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## Notice of the Gap between Forecast and Actual Results for the Second Quarter of the Fiscal Year ending March 2022 and the Revision to Earnings Forecast

DESCENTE LTD. (hereinafter the “Company”) hereby explain the gap between the forecast for the second quarter of the fiscal year ending March 2022 (April 1, 2021 – September 30, 2021) which was announced on August 6, 2021, and the actual result which was announced today, as follows.

Also, considering the recent performance, the Company had revised the consolidated earnings forecast for the fiscal year ending March 2022, which was announced on August 6, 2021, and non-consolidated earnings forecast for the fiscal year ending March 2022 which was announced on May 14, 2021, as follows.

### 1. The Gap between Actual and Forecast for the Consolidated Result of the Second Quarter of Fiscal Year ending March 2022 (Cumulative) (April 1, 2021 – September 30, 2021)

	Net Sales	Operating Income	Ordinary Income	Profit Attributable to owners of patent	Net Income Per Share
	Yen in millions	Yen in millions	Yen in millions	Yen in millions	Yen
Previous Forecast (A) (As of August 6, 2021)	50,000	1,600	3,100	2,000	26.51
Actual Result (B) (As of November 5, 2021)	49,926	2,714	4,005	2,487	32.97
Gap (B – A)	△73	1,114	905	487	
Rate of Change (%)	△0.1	69.6	29.2	24.4	
(Reference) Previous 2Q Result (FY ended March 2021)	42,897	△2,449	△2,077	△1,265	△16.78

#### ●Reason for the Gap

Net Sales were slightly below the forecast due to the impact of the spread of COVID-19, however, as sales loss control in Japan business such as decreasing returns and discounts were successful, the result was generally as expected. In addition, operating income exceeded the previous forecast due to an increase in gross profit and a reduction in SG&A expenses such as advertising and sales promotion expenses.

2. Revised Consolidated Earnings Forecast for the Fiscal Year ending March 2022  
(April 1, 2021 – March 31, 2022)

	Net Sales	Operating Income	Ordinary Income	Profit Attributable to Owners of Patent	Net Income per Share
	Yen in millions	Yen in millions	Yen in millions	Yen in millions	Yen
Previous Forecast (A) (As of August 6, 2021)	103,000	4,250	6,800	5,000	66.26
Current Forecast (B) (As of November 5, 2021)	103,000	4,250	6,800	6,200	82.16
Gap (B – A)	–	–	–	1,200	
Rate of Change (%)	–	–	–	24.0	
(Reference) Previous Result (FY ended March 2021)	96,862	△1,806	△584	5,039	66.80

●Reason for the Revision of Consolidated Earnings Forecast

As for net sales, DESCENTE KOREA LTD. is expected to fall below the forecast due to the spread of COVID-19 in Korea and delivery delay caused by lockdown in Vietnam, however, DESCENTE JAPAN LTD. is strong, especially its golf business, and so the forecast is unchanged.

As for operating income and ordinary income, the Company expended the development cost of the ERP which originally was plan to be recorded as intangible fixed assets, on the other hand, as profitability improvement in Japan business such as DESCENTE JAPAN LTD.'s initiatives to improve of gross profit rate due to sales loss control and reducing SG&A expenses is ahead of schedule, the forecast is unchanged.

In addition, as written in “Notice of the Transfer of Non-current Assets and Extraordinary Income and Relocation of Head Office” which was announced today, the Company plans to sell its head office in the third quarter of the fiscal year ending March 2022. As a result, the profit attributable to owners of parent are expected to exceed the previous forecast as the Company will plan a profit of 1.2 billion yen obtained by the sales of fixed assets which includes the deduction of increased income tax.

3. Revised Non-Consolidated Earnings Forecast for the Fiscal Year ending March 2022  
(April 1, 2021 – March 31, 2022)

	Net Sales	Ordinary Income	Profit Attributable to Owners of Parent	Net Income per Share
	Yen in millions	Yen in millions	Yen in millions	Yen
Previous Forecast (A) (As of August 6, 2021)	9,200	700	500	6.63
Current Forecast (B) (As of November 5, 2021)	9,200	700	1,700	22.54
Gap (B – A)	–	–	1,200	
Rate of Change (%)	–	–	240.0	
(Reference) Previous Result (FY ended March 2021)	8,987	1,015	△829	△11.00

●Reason for the Revision of Non-Consolidated Earnings Forecast

The Company revised the forecast due to the sales of its head office as written above.

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

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