative assets.

Current liabilities increased 5.3% to ¥71,637 million, due mainly to increases in notes and accounts payable-trade, accrued income taxes and an increase in short-term bank loans due to the transfer of bank loans due within a year or less from non-current liabilities to current liabilities, despite a decrease in other current liabilities due to redemption of bonds.

Non-current liabilities decreased 4.8% to ¥69,994 million. This mainly reflected a decrease in long-term loans and deferred tax liabilities.

Shareholders' equity rose 6.1% to ¥196,685 million due to an increase in retained earnings.

Accumulated other comprehensive income decreased 61.0% to ¥5,703 million mainly due to a decrease in unrealized deferred gain on hedges.

## **(3) Explanation on forecast for the consolidated business results and others**

Regarding the forecast for the full year, there is no change in the forecast for consolidated business results announced on February 13, 2017.

## SEGMENT INFORMATION

ASICS Corporation and Consolidated Subsidiaries

From January 1 to September 30, 2017 and From January 1 to September 30, 2016

| Millions of yen                             |                 |                 |                 |                                             |                   |                |          |             |              |
|---------------------------------------------|-----------------|-----------------|-----------------|---------------------------------------------|-------------------|----------------|----------|-------------|--------------|
| 2017 (from January 1 to September 30, 2017) | Japanese region | American region | European region | Oceanian /SouthEast and South Asian regions | East Asian region | Other business | Total    | Adjustments | Consolidated |
| Net sales:                                  |                 |                 |                 |                                             |                   |                |          |             |              |
| Sales to customers                          | ¥79,086         | ¥82,273         | ¥81,081         | ¥21,203                                     | ¥39,124           | ¥6,718         | ¥309,488 | ¥803        | ¥310,292     |
| Intersegment                                | 13,276          | 31              | 68              | -                                           | 44                | 258            | 13,679   | (13,679)    | -            |
| Total sales                                 | 92,362          | 82,305          | 81,149          | 21,203                                      | 39,169            | 6,976          | 323,167  | (12,875)    | 310,292      |
| Operating income (loss)                     | ¥6,487          | ¥4,330          | ¥7,265          | ¥3,415                                      | ¥5,553            | ¥(57)          | ¥26,996  | ¥(2,571)    | ¥24,424      |

| Millions of yen                             |                 |                 |                 |                                             |                   |                |          |             |              |
|---------------------------------------------|-----------------|-----------------|-----------------|---------------------------------------------|-------------------|----------------|----------|-------------|--------------|
| 2016 (from January 1 to September 30, 2016) | Japanese region | American region | European region | Oceanian /SouthEast and South Asian regions | East Asian region | Other business | Total    | Adjustments | Consolidated |
| Net sales:                                  |                 |                 |                 |                                             |                   |                |          |             |              |
| Sales to customers                          | ¥80,236         | ¥87,162         | ¥84,942         | ¥18,308                                     | ¥34,118           | ¥7,171         | ¥311,939 | ¥580        | ¥312,520     |
| Intersegment                                | 13,618          | 14              | 15              | 1                                           | 0                 | 352            | 14,001   | (14,001)    | -            |
| Total sales                                 | 93,855          | 87,177          | 84,957          | 18,309                                      | 34,118            | 7,523          | 325,941  | (13,420)    | 312,520      |
| Operating income (loss)                     | ¥7,393          | ¥1,720          | ¥9,750          | ¥3,170                                      | ¥6,047            | ¥(157)         | ¥27,924  | ¥1,582      | ¥29,506      |

### Foreign Currency Exchange Rates

|                                      | USD     | EUR     | AUD    | RMB     | KRW     | SEK     |
|--------------------------------------|---------|---------|--------|---------|---------|---------|
| 3rd quarter ended September 30, 2017 | ¥112.28 | ¥124.95 | ¥85.88 | ¥16.50  | ¥0.0984 | ¥13.05  |
| 3rd quarter ended September 30, 2016 | ¥110.02 | ¥122.14 | ¥81.40 | ¥16.68  | ¥0.0948 | ¥13.07  |
| Increase or (Decrease)               | ¥2.26   | ¥2.81   | ¥4.48  | ¥(0.18) | ¥0.0036 | ¥(0.02) |
| Ratio (%)                            | +2.1    | +2.3    | +5.5   | (1.1)   | +3.8    | (0.2)   |

### Net Sales, Operating Income Ratio

|                                             | Japanese region  | American region | European region | Oceanian /SouthEast and South Asian regions | East Asian region | Other business |
|---------------------------------------------|------------------|-----------------|-----------------|---------------------------------------------|-------------------|----------------|
| Net Sales                                   | (Local Currency) | -               | (7.5)           | (6.6)                                       | +10.5             | +13.6          |
| Vs 3rd quarter ended September 30, 2016 (%) | (Yen)            | (1.6)           | (5.6)           | (4.5)                                       | +15.8             | +14.8          |
| Operating income                            | (Local Currency) | -               | +146.7          | (27.2)                                      | +2.9              | (7.6)          |
| Vs 3rd quarter ended September 30, 2016 (%) | (Yen)            | (12.2)          | +151.8          | (25.5)                                      | +7.7              | (8.2)          |
| Operating Income Ratio (%)                  |                  | 7.0             | 5.3             | 9.0                                         | 16.1              | 14.2           |