



## Summary of Consolidated Financial Statements for the Third Quarter Ended September 30, 2018 (Japan GAAP)

November 2, 2018

Name of the Company: ASICS Corporation

Listing Exchanges: Tokyo

Code No.: 7936

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

President and COO, Representative Director: Yasuhito Hirota

Date of filing Securities Report by quarter: November 8, 2018

Date of scheduled payment of dividends: –

Quarterly Results Supplemental Materials: Yes

Quarterly Results Presentation Meeting: Yes (Conference call for institutional investors, analysts and press, in Japan)

(Amounts less than one million yen are truncated)

### 1. Consolidated results for the third quarter ended September 30, 2018 (January 1, 2018– September 30, 2018)

#### (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, 2018	295,680	(4.7)	15,361	(37.1)	13,635	(47.0)	8,288	(47.5)
3rd quarter ended September 30, 2017	310,292	(0.7)	24,424	(17.2)	25,716	(4.0)	15,802	(15.4)

(Note) Comprehensive income: 3rd quarter ended September 30, 2018: ¥ 10,066 million (40.0%)

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

	Net income per share	Diluted net income per share
	Yen	Yen
3rd quarter ended September 30, 2018	43.86	41.31
3rd quarter ended September 30, 2017	83.25	78.54

#### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	MY	MY	%
As of September 30, 2018	336,307	202,774	59.7
As of December 31, 2017	348,232	201,302	57.3

(Reference) Shareholders' equity: September 30, 2018: ¥ 200,673 million      December 31, 2017: ¥ 199,592 million

### 2. Dividends

(Record date)	Cash dividend per share				
	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, 2017	–	–	–	23.50	23.50
FY ending December 31, 2018	–	12.00	–		
FY ending December 31, 2018 (Projected)				12.00	24.00

(Note) Changes in projected dividends: None

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)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	MY	%	MY	%	MY	%	MY	%	Yen
Full-year	385,000	(3.8)	12,000	(38.7)	10,000	(54.0)	–	–	–

(Note) Changes in forecast of consolidated business results: Yes

The Company recognizes the need for business restructuring in the Group in order to recover business results.

There is a possibility of recording an extraordinary loss as the Company is considering disposing of assets in Japan and overseas.

Profit attributable to owners or parent and Net income per share have yet to be decided because of difficulty of reasonable estimate at this time.

Details will be announced once they are determined.

※ 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, 2018	199,870,559 shares	December 31, 2017	199,962,991 shares
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  - ② Number of treasury shares at fiscal end:
 

September 30, 2018	11,164,909 shares	December 31, 2017	10,137,292 shares
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  - ③ Average number of shares during the term:
 

3rd quarter ended September 30, 2018	189,005,020 shares	3rd quarter ended September 30, 2017	189,823,326 shares
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\* 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 ([https://corp.asics.com/en/investor\\_relations/library/financial\\_summary](https://corp.asics.com/en/investor_relations/library/financial_summary)) on Friday November 2, 2018.

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

The Company is scheduled to hold conference call on business results for institutional investors, analysts and press on Friday, November 2, 2018. We plan to post the materials used in the meeting on the Company's website ([https://corp.asics.com/en/investor\\_relations/library/financial\\_summary](https://corp.asics.com/en/investor_relations/library/financial_summary)) at the same time on the meeting.

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

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

In the third quarter ended September 30, 2018, 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”) revised the Five-Year Strategic Plan, “ASICS Growth Plan (AGP) 2020,” in order to establish the foundation of further growth, and developed the “Action Plan” with the following priority items: “Focus on the performance running market in the U.S.,” “Accelerate growth in the Chinese market,” “Develop the digital business as a new growth driver,” and “Convert the apparel business into a profitably growing business.”

Starting with the U.S., which is a priority area, the Group launched the high-function running shoes GEL-KAYANO 25, the first-ever shoes to feature cellulose nanofiber (CNF), hailed as the next high-performance material breakthrough, offering superior stability and cushioning for long-distance runners, and held an event marking its rollout to expand sales and enhance the brand value. In addition, the Group launched the running shoes, HyperGEL series featuring HyperGEL, a new midsole material offering not only cushioning but also rebound.

In China, the Group ran marketing campaigns utilizing influencers for the ASICS brand and the Onitsuka Tiger brand. Moreover, to further enhance the image of the ASICS brand, the Group announced a partnership with Zhang Shuai, a well-known female professional tennis player in China.

In the digital space, the Group promoted the introduction of digital marketing tools and strove to expand points of customer contacts and strengthen communication. In addition, the ASICS RUNNING ANALYZER, an app developed by ASICS Institute of Sport Science and the Digital Division, debuted at ASICS RUN TOKYO MARUNOUCHI, a new own retail store in Tokyo. Furthermore, functional linkage of the ASICS Runkeeper fitness tracker app with the Personal Karada Support health management app provided by SoftBank Corp. was introduced.

Based on the core strategy, in the own retail store business, the Group opened a flagship store for the ASICS Tiger brand in Shibuya, Tokyo. Regarding the Onitsuka Tiger brand, the Group introduced NIPPON MADE custom order, a service enabling customization of shoes from an in-store tablet, and also opened flagship stores in Ginza, Tokyo, Namba, Osaka, Shinjuku, Tokyo, and Hong Kong. Furthermore, the Group opened ASICS Runwalk GINZA, the first flagship store dedicated to the business shoes, the Runwalk series, in Ginza, Tokyo, and the Group’s first overseas store dedicated to leather shoes in Singapore. In addition, the Group opened a flagship store in Toronto, Canada. The number of own retail stores of the ASICS Group brands reached 902 worldwide.

Regarding branding, the Group also implemented a campaign marking the 100th anniversary of the birth of ASICS’ founder Kihachiro Onitsuka and launched limited-edition footwear and apparel whose design is inspired by the sunflower drawn by Onitsuka for three brands, ASICS, ASICS Tiger and Onitsuka Tiger.

the Group ran marketing campaigns for the ASICS brand utilizing well-known influencers in Japan, the U.S., Europe, China, and various other countries and promoted its brand message, “I MOVE ME”.

Moreover, the Group announced a partnership with Novak Djokovic, a male professional tennis player who won the men's singles at Wimbledon and the US Open, and launched the newly developed GEL-RESOLUTION NOVAK tennis shoes that reflect his opinions. In addition, the Group introduced new color variations of the soccer cleat models worn at international matches by Takashi Inui and Yuya Osako, who are professional soccer players and are ASICS advisory staffs. Furthermore, the Group signed an advisory staff agreement with Shohei Ohtani, a professional baseball player of Los Angeles Angels in MLB and continued to support him. In addition, the Group concluded a partnership agreement with the Ukrainian Athletic Federation. The Group also sponsored marathon events held in different parts of the world, including Tokyo, Paris, Barcelona, and Sydney as well as the FIVB Volleyball World Championship.

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

The Group was appointed official Team competition and sportswear apparel partner by the Australian Olympic Committee for the Buenos Aires 2018 Summer Youth Olympic Games and the Tokyo 2020 Summer Olympic Games. Moreover, the Group concluded a contract with the International Paralympic Committee to become an Official Supplier.

For the ASICS Tiger brand, the Group launched shoes in a collaboration with Casio's G-SHOCK watch, which is marking its 35th anniversary.

For the Onitsuka Tiger brand, the Group launched shoes in collaboration with Disney characters, Mickey Mouse and Minnie Mouse.

The Group was selected for the fourth time as a component company of the Dow Jones Sustainability Asia/Pacific Index, a world-renowned ESG index. In addition, the new target of the Group to reduce CO2 emissions by 2030 was officially approved by the Science Based Targets initiative (SBTi). ASICS became the first sports goods manufacturer in the world whose target is recognized by the SBTi.

With the aim of encouraging employees to embrace healthier lifestyles, the Group is committed to health and productivity management. The Group has been selected as one of the enterprises in the "Health and Productivity Enterprises 2018—White 500", which are commended by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi as outstanding enterprises engaged in health and productivity management programs.

In the third quarter ended September 30, 2018, consolidated net sales decreased 4.7% (a decrease of 5.6% using the previous fiscal year's foreign exchange rate) to ¥295,680 million. Domestic net sales decreased 2.5% to ¥77,111 million mainly due to reduction of the lines of sportswear products with low profit margins despite strong sales of Onitsuka Tiger shoes. Overseas sales decreased 5.5% (a decrease of 6.6% using the previous fiscal year's foreign exchange rate) to ¥218,569 million mainly due to weak sales in the American region, despite strong sales of Onitsuka Tiger shoes in the East Asian region as well as in the Oceanian/Southeast and South Asian regions.

Gross profit decreased 1.9% to ¥140,594 million mainly due to lower sales despite an improved cost of sales ratio. Selling, general and administrative expenses increased 5.4% to ¥125,232 million due to increased costs in line with the expansion of own retail stores. As a result, operating income

decreased 37.1% to ¥15,361 million. Ordinary income decreased 47.0% to ¥13,635 million due to foreign exchange losses recorded in the third quarter ended September 30, 2018 compared to foreign exchange gains posted in the corresponding period of the previous fiscal year. Profit attributable to owners of parent decreased 47.5% to ¥8,288 million.

Business results by reportable segments were as follows.

① Japanese region

Sales decreased 2.6% to ¥89,957 million, due to reduction of the lines of sportswear products with low profit margins despite strong sales of Onitsuka Tiger shoes. Segment income decreased 34.8% to ¥4,233 million, due to the effect of the decline in sales.

② American region

Sales decreased 17.8% (a decrease of 16.1% using the previous fiscal year's foreign exchange rate) to ¥67,665 million, due to weak sales in the U.S. Segment loss amounted to ¥958 million due to the effect of the decline in sales despite an improved cost of sales ratio.

③ European region

Sales increased 0.6% (a decrease of 4.1% using the previous fiscal year's foreign exchange rate) to ¥81,597 million, due to almost same scale sales of running shoes as well as previous year. Segment income decreased 33.5% (a decrease of 36.6% using the previous fiscal year's foreign exchange rate) to ¥4,832 million mainly due to increased costs in line with the expansion of own retail stores.

④ Oceanian/Southeast and South Asian regions

Sales decreased 5.2% (a decrease of 4.1% using the previous fiscal year's foreign exchange rate) to ¥20,098 million, due to weak sales in Australia despite strong sales in Southeast and South Asian regions. Segment income decreased 13.7% (a decrease of 12.7% using the previous fiscal year's foreign exchange rate) to ¥2,947 million due to the effect of the decline in sales despite an improved cost of sales ratio.

⑤ East Asian region

Sales increased 6.2% (an increase of 4.3% using the previous fiscal year's foreign exchange rate) to ¥41,611 million due to the strong sales of running shoes and Onitsuka Tiger shoes particularly in China despite the weak sales in South Korea. Segment income decreased 3.1% (a decrease of 4.6% using the previous fiscal year's foreign exchange rate) to ¥5,381 million, due to vigorous advertising investment in China and the effect of lower profit in South Korea.

⑥ Other business

Sales increased 3.6% (an increase of 5.5% using the previous fiscal year's foreign exchange rate) to ¥7,227 million, due to strong sales of outdoor wear and other items under the HAGLÖFS brand. Segment income was ¥250 million.

**(2) Explanation on financial position**

As for the consolidated financial position as of September 30, 2018, total assets decreased 3.4% from the end of the previous fiscal year to ¥336,307 million, total liabilities decreased 9.1% from the end of the previous fiscal year to ¥133,532 million and net assets increased 0.7% from the end of the previous fiscal year to ¥202,774 million.

Current assets decreased 4.4% to ¥244,384 million, due mainly to a decrease in cash and deposits, despite an increase in notes and accounts receivable-trade.

Non-current assets decreased 0.7% to ¥91,922 million, due mainly to a decrease in intangible assets such as goodwill, despite an increase in investments and other assets due to an increase in long-term derivative assets.

Current liabilities increased 25.1% to ¥93,682 million, due mainly to the transfer of current portion of bonds with share subscription rights from non-current liabilities to current liabilities, despite decreases in notes and accounts payable-trade and short-term bank loans.

Non-current liabilities decreased 44.7% to ¥39,849 million. This mainly reflected a decrease in bonds with share subscription rights due to the transfer mentioned above.

Shareholders' equity decreased 0.2% to ¥193,465 million due to acquisition of treasury shares.

Accumulated other comprehensive income increased 25.9% to ¥7,208 million due to an increase in unrealized deferred gains or losses on hedges despite a decrease in translation adjustment.

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

Regarding matters concerning the forecast for consolidated business results, please refer to the "Notice Concerning the Amendment to the Forecast of Consolidated Business Results for the Fiscal Year Ending December 31, 2018" announced today (November 2, 2018).

## SEGMENT INFORMATION

ASICS Corporation and Consolidated Subsidiaries

From January 1 to September 30, 2018 and From January 1 to September 30, 2017

Millions of yen									
	Japanese region	American region	European region	Oceanian /SouthEast and South Asian regions	East Asian region	Other business	Total	Adjustments	Consolidated
<b>2018 (from January 1 to September 30, 2018)</b>									
Net sales:									
Sales to customers	¥77,098	¥67,640	¥81,559	¥20,098	¥41,608	¥6,788	¥294,793	¥887	¥295,680
Intersegment	12,859	25	38	-	2	438	13,364	(13,364)	-
Total sales	89,957	67,665	81,597	20,098	41,611	7,227	308,158	(12,477)	295,680
Operating income (loss)	¥4,233	¥(958)	¥4,832	¥2,947	¥5,381	¥250	¥16,686	¥(1,324)	¥15,361

Millions of yen									
	Japanese region	American region	European region	Oceanian /SouthEast and South Asian regions	East Asian region	Other business	Total	Adjustments	Consolidated
<b>2017 (from January 1 to September 30, 2017)</b>									
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

### Foreign Currency Exchange Rates

	USD	EUR	AUD	RMB	KRW	SEK
<b>3rd quarter ended September 30, 2018</b>	<b>¥109.98</b>	<b>¥131.04</b>	<b>¥83.21</b>	<b>¥16.83</b>	<b>¥0.1009</b>	<b>¥12.81</b>
3rd quarter ended September 30, 2017	¥112.28	¥124.95	¥85.88	¥16.50	¥0.0984	¥13.05
Increase or (Decrease)	¥(2.30)	¥6.09	¥(2.67)	¥0.33	¥0.0025	¥(0.24)
Ratio (%)	(2.0)	+4.9	(3.1)	+2.0	+2.5	(1.8)

### 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)	-	(16.1)	(4.1)	(4.1)	+4.3
Vs 3rd quarter ended September 30, 2017 (%)	(Yen)	(2.6)	(17.8)	+0.6	(5.2)	+6.2
Operating income	(Local Currency)	-	-	(36.6)	(12.7)	(4.6)
Vs 3rd quarter ended September 30, 2017 (%)	(Yen)	(34.8)	-	(33.5)	(13.7)	(3.1)
<b>Operating Income Ratio (%)</b>		<b>4.7</b>	<b>(1.4)</b>	<b>5.9</b>	<b>14.7</b>	<b>12.9</b>
				<b>3.5</b>		