# Summary of Consolidated Financial Results
# for the First Quarter of FY 2017
## (For three months ended March 31, 2017)
## (IFRS)

May 9, 2017

Stock Exchange Listing: Tokyo Stock Exchange

Company name: DUNLOP SPORTS CO. LTD.

Stock Code: 7825 URL http://www.dunlopsports.co.jp/en/

Representative: Kazuo Kinameri, President and Representative Director

Contact: Seiichi Izawa, General Manager, Corporate Management Department, Tel. +81-78-265-3200

Scheduled date to file quarterly report: May 11, 2017

Scheduled starting date of dividend payment: -

Quarterly earnings supplementary information material: Yes

Quarterly earnings explanatory meeting: No

(Millions of yen with fractional amounts discarded)

## 1. Consolidated Financial Results (from January 1, 2017 to March 31, 2017)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

| | Revenue | | Operating profit | | Profit before tax | | Profit | | Profit attributable to owners of parent | | Comprehensive income | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| First Quarter, | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| December 31 2017 | 16,889 | 0.2 | 1,023 | 83.2 | 1,155 | 669.7 | 871 | - | 616 | - | 602 | - |
| December 31 2016 | 16,860 | - | 558 | - | 150 | - | -74 | - | -213 | - | -864 | - |

| | Basic profit per share | Diluted profit per share |
|---|---|---|
| First Quarter, | Yen | Yen |
| December 31 2017 | 21.25 | - |
| December 31 2016 | -7.38 | - |

(2) Consolidated Financial Position

| | Total assets | Total equity | Total equity attributable to owners of parent | Ratio of equity attributable to owners of parent |
|---|---|---|---|---|
| | Millions of yen | Millions of yen | Millions of yen | % |
| First Quarter,December 31 2017 | 57,675 | 34,615 | 33,127 | 57.4 |
| December 31 2016 | 55,600 | 34,922 | 33,676 | 60.6 |

## 2. Cash Dividends

| | Cash dividend per share | | | | |
|---|---|---|---|---|---|
| | First quarter | Second quarter | Third quarter | Fiscal year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| December 31 2016 | - | 10.00 | - | 30.00 | 40.00 |
| December 31 2017 | - | | | | |
| December 31 2017 (forecast) | - | 10.00 | - | 25.00 | 35.00 |

Note: Modification in the dividend projection from the latest announcement: None

### 3. Forecast for Consolidated Results for FY 2017 (from January 1, 2017 to December 31, 2017)

(% indicates percentage change from the previous year for the full year and from the same period of the previous year for the quarter)

| | **Revenue** | | **Operating profit** | | **Profit attributable to owners of parent** | | **Basic profit per share** |
|---|---|---|---|---|---|---|---|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| First half | 36,500 | - | 1,300 | - | 600 | - | 20.69 |
| Full year | 76,000 | 3.7 | 2,800 | -30.2 | 1,600 | -14.7 | 55.17 |

Note: Modification in the dividend projection from the latest announcement: None

***Notes**

(1) Changes in significant subsidiaries during the period
(Changes in specified subsidiaries resulting in the scope of consolidation): None

(2) Changes in accounting principles and changes in accounting estimates
- (i) Changes in accounting principles required by IFRS: None
- (ii) Changes in accounting principles other than (i): None
- (iii) Changes in accounting estimates: None

(3) Number of outstanding shares (common shares)

(i) Number of shares outstanding at the end of the period (including treasury stocks)
- As of First Quarter December, 2017 29,000,000 shares
- As of December, 2016 29,000,000 shares

(ii) Number of share of treasury stocks as of the end of the period
- As of First Quarter December, 2017 183 shares
- As of December, 2016 183 shares

(iii) Average number of shares during the period (cumulative from the beginning of the fiscal year)
- For First Quarter December, 2017 28,999,817 shares
- For First Quarter December, 2016 28,999,817 shares

* These financial statements are not subject to audit procedures under the Financial Instruments and Exchange Act of Japan.

* Explanations concerning the appropriate use of the earnings forecasts and other special notes

The statements in this document with respect to earnings forecasts are based on information currently available to the Company. Actual results may differ from the stated forecasts. Please see 1-(3) for matters concerning our earnings forecast.

## 1. Qualitative information on earnings for the quarter

(1) Outline of consolidated earnings report

The global economy during this consolidated cumulative first quarter (January 1 to March 31, 2017) saw continued economic recovery in the United States and a gradual recovery in Europe, as well. Also in the Asia region, China and Thailand are showing signs of improvement, and the global economy as a whole remained in a gradual recovery trend.

As for the Japanese economy, although some components are lagging behind, personal consumption and capital spending are showing signs of improvement, in addition to the continued upturn of corporate income, as well as the employment situation, and a gradual recovery trend can now be seen.

The environment surrounding our company group remains to be difficult despite this recovery trend in the overall economy.

In the United States, the golf equipment market fell below the previous year level as sales of new golf club products did not grow. In Europe, the season started earlier with good weather in the mainland; however, the market shrank compared to the previous year as consumer sentiment deteriorated after the U.K. decided to leave the E.U. Meanwhile, Asia's golf equipment market fell below the year ago levels as consumption continued to fall in China in light of the national government's regulations against golf, and the situation remained difficult in Southeast Asia with higher merchandise prices due to the depreciation of Asian currencies.

In Japan, the number of golf course visitors was basically unchanged from the previous year levels. The golf equipment market fell year-over-year despite new golf ball and golf club products being introduced. Moreover, the Japanese tennis equipment market shrank from the same period a year ago without any new major product launch.

Under such a business environment, our company group enjoyed a good start in the Japanese market with the introduction of the Srixon Z-Star series golf balls, which offer great carry, spin control, and a good feel, as well as the XXIO Super Soft X, which brings the player, along with the great pleasure of a long carry, the sensation of a soft feeling with the softest core among all XXIO golf balls ever. However, because of the heightened competition with rival products and the market situation, golf club sales fell below the same period a year ago and resulted in revenue for the golf equipment in Japan declining overall year-over-year.

In the overseas market, we aggressively expanded sales under the SRIXON, XXIO and Cleveland Golf brands. This led to sales remaining strong in North America, Europe and South Korea, and resulted in overseas revenue to increase year-over-year.

The tennis equipment business rose above the same period a year ago, despite racket sales falling below the previous year, with tennis ball sales remaining at good levels owing to campaigns.

The wellness business grew from the year ago level as we continued to open new outlets of our Gym Style compact gyms specializing in the machine area.

In terms of profit, operating income rose year-over-year as revenue increased overseas and expenses were reduced.

As a result of the above, for this consolidated cumulative first quarter, revenue was 16,889 million yen (up 0.2% y-o-y), operating profit was 1,023 million yen (up 83.2% y-o-y), profit before tax was 1,155 million yen (7.697 times the year ago period), net income was 871 million yen (compared to a quarterly loss of 74 million yen for the same period a year ago), and net income attributable to the owners of the parent company was 616 million yen (compared to a quarterly loss of 213 million yen attributable to the owners of the parent company).

(2) Outline of financial situation

Total assets as of the end of this consolidated cumulative first quarter were 57,675 million yen. Although operating receivables and other receivables decreased 525 million yen, inventories increased 727 million yen and investments accounted for under the equity method increased 1,976 million yen respectively, resulting in total assets to increase 2,074 million yen compared to the previous consolidated fiscal year-end.

Total liabilities ended at 23,060 million yen. While operating payables and other payables decreased 1,055 million yen, borrowings increased 3,299 million yen resulting in total liabilities increasing 2,381 million yen compared to the previous consolidated fiscal year-end.

Total equity ended at 34,615 million yen. Retained earnings decreased 176 million yen from the dividend payment, resulting in total equity decreasing 307 million yen compared to the previous consolidated fiscal year-end.

As a result of the above, the equity ratio attributable to owners of the parent was 57.4%, falling 3.2 points from the previous consolidated fiscal year-end.

(3) Outline of consolidated earnings forecast and information on future predictions

With regard to our consolidated earnings forecast, there is no change in our estimates disclosed on February 14, 2017.