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(Code:8114 Prime Market of TSE)

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Notice of the Gap between Earnings Forecast and Actual Results for the Consolidated first-half of Fiscal Year Ending March 2023 and the Revision to Earning Forecasts

DESCENTE LTD. (hereinafter the “Company”) hereby explain the gap between the forecast for the first-half of the fiscal year ending March 2023 (April 1, 2022 – September 30, 2022) which was announced on August 8, 2022, and the actual result which was announced today, as follows.

Also, the Company had revised the consolidated earnings forecast for the fiscal year ending March 2023, which was announced on August 8, 2022, as follows.

1. The Gap between Actual and Forecast for the Consolidated Result of the first-half of Fiscal Year ending March 2023 (April 1, 2022 – September 30, 2022)

	Net sales	Operating income	Ordinary income	Net Profit attributable to owners of parent	Net Income Per Share
Previous Forecast (A) (As of August 8, 2022)	Yen in millions 55,500	Yen in millions 3,500	Yen in millions 5,200	Yen in millions 4,300	Yen 56.97
Actual Results (B) (As of November 7, 2022)	57,210	4,895	6,740	5,132	68.00
Gap (B-A)	1,710	1,395	1,540	832	
Rate of change (%)	3.1	39.9	29.6	19.3	
(Reference) Previous results (the first half of FY ended March 2022)	49,926	2,714	4,005	2,487	32.97

●Reason for the Gap

Net Sales were strong due to product sales of DESCENTE brand and other products at DESCENTE Japan Co., Ltd. and DESCENTE KOREA LTD. Gross profit increased due to sales loss control such as decreasing returns and discounts by DESCENTE Japan Co., Ltd. As a result, Operating income, Ordinary income and Net profit exceeded the previous forecasts. Ordinary income and Net profit recorded the highest earnings respectively in the first half period.

2. Revised Consolidated Earnings Forecasts for the Fiscal Year ending March 2023
(April 1, 2022 to March 31, 2023)

	Net sales	Operating income	Ordinary income	Net Profit attributable to owners of parent	Net Income Per Share
Previous Forecast (A) (As of August 8, 2022)	Yen in millions 116,500	Yen in millions 6,700	Yen in millions 10,700	Yen in millions 9,500	Yen 125.86
Current Forecast (B) (As of November 7, 2022)	118,000	8,100	12,300	10,000	132.47
Gap (B-A)	1,500	1,400	1,600	500	
Rate of change (%)	1.3	20.9	15.0	5.3	
(Reference) Previous Results (FY ended March 2022)	108,892	5,138	7,556	6,229	82.54

●Reasons for Revision of Consolidated Earnings Forecasts

Full-year Consolidated earnings forecasts for Net Sales, Operating income, Ordinary income, and Net income are expected to exceed the previously announced forecasts, mainly due to the stated above higher-than-expected first-half results. In addition, Ordinary income and Net income are expected to record the highest respectively.

As a result, the Company revised full-year earnings forecasts upward as described above. Current Fiscal Year is assumed that business conditions will get back closely prior to COVID-19, but we anticipate the impact of high logistics costs due to such as the surge of fuel price and the rapid depreciation of the yen.

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

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