

This is an English translation of the original Japanese-language press release dated August 5, 2024 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.



August 5, 2024

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Notice Concerning the Revision of Dividend Forecast for the Fiscal Year Ending March, 2025 (No Dividend) and Abolition of Shareholder Benefit Plan

DESCENTE LTD. (hereinafter the “**Company**”) hereby announces that, at the meeting of its board of directors held today and in accordance with the “Notice Concerning the Opinion in Support of the Planned Commencement of the Tender Offer for the Shares of the Company by BS Investment Co., Ltd., a Subsidiary of ITOCHU Corporation, and Recommendation for the Tender Offer” (the “**Press Release on the Company’s Opinion**”) which was separately published today, in light of the scheduled tender offer (the “**Tender Offer**”) for the common shares of the Company (the “**Company Shares**”) by BS Investment Co., Ltd (the “**Tender Offeror**”), which is a wholly-owned subsidiary of ITOCHU Corporation, the Company has resolved not to implement a shareholder benefit plan for its shareholders holding one or more units of the Company Shares as recorded in the shareholders' register as of September 30, 2024, and on the condition that the Tender Offer is successfully completed, to revise its year-end dividend forecast for the fiscal year ending March 31, 2025 disclosed on May 13, 2024, and not to pay year-end dividends for the fiscal year ending March 31, 2025, and to abolish the shareholder benefit plan.

Since it is expected to take a certain period of time to complete the necessary procedures and actions under the competition laws of Japan and China, the Tender Offeror intends to promptly conduct the Tender Offer subject to the completion of such relevant procedures and actions or other certain conditions precedent (or when the Tender Offeror waives the conditions). As of

today, the Tender Offeror aims to commence the Tender Offer by around early November 2024 based on, among other things, discussions with a local law firm in China; however, since it is difficult to accurately predict the time period required for the procedures, etc. in relation to Chinese competition authority, the specific schedule of the Tender Offer will be notified as soon as it is determined. The Tender Offeror will promptly make an announcement if there is any change in the expected timing of the commencement of the Tender Offer. If there is no prospect of commencing the Tender Offer or the Tender Offer is not completed, the Company will promptly decide and disclose the dividend policy and method and the implementation policy of the shareholder benefit plan.

1. Revision of Dividend Forecast

(1) Reason for Revision

The Company has resolved at the meeting of its board of directors held today that, as the current opinion of the Company, if the Tender Offer is commenced, the Company will express an opinion in support of the Tender Offer and recommend that its shareholders tender the Company Shares in the Tender Offer.

This resolution by the board of directors was made on the assumption that the Tender Offeror intends to take the Company private through the Tender Offer and a series of subsequent procedures and will delist the Company Shares. For details, please refer to the Press Release on the Company's Opinion which was separately disclosed today.

The Company's basic policy has been to secure the necessary internal reserves for future business development and strengthening of the management structure, while aiming to provide shareholders with stable dividends, and to return profits to shareholders in an appropriate manner, taking into consideration the Company's business performance and dividend ratio. However, given that the tender offer price for the Tender Offer has been comprehensively decided and determined on the basis that no dividends for the record date of March 31, 2025 will be paid, at the meeting of the Board of Directors held today, from the viewpoint of ensuring fairness of economic effects between shareholders who tender the Company Shares in the Tender Offer and those who do not tender them in the Tender Offer, on the condition that the Tender Offer is successfully completed, the Company has resolved to revise the dividend forecast for the fiscal year ending March 31, 2025 disclosed on May 13, 2024, and not pay year-end dividends for the fiscal year ending March 31, 2025.

(2) Details of Revision

| | Annual Dividends (JPY) | |
|---|------------------------|--------------|
| | End of Fiscal Year | Total |
| Previous forecasts (disclosed on May 13, 2024) | JPY 50.00 | JPY 50.00 |

| | | |
|---|-------|-------|
| Revised forecasts | 0.00 | 0.00 |
| Actual dividends paid in the previous year (fiscal year ended March 31, 2024) | 48.00 | 48.00 |

2. Abolition of shareholder benefit plan

At the meeting of its board of directors held today, the Company has resolved not to implement a shareholder benefit plan for its shareholders holding one or more units of the Company Shares as recorded in the shareholders' register as of September 30, 2024, and on the condition that the Tender Offer is successfully completed, to revise its year-end dividend forecast for the fiscal year ending March 31, 2025 disclosed on May 13, 2024, and not to pay year-end dividends for the fiscal year ending March 31, 2025, and to abolish the shareholder benefit plan.

As a result, regardless of whether or not the Tender Offer is commenced and successfully completed, the Company will not implement a shareholder benefit plan for its shareholders provide the shareholder benefits with a record date of September 30, 2024. If the Tender Offer is successfully completed, the Company's shareholder benefit plan will be abolished after shareholder benefits are provided to shareholders recorded on the shareholder registry as of March 31, 2024, who hold shares of one unit or more. The above shareholder benefits with a record date of March 31, 2024 will continue to be available until November 20, 2024.

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