

Consolidated Financial Statements for the Fiscal Year Ended March 31, 2020 (U.S. Accounting Standards)

[Translation]

May 15, 2020

Listed Company: Wacoal Holdings Corp.

Stock Exchanges: Tokyo (1st section)

Code Number: 3591 URL: <https://www.wacoalholdings.jp/>

Representative: (Position) Representative Director, President and Corporate Officer (Name) Hironobu Yasuhara

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Scheduled date of Ordinary Shareholders' Meeting: June 26, 2020 Scheduled Commencement Date of Dividend Payment: June 3, 2020

Scheduled date of Annual Securities Report Filing: June 26, 2020

Supplementary materials regarding Annual Business Results: Yes

Explanatory meeting regarding Annual Business Results: Yes

(Amounts less than 1 million yen have been rounded.)

1. Consolidated Results for the Fiscal Year Ended March 31, 2020 (April 1, 2019 – March 31, 2020)

(1) Consolidated Business Results

(% indicates changes from previous fiscal year)

	Net Sales	Operating Income	Income Before Income Taxes and Equity in Net Income of Affiliated Companies	Net Income Attributable to Wacoal Holdings Corp.
	Millions of Yen %	Millions of Yen %	Millions of Yen %	Millions of Yen %
Fiscal Year Ended March 31, 2020	186,760 (3.8)	6,632 35.9	4,359 97.9	3,472 918.2
Fiscal Year Ended March 31, 2019	194,201 (0.8)	4,879 (57.6)	2,203 (84.6)	341 (96.5)

(Note) Comprehensive income: Fiscal Year ended March 31, 2020: 1,521 million yen (- %)

Fiscal Year ended March 31, 2019: (5,046) million yen (- %)

	Net Income Attributable to Wacoal Holdings Corp. Per Share	Diluted Net Income Attributable to Wacoal Holdings Corp. Per Share	Ratio of Net Income Attributable to Wacoal Holdings Corp. to Shareholders' Equity	Ratio of Income Before Income Taxes and Equity in Net Income of Affiliated Companies to Total Assets	Ratio of Operating Income to Net Sales
	Yen	Yen	%	%	%
Fiscal Year Ended March 31, 2020	54.26	54.05	1.6	1.6	3.6
Fiscal Year Ended March 31, 2019	5.16	5.14	0.2	0.8	2.5

(Reference) Equity in net income of affiliated companies:

Fiscal Year ended March 31, 2020: 62 million yen

Fiscal Year ended March 31, 2019: 725 million yen

(2) Consolidated Financial Condition

	Total Assets	Total Equity (Net Assets)	Total Shareholders' Equity	Total Shareholders' Equity Ratio	Shareholders' Equity Per Share
	Millions of Yen	Millions of Yen	Millions of Yen	%	Yen
Fiscal Year Ended March 31, 2020	277,688	209,448	205,371	74.0	3,291.06
Fiscal Year Ended March 31, 2019	281,767	221,144	216,494	76.8	3,321.57

(3) Consolidated Cash Flow Status

	Cash Flow provided by Operating Activities	Cash Flow provided by (used in) Investing Activities	Cash Flow provided by used in Financing Activities	Balance of Cash and Cash Equivalents at End of Fiscal Year
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Fiscal Year Ended March 31, 2020	13,325	2,569	(17,471)	27,905
Fiscal Year Ended March 31, 2019	13,620	(2,474)	(10,872)	30,133

2. Status of Dividends

	Annual Dividend					Total Amount of Dividends (annual)	Payout Ratio (consolidated)	Ratio of Dividend to Shareholders' Equity (consolidated)
	End of First Quarter	End of Second Quarter	End of Third Quarter	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
Fiscal Year Ended March 31, 2019	-	36.00	-	36.00	72.00	4,732	1,395.3	2.1
Fiscal Year Ended March 31, 2020	-	40.00	-	20.00	60.00	3,808	110.6	1.8
Fiscal Year Ending March 31, 2021 (Estimates)	-	-	-	-	-		-	

(Note) Breakdown of the end of second quarter cash dividend per share for the fiscal year ended March 31, 2020:

Ordinary dividend: 36.00 yen

Special anniversary dividend: 4.00 yen

Breakdown of the year-end cash dividend per share for the fiscal year ended March 31, 2020:

Ordinary dividend: 16.00 yen

Special anniversary dividend: 4.00 yen

The dividend for the fiscal year ending March 31, 2021 is undetermined at this point.

3. Forecast of Consolidated Results for the Fiscal Year Ending March 31, 2021 (April 1, 2020 – March 31, 2021)

At this point, it is difficult to assess the impact of the coronavirus outbreak on our group and to reasonably make any business forecast. Accordingly, our forecast of consolidated results for the fiscal year ending March 31, 2021 is undetermined and will be announced as soon as the details become available.

*Notes

- (1) Changes in significant subsidiaries during the fiscal year ended March 31, 2020 (change in scope of consolidation): None

New: None

Excluded: None

(Note) For details, please see “3. Consolidated Financial Statements and Accompanying Notes (7) Basic Significant Matters in Preparation of Consolidated Financial Statements” on page 18.

- (2) Changes in Accounting Principles:

(i) Changes due to modifications in accounting standards, etc.: Yes

(ii) Changes other than (i) above: None

(Note) For details, please see “3. Consolidated Financial Statements and Accompanying Notes (7) Basic Significant Matters in Preparation of Consolidated Financial Statements” on page 19.

- (3) Number of Issued Shares (Common Stock)

	Fiscal Year Ended March 31, 2020	Fiscal Year Ended March 31, 2019
(i) Number of issued shares (including treasury stock) as of period-end:	68,589,042 shares	70,689,042 shares
(ii) Number of shares held as treasury stock as of period-end:	6,186,410 shares	5,510,891 shares
(iii) Average number of shares during the period:	63,989,561 shares	66,143,405 shares

(Reference) Summary of Non-consolidated Results

1. Non-consolidated Results for the Fiscal Year Ended March 31, 2020 (April 1, 2019 – March 31, 2020)

(1) Non-consolidated Business Results

(% indicates changes from previous fiscal year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Fiscal Year Ended March 31, 2020	13,346	(15.1)	9,371	(20.5)	9,111	(19.0)	8,762	46.8
Fiscal Year Ended March 31, 2019	15,715	24.3	11,792	38.0	11,255	78.4	5,968	(7.6)

	Net Income Per Share	Diluted Net Income Per Share
	Yen	Yen
Fiscal Year Ended March 31, 2020	136.93	136.39
Fiscal Year Ended March 31, 2019	90.24	89.91

(2) Non-consolidated Financial Condition

(% indicates changes from previous fiscal year)

	Total Assets	Net Assets	Capital-to-asset Ratio	Net Asset per Share
	Millions of Yen	Millions of Yen	%	Yen
Fiscal Year Ended March 31, 2020	156,000	130,996	83.6	2,090.11
Fiscal Year Ended March 31, 2019	154,554	134,813	86.9	2,060.13

(Reference) Equity Capital: As of the end of the fiscal year ended March 31, 2020: 130,428 million yen

As of the end of the fiscal year ended March 31, 2019: 134,275 million yen

*These financial statements are not subject to audit procedures by the certified public accountants or the independent auditor.

*At this point, it is difficult to assess the impact of the coronavirus outbreak on our group and to reasonably make any business forecast. Accordingly, our forecast of consolidated results is undetermined and will be announced as soon as the details become available. For details, please see “1. Business Results (1) Business Results for Fiscal Year 2020” on page 9.

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Qualitative Information and Financial Statements

1. Business Results

(1) Business Results for Fiscal Year 2020

(i) Results for the Fiscal Year Ended March 31, 2020

	(Millions of Yen)			
	Previous Fiscal Year (ended March 2019)	Current Fiscal Year (ended March 2020)	Increased/(Decreased) from previous fiscal year	
	Amount	Amount	Amount	%
Net sales	194,201	186,760	(7,441)	(3.8)
Cost of sales	89,804	84,959	(4,845)	(5.4)
Sales profit	104,397	101,801	(2,596)	(2.5)
Selling, general and administrative expenses	93,684	94,696	+1,012	+1.1
Impairment charges on goodwill and other intangible assets (A)	5,834	473	(5,361)	(91.9)
Operating income	4,879	6,632	+1,753	+35.9
Other income	2,894	1,487	(1,407)	(48.6)
Valuation loss on marketable securities and investments – net (B)	(5,570)	(3,760)	+1,810	-
Income before income taxes and equity in net income of affiliated companies	2,203	4,359	+2,156	+97.9
Net income attributable to Wacoal Holdings Corp.	341	3,472	+3,131	+918.2
Reference figure (i): Operating income not taking into account A	10,713	7,105	(3,608)	(33.7)
Reference figure (ii): Income before income taxes and equity in net income of affiliated companies not taking into account A and B	13,607	8,592	(5,015)	(36.9)

Our group entered the first year (from April 1, 2019 to March 31, 2020) of our mid-term business plan and continues to implement various initiatives based on our basic policy to understand the actual situation, estimate future demand and implement drastic reform, while emphasizing growth. Wacoal Corp., which aims to return its business to growth and improve profitability, made efforts to improve CX (customer experience) by innovation through the introduction of 3D body scanning and an AI (artificial intelligence)-based customer service system in stores (six shops), and creating an environment for effective use of our customer database to coordinate and merge the physical stores and e-commerce channels. In the overseas markets, we have made efforts to create growth opportunities and strengthen our competitiveness in e-commerce, which is one of our business challenges, and as part of such initiative, we acquired all of the issued and outstanding shares of Intimates Online, Inc. (“Intimates Online”), a women’s LIVELY brand innerwear design and sales company in the U.S., at the end of July 2019, making Intimates Online our wholly-owned subsidiary (the operating results of our acquired subsidiary, Intimates Online, have been included in our consolidated results from the second quarter of the current consolidated fiscal year and are disclosed along with Wacoal International Corp. (U.S.) under the “Wacoal Business (Overseas)” segment). Although we implemented these initiatives, the business environment surrounding our group has become extremely difficult due to the effects of a slowdown in global economic activities resulting from the coronavirus outbreak (the “outbreak”) during the fourth quarter of the current fiscal year, in addition to the impact of the slowdown in consumer spending after consumption tax increase in October 2019.

As a result of the above, our consolidated sales for the current fiscal year were 186.76 billion yen, a decrease of 3.8% as compared to such consolidated sales for the previous fiscal year. In addition to the prolonged effect of the slowdown in demand after the consumption tax increase, our domestic business activities were impacted by a decrease in the number of customers visiting our domestic retail stores following the implementation of self-isolation measures since March after the spread of the outbreak. Our overseas business was negatively impacted by the weak sales at department stores in the United Kingdom and United States, poor sales from our raw materials factory in Thailand and the impact of the appreciation of the Japanese yen (1.78 billion yen), as well as the suspension of economic activities due to lockdown measures implemented at major cities since March, despite the positive impact of the consolidation of Intimates Online results. Accordingly, revenue from our domestic and overseas businesses both decreased.

Consolidated operating income was 6.63 billion yen, an increase of 35.9% as compared to such consolidated operating income for the previous fiscal year. Both our domestic and overseas businesses recorded a decrease in profit, due to decreased revenue from the wholesale business of Wacoal Corp. and an increase in IT-related expenses with respect to our domestic business, and due to the impact of inclusion of operating loss from Intimates Online, non-recurrence expenses incurred for the acquisition of Intimates Online, as well as the recognition of impairment charges on property, plant and equipment (0.77 billion yen) related to the raw material factory in Thailand with respect to our overseas business. Although we also recorded 0.47 billion yen as impairment charges on goodwill and other intangible assets for the current fiscal year, we recorded an increase in operating income because the amount of such impairment charges was less than that for the previous fiscal year (5.57 billion yen) (See Row A in the table above).

Consolidated income before income taxes and equity in net income of affiliated companies was 4.36 billion yen, an increase of 97.9% as compared to such consolidated income for the previous fiscal year. Although we recorded valuation loss on marketable securities and investments (net) for both the previous fiscal year and the current fiscal year, we recorded an increase in the consolidated income since the amount of such valuation loss was less than that for the previous fiscal year (See Row B in the table above). (We have been using U.S. accounting standards, under which equity securities held by the Company and consolidated subsidiaries are measured at fair value, and any change from the beginning of the period is recognized as other income (expenses).)

As a result of the above, net income attributable to Wacoal Holdings Corp., the ratio of operating income to net sales and the ratio of net income attributable to Wacoal Holdings Corp. to shareholders' equity for the current fiscal year were, 3.47 billion yen, 3.6% and 1.6%, respectively.

The exchange rates used for the current fiscal year (previous fiscal year) were: 108.74 yen (110.91 yen) to the U.S. dollar; 138.24 yen (145.68 yen) to the Sterling pound; and 15.78 yen (16.72 yen) to the Chinese yuan.

Business Overview of Our Operating Segments

(Millions of Yen)

	Previous Fiscal Year (ended March 31, 2019)		Current Fiscal Year (ended March 31, 2020)		Increased/(Decreased) from previous year	
	Amount	Distribution Ratio (%)	Amount	Distribution Ratio (%)	Amount	%
Total Net Sales	194,201	100.0	186,760	100.0	(7,441)	(3.8)
Wacoal Business (Domestic)	113,400	58.4	109,709	58.7	(3,691)	(3.3)
Wacoal Business (Overseas)	53,100	27.3	50,552	27.1	(2,548)	(4.8)
Peach John Business	10,491	5.4	10,480	5.6	(11)	(0.1)
Other	17,210	8.9	16,019	8.6	(1,191)	(6.9)

	Previous Fiscal Year (ended March 31, 2019)		Current Fiscal Year (ended March 31, 2020)		Increased/(Decreased) from previous fiscal year	
	Amount	% to Sales	Amount	% to Sales	Amount	%
Operating Income/(Loss)	4,879	2.5	6,632	3.6	+1,753	+35.9
Wacoal Business (Domestic)	6,325	5.6	5,782	5.3	(543)	(8.6)
Wacoal Business (Overseas)	4,581	8.6	1,493	3.0	(3,088)	(67.4)
Peach John Business	(5,859)	-	(351)	-	+5,508	-
Other	(168)	-	(292)	-	(124)	-

(Reference) Net Sales and Operating Income/ (Loss) of Major Subsidiaries

(Millions of Yen)

Net Sales	Previous Fiscal Year (ended March 31, 2019)		Current Fiscal Year (ended March 31, 2020)		Increased/(Decreased) from previous fiscal year	
	Amount	Distribution Ratio (%)	Amount	Distribution Ratio (%)	Amount	%
Wacoal Corp.	102,356	52.7	99,224	53.1	(3,132)	(3.1)
Ai Co., Ltd.	4,181	2.2	3,597	1.9	(584)	(14.0)
Wacoal International Corp. (U.S.)	18,486	9.5	19,194	10.3	+708	+3.8
Wacoal Europe Ltd.	14,106	7.3	12,988	7.0	(1,118)	(7.9)
Wacoal China Co., Ltd.	11,617	6.0	11,081	5.9	(536)	(4.6)
Peach John Co., Ltd.	10,491	5.4	10,480	5.6	(11)	(0.1)
Lecien Corporation	6,284	3.2	5,760	3.1	(524)	(8.3)
Nanasai Co., Ltd.	9,414	4.8	8,717	4.7	(697)	(7.4)

*Sales to external customers only

Operating Income/(Loss)	Previous Fiscal Year (ended March 31, 2019)		Current Fiscal Year (ended March 31, 2020)		Increased/(Decreased) from previous fiscal year	
	Amount	% to Sales	Amount	% to Sales	Amount	%
Wacoal Corp.	5,099	5.0	3,140	3.2	(1,959)	(38.4)
Ai Co., Ltd.	(321)	-	(269)	-	+52	-
Wacoal International Corp. (U.S.)	2,095	11.3	401	2.1	(1,694)	(80.9)
Wacoal Europe Ltd.	1,407	10.0	1,007	7.8	(400)	(28.4)
Wacoal China Co., Ltd.	913	7.9	923	8.3	+10	+1.1
Peach John Co., Ltd.	(5,859)	-	(351)	-	+5,508	-
Lecien Corporation	(375)	-	(478)	-	(103)	-
Nanasai Co., Ltd.	282	3.0	218	2.5	(64)	(22.7)

a. Wacoal Business (Domestic)

Sales attributable to our “Wacoal Business (Domestic)” segment decreased by 3.3% as compared to such sales for the previous fiscal year. While we recorded an increase of 3.0% in revenue for the first half of the current fiscal year (from April to September) due to the positive impact of the last-minute rise in demand before the consumption tax increase, we recorded a decrease of 10.0% in revenue for the second half of the current fiscal year (from October to March) due to self-isolation measures implemented against the spread of the outbreak. Operating income decreased by 8.6% due to the impact of decreased revenue from our wholesale business of Wacoal Corp. and the operating loss that we recorded with respect to Ai Co., Ltd., which distributes resort wear and undergarments.

Wacoal Corp.:

Sales from Wacoal Corp. decreased by 3.1% as compared to such sales for the previous fiscal year. Sales from our products under the Wing brand which are mainly sold at general merchandise stores exceeded the sales for the previous fiscal year due to strong sales of our regular products, as well as the successful sales promotion of our wireless “Synchro Bra” products. Sales from our products under the Wacoal brand fell below the sales for the previous fiscal year due to a decrease in the number of customers visiting our retail stores following the spread of the outbreak and the weak sales from our key sales channels such as department stores resulting from the slowdown in demand after the consumption tax increase, despite growth in sales of certain products such as “Night Up Bra”. In addition, sales from products other than innerwear, such as nightwear and sportswear also fell significantly below such sales for the previous fiscal year as a result of weak sales from our key sales channels. Although sales from our retail business were also poor during March due to the spread of the outbreak, sales exceeded the sales for the previous fiscal year as a result of initiatives that we implemented to minimize the decline in demand after the consumption tax increase as well as our successful marketing to the shop members, the number of which reached 1.2 million. In addition, sales from our e-commerce website maintained high growth resulting from strengthened communication with our customers attributable to marketing automation.

Operating income decreased by 38.4% as compared to operating income for the previous fiscal year. While gross profit rate from our wholesale and retail businesses continued to improve, operating income was significantly impacted by a drastic sales decline in March in the wholesale business, in addition to an increase in IT related expenses incurred for the implementation of our omni-channel strategies.

b. Wacoal Business (Overseas)

Sales attributable to our “Wacoal Business (Overseas)” segment on a Japanese yen basis decreased by 4.8% as compared to such sales for the previous fiscal year due to the impact of the appreciation of the Japanese yen (1.78 billion yen), as well as weak sales from our raw materials factory in Thailand attributable to a decrease in the number of orders received and a drastic sales decline in Europe and North America due to the spread of the outbreak since mid-March. Operating income decreased by 67.4% as compared to operating income for the previous fiscal year due to the impact of decreased profit of Wacoal International Corp. (U.S.) resulting from the acquisition of Intimates Online, as well as the recognition of impairment charges of 0.77 billion yen on property, plant and equipment with respect to our raw materials factory in Thailand.

Wacoal International Corp. (U.S.):

Sales from Wacoal International Corp. (U.S.) on a local currency basis increased by 5.9% as compared to such sales for the previous fiscal year, while sales on a Japanese yen basis increased by 3.8%. This increase was due to the inclusion of sales of 11.9 million dollars (approximately 1.3 billion yen) from Intimates Online, which has been consolidated into our business results since August. Revenue from Wacoal America Inc., which distributes “Wacoal” and “b.tempt’d” brand products, decreased due to the weak over-the-counter sales at department stores (physical stores), while sales from our e-commerce website and third-party e-commerce websites were strong.

Operating income on a local currency basis decreased by 80.5% (80.9% on a Japanese yen basis) as compared to such operating income for the previous fiscal year. This significant decrease was due to lower gross profit rate resulting from the higher percentage of sales subject to discounts, the impact of decreased profit from Wacoal America Inc. resulting from higher labor costs and office lease expenses, the impact of inclusion of operating loss of 11.5 million dollars (approximately 1.25 billion yen) from Intimates Online, as well as non-recurring expenses incurred for the acquisition.

Wacoal Europe Ltd.:

Sales from Wacoal Europe Ltd. on a local currency basis decreased by 3.0% (7.9% on a Japanese yen basis) as compared to such sales for the previous fiscal year. While sales were weak in the United Kingdom due to poor sales at department stores, sales exceeded such sales for the previous fiscal year resulting from the expansion of sales in the North America, France and other European countries up until the third quarter of the current fiscal year. Revenue, however, decreased as a result of weak sales recorded during March which was impacted by the spread of the outbreak.

Operating income on a local currency basis decreased by 24.6% (28.4% on a Japanese yen basis) as compared to such operating income for the previous fiscal year due to a more aggressive advertising campaign to expand our brand awareness, recognition of expenses incurred for the redesign of our own e-commerce website, and increases in labor costs incurred in connection with the launch of business with departments stores in Spain.

Wacoal China Co., Ltd.:

Sales from Wacoal China Co., Ltd. on a local currency basis increased by 1.1% as compared to such sales for the previous fiscal year, while sales on a Japanese yen basis decreased by 4.6% due to the impact of the appreciation of the Japanese yen. We maintained high growth from our e-commerce sales by strengthening our alliance with online mall providers through initiatives including the active sales promotion of “Wacoal” brand products during the high demand season, and launch of Japanese “Amphi” brand products targeting a new customer segment. As the fiscal year-end for Wacoal China Co., Ltd. is December, the spread of the outbreak did not affect its results for the current fiscal year.

Operating income on a local currency basis increased by 7.1% (1.1% on a Japanese yen basis) as compared to such operating income for the previous fiscal year. Despite increases in advertising expenses and recognition of non-recurring expenses incurred in connection with the relocation of a warehouse, we recorded an increase in profit due to improvement in the gross profit rate resulting from a lower percentage of products with low profit margins, and reduction of labor costs and office lease expenses resulting from the closing of certain underperforming stores.

c. Peach John Business

Overall sales attributable to our “Peach John Business” segment remained at about the same level as such sales for the previous fiscal year. While revenue from the mail-order business decreased as we ceased distribution of catalogues in an effort to improve business efficiency, we recorded an increase in revenue from our domestic retail stores, which closed certain underperforming stores in Japan, due to steady sales of our regular products, as well as strong sales subject to discounts.

We recorded an operating loss of 0.35 billion yen (an operating loss of 5.86 billion yen recorded for the previous fiscal year). While we recorded income for our business in Japan due to various efforts including reduction of selling, general and administrative expenses, as well as improvement in gross profit rate, we recorded an operating loss due to recognition of impairment charges of 0.19 billion yen on intangible assets (trademark), in addition to the operating loss recorded from our Chinese business.

d. Other

Overall sales attributable to our “Other” business segment decreased by 6.9% as compared to such sales for the previous fiscal year, while we recorded an operating loss of 0.29 billion yen (an operating loss of 0.17 billion recorded for the previous fiscal year).

Lecien Corporation:

While sales of our private products handled at general merchandise stores and specialty stores exceeded such sales for the previous fiscal year, sales from Lecien Corporation decreased by 8.3% as compared to such sales for the previous fiscal year due to the impact of decreased revenue in our material business. We recorded an operating loss due to recognition of one-time expenses incurred for the withdrawal from certain businesses including the apparel business.

Nanasai Co., Ltd.:

Sales from Nanasai Co., Ltd. decreased by 7.4% as compared to such sales for the previous fiscal year due to the absence of the one-time increase in revenue (large-scale construction for renovation such as department stores) in the previous fiscal year. Operating income decreased by 22.7% as compared to operating income for the previous fiscal year due to decreased revenue.

(ii) Business Forecast for Next Fiscal Year

The coronavirus outbreak continues to have a very significant impact on our group’s business activities due to measures such as suspension of operations and stay-at-home measures in efforts to prevent the spread of infection. As the measures to prevent the spread of the outbreak continue, we expect that the slowdown in consumer spending due to anticipated deterioration in the employment and income environment will continue to have a negative impact on our group’s management as well as sales and/or profit.

At this point, it is difficult to assess the impact of the coronavirus on our group and to reasonably make any business forecast. Accordingly, our forecast of consolidated business results for the fiscal year ending March 31, 2021 is undetermined and will be announced as soon as the details become available.

Under such difficult circumstances, our group will reassess all of our business activities, decrease costs such as advertising expenses and officers’ remuneration (*) and review the timing of new investments. These will be implemented while taking into consideration the health and safety of our group’s customers, employees and related parties. In addition, we will seek to expand loan programs from financial institutions to ensure liquidity for our group companies.

We will conduct bold revision of our initiatives and costs, further accelerate our efforts to introduce digital transformation, and establish a new road map to achieve growth in business by effectively utilizing our customer database, coordinating and merging the physical stores and e-commerce channels, and strengthening our efforts on improving CX (customer experience). In addition, we will reform our business structure to generate stable profit by steadily identifying changes in consumer values and distribution and by making further progress in our efforts to be selective and concentrated in our businesses within the entire group.

(*) Reduction in Officers' Remuneration

The forecast of consolidated business results for the fiscal year ending March 31, 2021 is yet to be determined due to the impact of the spread of the coronavirus. As our officers accept the gravity of the severe financial conditions, we have resolved at the meeting of the Board of Directors held today (May 15, 2020) to decrease officers' remuneration payable to the Directors (excluding outside directors) of Wacoal Holdings Corp. and Wacoal Corp. and have obtained consent from all the Audit & Supervisory Board Members (excluding outside Audit & Supervisory Board Members) of Wacoal Holdings Corp. and Wacoal Corp. after their discussion was held among such Audit & Supervisory Board Members. The officers' remuneration will be reduced by 30% for the Chairman and President and by 20% for other Directors and Audit & Supervisory Board Members with respect to their monthly remuneration (target period: for 6 months from May 2020 to October 2020).

Please see Additional Information on Business Results which are released today (May 15, 2020) regarding our group status in connection with the coronavirus outbreak.

(2) Financial Condition as of Fiscal Year 2020

Status of Assets, Liabilities and Shareholders' Equity

Our total assets as of March 31, 2020 were 277,688 million yen, a decrease of 4,079 million yen from the end of the previous fiscal year, mainly due to decreases in investments resulting from drop in market value.

With regard to liabilities, our current liabilities were 68,240 million yen, an increase of 7,617 million yen from the end of the previous fiscal year, due to the recognition of operating lease liabilities following the changes in the accounting policy, as well as increases in contingent consideration liability.

Shareholders' equity was 205,371 million yen, a decrease of 11,123 million yen from the end of the previous fiscal year, due to decreases in retained earnings and foreign currency translation adjustments.

As a result of the above, our total shareholders' equity ratio as of March 31, 2020 was 74.0%, a decrease of 2.8% from the end of the previous fiscal year.

Cash Flows Status

Cash flow provided by operating activities:

Cash flow provided by operating activities was 13,325 million yen, a decrease of 295 million yen as compared to the previous fiscal year, after adjustments for changes in assets and liabilities to our net income of 2,968 million yen plus adjustments for depreciation expenses and deferred taxes.

Cash flow provided by investing activities:

Cash flow provided by investing activities was 2,569 million yen, as compared to cash flow used in investing activities in the amount of 2,474 million yen for the previous fiscal year, due to proceeds from sales and redemption of equity securities and decreases in time deposits, despite payments made in connection with acquisition of new subsidiaries (net of cash acquired) and payments made to acquire tangible and intangible assets.

Cash flow used in financing activities:

Cash flow used in financing activities was 17,471 million yen, an increase of 6,599 million yen as compared to the previous fiscal year, due to a decrease in short-term bank loans, repurchase of treasury stock and cash dividend payments.

As a result, the balance of cash and cash equivalents at the end of fiscal year 2020, calculated by adding the exchange difference on cash and cash equivalents to the above total, was 27,905 million yen, a decrease of 2,228 million yen as compared to the end of the previous fiscal year.

Trends in certain cash-flow indicators

	Fiscal Year Ended March 31, 2018	Fiscal Year Ended March 31, 2019	Fiscal Year Ended March 31, 2020
Shareholders' equity ratio (%)	78.0	76.8	74.0
Shareholders' equity ratio based on market value (%)	69.5	63.7	52.7
Debt redemption years (years)	0.5	0.6	0.3
Interest coverage ratio (times)	1,408.5	1,238.2	666.3

Shareholders' equity ratio = shareholders' equity/total assets

Shareholders' equity ratio based on the market value = aggregate market value of shareholders' equity/total assets

Debt redemption years = interest-bearing debt/cash flow provided by operating activities

Interest coverage ratio = cash flow provided by operating activities/interest payment

Interest payment = "cash paid for interest" as described in the additional cash flow information following the consolidated statements of cash flows

(3) Basic Policy Regarding Distribution of Profits and Dividends for Fiscal Year 2020 and Fiscal Year 2021

Our basic policy on profit distributions to shareholders is to make stable distributions based on consideration of our consolidated performance, while seeking to increase our enterprise value through active investments aimed at higher profitability and to increase net income per share.

With respect to retained earnings, we will actively invest in expanding our customer bases for our domestic business and our overseas businesses, with the aim of improving our corporate value. We also plan to use our retained earnings for strategic investments for maintaining competitiveness and reinforcing growth. With these efforts, we seek to benefit our shareholders by improving future profitability.

We also intend to acquire treasury stock in a flexible manner taking into account the level of free cash flow as well as the market environment, and will make effort to improve capital efficiency and return profits to our shareholders.

The coronavirus outbreak will, however, have a significant impact on our group's business and as uncertainty remains over the end of the coronavirus outbreak, our urgent priority is to ensure liquidity on hand. It is with our deepest regret to inform you that we have revised and reduced our most recently forecasted year-end dividend per share of 40.00 yen (including the special anniversary dividend of 4.00 yen) to 20.00 yen (including special anniversary dividend of 4.00 yen) (with the result that the annual cash dividend per share will be 60.00 yen, including the interim dividend per share of 40.00 yen).

We sincerely apologize for this inconvenience, and kindly ask for your continued support and cooperation. The dividend for the next fiscal year ending March 31, 2021 is undetermined at this point, and will be announced as soon as we are able to reasonably forecast and disclose our business results.

2. Basic Policies regarding Selection of Accounting Standards

Our group has been preparing our consolidated financial statements based on the accounting standards established prior to the introduction of the accounting standards for consolidated financial statements in Japan, and for this reason, we have been using the accounting standards generally accepted in the United States.

Our group is making efforts to prepare internal manuals and guidelines in anticipation of International Financial Reporting Standards adoption in the future.

3. Consolidated Financial Statements and Accompanying Notes

(1) Consolidated Balance Sheets

Accounts	As of March 31, 2019	As of March 31, 2020	Amount Increased/(Decreased)
(Assets)	Millions of Yen	Millions of Yen	Millions of Yen
I. Current assets			
Cash and cash equivalents	30,133	27,905	(2,228)
Time deposits	4,004	797	(3,207)
Marketable securities	446	656	210
Notes and accounts receivable	24,989	20,062	(4,927)
Allowance for doubtful receivables	(229)	(489)	(260)
Inventories	42,508	43,427	919
Return assets	1,180	868	(312)
Other current assets	4,985	4,964	(21)
Total current assets	108,016	98,190	(9,826)
II. Property, Plant and Equipment			
Land	21,549	21,460	(89)
Buildings and building improvements	74,033	74,039	6
Machinery and equipment	18,914	18,782	(132)
Construction in progress	<u>478</u>	<u>1,090</u>	<u>612</u>
	114,974	115,371	397
Accumulated depreciation	(61,704)	(63,288)	(1,584)
Net property, plant and equipment	53,270	52,083	(1,187)
III. Other assets			
Operating leases right-of-use assets	-	13,540	13,540
Investments in affiliated companies	21,859	21,595	(264)
Investments	63,372	43,904	(19,468)
Goodwill	11,954	22,371	10,417
Other intangible assets	12,297	14,547	2,250
Prepaid pension expense	3,990	4,974	984
Deferred income taxes	1,362	1,118	(244)
Other	5,647	5,366	(281)
Total other assets	120,481	127,415	6,934
Total Assets	281,767	277,688	(4,079)

Accounts	As of March 31, 2019	As of March 31, 2020	Amount Increased/(Decreased)
(Liabilities)	Millions of Yen	Millions of Yen	Millions of Yen
I. Current Liabilities			
Short-term bank loans	8,116	3,364	(4,752)
Notes and accounts payables			
Trade notes payables	1,155	1,112	(43)
Trade accounts payables	10,638	9,588	(1,050)
Other payables	<u>6,548</u>	<u>7,107</u>	<u>559</u>
	18,341	17,807	(534)
Accrued payroll and bonuses	7,209	6,734	(475)
Income taxes payable	2,759	4,878	2,119
Refund liabilities	3,482	2,645	(837)
Short-term operating lease liabilities	-	4,600	4,600
Current portion of long-term debt	50	50	-
Other current liabilities	3,905	4,029	124
Total current liabilities	43,862	44,107	245
II. Long-term liabilities			
Long-term debt	88	35	(53)
Liabilities for termination and retirement benefit	1,828	2,069	241
Deferred income taxes	12,567	7,911	(4,656)
Long-term operating lease liabilities	-	9,101	9,101
Contingent consideration (long-term)	-	2,786	2,786
Other long-term liabilities	2,278	2,231	(47)
Total long-term liabilities	16,761	24,133	7,372
Total liabilities	60,623	68,240	7,617
(Equity)			
I. Common stock	13,260	13,260	-
II. Additional paid-in capital	29,807	29,836	29
III. Retained earnings	193,139	185,233	(7,906)
IV. Accumulated other comprehensive (loss) income			
Foreign currency translation adjustments	1,551	(1,033)	(2,584)
Pension liability adjustments	(5,679)	(4,594)	1,085
V. Treasury stock, at cost	(15,584)	(17,331)	(1,747)
Total Wacoal Holdings Corp. shareholders' equity	216,494	205,371	(11,123)
VI. Noncontrolling interests	4,650	4,077	(573)
Total equity	221,144	209,448	(11,696)
Total liabilities and equity	281,767	277,688	(4,079)

(2) Consolidated Statements of Income

Accounts	Fiscal Year Ended March 31, 2019		Fiscal Year Ended March 31, 2020		Amount Increased/(Decreased)
	Millions of Yen	%	Millions of Yen	%	Millions of Yen
I. Net Sales	194,201	100.0	186,760	100.0	(7,441)
II. Operating costs and expenses					
Cost of sales	89,804	46.3	84,959	45.5	(4,845)
Selling, general and administrative expenses	93,684	48.2	94,696	50.7	1,012
Impairment charges on goodwill and other intangible assets	5,834	3.0	473	0.2	(5,361)
Total operating costs and expenses	189,322	97.5	180,128	96.4	(9,194)
Operating income	4,879	2.5	6,632	3.6	1,753
III. Other income (expenses)					
Interest income	289		177		(112)
Interest expense	(11)		(19)		(8)
Dividend income	1,429		1,506		77
Gain on sale or exchange of marketable securities and investments – net	140		-		(140)
Valuation loss on marketable securities and investments – net	(5,570)		(3,760)		1,810
Other – net	1,047		(177)		(1,224)
Total other expenses	(2,676)	(1.4)	(2,273)	(1.3)	403
Income before income taxes and equity in net income of affiliated companies	2,203	1.1	4,359	2.3	2,156
Income taxes					
Current	5,350	2.8	7,126	3.8	1,776
Deferred	(2,817)	(1.5)	(5,673)	(3.1)	(2,856)
Total income taxes	2,533	1.3	1,453	0.7	(1,080)
Income (loss) before equity in net income of affiliated companies	(330)	(0.2)	2,906	1.6	3,236
Equity in net income of affiliated companies	725	0.4	62	0.0	(663)
Net income	395	0.2	2,968	1.6	2,573
Net loss (income) attributable to non-controlling interests	(54)	(0.0)	504	0.3	558
Net income attributable to Wacoal Holdings Corp.	341	0.2	3,472	1.9	3,131

(3) Consolidated Statements of Comprehensive Income

Accounts	Fiscal Year Ended March 31, 2019	Fiscal Year Ended March 31, 2020	Amount Increased/(Decreased)
	Millions of Yen	Millions of Yen	Millions of Yen
I. Net income	395	2,968	2,573
II. Other comprehensive (loss) income			
– net of tax			
Foreign currency translation adjustments	(750)	(2,532)	(1,782)
Net unrealized gain (loss) on securities	(104)	-	104
Pension liability adjustments	(4,587)	1,085	5,672
Other comprehensive loss	(5,441)	(1,447)	3,994
Comprehensive income (loss)	(5,046)	1,521	6,567
Comprehensive loss (income) attributable to noncontrolling interests	(18)	452	470
Comprehensive income (loss) attributable to Wacoal Holdings Corp.	(5,064)	1,973	7,037

(4) Consolidated Statements of Equity

Fiscal Year Ended March 31, 2019

Item	Equity								
	Shares of Outstanding Common Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated other comprehensive income	Treasury stock	Total Shareholders' Equity	Noncontrolling Interests	Total Equity
	Thousand shares	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
As of March 31, 2018	67,367	13,260	29,765	172,418	28,597	(11,328)	232,712	4,785	237,497
Cumulative effects of adoption of ASU2016-01				27,834	(27,320)		514		514
Cash dividends paid to Wacoal Holdings Corp. shareholders				(4,811)			(4,811)		(4,811)
Cash dividends paid to noncontrolling interests							-	(191)	(191)
Repurchase of treasury stock	(2,200)					(6,919)	(6,919)		(6,919)
Cancellation of treasury stock				(2,631)		2,631	-		-
Other	11		42	(12)		32	62	38	100
Net income				341			341	54	395
Other comprehensive income (loss)					(5,405)		(5,405)	(36)	(5,441)
As of March 31, 2019	65,178	13,260	29,807	193,139	(4,128)	(15,584)	216,494	4,650	221,144

Fiscal Year Ended March 31, 2020

Item	Equity								
	Shares of Outstanding Common Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated other comprehensive income	Treasury stock	Total Shareholders' Equity	Noncontrolling Interests	Total Equity
	Thousand shares	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
As of March 31, 2019	65,178	13,260	29,807	193,139	(4,128)	(15,584)	216,494	4,650	221,144
Cumulative effects of adoption of ASU2018-11				(515)			(515)		(515)
Cash dividends paid to Wacoal Holdings Corp. shareholders				(4,907)			(4,907)		(4,907)
Cash dividends paid to noncontrolling interests							-	(237)	(237)
Repurchase of treasury stock	(2,798)					(7,745)	(7,745)		(7,745)
Cancellation of treasury stock				(5,935)		5,935	-		-
Other	23		29	(21)		63	71	116	187
Net income				3,472			3,472	(504)	2,968
Other comprehensive income (loss)					(1,499)		(1,499)	52	(1,447)
As of March 31, 2020	62,403	13,260	29,836	185,233	(5,627)	(17,331)	205,371	4,077	209,448

(5) Consolidated Statements of Cash Flows

Accounts	Fiscal Year Ended March 31, 2019	Fiscal Year Ended March 31, 2020	Amount Increased/(Decreased)
	Millions of Yen	Millions of Yen	Millions of Yen
I. Operating activities			
1. Net income	395	2,968	2,573
2. Adjustments to reconcile net income to net cash provided by operating activities			
(1) Depreciation and amortization	5,647	6,029	382
(2) Provision for returns and doubtful receivables – net	(2,263)	299	2,562
(3) Deferred income taxes	(2,817)	(5,673)	(2,856)
(4) Gain or loss on sales or disposal of property, plant and equipment – net	48	103	55
(5) Impairment charges on property, plant and equipment	167	769	602
(6) Impairment charges on goodwill and other intangible assets	5,834	473	(5,361)
(7) Gain on sales or exchange of marketable securities and investments - net	(140)	-	140
(8) Valuation loss on marketable securities and investments – net	5,570	3,760	(1,810)
(9) Equity in net loss (income) of affiliated companies, less dividends received	(211)	480	691
(10) Changes in assets and liabilities			
Decrease in notes and receivable	822	4,685	3,863
Increase in inventories	(76)	(1,350)	(1,274)
Decrease (increase) in return assets	(1,180)	312	1,492
Increase in other current assets	(653)	(29)	624
Decrease in notes and accounts payable	(1,640)	(373)	1,267
(Decrease) increase in refund liabilities	3,482	(837)	(4,319)
Increase (decrease) in liabilities for termination and retirement benefits	(620)	776	1,396
Increase in other liabilities	1,075	665	(410)
(11) Other	180	268	88
Net cash provided by operating activities	13,620	13,325	(295)
II. Investing activities			
1. Increase in time deposits	(4,783)	(438)	4,345
2. Decrease in time deposits	5,226	3,576	(1,650)
3. Proceeds from sale and redemption of marketable securities	2,497	15,252	12,755
4. Payments to acquire marketable securities	(323)	(339)	(16)
5. Proceeds from redemption of debt securities	1,008	544	(464)
6. Payments to acquire debt securities	(900)	-	900
7. Proceeds from sale of property, plant and equipment	276	104	(172)
8. Capital expenditures	(2,603)	(3,442)	(839)
9. Payments to acquire intangible assets	(3,180)	(3,539)	(359)
10. Acquisition of a subsidiary (net of cash acquired)	-	(9,181)	(9,181)
11. Proceeds from sale of shares of an affiliated company	270	-	(270)
12. Other	38	32	(6)
Net cash provided by (used in) investing activities	(2,474)	2,569	5,043
III. Financing activities			
1. Net (decrease) in short-term bank loans	1,061	(4,645)	(5,706)
2. Repayment of long-term debt	(50)	(53)	(3)
3. Repurchase of treasury stock	(6,919)	(7,745)	(826)
4. Dividends paid on common stock	(4,811)	(4,907)	(96)
5. Dividends paid to noncontrolling interests	(191)	(237)	(46)
6. Other	38	116	78
Net cash used in financing activities	(10,872)	(17,471)	(6,599)
IV. Effect of exchange rate changes on cash and cash equivalents	372	(651)	(1,023)
V. Net decrease in cash and cash equivalents	646	(2,228)	(2,874)
VI. Cash and cash equivalents, beginning of year	29,487	30,133	646
VII. Cash and cash equivalents, end of year	30,133	27,905	(2,228)

Additional Cash Flow Information

Accounts	Fiscal Year Ended March 31, 2019	Fiscal Year Ended March 31, 2020	Amount Increased/(Decreased)
Cash paid for			
Interest	11	20	9
Income taxes	5,068	4,758	(310)
Noncash investing activities			
Acquisition of a subsidiary (contingent consideration)	-	4,172	4,172
Acquisition of fixed assets by assuming payment obligation	954	751	(203)

(6) Notes on Going Concern

Not applicable.

(7) Basic Significant Matters in Preparation of Consolidated Financial Statements

(i) Matters Regarding the Scope of Consolidation and Application of the Equity Method

Major consolidated subsidiaries:

Wacoal Corporation, Peach John Co., Ltd., Lecien Corporation, Kyushu Wacoal Manufacturing Corp., Torica Co., Ltd., Nanasai Co., Ltd., Wacoal International Corp., Wacoal America, Inc., Wacoal Europe Ltd., Wacoal EMEA Ltd., Wacoal Europe SAS, Wacoal Hong Kong Co., Ltd., Wacoal Investment Co. (Taiwan), Ltd., Wacoal China Co., Ltd., Wacoal International Hong Kong Co., Ltd. and A Tech Textile Co., Ltd.

Major Affiliated Companies:

Shinyoung Wacoal Inc., Taiwan Wacoal Co., Ltd. and Thai Wacoal Public Co., Ltd.

(ii) Changes Regarding Subsidiaries and Affiliated Companies

Consolidated (new): Intimates Online Inc.

Equity method (excluded): Shanghai Yadie Fashion Co., Ltd.

(iii) Standard of Preparation of Consolidated Financial Statements

The consolidated financial statements have been prepared based on terms, format and preparation methods in compliance with accounting standards generally accepted in the United States as required in connection with the issuance of American Depositary Receipts. For this reason, the consolidated financial statements may be different from those that have been prepared based on the Consolidated Financial Statement Regulations and the Standard of Preparation of Consolidated Financial Statements in Japan.

(iv) Significant Accounting Policies

a. Valuation Standard of Inventories

The average cost method was mainly used for goods, products and supplies, and the first-in first-out method was used for raw materials, with both valued at the lower of cost or market.

b. Valuation Standard of Property, Plant and Equipment and Method of Depreciation

Property, plant and equipment are valued at the acquisition cost. Depreciation expenses are calculated mainly using the straight-line method based on the estimated useful lives of the assets (the lease term is used for capitalized leased assets).

c. Valuation Standard of Securities and Investments

Based on the provisions of the U.S. Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 320, "Investments – Debt Securities", and ASC 321 of FASB, "Investments – Equity Securities", marketable securities and investments have been classified as "debt securities" and "equity securities", and debt securities have been further classified as "available-for-sale securities" and "held-to-maturity securities". "Available-for-sale securities" are recorded at fair value, and "held-to-maturity securities" are recorded at amortized cost. Gain or loss on sale of marketable securities and investments is calculated based on cost using the moving-average method. Equity securities are measured at fair value and unrealized holding gain or loss is recorded as net profit or loss.

d. Liabilities for Termination and Retirement Benefits

This is accounted for based on FASB ASC 715.

e. Consumption Taxes

Consumption taxes have been excluded from sales.

f. Consolidated Statements of Cash Flows

In preparing the consolidated cash flow statements, highly liquid investments with original maturities of three (3) months or less have been included in cash and cash equivalents.

(v) Changes in Accounting Policy

a. *Leases* - The new accounting guidance related to leases (ASU2016-02, 2018-01, 2018-11) has been adopted starting with the current consolidated fiscal year. This guidance requires an entity to recognize right-to-use assets and lease liabilities on the balance sheet for those leases classified as operating leases under the previous U.S. GAAP with a few exceptions. Our group has adopted the modified retrospective approach, electing to apply the transition requirements at the effective date with a cumulative effect adjustment to the opening balance of retained earnings in the period of adoption, and prior periods were not restated. Our group elected to apply the package of practical expedients permitted under the transition guidance which does not require to reassess whether any expired or existing contracts are leases, lease classification and initial direct costs. Our group also elected to apply the practical expedient not to assess whether existing or expired land easements that were not previously accounted for as leases are leases. As a result of this adoption, operating leases right-of-use assets and operating leases liabilities of 14,550 million yen were recorded in the consolidated balance sheet as of April 1, 2019. In addition, the application of deferred tax accounting resulted in the recording of deferred tax liabilities of 515 million yen and the decreasing of the opening balance of retained earnings as a cumulative-effect adjustment in the same amount. The adoption of this guidance is not expected to have a material impact on our group's cash flows.

(8) Notes to the Consolidated Financial Statements

(i) Per Share Information

	Fiscal Year Ended March 31, 2019	Fiscal Year Ended March 31, 2020
Net income attributable to Wacoal Holdings Corp.	341 million yen	3,472 million yen
Number of average shares issued during the year	66,143,405 shares	63,989,561 shares
Net income attributable to Wacoal Holdings Corp. per share	5.16 yen	54.26 yen
Diluted net income attributable to Wacoal Holdings Corp. per share	5.14 yen	54.05 yen

(ii) Segment Information

a. Operating Segment Information

Fiscal Year Ended March 31, 2019 (April 1, 2018 - March 31, 2019)

(Millions of Yen)

	Wacoal business (Domestic)	Wacoal business (Overseas)	Peach John business	Other	Total	Elimination	Consolidated
Net sales							
(1) External customers	113,400	53,100	10,491	17,210	194,201	-	194,201
(2) Intersegment	905	10,121	1,083	5,543	17,652	(17,652)	-
Total	114,305	63,221	11,574	22,753	211,853	(17,652)	194,201
Operating costs and expenses	107,785	58,640	11,794	22,921	201,140	(17,652)	183,488
Impairment charges on goodwill and other intangible assets	195	-	5,639	-	5,834	-	5,834
Total operating costs and expenses	107,980	58,640	17,433	22,921	206,974	(17,652)	189,322
Operating income (loss)	6,325	4,581	(5,859)	(168)	4,879	-	4,879

Fiscal Year Ended March 31, 2020 (April 1, 2019 - March 31, 2020)

(Millions of Yen)

	Wacoal business (Domestic)	Wacoal business (Overseas)	Peach John business	Other	Total	Elimination	Consolidated
Net sales							
(1) External customers	109,709	50,552	10,480	16,019	186,760	-	186,760
(2) Intersegment	860	10,570	694	5,236	17,360	(17,360)	-
Total	110,569	61,122	11,174	21,255	204,120	(17,360)	186,760
Operating costs and expenses	104,787	59,347	11,334	21,547	197,015	(17,360)	179,655
Impairment charges on goodwill and other intangible assets	-	282	191	-	473	-	473
Total operating costs and expenses	104,787	59,629	11,525	21,547	197,488	(17,360)	180,128
Operating income (loss)	5,782	1,493	(351)	(292)	6,632	-	6,632

(Note) 1. Core products of respective businesses:

Wacoal business (Domestic): innerwear (foundation, lingerie, nightwear and children's innerwear), outerwear, sportswear, hosiery, etc.

Wacoal business (Overseas): innerwear (foundation, lingerie, nightwear and children's innerwear), outerwear, sportswear, and other textile-related products, etc.

Peach John business: innerwear (foundation, lingerie and nightwear), outerwear, and other textile-related products, etc.

Other: innerwear (foundation, lingerie, nightwear and children's innerwear), outerwear, other textile-related products, mannequins, shop design and implementation, etc.

2. Information on assets by operating segment:

Assets attributable to our "Wacoal Business (Overseas)" segment increased by 7,380 million yen from the end of the previous fiscal year as a result of making Intimates Online our consolidated subsidiary during the second quarter of the current consolidated fiscal year. Accordingly, assets attributable to our "Wacoal Business (Overseas)" segment as of the end of the current consolidated fiscal year were 86,292 million yen.

b. Information by Region

Fiscal Year Ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Millions of Yen)

	Japan	Asia/Oceania	Europe/N.A.	Total	Elimination or corporate	Consolidated
I. Net sales						
External customers	140,189	22,509	31,503	194,201	-	194,201
II. Operating income	242	1,578	3,059	4,879	-	4,879
III. Long-lived assets	45,257	4,810	3,203	53,270	-	53,270

Fiscal Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Millions of Yen)

	Japan	Asia/Oceania	Europe/N.A.	Total	Elimination or corporate	Consolidated
I. Net sales						
External customers	135,273	20,596	30,891	186,760	-	186,760
II. Operating income (loss)	5,398	(77)	1,311	6,632	-	6,632
III. Long-lived assets	44,014	4,034	4,035	52,083	-	52,083

- (Note) 1. Countries or areas are classified according to geographical proximity.
2. Main countries and areas belonging to classifications other than Japan
 Asia/Oceania: various countries of East Asia, Southeast Asia and West Asia, and Australia
 Europe/N.A.: North America and European countries
3. Sales in respect of consolidated companies are categorized by location.
4. Long-lived assets include property, plant and equipment.

c. Overseas Sales

Fiscal Year Ended March 31, 2019 (April 1, 2018 - March 31, 2019)

(Millions of Yen)

	Asia/Oceania	Europe/N.A.	Total
I. Overseas net sales	22,509	31,503	54,012
II. Consolidated net sales	-	-	194,201
III. Ratio of overseas net sales to total consolidated net sales	11.6%	16.2%	27.8%

Fiscal Year Ended March 31, 2020 (April 1, 2019 - March 31, 2020)

(Millions of Yen)

	Asia/Oceania	Europe/N.A.	Total
I. Overseas net sales	20,596	30,891	51,487
II. Consolidated net sales	-	-	186,760
III. Ratio of overseas net sales to total consolidated net sales	11.0%	16.6%	27.6%

- (Note) 1. Countries or areas are classified according to geographical proximity.
2. Main countries and areas belonging to classifications other than Japan
 Asia/Oceania: various countries of East Asia, Southeast Asia and West Asia, and Australia
 Europe/N.A.: North America and European countries

(iii) Status of Sales

Type of product	Fiscal Year Ended March 31, 2019		Fiscal Year Ended March 31, 2020	
	Amount	Distribution ratio	Amount	Distribution ratio
	Millions of Yen	%	Millions of Yen	%
Innerwear				
Foundation and lingerie	146,525	75.4	144,933	77.6
Nightwear	8,296	4.3	7,459	4.0
Children's underwear	1,213	0.6	1,014	0.6
Subtotal	156,034	80.3	153,406	82.2
Outerwear/Sportswear	14,733	7.6	12,746	6.8
Hosiery	1,881	1.0	1,563	0.8
Other textile goods and related products	9,428	4.9	7,545	4.0
Others	12,125	6.2	11,500	6.2
Total	194,201	100.0	186,760	100.0

(iv) Significant Subsequent Events

Not applicable.

- End -