

**CONSOLIDATED
FINANCIAL
SUMMARY FOR
THE FISCAL
FIRST QUARTER ENDED
MARCH 31, 2019**

**ASICS
CORPORATION
May 8, 2019**



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DISCLAIMER

Cautionary Statement with Respect to Forward - Looking Statements

This presentation contains projections of business results as well as statements regarding business plans, forecasts, strategies, and other forward - looking statements that are not to be taken as historical fact. Projections and forward - looking statements are based on the current expectations and estimates of ASICS Corporation and its Group companies. All such projections and forward - looking statements are based on management's assumptions and beliefs derived from the information available to it at the time of producing this report and are not guarantees of future performance. You should also be aware that certain risks and uncertainties could cause the actual results of ASICS Corporation and its Group companies to differ materially from any projections or forward - looking statements appearing in this report. These risks and uncertainties include, but are not limited to, the following: 1) economic trends, 2) various competitive pressures, 3) changes in relevant laws and regulations, and 4) fluctuations in exchange rates.

1. SUMMARY OF FINANCIAL RESULTS











-KEY POINTS OF CONSOLIDATED RESULTS FOR FY2019 Q1

-ACTION BY CATEGORY AS AT FY2019 Q1

KEY POINTS OF CONSOLIDATED RESULTS FOR FY2019 Q1

- ✓ **Sales and operating income decreased on a consolidation basis which is remained as our financial plan.**
- ✓ **Sales in the U.S. increased against last year. This is for the first time in 14th quarter.**
- ✓ **Sales decreased in China due to the temporary impact of associated with the switch to direct sales of some part of distributor sales.**
- ✓ **Launched the “METARIDE” running shoes equipped with the most innovative function in the Group’s history. Sales at Tokyo Marathon EXPO 2019 was a record high**
- ✓ **Implemented our unique membership program “OneASICS” on own retail store and e-commerce business.**

ACTION BY CATEGORY AS AT FY2019 Q1

	Major product	Topics
Performance Running (P.Run)	 <p>METARIDE</p>	<ul style="list-style-type: none"> ✓ Launched “METARIDE” with the message of ‘WIN THE LONG RUN’ ✓ Sponsored marathon events held in different parts of the world, including Tokyo and Wuxi(China) ✓ Recorded its highest sales ever at 2019 TOKYO Marathon EXPO ✓ Strong sales caused shortage of “METARIDE” in some domestic market and refill the product in the market  <p>2019 TOKYO Marathon EXPO</p>
Sports Style (SPS)	 <p>GEL-QUANTUM 90</p>	<ul style="list-style-type: none"> ✓ Introduced a new product of “GEL-QUANTUM” series and carried out marketing promotion in all region ✓ Launched the collaboration products such as KIKO KOSTADINOV who are famous designers in the world <p>Collaborated with KIKO KOSTADINOV</p> 
Core Performance Sports (CPS)	 <p>COURT FF NOVAK</p>	<ul style="list-style-type: none"> ✓ Launched “COURT FF NOVAK” which is reflected the opinions from Novak Djokovic ✓ Our contract players won the men’s singles and the women’s doubles at the 2019 Australian Open, as well as other sponsored athletes and teams <p>Novak Djokovic</p> 
Apparel and Equipment (APEQ)	 <p>METARUN JACKET</p>	<ul style="list-style-type: none"> ✓ At the same timing of the released “METARIDE”, launched the total-coordinated running apparel ✓ Produced the products which is reflected the Channel characteristics into some own retail store in order to improve the profitability. <p>METARUN apparel</p> 
Onitsuka Tiger (OT)	 <p>THE ONITSUKA</p>	<ul style="list-style-type: none"> ✓ Commemorating the 70th anniversary of Onitsuka Tiger foundation, launched shoes designed based on the basket ball shoes ✓ Released the top-of-the-line product “ THE ONITSUKA ” ✓ Opened the first own retail store in New York (Excluding popup store) <p>ONITSUKA TIGER LAFAYETTE STORE</p> 

2. CONSOLIDATED FINANCIAL RESULTS FOR FY2019 Q1

- SUMMAY FOR CHANGE OF SEGMENT**
- ALLOCATED EXPENSE BY CATEGORY**
- OVERVIEW OF FY2019 Q1 FINANCIAL RESULTS**
- CONSOLIDATED RESULTS HIGHLIGHTS**
- CONSOLIDATED NET SALES BY CATEGORY**

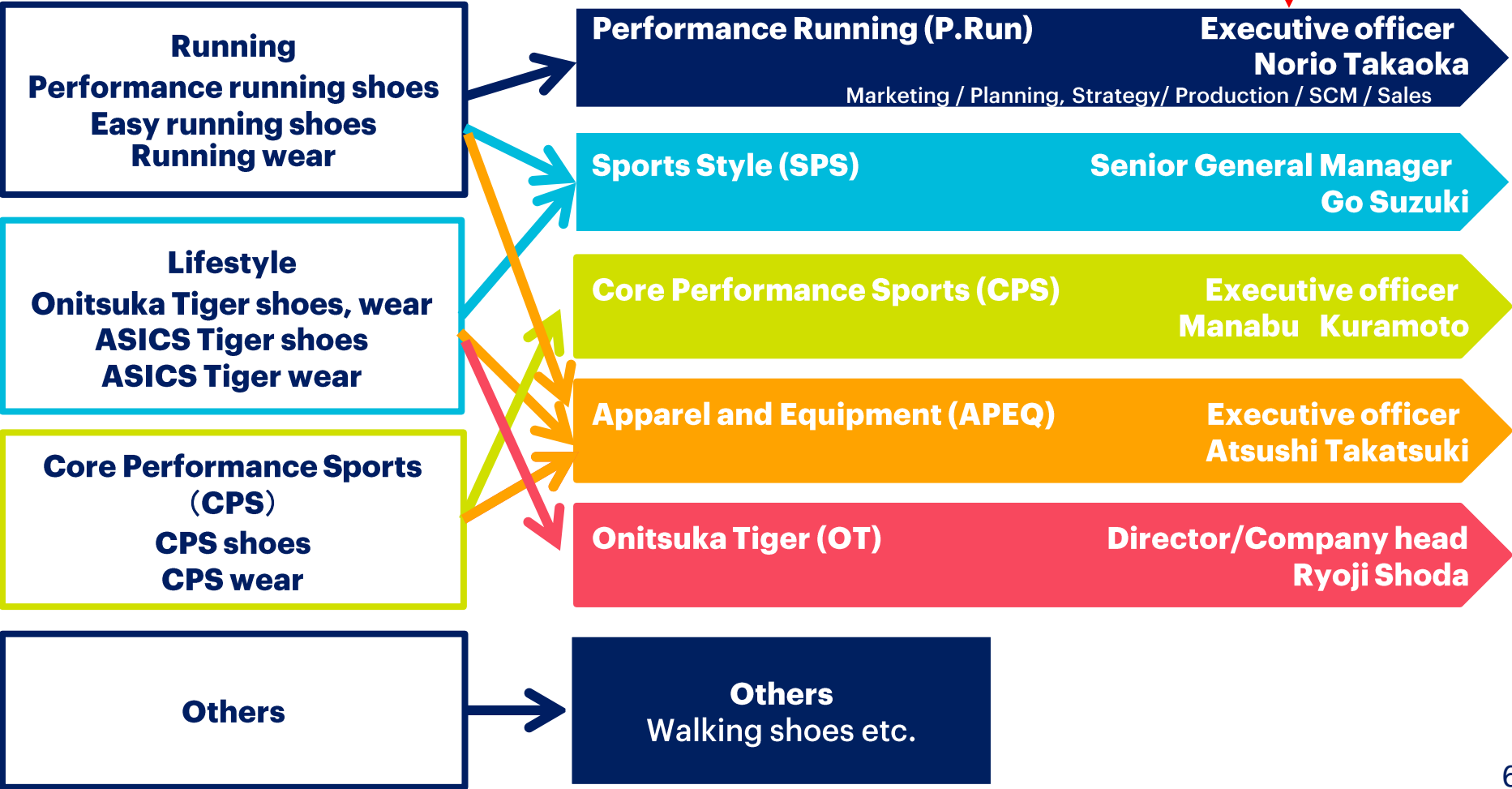
SUMMARY FOR CHANGE OF SEGMENT



Before: Functional management basis



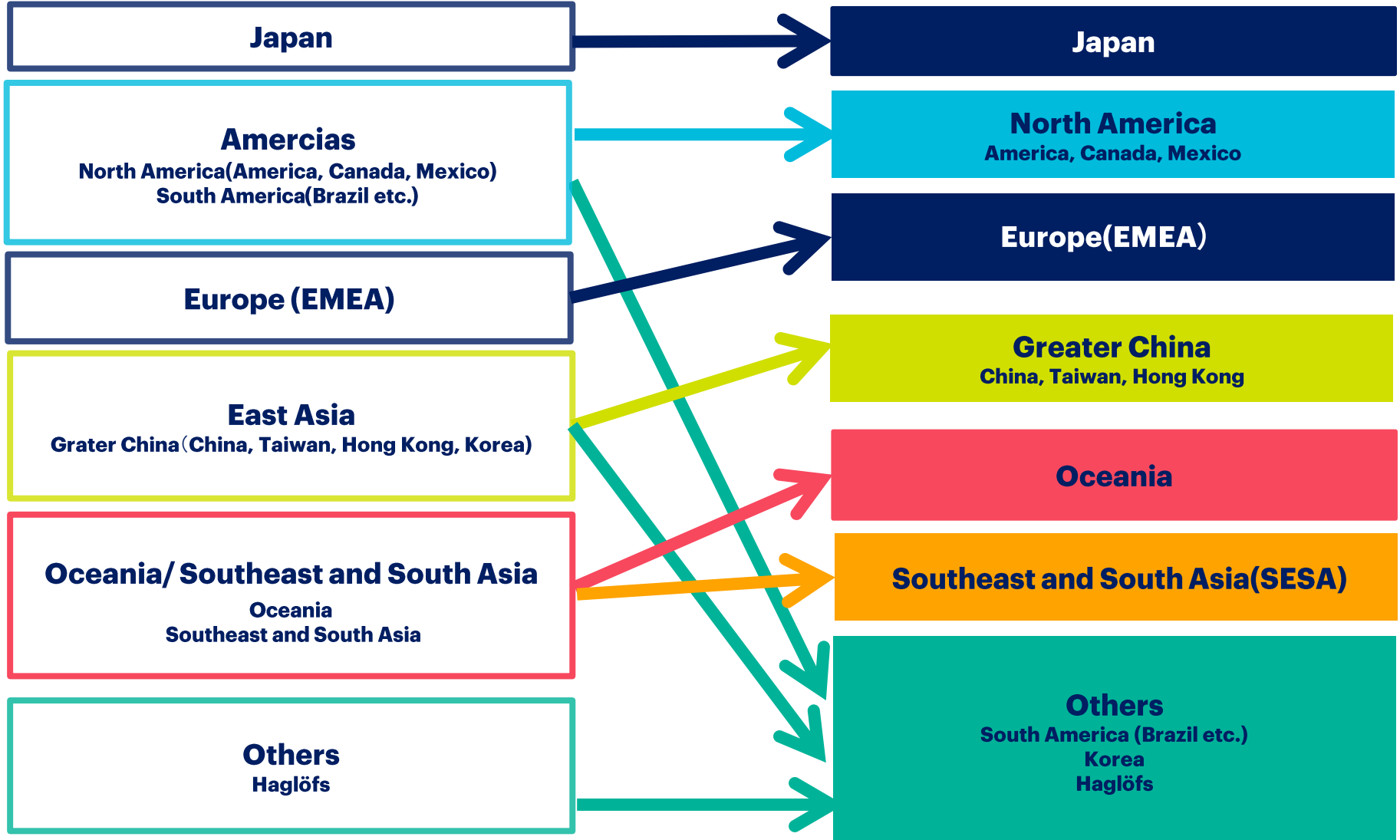
- ✓ Integrated the functional organization by implementing product category.
- ✓ Drive forward to achieve the target category head has committed



SUMMARY FOR CHANGE OF SEGMENT



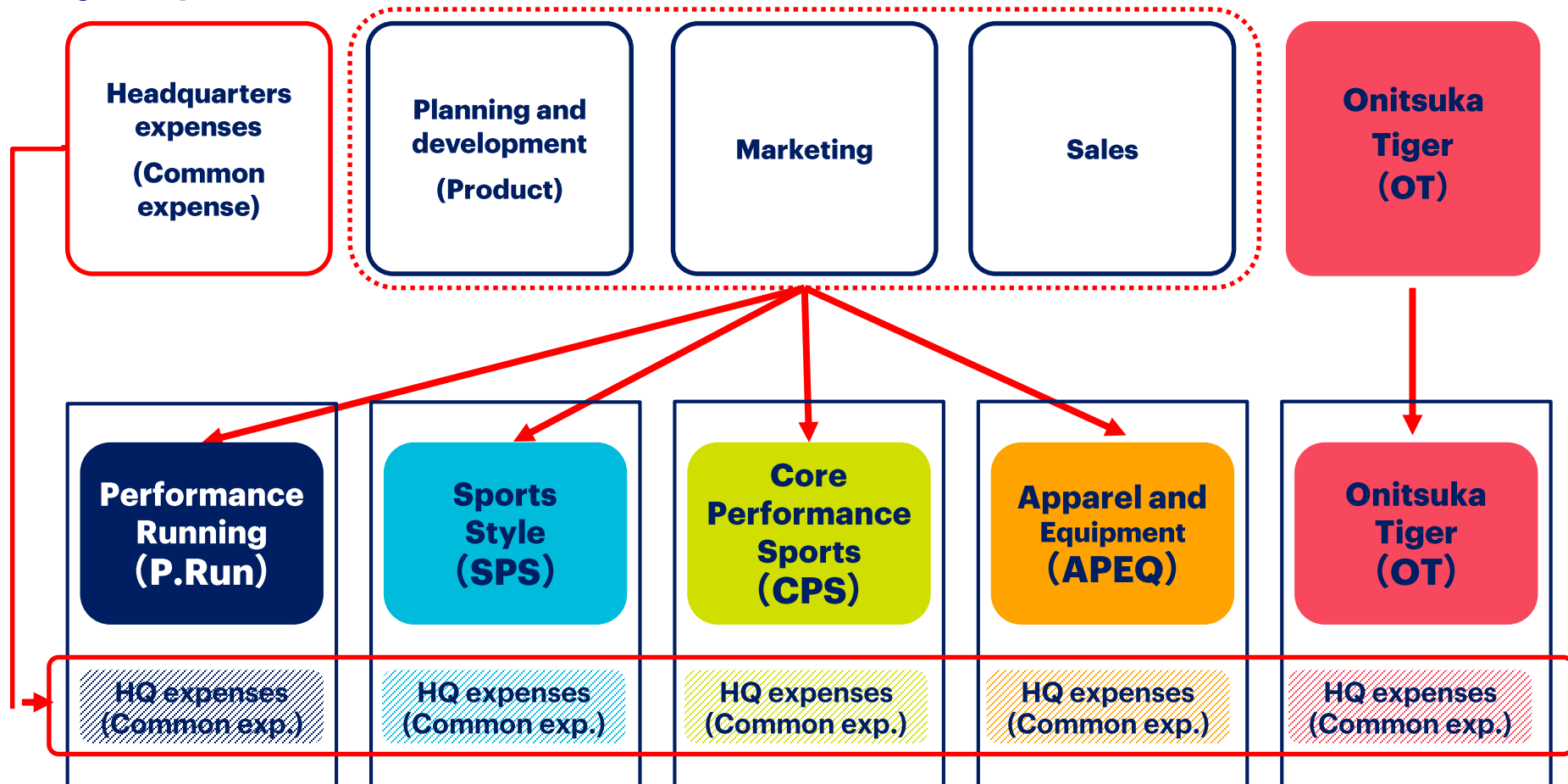
- ✓ **Separate North America which is the key region from Americas.**
- ✓ **Separate Greater China which established the extended headquarters function in Shanghai from East Asia.**
- ✓ **As market environment is different, separate Oceania and SESA.**



ALLOCATED EXPENSE BY CATEGORY

- ✓ Identifiable expenses to category are recognized as a direct expense
- ✓ Common expenses (except Onitsuka Tiger) are allocated based on the cost of sales
- ✓ Marketing expenses are allocated based on the each activity
- ✓ In principle, headquarters expenses related to all categories are allocated based on the cost of sales as a common expense.

(Image of expense allocation)



OVERVIEW OF FY2019 Q1 FINANCIAL RESULTS



Net sales vs LY : -5.9 billion YEN -5.7% (on a currency neutral basis -2.5 billion YEN -2.5%)

◆ **Despite net sales is same level as last year, net sales decreased caused by impact of stronger YEN.**

- ✓ Onitsuka Tiger and Core Performance Sports sales increased, however decreased sales in Performance Running.
- ✓ Sales in North America increased against last year. This is for time in 14th quarter. However decreased sales in Europe.
- ✓ Sales in China decreased mainly due to early shipment in last year and the temporary impact of sales return associated with the switch to direct sales of some part of distributor sales.
- ✓ Own retail store and e-commerce sales on a currency neutral basis is strong in all regions. Especially e-commerce sales increased by 56% against last year

Operating income vs LY : -2.4 billion YEN -27.6%

◆ **Due to impact of decreasing sales and worsening gross margin ratio, operating income decreased.**

- ✓ Increased operating income in Core Performance Sports, on the other hand, decreased operating income in Performance Running and Sports Style.
- ✓ S.G.& A expenses decreased due to the impact of the structural reform conducted in last year.(approx. 1 billion YEN).
- ✓ Advertising expense is remained as our financial plan and to be increased in second quarter and afterward.

Net income vs LY : -1 billion YEN -17.9%

◆ **Decreased net income**

- ✓ Ordinary income decreased despite the recording foreign exchange gains.
- ✓ Net income decreased due to not recognized deferred tax assets to deficit in the U.S. Subsidiary.

Others

◆ **Some overseas subsidiaries have recorded the lease contracts on the balance sheet due to changes in accounting standards.**

- ✓ Recognized 25 billion YEN as assets. This resulted into rose Shareholders' equity ratio by 52.3%
- ✓ Balanced lease costs is recorded the depreciation and amortization and interest expense not rent expense

CONSOLIDATED RESULTS HIGHLIGHTS



(Unit:100 millions of YEN)

	Q1 (Jan to Mar)		Vs LY	
	FY18 Actual (FY18 Q1)	FY19 Actual (FY19 Q1)	Y on Y	Y on Y ratio
Net sales	1,046	987	-59	-5.7%
Gross margin	498	461	-37	-7.5%
Gross margin ratio	47.6%	46.7%	-	-0.9ppt
S.G.& A. expenses	413	400	-13	-3.3%
S.G.& A. expenses ratio	39.4%	40.4%	-	+1.0ppt
Personnel expense	143	143	+0	+0.4%
Advertising expense	80	70	-10	-12.6%
(Advertising expense ratio)	7.7%	7.2%	-	-0.5ppt
Rent expense	45	31	-14	-32.1%
Depreciation and Amortization	24	32	+8	+30.6%
Other expenses	121	124	+3	+2.5%
Operating income	85	61	-24	-27.6%
Operating income ratio	8.2%	6.3%	-	-1.9ppt
Ordinary income	74	68	-6	-8.1%
Profit attributable to owner of parent	53	43	-10	-17.9%
DTC sales	221	256	+35	+15.9%
DTC sales ratio	21.1%	26.0%	-	+4.9ppt

	FY18 Q1	FY19 Q1	Y on Y	Y on Y Ratio
Overseas sales	760	701	-59	-7.7%
Overseas sales ratio	72.6%	71.1%	-	-1.5ppt
Impact of exchange rate consolidated sales on a currency neutral basis			-33	-25
				-2.5%

<Ref. : Average exchange rate (YEN)>

	Q1(Jan.- Mar.)	
	FY2018	FY2019
USD	108.89	110.28
EUR	132.99	125.65
RMB	17.10	16.35

Sales by category	Q1 (Jan to Mar)		Vs LY	
	FY18 Actual	FY19 Actual	Y on Y	Y on Y Ratio
P.Run	468	432	-36	-7.7%
SPS	97	89	-8	-7.5%
CPS	126	126	+0	+0.1%
APEQ	121	107	-14	-12.0%
OT	105	107	+2	+2.3%
Others	129	126	-3	-2.9%
Total	1,046	987	-59	-5.7%

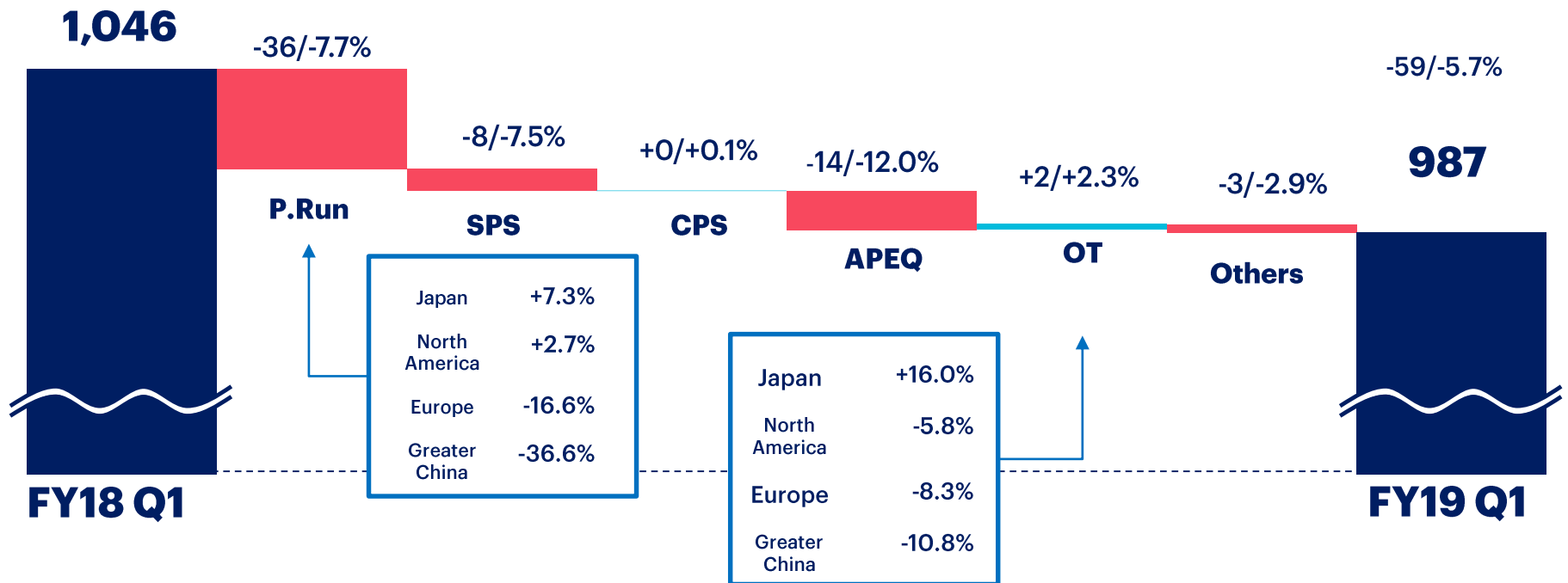
CONSOLIDATED NET SALES BY CATEGORY



- ✓ Onitsuka Tiger sales continuously increased.
- ✓ Performance Running sales decreased mainly due to declined sales in Europe and the temporary impact of the switch to direct sales of some part of distributor sales in China.

(Unit:100 millions of YEN)

Y on Y / Y on Y ratio (YEN)



3. CONSOLIDATED BUSINESS RESULTS OF FY2019 Q1 (BY CATEGORY)

- CONSOLIDATED NET SALES BY CATEGORY
- BUSINESS RESULTS BY CATEGORY

CONSOLIDATED NET SALES BY CATEGORY

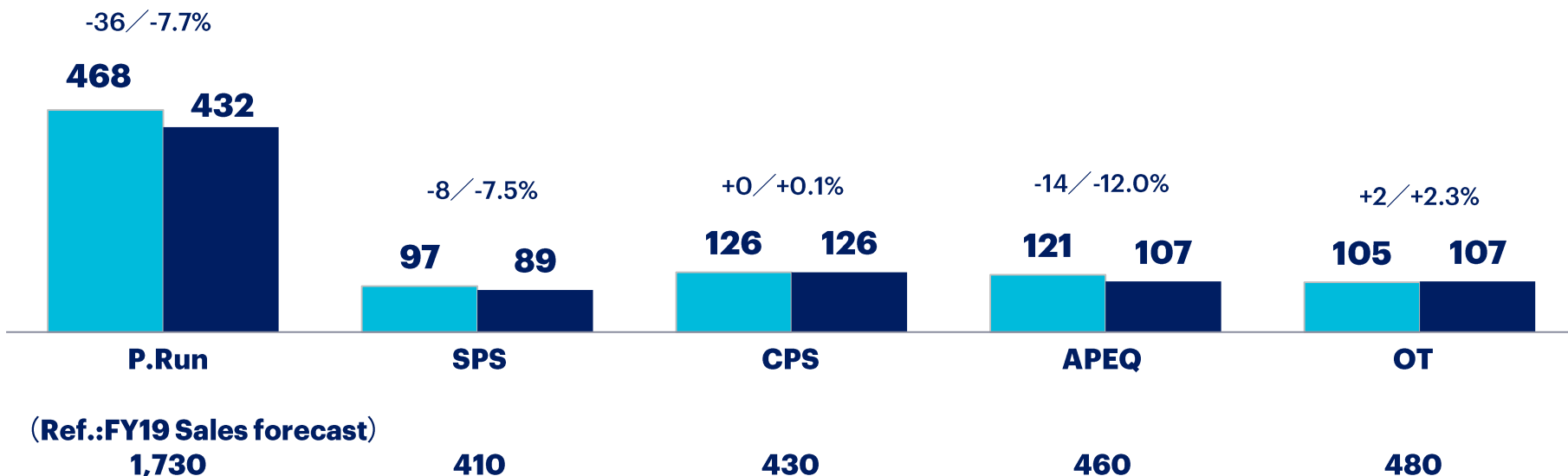


<Net sales>

(Unit:100 millions of YEN)

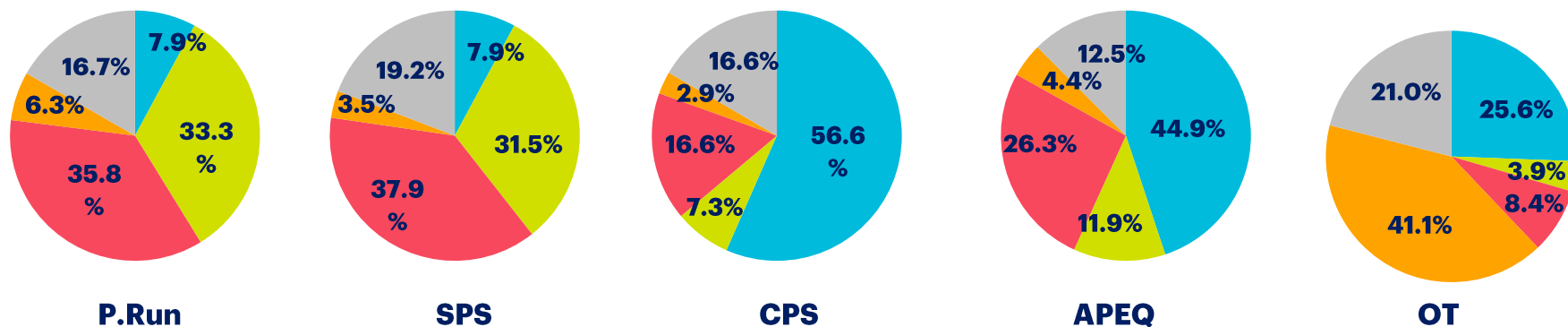
Y on Y / Y on Y ratio (YEN)

■ FY18 Q1 ■ FY19 Q1



<Sales by category, region>

■ Japan ■ N.America ■ Europe ■ G.China ■ Others



Performance Running (P.Run)

(Unit:100 millions of YEN)

<Results for Q1>

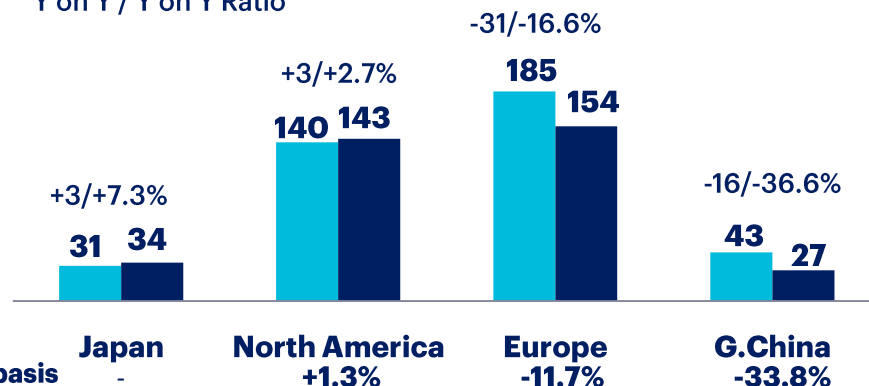
	FY18 Q1	FY19 Q1	vs LY	
			Y on Y	Y on Y Ratio
Net sales	468	432	-36	-7.7%
Operating income	47	16	-31	-64.4%
Operating income Ratio	10.1%	3.9%	-	-6.2ppt

(Ref. : FY19 Net sales forecast 1,730)

Local Currency basis

<Net sales by key region> ■ FY18 Q1 ■ FY19 Q1

Y on Y / Y on Y Ratio



Net sales vs. LY: -3.6 billion YEN -7.7% (on a currency neutral basis -1.8 billion YEN -3.8%)

◆ Sales decreased due to weak sales in Europe, despite increased sales in North America.

- ✓ Japan : Sales increased due to increased on sales and sales order from National chain stores..
- ✓ North America : Sales increased enhancement of sales activities to strategic account and shifted to e-commerce.
- ✓ Europe : Decreased sales in whole sales channel.
- ✓ China : Decreased sales due to the temporary impact of sales return associated with the switch to direct sales of some part of distributor sales. (-1.4 billion YEN)

Operating income vs. LY: -3.1 billion YEN -64.4%

◆ Decreased operating income, due to worsened gross margin ratio and impact of decreased sales.

- ✓ Declined sales in Europe and worsened gross margin ratio due to discount sales in the U.S..
- ✓ Decreased due to the impact of the switch sales channel in China. (-0.5 billion YEN)

Action plan

- ◆ Launch GEL-CUMULUS 21 in May which is mid price range in cushion category and GEL-KAYANO 26 in June which is stability top model.
- ◆ Value model of METARIDE which has been strong sales will be launched October..
- ◆ To aim Category NO.1, enhance approaching to running specialty

Sports Style (SPS)

(Unit:100 millions of YEN)

<Results for Q1>

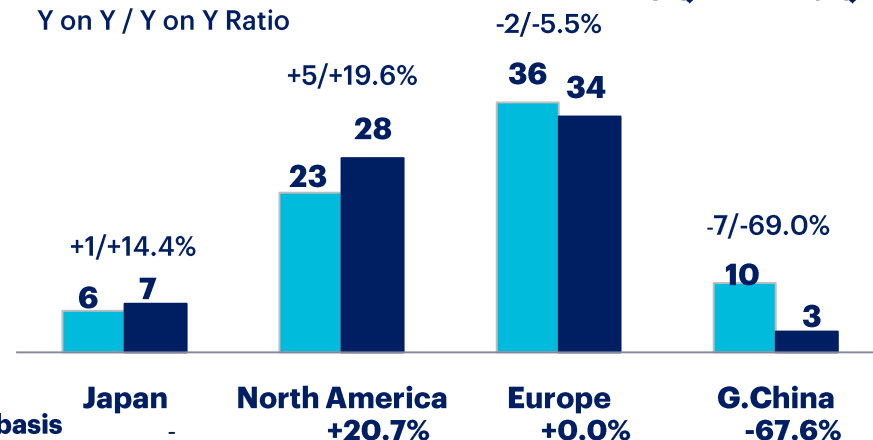
	FY18 Q1	FY19 Q1	vs LY	
			Y on Y	Y on Y Ratio
Net sales	97	89	-8	-7.5%
Operating income	5	4	-1	-21.1%
Operating income Ratio	5.3%	4.5%	-	-0.8ppt

(Ref.:FY19 Net sales forecast 410)

Local Currency basis

<Net sales by key region>

Y on Y / Y on Y Ratio



Net sales vs. LY -0.8 billion YEN -7.5% (on a currency neutral basis -0.4 billion YEN -3.6%)

◆ **Decreased sales due to weak sales in Greater China despite steady sales in Japan and North America.**

- ✓ Japan : Sales of GEL-QUANTUM 90 is strong due to the effect of TV-CM by ABC Mart.
- ✓ North America : Sell-in for SS19 new products (GEL-QUANTUM 90, GEL-QUANTUM INFINITY) in North America is steady.
- ✓ China : Decreased sales due to the temporary impact of sales return associated with the switch to direct sales of some part of distributor sales.(-5 billion YEN).

Operating income vs. LY -0.1 billion YEN -21.1%

◆ **Decreased operating income due to worsened gross margin and decreased sales in Greater China.**

- ✓ Worsened gross margin ratio in North America and Europe.
- ✓ Decreased due to the impact of the switch sales channel in China (-0.2 billion YEN)

Action Plan

- ◆ Sales promotion by web magazine in North America.
- ◆ Sales promotion in Europe and Greater China.
- ◆ Newly launch mid price range products with high quality

Core Performance Sport (CPS)

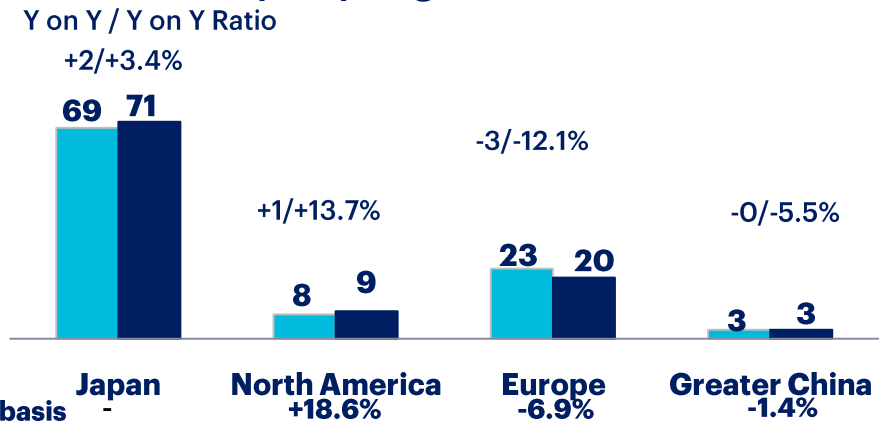
(Unit:100 millions of YEN)

<Results for Q1>

	FY18 Q1	FY19 Q1	vs LY	
			Y on Y	Y on Y Ratio
Net sales	126	126	+0	+0.1%
Operating income	3	5	+2	+45.4%
Operating income Ratio	3.1%	4.4%	-	+1.3ppt

(Ref.:FY19 Net sales forecast 430)

<Net sales by key region>



Net sales vs LY +0 billion YEN +0.1% (on a currency neutral +0.3 billion YEN +2.6%)

◆ Slightly increased sales due to weak sales in Europe despite strong sales in Japan and North America

- ✓ Japan: Strong sales in new product lines of basket ball shoes and base ball shoes
- ✓ North America: Strong sales in tennis shoes
- ✓ Europe: Weak sales in volley ball shoes

Operating income vs LY +0.2 billion YEN +45.4%

◆ Increased operating income due to an improved gross margin ratio

- ✓ Increased operating income especially due to an improved gross margin ratio in Japan and North America and favorable sell-through

Action plan

- ◆ Globally promote the tennis shoes "COURT FF 2" that is reflected the opinions from Djokovic
- ◆ Enhance the soccer business by taking advantage of the contracts with Iniesta and others
- ◆ Provide the working shoes to the technical staff based on Formula One category contract with Honda

Apparel and Equipment (APEQ)

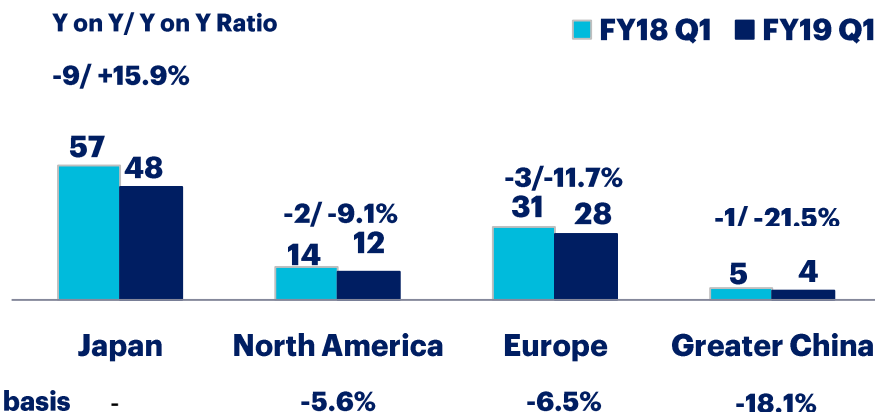
(Unit:100 millions of YEN)

<Results for Q1>

	FY18 Q1	FY19 Q1	Vs LY	
			Y on Y	Y on Y Ratio
Net sales	121	107	-14	-12.0%
Operating income	Deficit	Deficit	-	-
Operating income Ratio	-	-	-	-
(Ref:FY19 Net sales forecast		460)		

Local Currency basis

<Net sales by key region>



Net sales vs LY -1.4 billion YEN -12.0% (on a currency neutral basis -1.2 billion YEN -9.7%)

◆ Decreased sales in whole category due to weak sales in Japan and Europe

- ✓ Japan: Reduction of the product lines with low profit margins and sluggish sales in training
- ✓ Europe: Weak sales in running and training.
- ✓ SESA: Strong sales
- ✓ China: Decreased sales due to the temporary impact of sales return associated with the switch to direct sales of some part of distributor sales (-0.2 billion YEN)

Operating income Both last year and actual are deficit

◆ Decreased operating income due to declined sales

Action plan

- ◆ Continue sales promotion for METARUN apparel align with METARIDE footwear
- ◆ Enhance the local creation that responds to customer needs in each region
- ◆ Develop the product lines beyond 2020

Onitsuka Tiger (OT)

(Unit:100 millions of YEN)

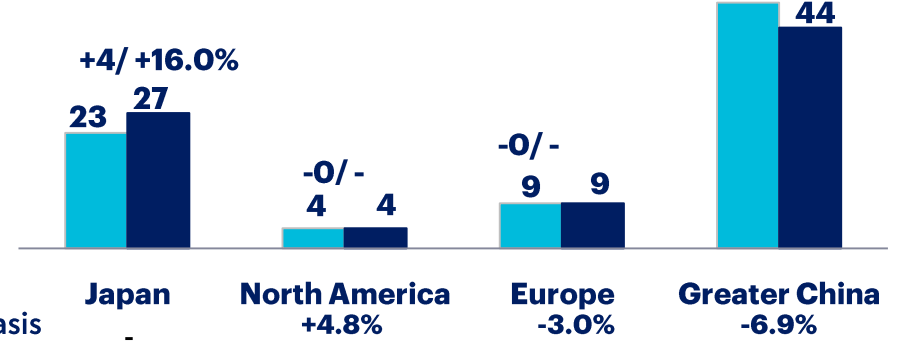
<Results for Q1>

■ FY18 Q1 ■ FY19 Q1

	FY18 Q1	FY19 Q1	vs LY	
			Y on Y	Y on Y Ratio
Net sales	105	107	+2	+2.3%
Operating income	19	20	+1	+6.5%
Operating income ratio	18.3%	19.1%		+0.8ppt

<Net sales by key region>

Y on Y/ Y on Y Ratio



(Ref.:FY19 Net sales forecast 480) Local currency basis

Net sales vs LY +0.2 billion YEN +2.3% (on a currency neutral basis +0.5 billion YEN +5.0%)

◆ Increased sales mainly due to strong sales in Japan and Korea

- ✓ Japan, Korea: Strong sales in own retail stores and e-commerce
- ✓ China: Decreased sales due to early shipment in last year
- ✓ North America: Opened own retail store in New York

Operating income vs LY +0.1 billion YEN +6.5%

◆ Increased operating income due to strong sales

- ✓ Mainly rose gross margin ratio in Japan and Korea

Action plan

- ◆ Open the flagship store in major city aggressively (Shanghai/ June, Beijing/ July)
- ◆ Produce the assorted products based on the consumer analysis which is done in Japan and Korea and hold the store events that is linked with SNS globally
- ◆ Leverage a celebrity and hold the brand event

4. CONSOLIDATED BUSINESS RESULTS FOR FY2019 Q1(BY SEGMENT)

- CONSOLIDATED NET SALES BY SEGMENT
- CONSOLIDATED NET SALES BY SEGMENT (DETAIL)
- SEGMENT INFORMATION (SAME BASIS LAST YEAR)

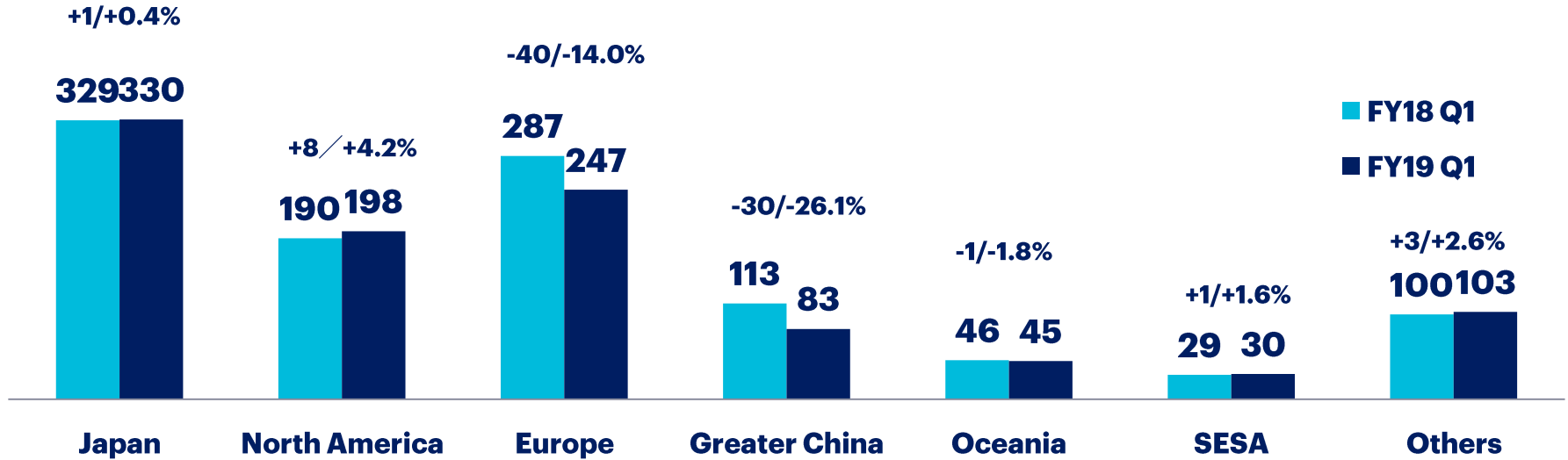
CONSOLIDATED NET SALES BY SEGMENT



<Net Sales>

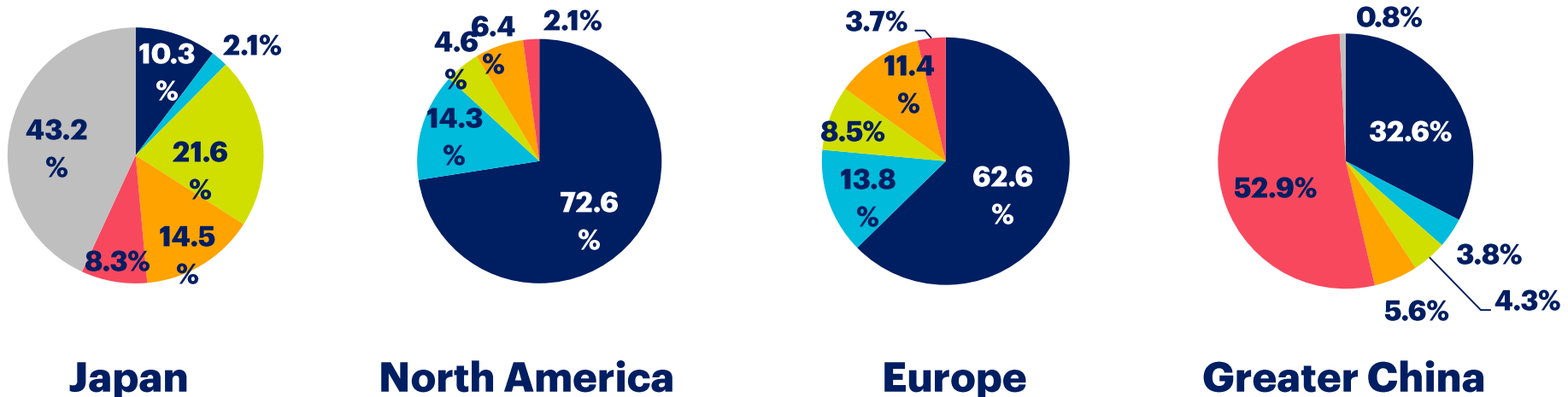
(Unit:100 million of YEN)

Y on Y / Y on Y Ratio (JPY)



<Net sales by category in key region>

■ P.Run ■ SPS ■ CPS ■ APEQ ■ OT ■ Others

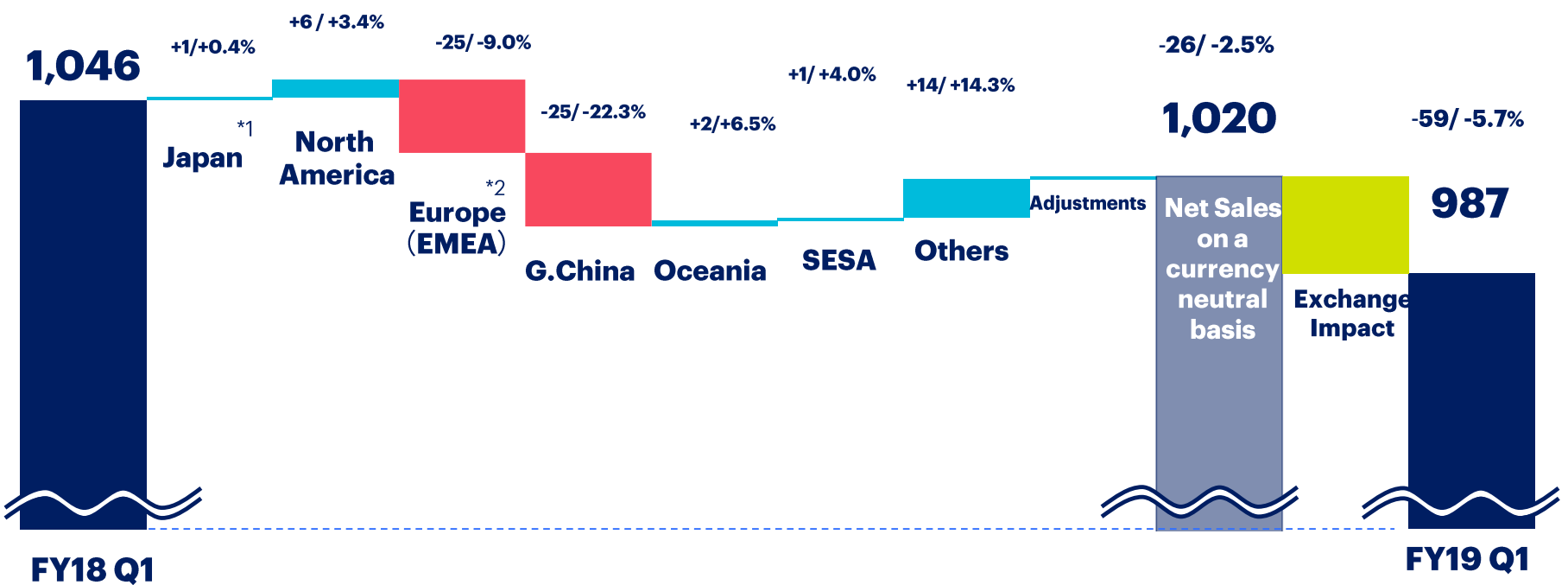


CONSOLIDATED NET SALES BY SEGMENT (DETAIL)

- ✓ Sales in the U.S. increased against last year. This is for time in 14th quarter
- ✓ Decreased sales by -5.7% mainly due to weak sales in Europe and the temporary impact of associated with the switch to direct sales of some part of distributor sales in China (2.1 billion YEN)
- ✓ Decreased sales by -2.5% on a currency neutral basis

Y on Y / Y on Y Ratio (local currency basis)

(Unit: 100 millions of YEN)



*1 Including sales from Japan to overseas (mainly overseas subsidiaries).

*2 EMEA's consolidated figures in EUR are shown as local currency basis.

SEGMENT INFORMATION (SAME BASIS LAST YEAR)



✓ Compare on the same basis last year due to recognized the usage fee of e-com. platform to a group company at the sales company from FY2019

<FY19 Q1>

(Unit:100 millions of YEN)

	Japan	North America	Europe	Greater China	Oceania	SESA	Others	Total	Adjustments	Consolidated
Net sales	330	198	247	83	45	30	103	1,036	-49	987
Operating income	22	-14	8	12	6	4	9	47	14	61
Operating income ratio	6.7%	7.5%	3.4%	14.5%	13.9%	14.3%	9.0%	-	-	6.3%
Adjustments (intersegment)	2	3	2	0	0	0	0	10	-10	0
Operating income FY18 basis	24	-11	10	12	6	4	9	57	4	61
Operating income ratio FY18 basis	7.5%	-5.8%	4.1%	14.5%	15.0%	14.3%	9.2%	-	-	6.3%

<FY18 Q1>

	Japan	North America	Europe	Greater China	Oceania	SESA	Others	Total	Adjustments	Consolidated
Net Sales	329	190	287	113	46	29	100	1,094	-48	1,046
Operating income	17	2	23	21	7	7	0	77	8	85
Operating income ratio	5.2%	1.5%	8.2%	19.1%	16.1%	23.8%	0.4%	-	-	8.2%

5. CONSOLIDATED FINANCIAL POSITION FOR FY2019 Q1

-CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET



- ✓ Increased in total assets mainly due to recognized the lease agreements as assets in accordance with the change of accounting standards
- ✓ Decreased in cash and deposit due to the redemption of CB and dividends paid despite the issuance of bond

Current assets
2,264

Major change:
Increase notes and accounts receivable +116
Decrease inventories -25
Decrease cash and deposit -237

Major change:
Increase right of use assets +250

Fixed assets
925

-121

+266

Total assets
3,189
(Compared to End of Previous FY +144)

+124

+20

Compared to End of Previous FY
(100 millions of YEN)

Liability
1,500

Major change:
Increase lease Obligations (current & non-current) +255
Increase bonds +200
Redemption of CB -300

Major change:
Earn profit attributable to owners of parent and mainly dividends paid +20

Net assets
1,689

Shareholders' equity ratio: 52.3%
(Last year : 54.1%)

6. FY2019 FORECAST OF CONSOLIDATED RESULTS

-FY2019 CONSOLIDATED FORECAST

FY2019 FORECAST OF CONSOLIDATED RESULTS



***There is no change in FY 2019 forecast announced on February 13, 2019**

(Unit:100 millions of YEN)	FY2018 Actual	FY2019 Forecast	Y on Y Ratio
Net sales	3,866	3,900	+0.9%
Operating income	105	120	+14.1%
Operating income ratio	2.7%	3.1%	+0.4ppt
Ordinary income	87	100	+14.1%
Profit attributable to owners of parent	-203	50	-

[Dividends]	Interim	Year-end	Annual
FY2018 Actual	12.0YEN	12.0YEN	24.0YEN
FY2019 Forecast	12.0YEN	12.0YEN	24.0YEN

Net Sales

- ✓ On a currency Neutral basis, Net sales +4.6%
- ✓ Growth and expansion in Onitsuka Tiger
- ✓ Accelerate continuing growth in China
- ✓ Sales increase significantly in e-commerce

[Exchange rate]	USD	EUR	RMB
FY2018 Actual	110.55YEN	130.38YEN	16.69YEN
FY2019 Forecast	105.00YEN	125.00YEN	15.50YEN

Operating Income

- ✓ Improvement of profitability by enhancing cost control
- ✓ Strengthen strategic marketing
- ✓ Investment in Digital
- ✓ Affect of structure reform

7. APPENDIX



✓ **Planning to hold Investment Day (Business Briefing) on June 10th for the first time ever. The topic will be product strategy and Institute of Sports Science.**

IR Activity in 2019

May 8	15:00 <u>15:30-16:30</u>	Announcement of Financial Results for FY2019 Q1 <u>Conference call for institutional investors, analysts and press in Japan</u>
June 10	13:00-17:00	<u>Investment Day for institutional investors, analysts and press</u> Agenda: Product strategy, Institute of Sports Science
Aug. 2	15:00	Announcement of Financial Results for FY2019 Q2
Aug. 5	15:00-16:00	Investor Meeting for institutional investors, analysts
Sep.	TBD	<u>Investment Day for institutional investors, analysts and press</u> Agenda: Onitsuka Tiger etc.
Nov. 1	15:00 <u>15:30-16:30</u>	Announcement of Financial Results for FY2019 Q3 <u>Conference call for institutional investors, analysts and press in Japan</u>