



Summary of Consolidated Financial Statements for the Fiscal Year Ended December 31, 2017 (Japan GAAP)

February 14, 2018

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 the ordinary general shareholders' meeting: March 29, 2018

Date of scheduled payment of dividends: March 30, 2018

Date of filing Securities Report: March 30, 2018

Financial Results Supplemental Materials: Yes

Financial Results Presentation Meeting: Yes (for institutional investors and analysts, in Japan)

(Amounts less than one million yen are truncated)

1. Consolidated results for the fiscal year ended December 31, 2017 (January 1, 2017– December 31, 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	%
FY ended December 31, 2017	400,157	0.3	19,571	(23.2)	21,738	(7.1)	12,970	(16.7)
FY ended December 31, 2016	399,107	(6.9)	25,472	(7.2)	23,408	3.9	15,566	52.1

(Note) Comprehensive income: FY ended December 31, 2017: ¥ 4,399 million (-29.7 %)

FY ended December 31, 2016: ¥ 6,256 million (243.3 %)

	Net income per share	Diluted net income per share	Ratio of net income to shareholders' equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
FY ended December 31, 2017	68.33	64.42	6.5	6.3	4.9
FY ended December 31, 2016	82.01	77.41	7.8	6.8	6.4

(Reference) Equity in earnings of affiliates: FY ended December 31, 2017: — million

FY ended December 31, 2016: — million

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	MY	MY	%	Yen
As of December 31, 2017	348,232	201,302	57.3	1,051.45
As of December 31, 2016	342,812	201,207	58.3	1,053.28

(Reference) Shareholders' equity: December 31, 2017: ¥ 199,592 million

December 31, 2016: ¥ 199,936 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	MY	MY	MY	MY
FY ended December 31, 2017	37,136	(13,788)	(11,548)	78,102
FY ended December 31, 2016	37,971	(14,046)	(5,024)	63,638

2. Dividends

(Record date)	Cash dividend per share					Total dividend amount (Annual)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	End of year	Annual			
	Yen	Yen	Yen	Yen	Yen	MY	%	%
FY ended December 31, 2016	—	—	—	23.50	23.50	4,460	28.7	2.2
FY ended December 31, 2017	—	—	—	23.50	23.50	4,460	34.4	2.2
FY ending December 31, 2018 (Projected)	—	12.00	—	12.00	24.00		38.0	

3. Forecast of consolidated business results for the fiscal year ending December 31, 2018 (January 1, 2018 – December 31, 2018)

(The full-year percentages indicate the rates of increase or decrease compared with the previous fiscal year; the mid-term percentages are comparisons with the interim period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	Net income per share
	MY	%	MY	%	MY	%	MY	%
Fiscal first half	205,000	0.6	7,500	(53.3)	7,500	(58.5)	4,000	(65.8)
Full-year	425,000	6.2	20,000	2.2	19,500	(10.3)	12,000	(7.5)

※ Notes

- (1) Changes in significant subsidiaries during the fiscal year (changes in specified subsidiaries that caused changes in the scope of consolidation): None
- (2) 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 in ①: None
 - ③ Changes in accounting estimates: None
 - ④ Changes in presentation due to revisions: None
- (3) Number of shares (of common stock) issued and outstanding
 - ① Number of shares outstanding (including treasury shares) at fiscal end:

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

December 31, 2017	10,137,292 shares	December 31, 2016	10,139,476 shares
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 - ③ Average number of shares during the term:

FY ended December 31, 2017	189,823,555 shares
FY ended December 31, 2016	189,820,253 shares

* This financial results report is not subject to auditing procedures by independent auditors

* 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 business results)

We plan to post the supplemental materials on business results on Company's website (<http://corp.asics.com/en/>) on Wednesday February 14, 2018.

(How to access materials on the details of presentation meeting on business results)

The Company is scheduled to hold presentation meeting on business results for institutional investors and analysts on Friday, February 16, 2018. We plan to post the materials used in the meeting on the Company's website (<http://corp.asics.com/en/>) immediately after the meeting.

The Analysis of Business Results and Financial Position

(1) The Analysis of business results

·Business results for the year ended December 31, 2017 (January 1, 2017-December 31, 2017)

In the fiscal year ended December 31, 2017, 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 core strategy 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. 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. In addition, the Group opened flagship stores in Harajuku, Tokyo, an area that attracts people from Japan and overseas with a keen interest in fashion, and on Fifth Avenue in New York, which is one of the world’s most renowned shopping streets. These stores also handle the products of the Group’s multiple brands. The number of own retail stores of the ASICS Group brands reached 876 worldwide.

In the running category that is the Group’s core business, the Group launched the high-function running shoes GEL-NIMBUS 20 that use 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 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 New York, Shanghai, and Seoul. For the Onitsuka Tiger brand, the Group opened Onitsuka Tiger Omotesando NIPPON MADE in Tokyo, 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. The Group also opened its own retail store in Shinjuku, Tokyo.

Regarding marketing, starting at the 16th IAAF World Championships 2017 held in August 2017, ASICS launched its new brand message, “I MOVE ME” and ran marketing campaigns utilizing well-known influencers in Japan, the United States, China, and various other countries.

In the digital space, the Group launched the MOBILE FOOT ID smartphone app service for Android in Japan and the United States for foot-size measurement using a smartphone.

In the domestic business, the Group provided its products and support to the Japan national baseball team SAMURAI JAPAN as 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. Moreover, ASICS Japan Corporation signed a comprehensive partnership exchange agreement with the Ritsumeikan Trust for fostering human resources through sports and so forth.

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 Corporation., 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.

As for the activities as a JOC/JPC Gold Partner (Sporting Goods), the Group unveiled official sportswear for the team of athletes representing Japan for the PyeongChang 2018 Olympic and Paralympic Winter Games.

ASICS was selected as a constituent of the MSCI ESG Select Leaders Index, 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 also held an internal event with diversity & inclusion as its theme. In recognition of these initiatives, 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. As a result of these initiatives, the Company was certified as a 2017 Sports Yell Company by the Japan Sports Agency.

In the fiscal year ended December 31, 2017, consolidated net sales increased 0.3% (a decrease of 2.0% using the previous fiscal year’s foreign exchange rate) to ¥400,157 million. Domestic net sales decreased 0.5% to ¥101,072 million mainly due to weak sales of sportswear, despite steady sales of running shoes. Overseas sales increased 0.5% (a decrease of 2.6% using the previous fiscal year’s foreign exchange rate) to ¥299,085 million mainly due to weak sales in the American and European regions, despite strong sales of running shoes and Onitsuka Tiger shoes in the Oceania/Southeast and South Asian regions as well as the East Asian region.

Gross profit increased 3.8% to ¥183,259 million mainly due to an improved cost of sales ratio. Selling, general and administrative expenses increased 8.4% to ¥163,688 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 23.2% to ¥19,571 million. Ordinary income decreased 7.1% to ¥21,738 million due to foreign exchange gains recorded in the fiscal year ended December 31, 2017 compared to foreign exchange losses posted in the corresponding period of the previous fiscal year. Profit attributable to owners of parent decreased 16.7% to ¥12,970 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 0.4% to ¥119,462 million, due to weak sales of sportswear, despite steady sales of running shoes. Segment income decreased 6.3% to ¥5,886 million, due to the effect of the decline in sales, despite an improved cost of sales ratio.

② American region

Sales decreased 6.0% (a decrease of 7.7% using the previous fiscal year's foreign exchange rate) to ¥106,177 million, due to weak sales in the U.S. Segment income increased 173.6% (an increase of 168.6% using the previous fiscal year's foreign exchange rate) to ¥2,360 million mainly due to an improved cost of sales ratio as well as a decrease in provision of allowance for doubtful receivables.

③ European region

Sales decreased 1.2% (a decrease of 5.4% using the previous fiscal year's foreign exchange rate) to ¥106,290 million, due to the effect of changes in the retail market and intensifying competition. Segment income decreased 26.6% (a decrease of 29.8% using the previous fiscal year's foreign exchange rate) to ¥8,297 million mainly due to the effect of the declined sales.

④ Oceania/Southeast and South Asian regions

Sales increased 15.1% (an increase of 9.5% using the previous fiscal year's foreign exchange rate) to ¥27,659 million, due to the strong sales of running shoes and Onitsuka Tiger shoes. Segment income increased 11.7% (an increase of 6.4% using the previous fiscal year's foreign exchange rate) to ¥4,056 million.

⑤ East Asian region

Sales increased 13.0% (an increase of 10.4% using the previous fiscal year's foreign exchange rate) to ¥49,131 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. Segment income increased 2.0% (an increase of 1.2% using the previous fiscal year's foreign exchange rate) to ¥5,097 million.

⑥ Other business

Sales increased 0.8% (a decrease of 1.3% using the previous fiscal year's foreign exchange rate) to ¥9,238 million, due to weak sales of outdoor wear and other items under the HAGLÖFS brand. Segment loss was ¥253 million.

● **Forecast for the Fiscal Year ending December 31, 2018**

In the sporting goods industry, we expect business to remain steady on a global basis amid trends that include a high level of interest in sports owing to rising health consciousness, as well as a shift where readily accessible sports such as running, training and fitness are becoming an increasingly entrenched aspect of people's lifestyles. Under these conditions, the Group will work to achieve sustainable growth through efforts that involve rapid self-transformation that keeps us ahead of the swiftly changing global business environment, pursued on the basis of the new Five-Year Strategic Plan, "ASICS Growth Plan (AGP) 2020".

The detail of the aforementioned Five-Year Strategic Plan, "ASICS Growth Plan (AGP) 2020", is available on the Company's website (http://corp.asics.com/en/investor_relations/management_policy).

(The 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)
FY ending December 31, 2018 (Projected)	425,000	20,000	19,500	12,000	63.22
FY ended December 31, 2017 (Actual)	400,157	19,571	21,738	12,970	68.33
Percentage (%)	6.2	2.2	(10.3)	(7.5)	—

(2) Explanation on financial position

As for consolidated financial position as of December 31, 2017, total assets increased 1.6% from the end of the previous fiscal year to ¥348,232 million, total liabilities increased 3.8% from the end of the previous fiscal year to ¥146,930 million and net assets increased 0.0% from the end of the previous fiscal year to ¥201,302 million.

Current assets increased 1.8% to ¥255,667 million, due mainly to an increase in cash and deposits, despite decreases in inventories, deferred tax assets and other assets resulting from a decrease in short-term derivative assets.

Non-current assets increased 1.0% to ¥92,564 million, due mainly to an increase in property, plant and equipment in line with increased openings of own retail stores.

Current liabilities increased 10.1% to ¥74,900 million, due mainly to increases in notes and accounts payable-trade, accrued expenses 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 2.1% to ¥72,029 million, due to a decrease in long-term loans and deferred tax liabilities.

Shareholders' equity rose 4.6% to ¥193,866 million due to an increase in retained earnings.

Accumulated other comprehensive income decreased 60.8% to ¥5,725 million mainly due to a decrease in unrealized deferred gain on hedges.

As for cash flows as of December 31, 2017, cash and cash equivalents (hereinafter, "cash") increased ¥14,464 million from the end of the previous fiscal year to ¥78,102 million.

The respective cash flow positions and main factors behind the changes are as follows.

(Net cash provided by operating activities)

Net cash provided by operating activities was ¥37,136 million, a decrease of ¥834 million compared with the previous fiscal year.

Major sources of cash were ¥21,834 million from profit before income taxes, ¥9,362 million from depreciation and amortization, and ¥7,065 million from an increase in notes and accounts payable-trade, while major uses of cash were ¥6,902 million for income taxes paid and ¥1,399 million for a decrease in allowance for doubtful receivables.

(Net cash used in investing activities)

Net cash used in investing activities was ¥13,788 million, a decrease of ¥257 million compared with the previous fiscal year.

Major uses of cash were ¥10,993 million for purchases of property, plant and equipment, and ¥3,180 million for purchases of intangible assets.

(Net cash used in financing activities)

Net cash used in financing activities was ¥11,548 million, an increase of ¥6,523 million compared with the previous fiscal year.

Major uses of cash were ¥5,000 million for redemption of bonds, ¥4,458 million for cash dividends paid and ¥1,550 million for repayment of long-term loans.

SEGMENT INFORMATION

ASICS Corporation and Consolidated Subsidiaries

From January 1 to December 31, 2017 and From January 1 to December 31, 2016

Millions of yen									
	Japanese region	American region	European region	Oceanian /SouthEast and South Asian regions	East Asian region	Other business	Total	Adjustments	Consolidated
2017 (from January 1 to December 31, 2017)									
Net sales:									
Sales to customers	¥101,106	¥106,120	¥106,194	¥27,659	¥49,084	¥8,870	¥399,035	¥1,122	¥400,157
Intersegment	18,355	57	96	-	46	367	18,923	(18,923)	-
Total sales	119,462	106,177	106,290	27,659	49,131	9,238	417,959	(17,801)	400,157
Operating income (loss)	¥5,886	¥2,360	¥8,297	¥4,056	¥5,097	¥(253)	¥25,445	¥(5,873)	¥19,571
Segment assets	¥73,163	¥74,336	¥80,003	¥23,488	¥31,229	¥15,117	¥297,338	¥50,893	¥348,232
Other items									
Depreciation expenses	¥1,125	¥2,149	¥1,812	¥426	¥560	¥548	¥6,623	¥2,739	¥9,362
Increases in Tangible and Intangible fixed assets	¥553	¥3,573	¥2,787	¥332	¥626	¥159	¥8,033	¥4,630	¥12,663

Millions of yen									
	Japanese region	American region	European region	Oceanian /SouthEast and South Asian regions	East Asian region	Other business	Total	Adjustments	Consolidated
2016 (from January 1 to December 31, 2016)									
Net sales:									
Sales to customers	¥101,600	¥112,864	¥107,568	¥24,037	¥43,460	¥8,762	¥398,294	¥813	¥399,107
Intersegment	18,388	49	33	1	14	401	18,888	(18,888)	-
Total sales	119,989	112,913	107,601	24,039	43,474	9,163	417,182	(18,075)	399,107
Operating income (loss)	¥6,281	¥862	¥11,309	¥3,630	¥4,997	¥(421)	¥26,660	¥(1,188)	¥25,472
Segment assets	¥77,947	¥79,870	¥84,676	¥19,508	¥23,507	¥14,389	¥299,901	¥42,910	¥342,812
Other items									
Depreciation expenses	¥1,224	¥1,814	¥1,967	¥369	¥363	¥540	¥6,280	¥2,073	¥8,354
Increases in Tangible and Intangible fixed assets	¥287	¥1,797	¥1,289	¥300	¥411	¥147	¥4,233	¥5,676	¥9,910

Foreign Currency Exchange Rates

	USD	EUR	AUD	RMB	KRW	SEK
Fiscal year ended December 31, 2017	¥112.39	¥126.84	¥86.06	¥16.64	¥0.0995	¥13.16
Fiscal year ended December 31, 2016	¥110.30	¥121.44	¥81.69	¥16.56	¥0.0948	¥12.88
Increase or (Decrease)	¥2.09	¥5.40	¥4.37	¥0.08	¥0.0047	¥0.28
Ratio (%)	+1.9	+4.4	+5.3	+0.5	+5.0	+2.2

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)	-	(7.7)	(5.4)	+9.5	+10.4
Vs fiscal year ended December 31, 2016 (%)	(Yen)	(0.4)	(6.0)	(1.2)	+15.1	+13.0
Operating income	(Local Currency)	-	+168.6	(29.8)	+6.4	+1.2
Vs fiscal year ended December 31, 2016 (%)	(Yen)	(6.3)	+173.6	(26.6)	+11.7	+2.0
Operating Income Ratio (%)		4.9	2.2	7.8	14.7	10.4