

This is English Translation of original Japanese-language press release dated July 15, 2020 and is provided for reference purpose only. Readers are advised that the Company does not guarantee the accuracy of content contained in this report. In the event of any discrepancy between this translation and the Japanese original, the Japanese original shall prevail.



July 15, 2020

Company Name: DESCENTE LTD.
Representative Name: President and Representative Director:
Shuichi Koseki
(Code: 8114. First Section of Tokyo Stock Exchange)
Contact: Director, Managing Executive Officer:
Akira Tsuchihashi
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Notice of Extraordinary Loss on Valuation of Shares of Subsidiaries and Associates of DESCENTE LTD.

DESCENTE LTD.(the “Company”) hereby announces that the Board of Directors' meeting held on the 15th of July has decided to record loss on valuation of shares of subsidiaries and associates as extraordinary loss in its non-consolidated financial statements for the 2nd quarter of the fiscal year ending March 2021.

1. Loss on Valuation of Shares of Subsidiaries and Associates (Non-consolidated account)

DESCENTE GLOBAL RETAIL LTD., a consolidated subsidiary of the Company, was established to increase the recognition and value of the DESCENTE brand and to expand the retail and wholesale business in global market. but its business performance has been poor since its establishment. Based on the withdrawal from the Company’s business through its subsidiaries in Europe and the United States in the previous fiscal year etc, the Company reviewed the financial position and future business plans of DESCENTE GLOBAL RETAIL LTD. As the result, the net asset value of its shares has declined significantly and there is no possibility of recovery, so we have decided to record an impairment loss for the non-consolidated accounts of the Company in accordance with the "Accounting standards for financial instruments". The loss on valuation of shares of subsidiaries and associates representing the impairment of the shares of DESCENTE GLOBAL RETAIL LTD. is approximately JPY 1.45 billion.

2. Impact on the Consolidate Financial Results

The above loss on valuation of shares on subsidiaries and associates will be recorded only in the non-consolidated financial statements and be eliminated from the consolidated financial statements. Therefore, there will be no impact on the consolidated financial results.

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