

This is an English translation of the original Japanese-language press release dated Aug 8, 2022 and is provided for reference purposes only. Readers are advised that the Company does not guarantee the accuracy of the content contained in this report. In the event of any discrepancy between this translation and the Japanese original, the Japanese original shall prevail.



August 8, 2022

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Notice of Revision to Earnings Forecast for the Fiscal Year Ending March 2023

DESCENTE LTD. (hereinafter “the Company”) hereby notices that the Company has revised the consolidated earnings forecast for the fiscal year ending March 2023, announced on May 12, 2022, as follows:

Notes

- Revised Consolidated Earnings Forecast for the Fiscal Year ending March 2023
 First half of Consolidated earnings forecast (April 1, 2022 - September 30, 2022)

	Net sales	Operating income	Ordinary income	Profit attributable to Owners of Parent	Net Income per Share
	Yen in millions	Yen in millions	Yen in millions	Yen in millions	Yen
Previous Forecast (A) (As of May 12, 2022)	53,000	2,800	4,500	3,000	39.75
Current Forecast (B) (As of August 8, 2022)	55,500	3,500	5,200	4,300	56.97
Gap (B-A)	2,500	700	700	1,300	
Rate of Change (%)	4.7	25.0	15.6	43.3	
(Reference) Previous Results (the first half of FY ended March 2022)	49,926	2,714	4,005	2,487	32.97

Consolidated Earnings Forecast for the Fiscal Year ending 2023 (April 1, 2022 - March 31, 2023)

	Net sales	Operating income	Ordinary income	Profit attributable to Owners of Parent	Net Income per Share
	Yen in millions	Yen in millions	Yen in millions	Yen in millions	Yen
Previous Forecast (A) (As of May 12, 2022)	114,000	6,000	10,000	7,000	92.75
Current Forecast (B) (As of August 8, 2022)	116,500	6,700	10,700	9,500	125.86
Gap (B-A)	2,500	700	700	2,500	
Rate of Change (%)	2.2	11.7	7.0	35.7	
(Reference) Previous Results (FY ended March 2022)	108,892	5,138	7,556	6,229	82.54

【Reasons for the Revision】

As stated above, the first-half and full-year results are expected to exceed the previous forecast.

For the first half of the fiscal year, net sales by DESCENTE JAPAN LTD. and DESCENTE KOREA LTD. for “DESCENTE” are strong, and gross profit, operating income and ordinary income are expected to exceed the previous forecasts. Net income is expected to exceed the previous forecast as a result of a review of the Group's future taxable income and reexamination of deferred tax assets and liabilities, deferred income tax is expected to decrease by JPY 1,000 million due to a decrease in deferred tax liabilities.

For the second half of the fiscal year, considering the rise in distribution costs by soaring fuel prices and the increase of cost due to the weak yen, the previous forecasts for net sales, operating income, and ordinary income have been left unchanged. Net income is expected to exceed the previous forecast by JPY 1,500 million of a gain on step acquisitions associated with the consolidation of LE COQ SPORTIF (NINGBO) CO., LTD., which operates “le coq sportif” brand business in China, as mentioned in the "Notice of Changes in Equity-Method Affiliates and Transfer of Specified Subsidiaries" announced today.

As a result of the above, full-year Profit attributable to Owners of Parent is expected to exceed the previously announced forecast. As for the impact of COVID-19, although there is still an effect on sales in some regions, the business environment of Current Fiscal Year is assumed to get back closely prior to COVID-19. We will promptly announce any necessary revisions to our earnings forecasts based on future performance trends.

(NOTE) The above forecasts are based on information currently available. Accordingly, actual results may differ from these forecasts materially depending on various factors.

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