This is an English translation of the original Japanese-language press release dated May 10, 2019 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.

May 10, 2019

Company Name:	DESCENTE LTD.
Representative Name:	President and Representative Director: Masatoshi Ishimoto
(Code Number:	8114 First Section of Tokyo Stock Exchange)
Contact:	Director, Managing Executive Officer: Kenichi Tsujimoto
	(TEL: 06-6774-0365)

Notice of Extraordinary Losses and Revisions to Earnings Forecasts

DESCENTE LTD. (the "Company") hereby announces that it expects to record extraordinary losses in the fiscal year ended March, 2019 (April 1, 2018 - March 31, 2019). Accordingly, the following revisions have been made to the consolidated and the non-consolidated earnings forecasts for the fiscal year ending March, 2019 announced on May 14, 208 and March 25, 2019 respectively.

1. Recognition of extraordinary losses

(1) Impairment loss on intangible assets including goodwill in consolidated accounts

Intangible assets including goodwill were recorded in the consolidated balance sheet at the time of the acquisition of shares of the INOVEIGHT Group (PEDES INVESTMENTS LTD., and its four subsidiaries), a consolidated subsidiary of the Company. However, due to sluggish business result, an impairment loss was recorded for part of goodwill in the fiscal year ended March, 2018. In view of the fact that the business performance has continued to be sluggish during the current fiscal year, we have decided to substantially review its future business plan.

As a result of a careful review of the recoverable amount, the Company expects to record an extraordinary loss as an impairment loss of approximately JPY 1,817 million that is the total book value of intangible fixed assets including the goodwill in the 4th quarter of the fiscal year ended March, 2019.

(2) Provision for loan guarantee loss and liquidation loss of SKINS brand assets in consolidated and non-consolidated accounts

The Company recorded an extraordinary loss of JPY 413 million in the fiscal year ended March, 2018 to reserve for possible losses on guarantees, taking into account the financial condition of Jamach Investments AG, the guaranteed party.

As Jamach Investments AG began bankruptcy procedures in the Company's 4th quarter of the fiscal year ended March 2019, the Company expects to record an extraordinary loss of approximately JPY 471 million for the full amount of the outstanding debt guarantee as a provision for loss on debt guarantee.

And in this relation, as a result of a careful consideration of a possible liquidation of the brand such as the trademark rights of "SKINS" brand held by the Company, the Company expects to record an extraordinary loss of approximately JPY 131 million.

(3) Valuation losses of investments in a subsidiary in non-consolidated accounts

As a result of the same reasons as in the "(1) Impairment loss on intangible assets including goodwill in consolidated accounts", the Company expects to record an extraordinary loss of approximately JPY 855 million related to valuation losses on investments in the subsidiaries related to shares of the INOVEIGHT Group, a consolidated subsidiary of the Company, and a provision for possible loan losses of approximately JPY 2,366 million.

In regards to the extraordinary loss, there is no impact on consolidated performance due to elimination in the consolidated accounts.

(4) Loss on devaluation of investments in a subsidiary in non-consolidated accounts

As a result of a conservative estimate of the future profitability of DESCENTE NORTH AMERICA INC., a consolidated subsidiary of the Company, based on "Accounting standards for financial instruments", the Company determined that the real value of the shares had declined substantially, and expect to record approximately JPY 121 million of valuation losses on investments in subsidiaries and affiliates as an extraordinary loss.

In regards to the extraordinary loss, there is no impact on consolidated performance due to elimination in the consolidated accounts.

2. Difference from and revision to the consolidated earnings forecast

Revision of the consolidated earnings forecast for the fiscal year ended March, 2019
(April 1, 2018 - March 31, 2019)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share
	Yen in million	Yen in million	Yen in million	Yen in million	Yen
Previous forecast (A) (As of May 14, 2018)	148,000	9,600	10,000	6,500	86.24
Current forecast (B) (As of May 10, 2019)	142,443	7,935	8,458	3,944	52.31
Changes in Amount (B-A)	(5,556)	(1,665)	(1,542)	(2,556)	
Changes in Percent (%)	(3.8)	(17.3)	(15.4)	(39.3)	

(References) Previous FY Results (FY ended March, 2018)	141,124	9,596	9,698	5,771	76.59

Reasons for the revision to the consolidated earnings forecast

The main reason for the decrease in sales is sales budget shortfalls by DESCENTE JAPAN LTD. and DESENTE KOREA LTD. In addition, operating income and ordinary income are expected to be lower than the initial forecast due to the large decrease in gross profit caused by the same reason and profit attributable to owners of parent is expected to decrease from the previous forecast due to the above factors and extraordinary losses from the impairment of goodwill and intangible fixed assets mentioned at the beginning.

3. Difference from and revision to individual non-consolidated forecasts

Revision of non-consolidated earnings forecast for fiscal year ended March, 2019

(April 1, 2018 - March 31, 2019)

	Net Sales	Operating income	Ordinary income	Net income	Net income per share
	Yen in million	Yen in million	Yen in million	Yen in million	Yen
Previous forecast (A) (As of March 25, 2019)	10,988	1,886	5,665	4,051	53.73
Revised forecast (B) (As of May 10, 2019)	10,990	1,754	5,529	955	12.68
Changes in Amount (B-A)	2	(132)	(136)	(3,096)	
Changes in Percent (%)	0.0	(7.0)	(2.4)	(76.4)	
(References) Previous Fiscal Year Results (Year ended March 2018)	11,046	2,299	4,143	1,062	14.10

Reasons for the revisions to non-consolidated earnings forecasts

Net sales are generally in line with the previous forecast, but operating and ordinary incomes are expected to be slightly lower than the previous forecast due to a decrease in gross profit. In addition to the above, we recorded extraordinary losses on devaluation of investments in subsidiaries and affiliates and provision for reserve for loss on debt guarantees for the shares of the INOVEIGHT Group mentioned at the beginning. As a result, net income is expected to be lower than the initial plan.

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