

ACTION PLAN

August 3, 2018

(*Updated on February 7,
2020)

ASICS Corporation



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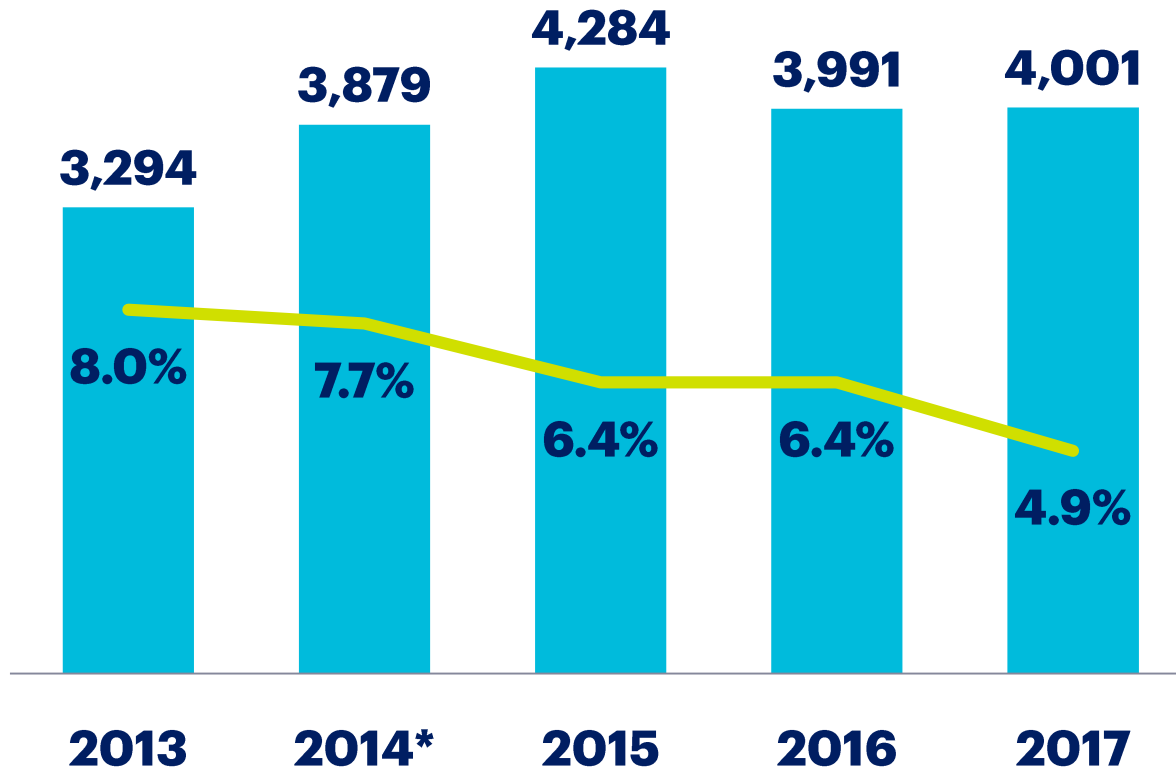
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Review

Slowdown in Consolidated Results

Consolidated net sales / Operating income margin

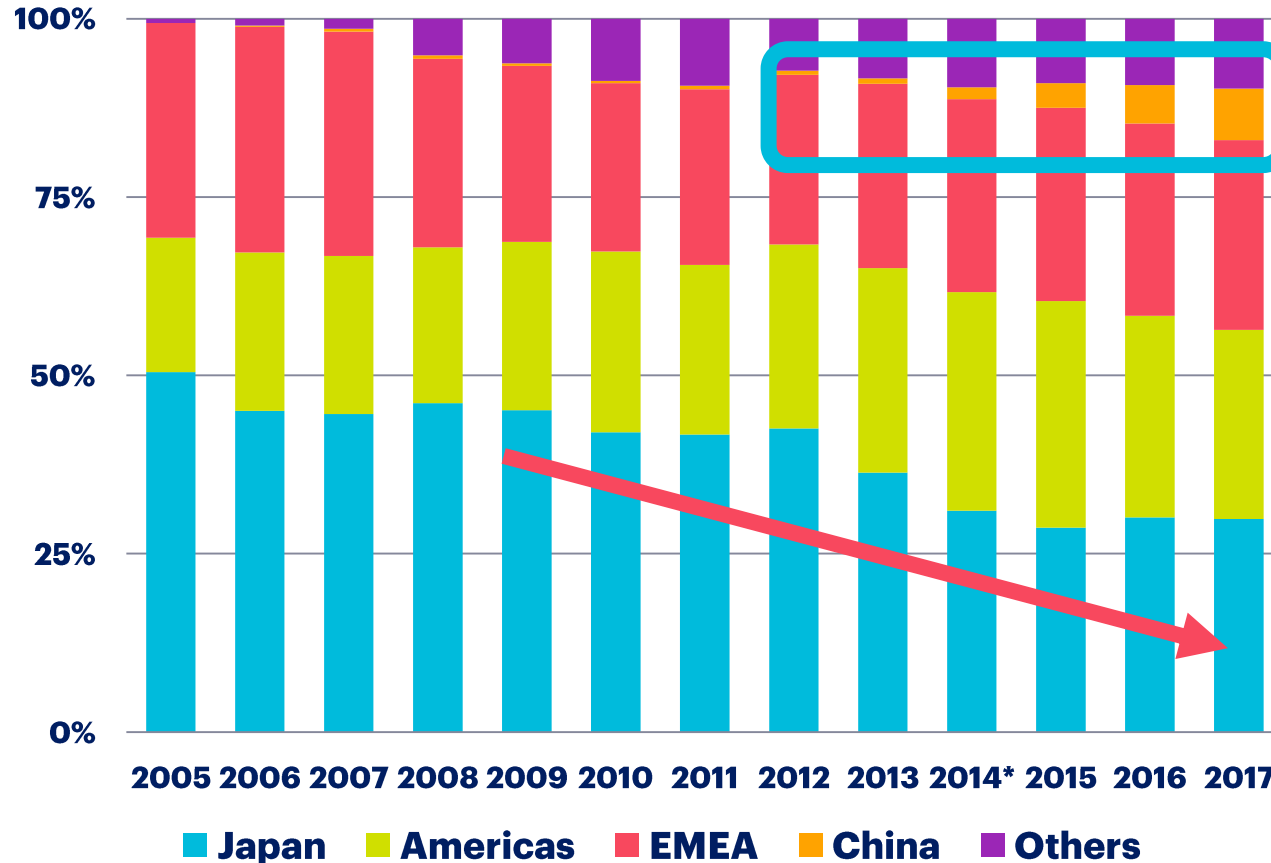
(Unit: 100 Millions of YEN)



- ✓ Lack of alignment between Headquarters and Regions
- ✓ Negative effect arose from functional organizational structure

* FY2014 was a transitional period for the fiscal year end. Therefore, the consolidated period was nine months (April 1, 2014 to December 31, 2014) for the domestic consolidated subsidiaries.

Regional Sales Composition Ratio (From FY2005)

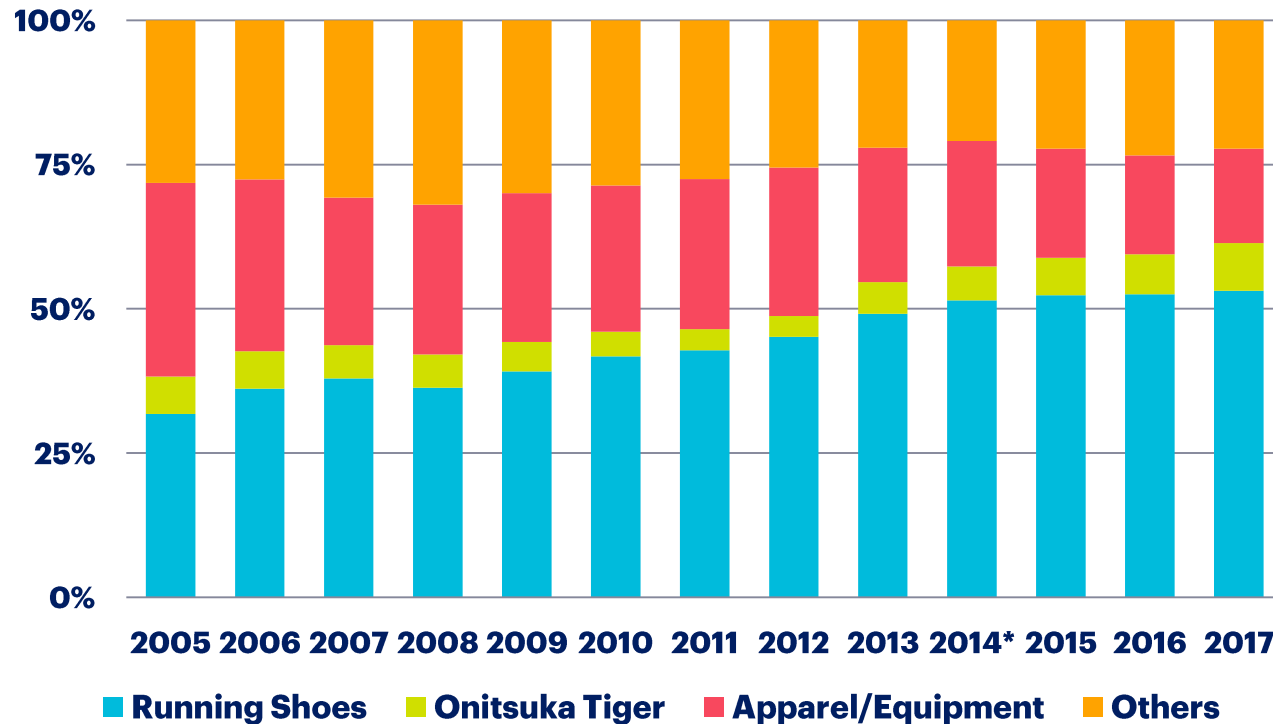


- ✓ **Consolidated sales increased until FY2015**
- ✓ **Sales composition ratio in Japan has been decreasing**
- ✓ **Sales in China has been growing with a significant presence**

(Unit: 100 Millions of YEN)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014*	2015	2016	2017
Consolidated sales	1,710	1,945	2,261	2,419	2,244	2,353	2,477	2,601	3,294	3,879	4,284	3,991	4,001

* FY2014 was a transitional period for the fiscal year end. Therefore, the consolidated period was nine months (April 1, 2014 to December 31, 2014) for the domestic consolidated subsidiaries.

Sales Trends by Category



✓ **Apparel/Equipment sales have been declining significantly**

✓ **Running shoes sales composition ratio has been flat since FY2015 despite showing the strong growth in the past**

✓ **Onitsuka Tiger has been growing**

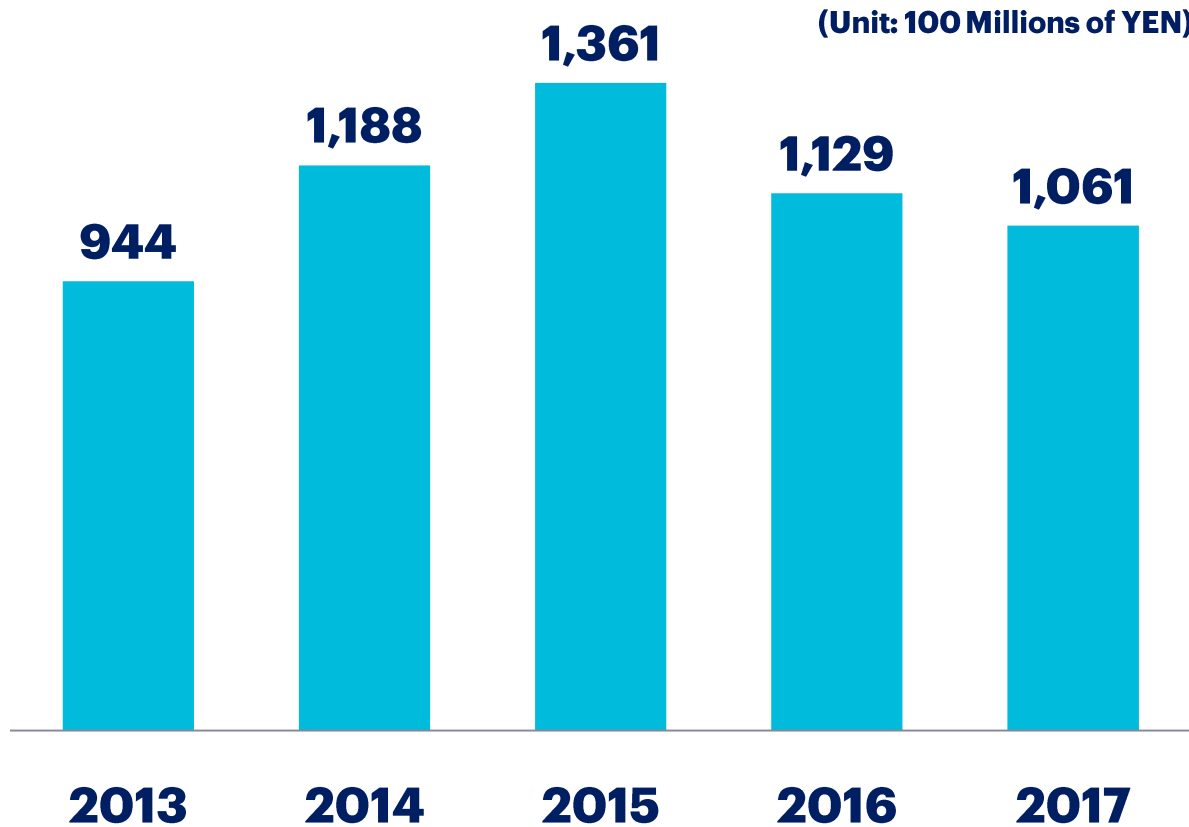
(Unit: 100 Millions of YEN)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014*	2015	2016	2017
Consolidated sales	1,710	1,945	2,261	2,419	2,244	2,353	2,477	2,601	3,294	3,879	4,284	3,991	4,001
Running Shoes	543	703	857	879	878	982	1,062	1,175	1,619	1,996	2,242	2,095	2,125
Onitsuka Tiger	111	126	130	139	114	101	91	93	181	227	277	277	331
Apparel/Equipment	574	579	578	627	578	596	644	669	767	843	811	683	654



* FY2014 was a transitional period for the fiscal year end. Therefore, the consolidated period was nine months (April 1, 2014 to December 31, 2014) for the domestic consolidated subsidiaries.

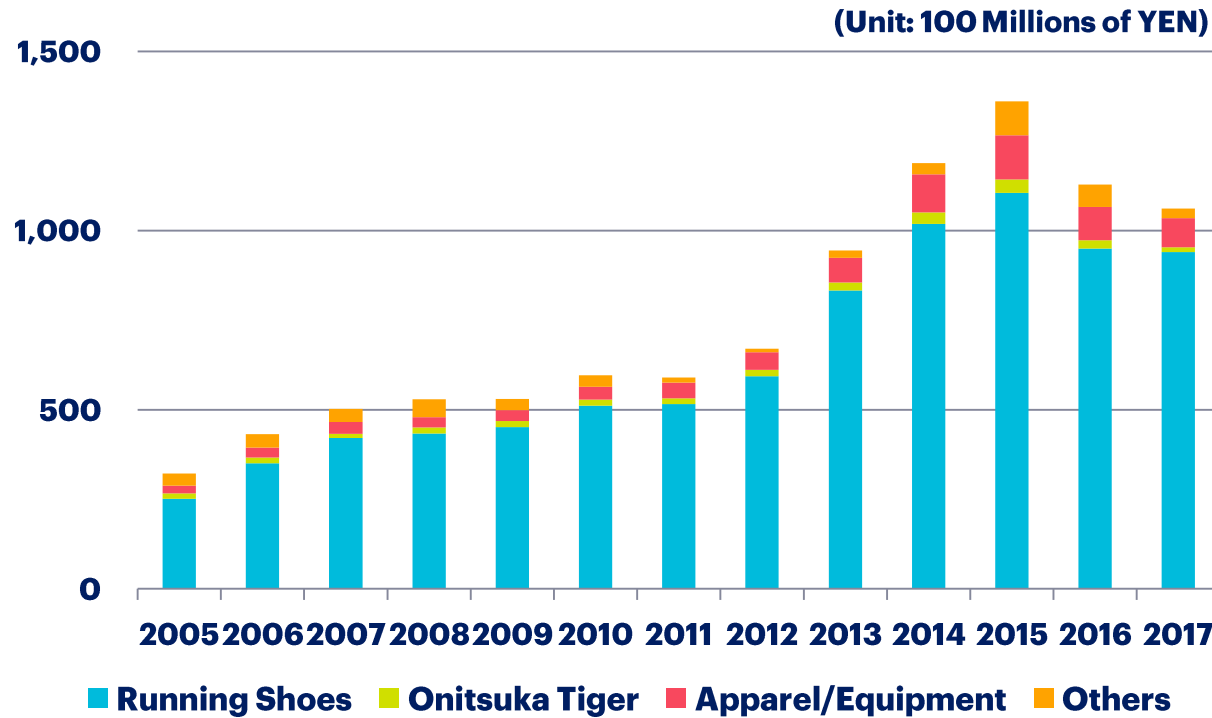
Sluggish sales in the U.S. market

Net sales in Americas



- ✓ Slow response to the market trends change
- ✓ Rapid growth of major e-retailer

Sales Trends by Category in Americas



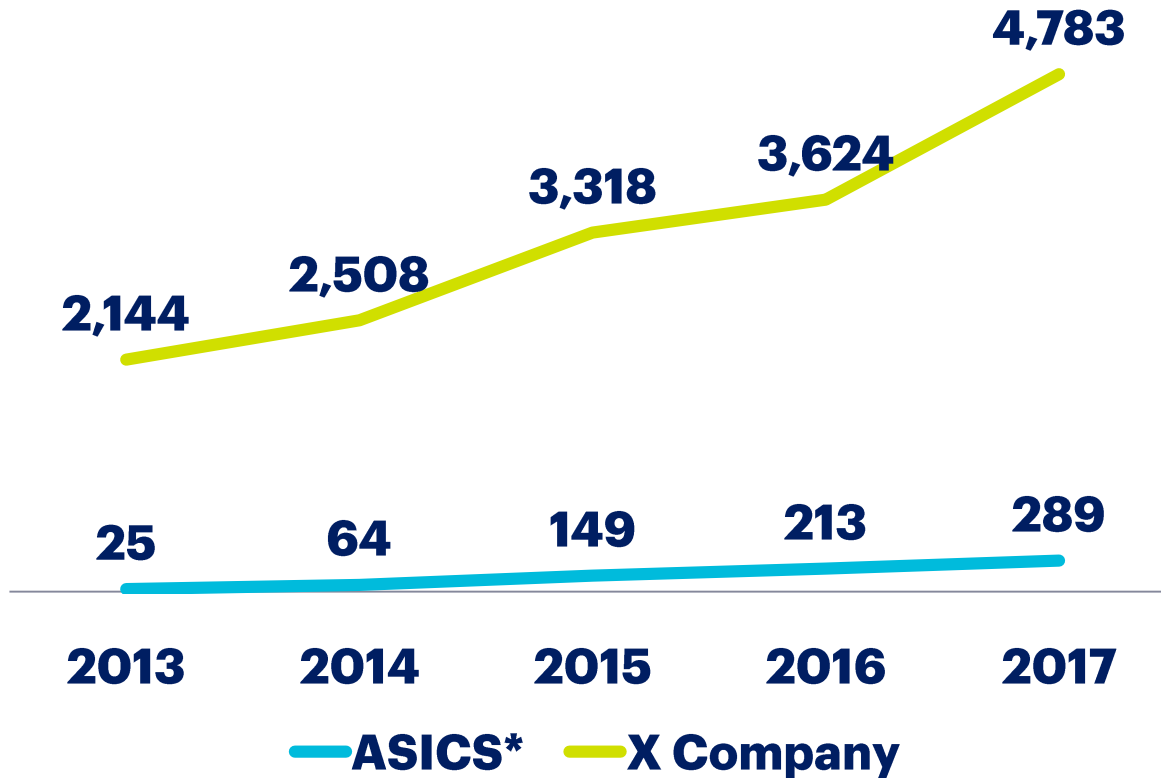
- ✓ **The majority of sales is running shoes**
- ✓ **Sluggish sales since FY2015**

(Unit: 100 Millions of YEN)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net sales in Americas	321	431	502	529	530	596	590	670	944	1,188	1,361	1,129	1,061
Running Shoes	251	350	421	433	451	511	515	595	832	1,018	1,105	949	939
Onitsuka Tiger	14	15	11	17	16	16	16	17	22	31	37	22	14
Apparel/Equipment	21	27	33	29	31	36	43	49	68	106	123	93	80

Market size in China

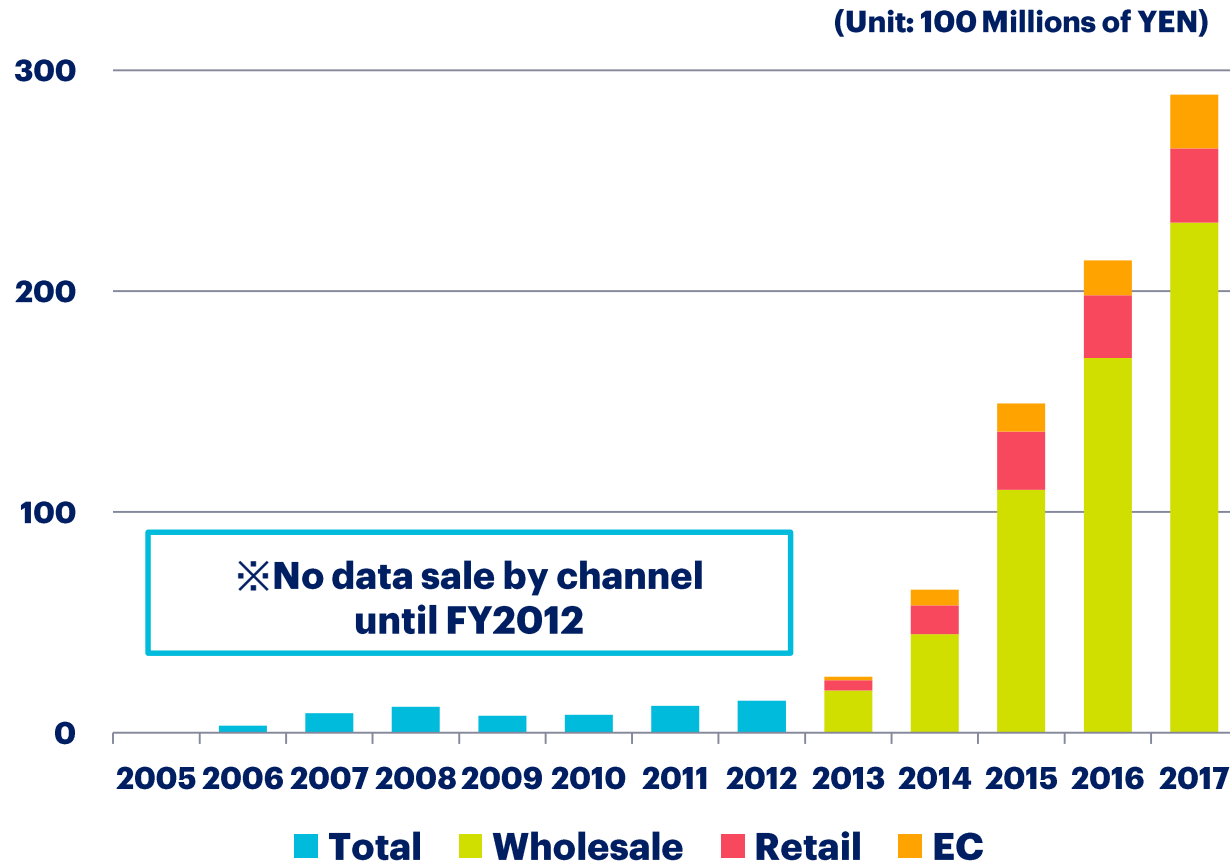
Net sales in Greater China

(Unit: 100 Millions of YEN)



- ✓ Need to move forward to the next expansion phase, although ASICS in China is growing
- ✓ Undeveloped full-fledged support system

Sales Trends by Channel in China

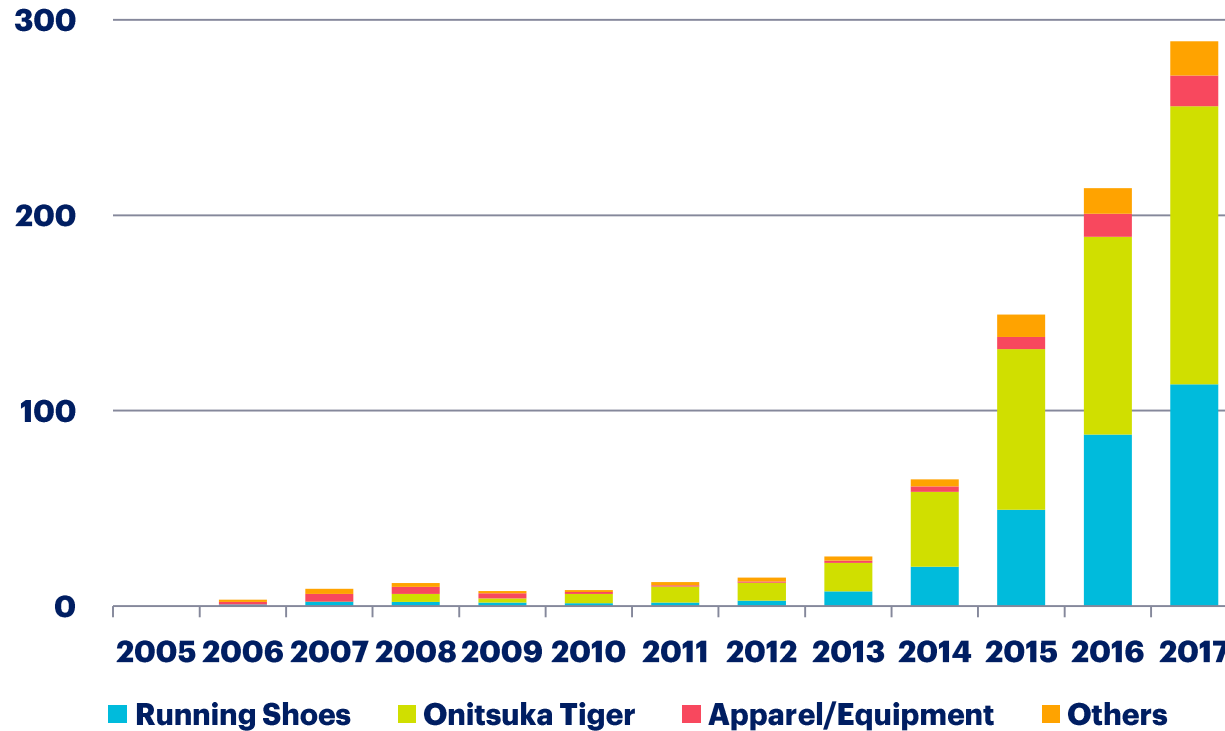


✓ **Sales in wholesale is growing since FY2014**
Business opportunity in Retail/ eCommerce

(Unit: 100 Millions of YEN)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net sales in China	-	3	8	11	7	8	12	14	25	64	149	213	289

Sales Trends by Category in China

(Unit: 100 Millions of YEN)



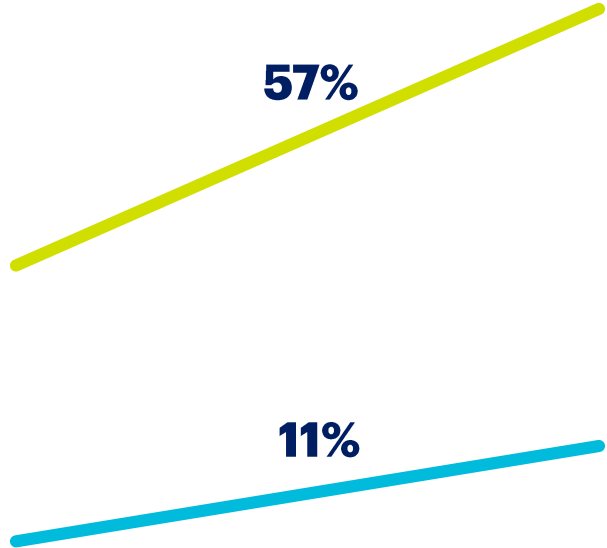
✓ **Onitsuka Tiger and Running Shoes have led**

✓ **Remarkable growth in Onitsuka Tiger**

(Unit: 100 Millions of YEN)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net sales in China	-	3	8	11	7	8	12	14	25	64	149	213	289
Running Shoes	-	0	2	2	1	1	1	2	7	20	49	87	113
Onitsuka Tiger	-	-	0	4	2	4	8	9	14	38	82	101	142

Delay of digitalization

Net sales growth ratio for eCommerce



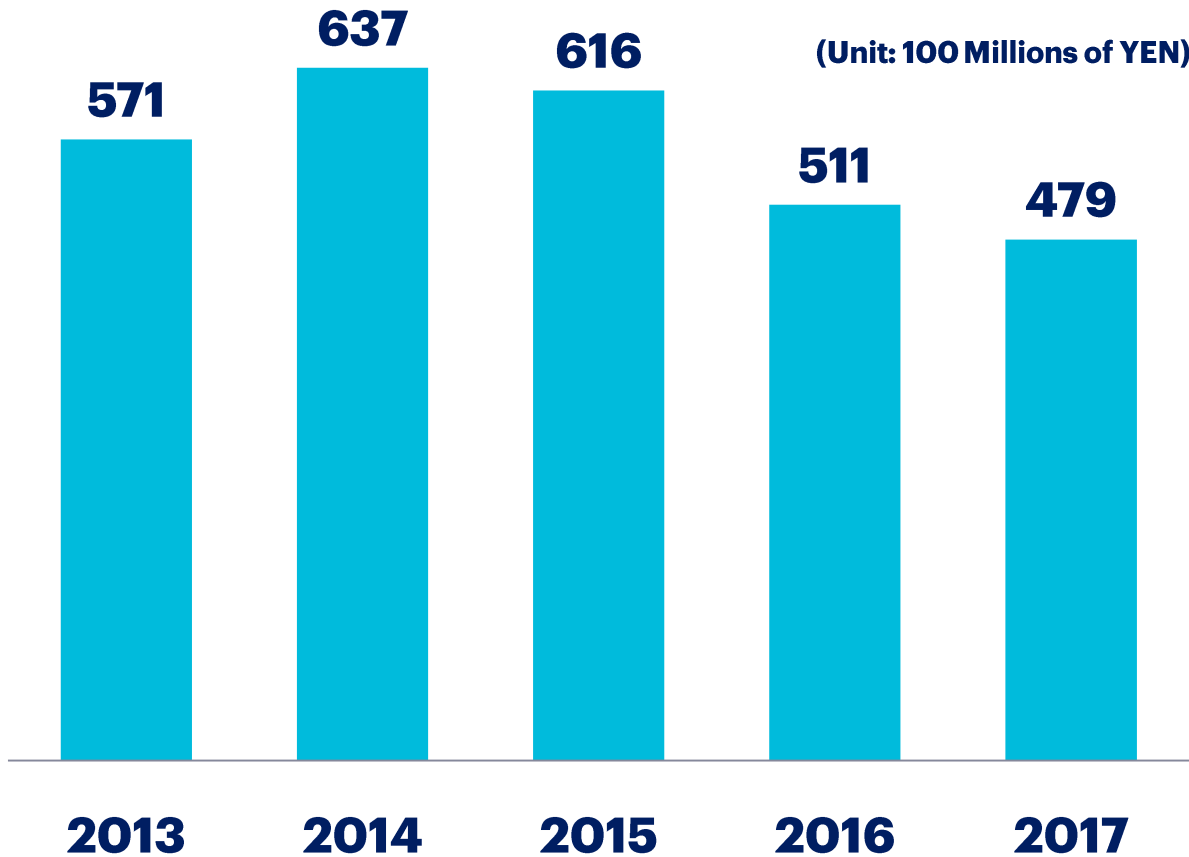
- ✓ Decentralized function between Headquarters and Regions
- ✓ No immediate action on a timely basis

2016 2017
— ASICS — X Company



Prolonged apparel sales slump

Net sales for Apparel

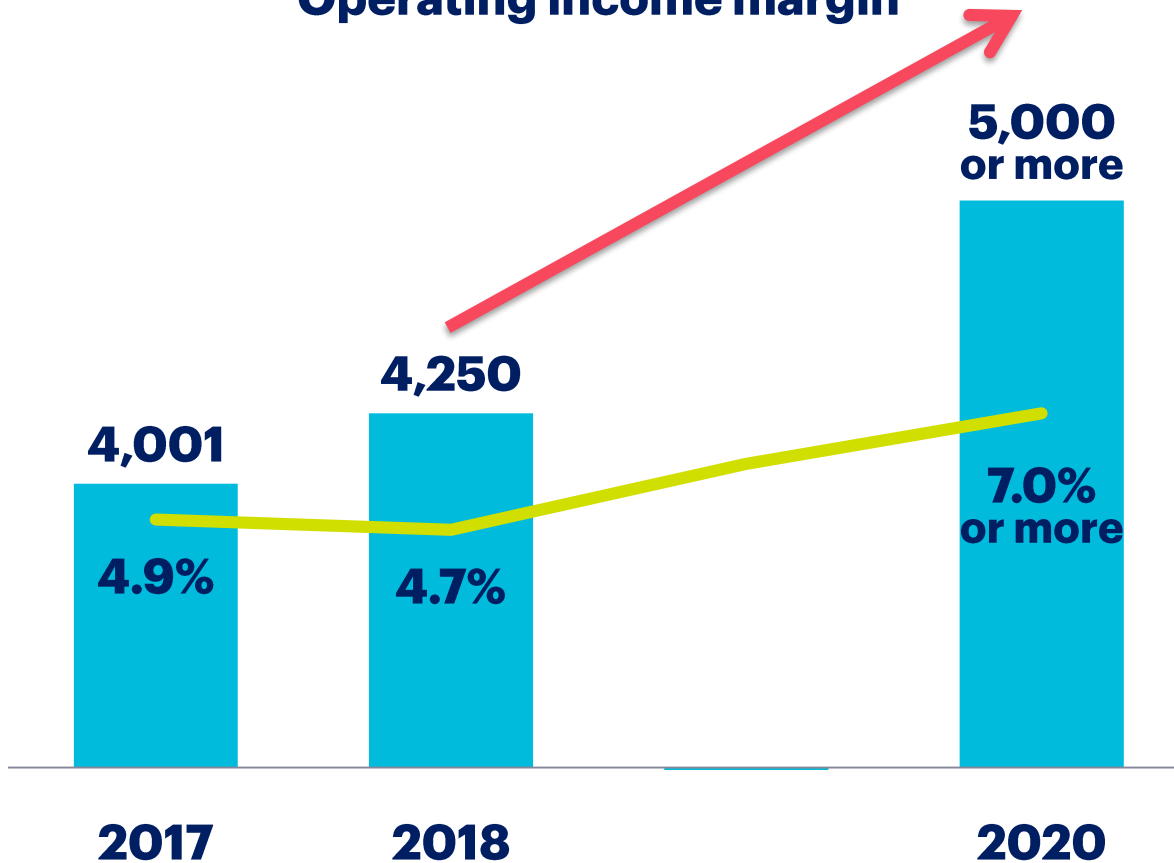


- ✓ Lack of alignment with Footwear division
- ✓ Not capture the needs in each region

Action Plan

Quantitative Targets for AGP2020

**Consolidated net sales /
Operating income margin** (Unit: 100 Millions of YEN)



- ✓ **Change the business management structure on a product basis**
- ✓ **Resource allocation with the right emphasis**
- ✓ **Consolidation management (Headquarters and Regions)**

Quantitative Targets for AGP2020

Net sales **JPY 500 billion or more** ***7% CAGR**
Operating income margin **7% or more** **(FY2017 - FY2020)**
ROE **10% or more**

**Announced on
February, 2018**

	Japan	Americas	EMEA	G. China	Korea	Oceania	SESA
	M JPY	M USD	M EUR	M RMB	M KRW	M AUD	M SGD
Net sales	114,000	1,010	1,040	3,200	185,000	250	160
Operating income %	8%	6%	7%	14%	3%	13%	10%

*excl. ASICS Trading, Haglöfs, ASICS Digital

	Wholesale	Retail	eCommerce
Net sales (M JPY)	340,000	108,000	32,000
Operating income %	7%	8%	18%

*excl. ASICS Trading, ASICS Digital

New category (tentative)

	Performance Running Shoes	Easy Running, ASICS Tiger & Training Shoes	Core Performance Sports Shoes	Onitsuka Tiger	Apparel/ Equipment
Net sales (M JPY)	217,000	60,000	60,000	53,000	75,000
Operating income %	11%	8%	2%	15%	0%



*excl. NISHI, ASICS Trading, Haglöfs, ASICS Digital, ASICS Japan service sales etc.

Change the business structure on a product basis



✓ **Shift to a global driving structure by product category**

✓ **Pursue responsibility for profitability following the PDCA cycle**

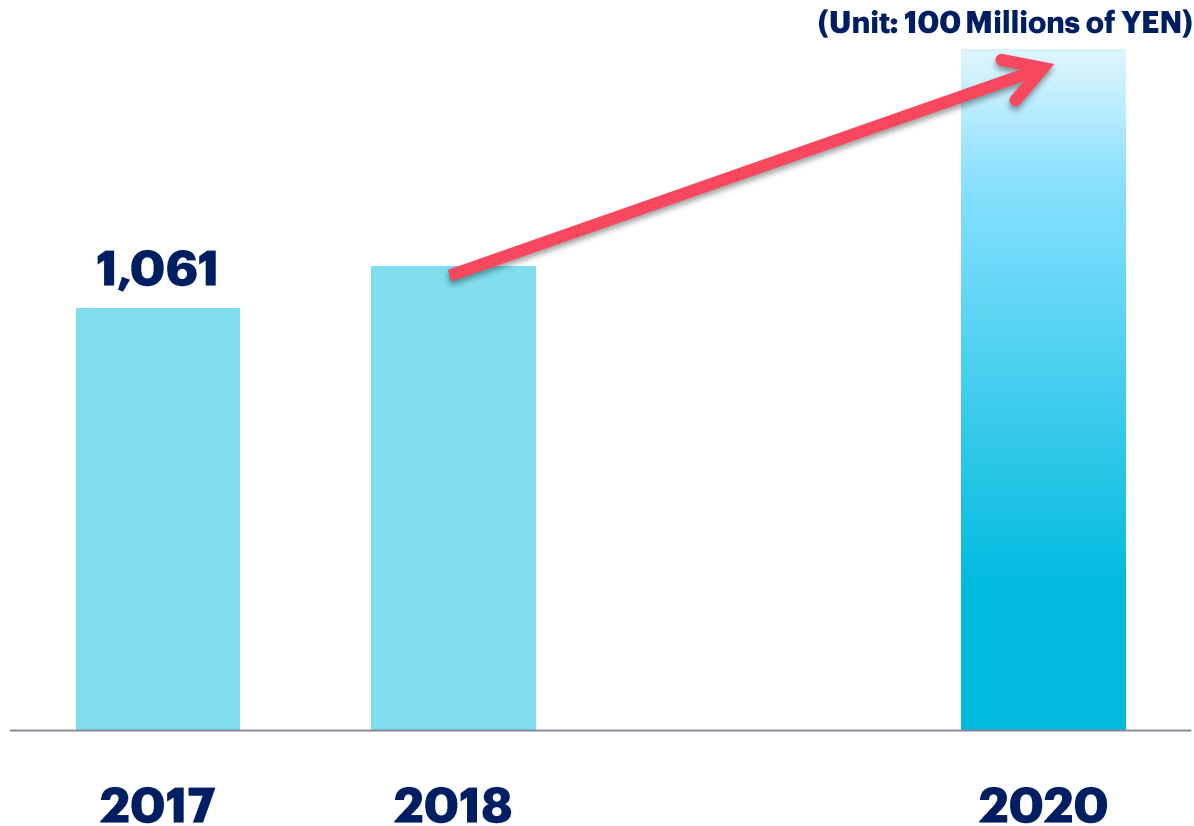
✓ **Unify the organization for Onitsuka Tiger**

Revised Quantitative Targets for Onitsuka Tiger

(Unit: 100 Millions of YEN)	Forecast FY2018	FY2020	FY2020+
Net sales	400	550+	1,000+
Operating income	60	80+	150+
Operating income margin	15%	15%	15%+

Win the performance running in the U.S.

Net sales in the U.S.



- ✓ **Capture young runner**
- ✓ **Enhance further relationship with key accounts**
- ✓ **Focus on North America**

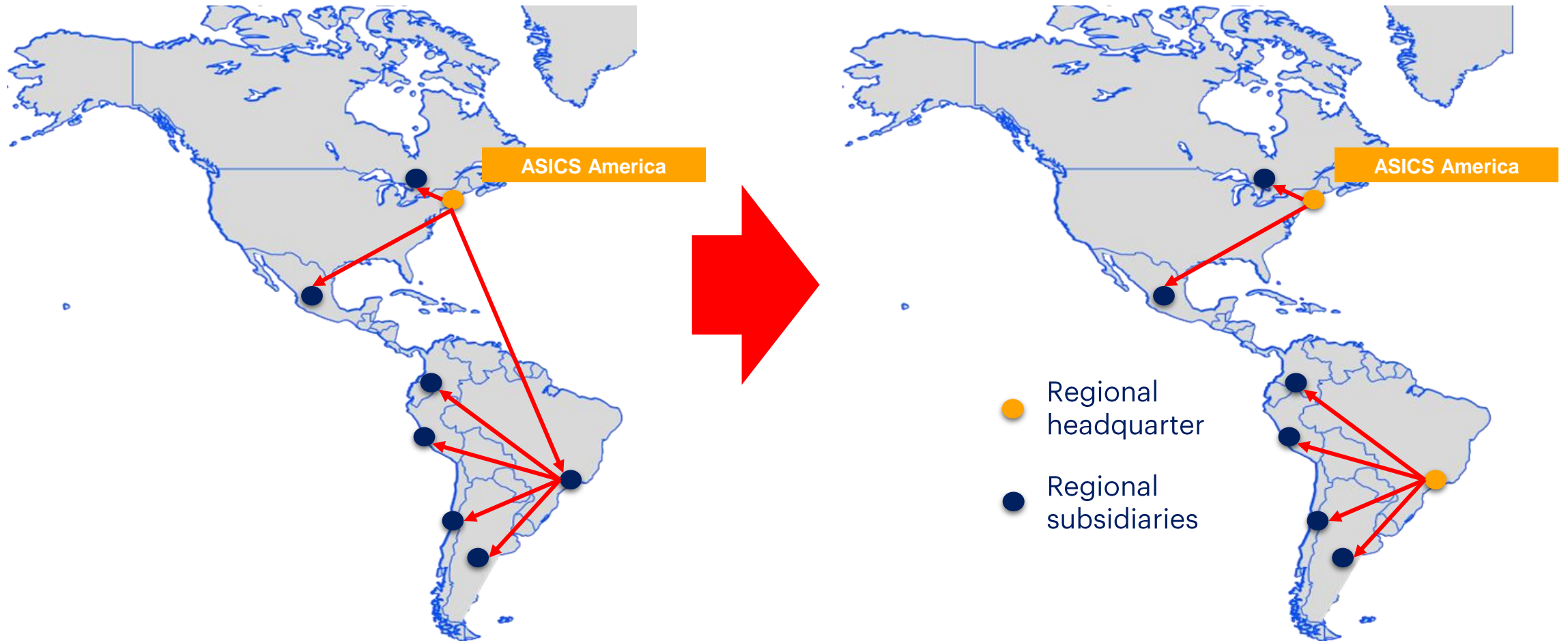
Strategy for Young Runner



- ✓ **12-22 years**
- ✓ **High School / College athletes**
- ✓ **Purchases motivated by tech primarily**
- ✓ **Influenced by social media trainers, young athletes (not pinnacle ones)**
- ✓ **Moved by experiences > material goods**

✓ Newly target young runner who are high school / college athletes

Focus on North America



✓ ASICS America is going to increase sales and improve profitability focusing on the U.S., Canada and Mexico

Revised Quantitative Targets for North America

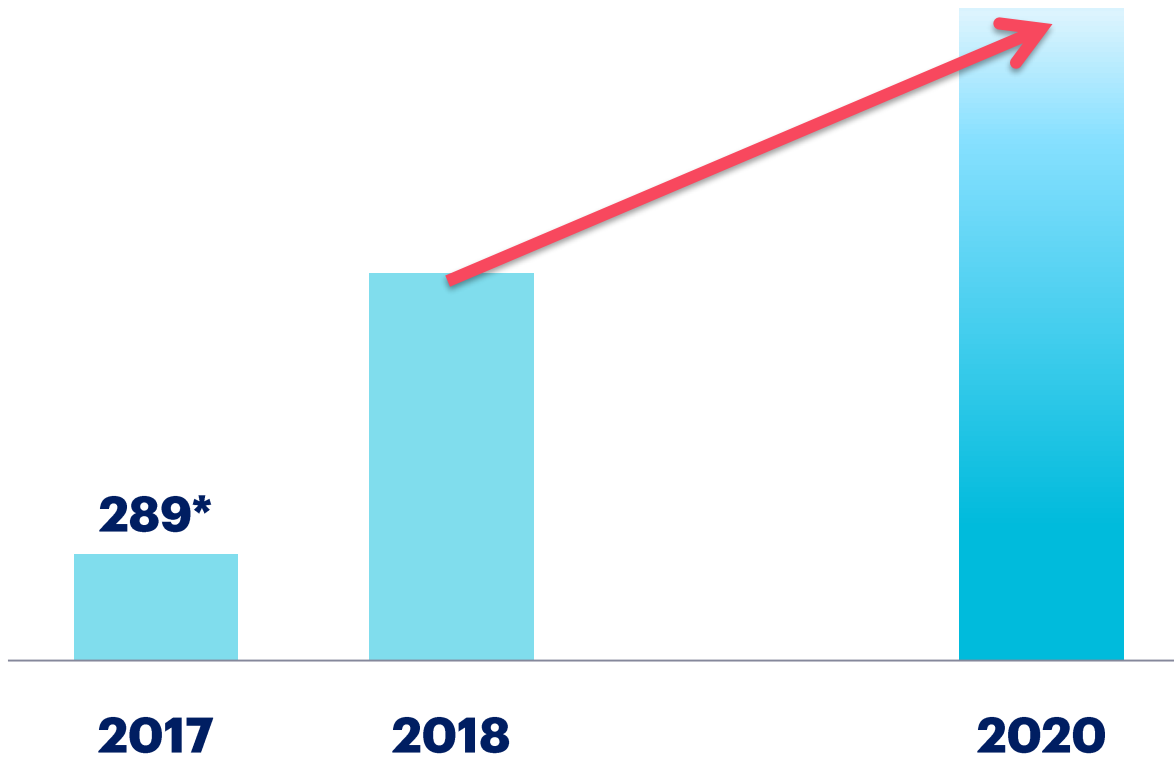
(Unit: 100 Millions of YEN)	Forecast FY2018	FY2020
Net sales	770	880
Operating income	0	60
Operating income margin	0%	7%

※**Total number of North America
(The U.S., Canada and Mexico)**

Accelerate the business growth in Chinese market

Net sales in China

(Unit: 100 Millions of YEN)



- ✓ **Establish the extended headquarters function in Shanghai and make the quick decision**
- ✓ **Quick response to the needs in China**

Revised Quantitative Targets for China

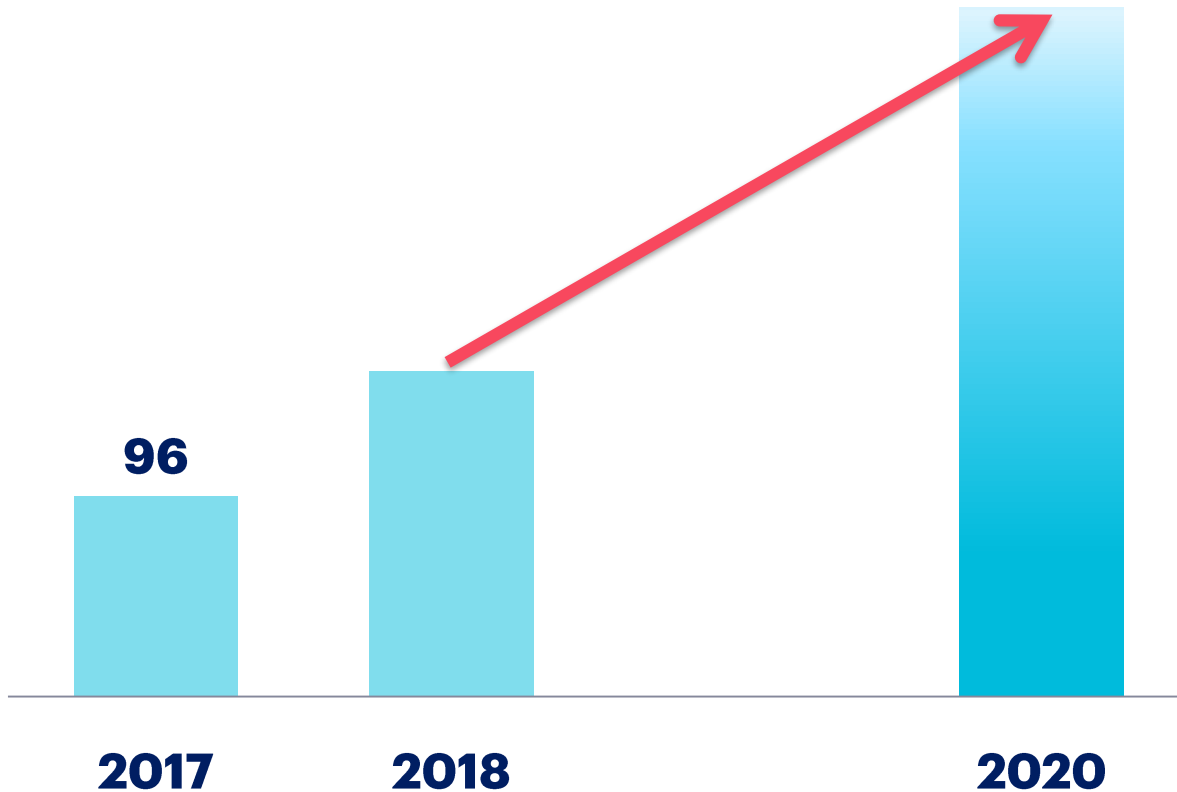
(Unit: 100 Millions of YEN)	Forecast FY2018	FY2020	FY2020+
Net sales	400	550	700+
Operating income	50	75	125+
Operating income margin	13%	14%	18%+

※**Total number of Greater China**

Digital: New business growth driver

Net sales for eCommerce

(Unit: 100 Millions of YEN)



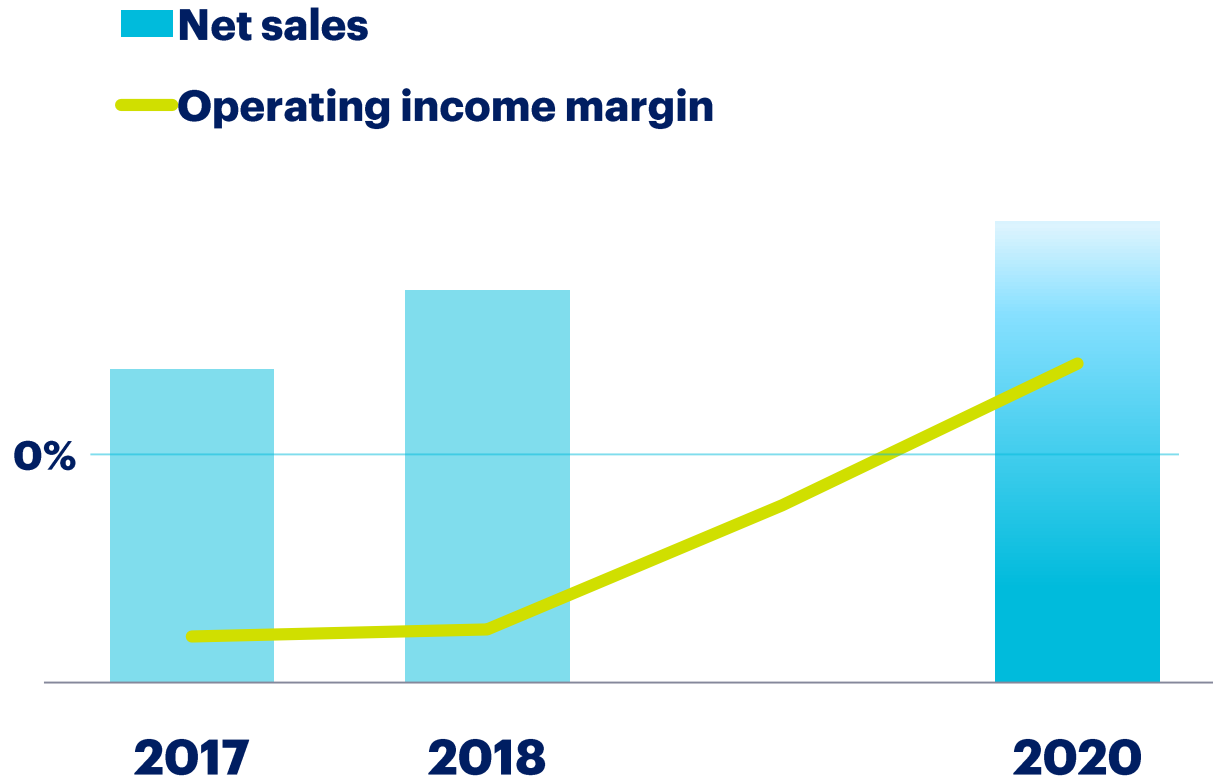
- ✓ **Concentrate the digital capability**
- ✓ **Responsibilities linked with the profitability in eCommerce business**
- ✓ **Pursue the usability with “consumer first spirit”**

Revised Quantitative Targets for eCommerce

(Unit: 100 Millions of YEN)	Forecast FY2018	FY2020	FY2020+
Net sales	150	320	500
Operating income	22	58	125
Operating income margin	15%	18%	25%

Apparel business: Shift to the growth with profitability

Apparel Net sales/ Operating income margin



- ✓ Enhance the local creation especially in the U.S. and China
- ✓ Improve the profitability by the business structure optimization

Revised Quantitative Targets for Apparel and Equipment

(Unit: 100 Millions of YEN)	Forecast FY2018	FY2020
Net sales	550	750
Operating income	Deficit	Break-even
Operating income margin	-	-

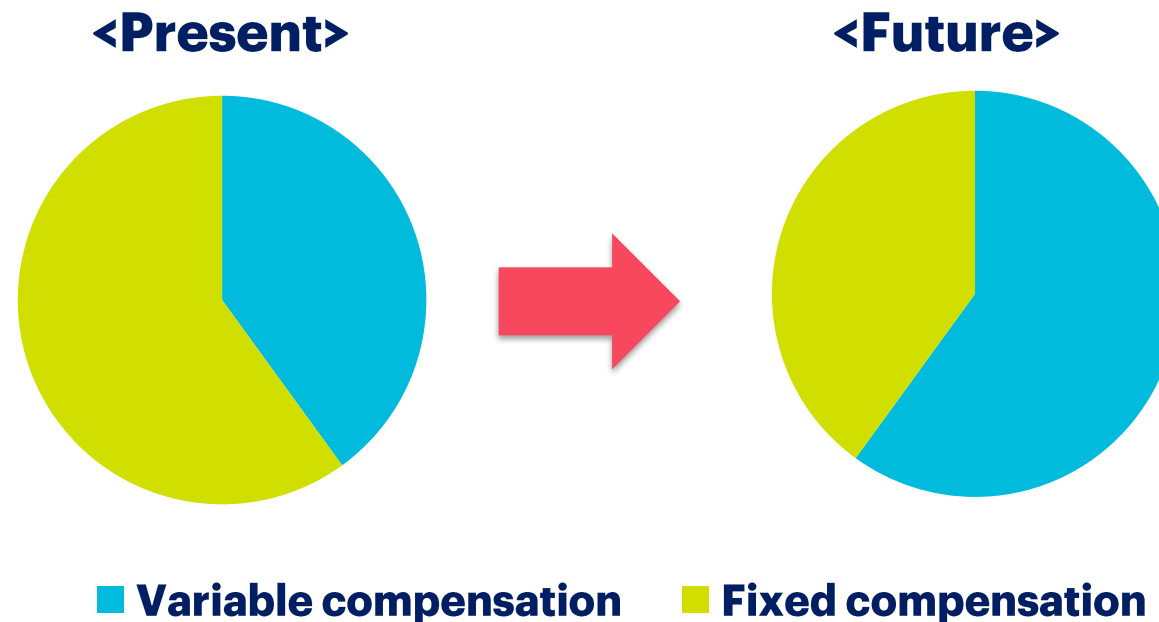
✓ Not pursue sales but achieve secure break-even

Improvement of profitability on the business area

- ✓ **Selection and concentration by narrowing Core Performance Sports business and expansion of market share**
- ✓ **Introduce exit rule for each country, region, store and category**
- ✓ **Manage the profitability in each store and convey ASICS culture**
- ✓ **Improve the business operation**
 - **Cost structural reform (reform every cost)**
 - **Business process efficiency by shared service**
 - **Reform CoE**
- ✓ **Drive the consolidation management**

Reform the system of board members' compensation

- ✓ Further expansion to performance base
- ✓ Share the value with Shareholders

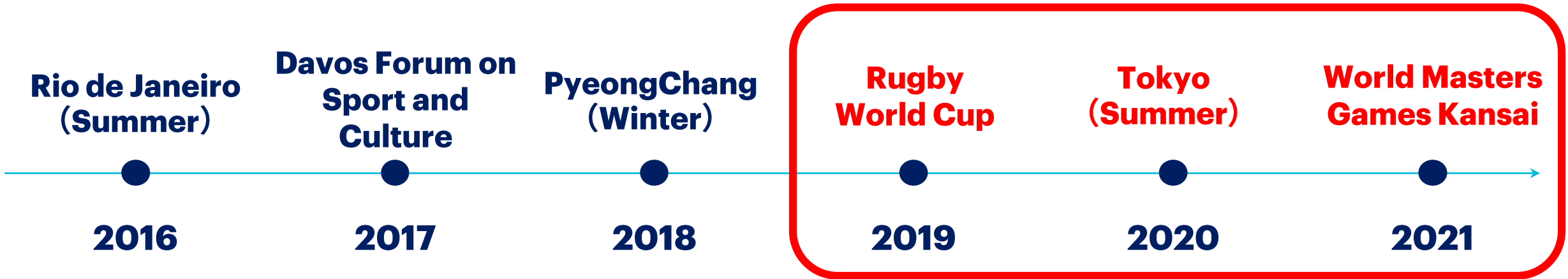


Business growth toward FY2020 beyond

- ✓ **Execute the business growth in Southeast Asia and South Asia**
- ✓ **Challenge the new sports category**
- ✓ **Promote actively young employees**

Golden Sports Years

Environment of sports business in Japan will be booming centered on Tokyo 2020 Olympic and Paralympic Games



✓ Grab sure chance on Tokyo 2020 Olympic and Paralympic Games