

SPORTS

BUSINESS

- Dunlop Sports Co. Ltd., a company spun off from Sumitomo Rubber Industries in 2003, plays a central role in the manufacturing and marketing of such items as golf clubs and golf balls. In the area of tennis equipment, the company offers several products, including rackets and balls.
- In its mainstay golf product lineups, Dunlop Sports has introduced the XXIO, SRIXON and Cleveland Golf brands on a global scale.
- Tennis equipment is manufactured and marketed under the Dunlop and SRIXON brands. In addition, a sales agency contract has been signed with the French company BABOLAT VS S.A.
- Dunlop Sports Co. Ltd. launched the wellness promotion business, comprising the fitness club business and golf and tennis school businesses, expanding it to create a third business pillar for the segment.
- Dunlop Sports is listed on the first section of the Tokyo Stock Exchange.



XXIO 8



SRIXON Z545



CLEVELAND 588 RTX 2.0



XXIO AERO SPIN



SRIXON REVO V3.0



DUNLOP FORT / SRIXON

No. 1

ranking in terms of value of domestic shipments in 2014 for

- Golf clubs
- Golf balls
- Tennis rackets
- Tennis balls

These 2014 market share estimates are based on data in the Sports Goods Industry 2015 report compiled by Yano Research Institute Ltd.

229 golfers in 25 countries worldwide

The number of professional golfers who have entered into equipment sponsorship agreements with Dunlop Sports

As of March 2, 2015



DUNLOP SPORTS CLUB



YOUR PRESTIGE PARTNER

Reliable and **professional quality**, capable of helping players advance their golf skills



DEDICATED TO IMPROVING

The culmination of a wealth of proprietary Dunlop technologies that benefits all golfers from beginners to professionals



WHERE SCORING MATTERS

Cleveland Golf's distinct short game strengths come to the fore for all players

Fiscal 2014 Results

Sales in the Sports business increased 6.3% year on year to ¥70.5 billion, while operating income fell 20.6% to ¥3.2 billion.

Against a backdrop of sluggish demand for golf goods due to the stagnant global economy, Dunlop Sports' flagship XXIO8 golf clubs continued to enjoy the steady domestic sales they have seen since their release in December 2013. Moreover, SRIXON Z series golf clubs have made a strong start since their introduction in September 2014. As a result, the company's golf clubs and balls captured top market share in terms of domestic storefront sales in 2014.* Overseas, Dunlop Sports promoted the mainstay XXIO, SRIXON and Cleveland Golf brands strategically, with an eye to securing greater market share worldwide.

In addition, during the fourth quarter of fiscal 2014, Dunlop Sports launched the wellness promotion business as the segment's third business pillar next to golf and tennis equipment.

Consequently, sales in the Sports business segment rose year on year.

* Market share survey conducted by Yano Research Institute Ltd.

Fiscal 2015 Outlook

To remain the top in golf goods in terms of domestic market share, Dunlop Sports will strive to expand sales of its mainstay XXIO brand golf clubs as well as the SRIXON and Cleveland Golf brands. The company will also introduce new golf ball products, including SRIXON Z-STAR premium golf balls and XXIO AERO DRIVE, while stepping up the marketing of golf shoes, such as ASICS Golf Shoes designed in tandem with alliance partner ASICS Corporation.

Overseas, Dunlop Sports will continue to promote XXIO and SRIXON golf clubs while steadily working to penetrate and capture a greater share of golf ball markets with the SRIXON brand.

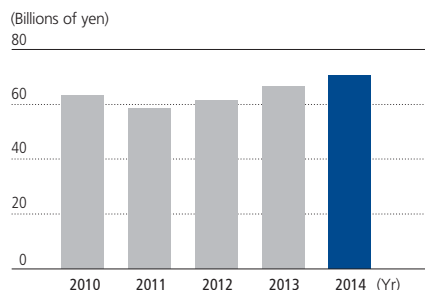
Targeting the domestic tennis equipment market, the company will proactively

introduce new tennis rackets under the SRIXON and BABOLAT brands while stepping up the marketing of tennis balls and shoes. Moreover, having acquired certifications for its soft tennis balls and rackets from the Japan Soft Tennis Association, the company will strive to boost sales in these product categories and thus secure overall growth in the tennis equipment business.

In addition, Dunlop Sports will work to expand sales in the wellness promotion business, which it launched in fiscal 2014, by realizing synergies with its golf and tennis school businesses.

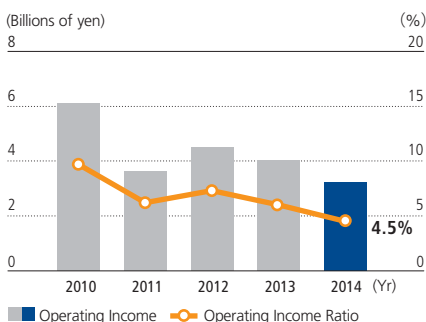
Net Sales

¥70.5 billion
Year on Year **+6.3%**



Operating Income and Operating Income Ratio

¥3.2 billion
Year on Year **-20.6%**



Sales Breakdown (Billions of yen)

	2013	2014	Year on Year
Clubs	33.2	34.5	+4%
Balls	14.4	14.5	+1%
Shoes and accessories	7.4	7.9	+7%
Golf goods	55.0	56.9	+4%
Tennis goods	6.3	6.3	+1%
Licensing revenue	0.4	0.4	+11%
Sports goods	61.6	63.7	+3%
Services	—	4.5	+9%
Wellness promotion	—	2.7	+195%
Other	5.0	—	—
Total	66.6	70.9	+6%

Figures are rounded to the nearest ¥0.1 billion. Percentage figures are rounded to the nearest whole number