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February 25, 2022

Company Name: DESCENTE LTD.
Representative Name: President and Representative Director
Shuichi Koseki
(Code: 8114 First Section of the Tokyo Stock Exchange)
Contact: Director, Executive Managing Officer
Akira Tsuchihashi
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Notice of Business Transfer to Consolidated Subsidiary and Transition to a Pure Holding Company Structure

DESCENTE LTD. (hereinafter “the Company”) announces that at the board of directors' meeting held today, we have resolved to transfer the overseas product sales business to our consolidated subsidiary, DESCENTE JAPAN LTD. (hereinafter "DJ") and shift to a pure holding company structure, as follows.

1. Purpose of Business Transfer and Transition to a Pure Holding Company Structure

On April 1, 2017, we reorganized and separated the Company with DJ, and at the extraordinary general meeting on February 15, 2017, we resolved to amend the articles of incorporation to add business administration, etc. as a holding company for business purposes. As a result, we have been conducting some overseas product sales operations, as well as focusing on our functions as a holding company.

In April 2022, we decided to transfer our overseas product sales business to DJ in order to improve operational efficiency and to shift to a pure holding company structure. As a pure holding company, we are responsible for drafting and managing group strategies, including domestic and overseas, and our subsidiaries concentrate on business execution. By clearly separating functions and roles within the group, we aim to further expand business through investment, improve the efficiency of group management, and further strengthen governance. In this way, we aim to increase the corporate value of the DESCENTE group.

2. Overview of Business Transfer

(1) Contents of Business Transfer

Our overseas product sales operations

(2) Earnings of Transferred Business (Fiscal Year Ended March 31, 2021)

	Transferred business results (a)	Our Consolidated results (b)	Ratio (a/b)
Net sales	3,683 million yen	96,862 million yen	3.8%

※ Operating income, etc. of the transferred business is not included as the income for the relevant business unit is not calculated.

(3) Overview of the Subsidiary to which the Business is Transferred

(1) Trade name	DESCENTE JAPAN LTD.	
(2) Head office	Maruito Namba Building 13F, 1-2-3 Minatomachi Naniwa-ku, Osaka	
(3) Job title/name of representative	President and Representative Director: Norio Ogawa	
(4) Business activities	Manufacture and sales of sportswear	
(5) Capital stock	90 million yen	
(6) Date of incorporation	September 12, 2016	
(7) Ownership ratio	The Company: 100%	
(8) Fiscal year end	March 31	
(9) Net assets for the fiscal year	19,867 million yen (As of the end of March 2021)	
(10) Total assets for the fiscal year	34,836 million yen (As of the end of March 2021)	
(11) Relationship between a listed company and the Company	Capital relationship	The Company owns all of the outstanding shares of DJ.
	Personnel relationship	3 of our directors serve concurrently as directors of DJ.
	Business relationship	DJ sells products of the Company.
	Relevant status to the relevant party	DJ is our Consolidated subsidiary. It falls under the category of an affiliated Party.

(4) Assets, Values and Settlement Methods of the Transfer

There is no transfer of monetary receivables and payables due to the transfer of this business. The transfer price will be free of charge.

(5) Outline of Accounting Procedure

Corresponds to transactions under common control.

3. Schedule of Business Transfer

(1) Resolution date at the board of directors' meeting	February 25, 2022
(2) Date of conclusion of the business transfer agreement	February 25, 2022
(3) Date of transfer of business and date of transition to a pure holding company	April 1, 2022 (planned)

※ This business transfer does not fall under the transfer of a significant part of the business stipulated in Item 2, Paragraph 1 of Article 467 of the Companies Act. Therefore, approval by our shareholders' meeting is omitted.

4. Consolidated Performance Forecast

The transfer of this business is a transaction with a 100% consolidated subsidiary. Therefore, the impact on our consolidated performance is immaterial.

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