Mizuno Corporation
The 100th Period
(Year ended March 31, 2013)

4th Quarter Financial Report

This report includes forecasts based on our assumptions, outlook and plans for the future as of May 16, 2013, which may substantially differ from actual results due to risks and uncertainties relating to the global economy, competitors' situations, changes in exchange rates, etc.
Contents

- FY2012 Business Results
- Regional Highlights
- Mid-term plan for FY2013-FY2015
- Conclusion
### Outline of Financial Performance Results (accumulated)

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td>163.7 billion yen</td>
<td>+8.7 billion (+5.6%)</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>3.6 billion yen</td>
<td>-1.9 billion (-34.4%)</td>
</tr>
<tr>
<td><strong>Ordinary profit</strong></td>
<td>4.1 billion yen</td>
<td>-1.6 billion (-27.6%)</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>1.9 billion yen</td>
<td>-1.2 billion (-38.1%)</td>
</tr>
</tbody>
</table>

- Running shoes sales in all regions remain strong
- Senoh Corporation added within consolidation
- Revenue increase in Japan and the Americas. The Americas especially showed double digit revenue increase.
- Sales struggled for golf products in Europe and Asia, sales business in China was sluggish.
- The gross margin percentage decreased by 0.8P, expenses increased which includes Olympic promotional fees, China sales business earnings worsen.
- Foreign currency loss due to Yen conversion of foreign currency assets resolved, non-operating revenues and expenditures improved.
- Versus FY11
### Income Statement (Consolidated)

(1 billion yen)  | FY11 (12 months) | FY12 (12 months) | Versus FY11(%)  
--- | --- | --- | ---  
Revenues | 155.0 | 163.7 | +5.6%  
Gross margin | 64.8 | 67.1 | +3.5%  
Gross margin ratio | 41.8% | 41.0% | -0.8%  
SG&A expenses | 59.3 | 63.5 | +7.0%  
SG&A expenses ratio | 38.3% | 38.8% | +0.5%  
Salaries and bonus | 20.8 | 21.8 | +5.1%  
A&P expenses | 11.3 | 12.2 | +8.0%  
Operating profit | 5.5 | 3.6 | -34.4%  
Operating profit ratio | 3.5% | 2.2% | -1.3%  
Ordinary profit | 5.7 | 4.1 | -27.6%  
Ordinary profit ratio | 3.7% | 2.5% | -1.2%  
Net Income | 3.1 | 1.9 | -38.1%  

| Currency | Rate | Rate | Change  
--- | --- | --- | ---  
JPY/1USD | 79.8 | 79.9 | 0.1%  
JPY/1GBP | 127.2 | 131.4 | +3.2%  
JPY/EUR | 110.2 | 107.6 | -2.6%  

## Balance Sheet (Consolidated)

<table>
<thead>
<tr>
<th></th>
<th>March 31,2012</th>
<th>March 31,2013</th>
<th>+/-</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total assets</strong></td>
<td>130.5</td>
<td>151.0</td>
<td>+20.5</td>
</tr>
<tr>
<td>Cash and Cash equivalents</td>
<td>12.0</td>
<td>11.4</td>
<td>-0.6</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>35.6</td>
<td>41.5</td>
<td>+5.9</td>
</tr>
<tr>
<td>Inventories</td>
<td>27.0</td>
<td>30.4</td>
<td>+3.4</td>
</tr>
<tr>
<td>Fixed assets</td>
<td>37.7</td>
<td>46.7</td>
<td>+9.0</td>
</tr>
<tr>
<td>Investment securities</td>
<td>7.4</td>
<td>8.0</td>
<td>+0.6</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>4.0</td>
<td>2.8</td>
<td>-1.2</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>53.0</td>
<td>68.5</td>
<td>+15.5</td>
</tr>
<tr>
<td>Short-term debt</td>
<td>6.9</td>
<td>12.1</td>
<td>+5.2</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>9.6</td>
<td>13.6</td>
<td>+3.9</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>36.4</td>
<td>42.8</td>
<td>+6.4</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td>77.5</td>
<td>82.5</td>
<td>+5.0</td>
</tr>
</tbody>
</table>
Revenue Increase/Decrease Analysis by Region

Revenues by region, with and without the impact of exchange rates

- **Americas**: +2.5 billion (112.4%)
- **Europe**: -0.4 billion (96.4%)
- **Asia/Aus**: -0.5 billion (94.2%)

**Impact of Exchange Rate**: +0.2 billion

**Japan Incl. export**: +6.8 billion (105.9%)

**Revenues of FY12-4Q (12 months)**: 163.7 billion yen

**Revenues of FY11-4Q (12 months)**: 155.0 billion yen

**Americas**: 0.03 billion
**Europe**: 0.07 billion
**Asia/Aus**: 0.10 billion
Increase/Decrease in consolidated revenues by product, including impact of exchange rates

Baseball goods Incl. Shoes, wear
-1.2billion (96.7%)

Sporting Footwear
+3.6billion (110.7%)

Sporting Apparel
-0.9billion (96.8%)

Golf goods Incl. shoes, wear
-0.3billion (98.6%)

Others
+7.5billion (123.4%)

Revenues of FY12-4Q (12 months)
163.7

Revenues of FY11-4Q (12 months)
155.0

FY2012
35.5  37.5  28.7  22.2  39.8
Baseball  Sporting Footwear  Sporting Apparel  Golf  Others

FY2011
36.7  33.8  29.7  22.5  32.5

(Units: 1 billion yen)
# Principal Financial indexes

<table>
<thead>
<tr>
<th></th>
<th>FY2011</th>
<th>FY2012</th>
<th>+/-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on assets (ROA)</td>
<td>4.5%</td>
<td>2.8%</td>
<td>-1.7P</td>
</tr>
<tr>
<td>Return on equity (ROE)</td>
<td>4.1%</td>
<td>2.4%</td>
<td>-1.7P</td>
</tr>
<tr>
<td>Shareholder’s equity ratio</td>
<td>59.3%</td>
<td>54.5%</td>
<td>-4.8P</td>
</tr>
<tr>
<td>Earnings per share (EPS)</td>
<td>JPY25.23</td>
<td>JPY15.60</td>
<td>-JPY9.63</td>
</tr>
<tr>
<td>Book value per share (BPS)</td>
<td>JPY620.86</td>
<td>JPY659.22</td>
<td>+JPY38.36</td>
</tr>
<tr>
<td>Price book value ratio (PBR)</td>
<td>0.74</td>
<td>0.63</td>
<td>-0.11</td>
</tr>
<tr>
<td>Price at the end of this period</td>
<td>JPY459</td>
<td>JPY415</td>
<td>-JPY44</td>
</tr>
<tr>
<td>Dividend payout ratio</td>
<td>39.6%</td>
<td>64.1%</td>
<td>+24.5P</td>
</tr>
</tbody>
</table>
Global Business Unit (global strategic decision-making unit)

Summary of FY2012 revenue growth

Total of “Japan” is including Senoh corporation.

Regional Highlights

- Sportswear
- Sports shoes
- Others

Up 5% or more
Between -5% and 5%
Down 5% or more

Japan
Europe
Americas
Asia, Australia

- Baseball goods
- Others (for racket sports, martial arts, etc.)
- Diamond sports business

- Sportswear
- Sports shoes
- Others
- Footwear & Apparel business

- Golf goods
- Others
- Golf business

- Sportswear (health)
- Sports shoes (walking)
- Others (related to health business)
- Wellness business
Summary of results (Japan)

**FY2012 results by business**

<table>
<thead>
<tr>
<th>(billion JPY)</th>
<th>Total</th>
<th>Footwear &amp; Apparel</th>
<th>Diamond</th>
<th>Golf</th>
<th>Wellness</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>121.7</td>
<td>34.2</td>
<td>36.9</td>
<td>12.6</td>
<td>19.3</td>
<td>18.7</td>
</tr>
<tr>
<td>vs. FY11</td>
<td>106%</td>
<td>104%</td>
<td>95%</td>
<td>101%</td>
<td>103%</td>
<td>-</td>
</tr>
</tbody>
</table>

- **FY2012 Situation**
  - Steady sales performance for running shoes and multi-training apparel.
  - Our popular custom-fitted club sales assisted in steady golf business revenue.
  - Shrinking market and conservative buying leads to sales struggles for baseball products.
  - Other operations include revenue growth due to subsidiary acquisition of Senoh Corporation.

- **Future measures/visions**
  - Reorganize business units to better correspond to market needs.
  - Consolidate management of our domestic factories excluding apparel to Mizuno Technics to strengthen management of quality, cost, and delivery time.
  - Strengthen profit structure of our domestic operations with early exertion of synergistic effects attained by subsidiary acquisition of Senoh Corporation.

(Note) Results by business are based on internal company documents.
Summary of results (Europe)

- FY2012 results by business

<table>
<thead>
<tr>
<th>(billion JPY)</th>
<th>Total</th>
<th>Footwear &amp; Apparel</th>
<th>Golf</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>10.4</td>
<td>7.7</td>
<td>2.7</td>
</tr>
<tr>
<td>vs. FY11</td>
<td>97%</td>
<td>101%</td>
<td>86%</td>
</tr>
</tbody>
</table>

FY2012 Situation

- Running related products and indoor shoes showed steady performance as brand exposure during the London Olympics was effectively used.
- Golf: Though our irons received high praise in the market, maintaining market share, the effects of the sluggish European economy led to a sales decrease.

Future measures/visions

- By promoting direct penetration into the markets of each country, such as the acquisition of our Italian distributor, we plan to strengthen our brand appeal as well as marketing.
- Obtain business leads using the momentum of our increased brand awareness during the London Olympics with our existing functionality appeal.

(Note) Results by business are based on internal company documents.
Regional Highlights (Americas)

Summary of results (Americas)

**FY2012 results by business**

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Footwear &amp; Apparel</th>
<th>Diamond</th>
<th>Golf</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>23.0</td>
<td>12.2</td>
<td>6.5</td>
<td>4.3</td>
</tr>
<tr>
<td>vs. FY11</td>
<td>113%</td>
<td>125%</td>
<td>101%</td>
<td>107%</td>
</tr>
</tbody>
</table>

FY2012 Situation

- Backed by wide demographics, running shoes have continued to prosper. Running apparel has also increased sales.
- Team sports demand such as baseball and volleyball products showed steady growth.
- Golf sales grew due to economic recovery and the addition of our highly commended custom-fitted clubs infiltrating the product market.

Future measures/visions

- Further increase direct communication contact points with consumers such as through promoting our product’s high functionality.
- To expand Mizuno fans by introducing our high-end baseball gloves as well as individual customer support using the glove steamer.
- Increase share of our irons and wedges by continuing to promote our custom-fitted clubs.

(Note) Results by business are based on internal company documents.
Regional Highlights (Asia/Australia)

Summary of results (Asia/Au)

FY2012 results by business

<table>
<thead>
<tr>
<th>(billion JPY)</th>
<th>Total</th>
<th>Footwear &amp; Apparel</th>
<th>Diamond</th>
<th>Golf</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>8.6</td>
<td>6.7</td>
<td>0.4</td>
<td>1.5</td>
</tr>
<tr>
<td>vs. FY11</td>
<td>96%</td>
<td>94%</td>
<td>106%</td>
<td>100%</td>
</tr>
</tbody>
</table>

FY2012 Situation

- The Chinese market’s oversupply of products by competitive companies as well as penetration by fashion brands created escalated competition. Decrease in sales and product clearances led to poor business performance.
- Steady growth for business in Taiwan and Australia

Future measures/visions

- China: Strive for early financial performance improvements by streamlining operational costs, improving costs in manufacturing departments, and inputting more of our hardcore sports products.
- Taiwan: Continue marketing which best uses our trusted brand image.
- Australia: Focus on sales expansion by continuing to increase market share in our running shoes, centered around specialty stores, as well as with our custom-fitted golf clubs.

(Note) Results by business are based on internal company documents.
Mizuno is challenging both growth of sales and improvement of profit ratio with its global marketing and simplified business process.

### Mid-term Plan (Consolidated)

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue (billion JPY)</th>
<th>Ordinary profit (billion JPY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2010</td>
<td>150.0</td>
<td>4.5</td>
</tr>
<tr>
<td>FY2011</td>
<td>155.0</td>
<td>5.7</td>
</tr>
<tr>
<td>FY2012</td>
<td>163.7</td>
<td>4.1</td>
</tr>
<tr>
<td>FY2013 (Plan)</td>
<td>183.0</td>
<td>7.0</td>
</tr>
<tr>
<td>FY2014 (Plan)</td>
<td>195.0</td>
<td>9.0</td>
</tr>
<tr>
<td>FY2015 (Plan)</td>
<td>210.0</td>
<td>11.0</td>
</tr>
</tbody>
</table>

Exchange rate history for consolidated financial statement

The last column shows exchange rate for FY13-15 estimate.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>JPY/USD</td>
<td>87.7</td>
<td>79.8</td>
<td>79.9</td>
<td>95</td>
<td>150</td>
<td>130</td>
</tr>
<tr>
<td>JPY/GBP</td>
<td>133.1</td>
<td>127.2</td>
<td>131.4</td>
<td>150</td>
<td></td>
<td></td>
</tr>
<tr>
<td>JPY/EUR</td>
<td>113.5</td>
<td>110.2</td>
<td>107.6</td>
<td>130</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Global: We continue to focus growth of footwear (especially running and indoor).

Japan: We expand synergy between Mizuno and Senoh business.
ROA target 7%: We struggled in FY2012 due to increase purchasing costs and slump of our business in China. Since other conditions are going well, we keep the same target and accelerate recovery.
Business slogan for FY13 is “Make it Simple!”

Fiscal year 2012 was a year where the public’s interest in sports heightened due to major events such as the London Olympics and the World Baseball Classic, giving us many opportunities for brand appeal. We also had a chance to call attention to our product functionality as our contracted golf athletes achieved top rankings. Currently in Japan, “Abenomics” has created a switch to a weaker Yen and high stock prices, and in the US as well, stock prices are reaching new highs. We also plan to use these turning points as opportunities. Our focus will be placed on Group growth by constructing a solid organization that will stand firm even through drastically changing environments of our future, and also by changing our complicated structure built up over the long history since our establishment, into one more simple and straightforward.

FY13 Company Policies

User First (Consumers First)

One for All (Deliver Total Optimization)

All for One (All Efforts for Growth)