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May 22nd, 2020

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 Representativename: President and Representative Director:
 Shuichi Koseki,
 (Code: 8114. First Section of Tokyo Stock Exchange)
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Notice The Gap between Fiscal Year 2020 Ending Forecast and Actual Results

We hereby explain the gap between our consolidated and non-consolidated financial result for the fiscal year ended March 2020 (April 1, 2019 to March 31, 2020), which has been announced today, and the previous forecast as follows.

1. The gaps between Actual and Forecast for the Fiscal Year 2020 (April 1, 2019 to March 31, 2020)

	Net Sales	Operating Income	Ordinary Income	Profit attributable to owners of parent	Net income per share
	Million Yen	Million Yen	Million Yen	Million Yen	Yen
Previous forecast (A) (As of February 6, 2020)	130,800	1,100	1,200	△1,000	△13.26
Actual Result (B)	124,561	379	456	△2,481	△32.90
Changes in amount (B-A)	△6,239	△721	△744	△1,481	
Rate of Change (%)	△4.8	△65.5	△62.0	—	
(References) Previous FY results (FY ended March,2019)	142,443	7,935	8,458	3,944	52.31

●Reason for the Gap

Net sales were lower than the previously announced forecast (As of February 6) due to a slowdown in sales of winter goods due to the impact of a warm winter, and a slump in sales of Descente Japan due to the spread of a new coronavirus infection in March. A review of selling, general and administrative expenses, including a cut in advertising and sales promotion expenses, failed to cover the decrease in gross profit due to a significant decrease in sales, and the operating income and ordinary income were also lower than previously announced. Net income attributable to shareholders of the parent company fell substantially below the previously announced forecast due to an increase in tax expenses as a result of the review of realizability of deferred tax assets.

2. The gaps between Individual Forecast for Fiscal 2020 and Actual Results (April 1, 2019 to March 31,2020)

	Net Sales	Ordinary Income	Net Income	Net income per share
	Million Yen	Million Yen	Million Yen	Yen
Previous forecast (A) (As of February 6, 2020)	10,100	1,300	100	1.32
Actual Result (B)	10,540	1,882	430	5.71
Changes in amount (B – A)	440	582	330	
Rate of Change (%)	4.4	44.8	330.0	
(References) Previous FY results (FY ended March,2019)	10,990	5,529	955	12.68

●Reason for the Gap

Net sales were higher than previous announcement because of the royalty income from overseas subsidiaries. Ordinary income and Net income exceeded the previous announcement due to an increase in gross profit resulting from higher sales and a decrease in selling, general and administrative expenses such as advertising and promotion expenses.

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