

Annual Securities Report

(The 74th Fiscal Year)
From April 1, 2021 to March 31, 2022

WACOAL HOLDINGS CORP.

29, Nakajima-cho, Kisshoin, Minami-ku, Kyoto, Japan

E00590

The 74th Fiscal Year (from April 1, 2021 to March 31, 2022)

Annual Securities Report

1. This is an English translation of the Annual Securities Report filed pursuant to Paragraph 1, Article 24 of the Financial Instruments and Exchange Act via the Electronic Disclosure for Investors' Network ("EDINET") as set forth in Article 27-30-2 of the same Act.
2. This does not contain English translations of the attachments to the Annual Securities Report filed as set out in 1. above, other than the audit report, the English translation of which is included at the end of this document.

WACOAL HOLDINGS CORP.

Certain References and Information

This report is prepared for overseas investors and compiled based on the contents of the Annual Securities Report (“Yukashoken Hokokusho”) of WACOAL HOLDINGS CORP. filed with the Director of the Kanto Local Finance Bureau of Japan on June 29, 2022.

As used in this report, unless the context otherwise requires, “the Company” and “Wacoal Holdings” refer to Wacoal Holdings Corp., and “Wacoal,” “we,” “us,” “our” and similar terms refer to Wacoal Holdings Corp. and its consolidated subsidiaries. References to “U.S. dollars” or “\$” are to the currency of the United States and references to “yen” or “¥” are to the currency of Japan.

All financial statements and information contained in this report have been prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP except where otherwise noted.

A Cautionary Note on Forward-Looking Statements

This report contains forward-looking statements that are based on our current expectations, assumptions, estimates and projections about our companies and our industry. You can identify these statements by the fact that they do not relate strictly to historic or current facts. The forward-looking statements discuss future expectations, identify strategies, contain projections of results of operation or of financial position, or state other “forward-looking” information. Forward-looking statements are contained in the sections entitled “II. Business Overview, 1.

【Management Policy, Business Environment and Management Issues】 and 2. 【Risk Factors】 ” and elsewhere in this report.

The forward-looking statements are subject to various risks and uncertainties. Information contained in the sections listed above and elsewhere in this annual report identifies factors that could cause our actual results, performance or achievements to differ materially from those expressed or implied in any forward-looking statement.

We undertake no obligation to update any forward-looking statements contained in this annual report, whether as a result of new information, future events or otherwise.

Contents

	Page
Annual Securities Report for the 74th Fiscal Year	
【Cover】	1
Part I 【Information on Wacoal Holdings Corp. and its consolidated subsidiaries.】	2
I. 【Overview of Wacoal Holdings Corp. and its consolidated subsidiaries.】	2
1. 【Key Financial Data】	2
2. 【History】	5
3. 【Description of Business】	6
4. 【Information on Subsidiaries and Affiliated Companies】	10
5. 【Employees】	12
II. 【Business Overview】	13
1. 【Management Policy, Business Environment and Management Issues】	13
2. 【Business Risk and Other】	23
3. 【Analyses of Financial Position, Results of operation, and Cash Flows by Management】	37
4. 【Material Agreements, etc.】	47
5. 【Research and Development】	48
III. 【Property, Plants, and Equipment】	49
1. 【Summary of Capital Investment, etc.】	49
2. 【Major Property, Plants, and Equipment】	49
3. 【Plans for Capital Investment, Disposals of Property, Plants, and Equipment, etc.】	51
IV. 【Information on the Company】	52
1. 【Information on the Company's Stock, etc.】	52
2. 【Information on Acquisition etc. of Treasury Stock】	89
3. 【Dividend Policy】	91
4. 【Corporate Governance, etc.】	92
V. 【Financial Information】	123
1. 【Consolidated Financial Statements】	123
VI. 【Stock-Related Administration for the Company】	168
VII. 【Reference Information on the Company】	169
1. 【Information on the Parent Company】	169
2. 【Other Reference Information】	169
Part II 【Information on Guarantors etc. for the Company】	170

【Cover】

【Document Filed】	Annual Securities Report (“Yukashoken Hokokusho”)
【Applicable Law】	Paragraph 1, Article 24 of the Financial Instruments and Exchange Act
【Filed to】	Director, Kanto Local Finance Bureau
【Filing Date】	June 29, 2022
【Fiscal Year】	The 74th Fiscal Year (from April 1, 2021 to March 31, 2022)
【Company Name】	<i>KABUSHIKI KAISHA WACOAL HOLDINGS</i>
【Company Name in English】	WACOAL HOLDINGS CORP.
【Position and Name of Representative】	Hironobu Yasuhara, Representative Director, President and Corporate Officer of the Company
【Address of Head Office】	29, Nakajima-cho, Kisshoin, Minami-ku, Kyoto
【Phone No.】	Kyoto (075) 682-1007
【Contact Person】	Ichiro Hirokawa, General Manager of Accounting Department
【Contact Address】	29, Nakajima-cho, Kisshoin, Minami-ku, Kyoto
【Phone No.】	Kyoto (075) 682-1007
【Contact Person】	Ichiro Hirokawa, General Manager of Accounting Department
【Place Where Available for Public Inspection】	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo)

Part I 【Information on Wacoal Holdings Corp. and its consolidated subsidiaries.】

I. 【Overview of Wacoal Holdings Corp. and its consolidated subsidiaries.】

1. 【Key Financial Data】

(1) Consolidated Financial Data, etc.

(Millions of yen, unless otherwise stated)

Fiscal Year	70th	71st	72nd	73rd	74th
Year-End	March 2018	March 2019	March 2020	March 2021	March 2022
Sales	195,725	194,201	186,760	152,204	172,860
Operating income (loss)	11,494	4,879	6,632	(1,115)	5,013
Net income attributable to Wacoal Holdings Corp.	9,745	341	3,472	7,025	4,608
Comprehensive income (loss)	16,448	(5,046)	1,521	13,043	11,929
Wacoal Holdings Corp. shareholders' equity	232,712	216,494	205,371	215,612	223,005
Total assets	298,534	281,767	277,688	322,761	303,245
Shareholders' equity per share (yen)	3,454.40	3,321.57	3,291.06	3,454.18	3,628.56
Net income per share attributable to Wacoal Holdings Corp. (yen)	143.46	5.16	54.26	112.57	74.04
Diluted net income attributable to Wacoal Holdings Corp. per share (yen)	142.98	5.14	54.05	112.09	73.73
Shareholders' equity ratio (%)	78.0	76.8	74.0	66.8	73.5
Return on equity (%)	4.2	0.2	1.6	3.3	2.1
Price earnings ratio (times)	21.47	533.33	43.25	21.81	24.88
Net cash provided by operating activities	15,493	13,620	13,325	4,260	13,008
Net cash (used in) provided by investing activities	(7,362)	(2,474)	2,569	(2,562)	(3,096)
Net cash (used in) provided by financing activities	(12,303)	(10,872)	(17,471)	33,605	(36,349)
Cash and cash equivalents, end of year	29,487	30,133	27,905	63,557	37,982
Number of employees [Average number of part-time employees, etc.] (person)	20,904 [771]	20,662 [739]	20,984 [675]	19,824 [492]	19,717 [730]

- (Notes)
1. The foregoing consolidated financial data has been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). In the above table, operating income is stated instead of ordinary income.
 2. We have conducted a share consolidation of common stock of the Company pursuant to which two (2) shares were consolidated into one (1) share effective as of October 1, 2017. Accordingly, “Shareholders’ equity per share,” “Net income per share attributable to Wacoal Holdings Corp.” and “Diluted net income attributable to Wacoal Holdings Corp. per share” have been calculated assuming that such share consolidation had been conducted at the beginning of the 70th fiscal year.
 3. New accounting guidance, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost* (ASU No. 2017-07), has been applied since the beginning of the 71st fiscal year. Accordingly, key financial data for the 70th is the amounts after the retroactive application of such accounting guidance.

(2) Financial data etc. of the Company

(Millions of yen, unless otherwise stated)

Fiscal Year	70th	71st	72nd	73rd	74th
Year-End	March 2018	March 2019	March 2020	March 2021	March 2022
Operating revenue	12,644	15,715	13,346	16,429	6,196
Ordinary income	6,308	11,255	9,111	12,048	1,682
Net income	6,461	5,968	8,762	11,544	2,749
Common stock	13,260	13,260	13,260	13,260	13,260
Total number of issued and outstanding shares (thousand shares)	71,689	70,689	68,589	65,589	65,589
Net assets	140,510	134,813	130,996	140,106	138,332
Total assets	160,086	154,554	156,000	191,737	165,180
Net assets per share (yen)	2,078.38	2,060.13	2,090.11	2,235.07	2,241.50
Dividends per share (Interim dividends per share) (yen)	54.00 (18.00)	72.00 (36.00)	60.00 (40.00)	40.00 (20.00)	50.00 (20.00)
Net income per share (yen)	95.12	90.24	136.93	184.98	44.18
Diluted net income per share (yen)	94.47	89.91	136.39	184.16	43.99
Shareholders' equity ratio (%)	87.5	86.9	83.6	72.8	83.4
Return on equity (%)	4.5	4.3	6.6	8.6	2.0
Price earnings ratio (times)	32.38	30.50	17.14	13.27	41.69
Dividend payout ratio (%)	75.7	79.8	43.8	21.6	113.2
Number of employees [Average number of part-time employees, etc.] (person)	95 [—]	90 [—]	94 [—]	85 [—]	90 [—]
Total shareholders' return (Benchmark: TOPIX incl. dividends) (%)	114.7 (115.9)	105.4 (110.0)	92.8 (99.6)	98.2 (141.5)	77.7 (144.3)
Highest share price (yen)	3,640 (1,648)	3,485	3,115	2,537	2,612
Lowest share price (yen)	3,015 (1,309)	2,595	2,110	1,630	1,687

- (Note)
- We have conducted a share consolidation of common stock of the Company pursuant to which two (2) shares were consolidated into one (1) share effective as of October 1, 2017. Accordingly, “Net assets per share,” “Net income per share” and “Diluted net income per share” have been calculated assuming that such share consolidation had been conducted at the beginning of the 70th fiscal year.
 - Dividends per share of 54.00 yen for the 70th fiscal year are a total of the interim dividend (18.00 yen) and the year-end dividend (36.00 yen). As we have conducted a share consolidation of common stock of the Company pursuant to which two (2) shares were consolidated into one (1) share effective as of October 1, 2017, such interim dividend and year-end dividend are the amounts before such share consolidation and after such share consolidation, respectively. Dividends per share for the 70th fiscal year will be 72.00 yen if calculated based on the per share information after such share consolidation.
 - We have adopted ASBJ Statement No. 28 Partial Amendments to the Accounting Standard for Tax Effect Accounting (February 16, 2018) starting from the beginning of the 71st fiscal year. Accordingly, key financial data for the 70th is the amounts after the retroactive application of such accounting guidance.

4. The highest and lowest share prices are market prices on the first section of the Tokyo Stock Exchange.
5. We have conducted a share consolidation of common stock of the Company pursuant to which two (2) shares were consolidated into one (1) share effective as of October 1, 2017. The share prices for the 70th fiscal year indicate the highest and lowest prices after such share consolidation, and the share prices in brackets indicate the highest and lowest prices before such share consolidation.
6. The amount of dividends per share for the 72nd fiscal year includes the 70th anniversary dividend of 8.00 yen.

2. 【History】

June 1946	Wako Shoji founded by late Koichi Tsukamoto
November 1949	Wako Shoji Corp. established with 1 million yen in capital (Nakagyo-ku, Kyoto)
June 1951	Head office relocated to Anekoji-agaru, Muromachi-dori, Nakagyo-ku, Kyoto; plant opened; self-manufacturing begins
November 1957	Company name changed to Wacoal Inc.
November 1959	Tokai Wacoal Sewing Corp. established as a domestic manufacturing company, and seven sewing subsidiaries established in Japan
June 1964	Company name changed to Wacoal Corp.
September 1964	Wacoal listed on the Second Section of the Tokyo and Osaka Stock Exchanges and the Kyoto Stock Exchange
August 1970	A joint venture company, Korea Wacoal Corp. established in Korea
October 1970	A joint venture company, Thai Wacoal Co., Ltd. (current Thai Wacoal Public Co., Ltd.) established in Thailand
October 1970	Taiwan Wacoal Co., Ltd. established as joint venture company
January 1971	Wacoal listed on the First Section of the Tokyo and Osaka Stock Exchanges
April 1978	Singapore office (current Wacoal Singapore Private Ltd.) opened
August 1979	Acquired shares from Torica Inc., a subsidiary of the Company, by way of capital increase through third-party allocation
June 1981	Wacoal America, Inc. (current Wacoal International Corp.) established as an overseas subsidiary
March 1982	Acquired shares from Nanasai Co., Ltd., a subsidiary of the Company, by way of capital increase through third-party allocation
February 1983	Wacoal Hong Kong Co., Ltd., established as an overseas subsidiary
December 1983	Acquired all shares in Teenform Inc., an American corporation (current Wacoal America, Inc.)
January 1986	Beijing Wacoal Co., Ltd. (current Wacoal China Co., Ltd.), established as joint venture company
April 1989	Philippine Wacoal Corp. established as joint venture company
January 1990	Wacoal France S.A. established as an overseas subsidiary (current Wacoal Europe SAS)
January 1991	Indonesia Wacoal Co., Ltd. (current PT.Indonesia Wacoal), established as a joint venture company
April 1993	Joint venture agreement for Korea Wacoal Corp. canceled; investment made into Shinyoung Inc. (current Shinyoung Wacoal Inc.) in Republic of Korea
January 1995	Guangdong Wacoal Inc. established as an overseas subsidiary
June 1997	Vietnam Wacoal Corp. established as an overseas subsidiary
December 2000	Joint venture agreement for Beijing Wacoal Co., Ltd. (current Wacoal China Co., Ltd.), canceled and reestablished as Beijing Wacoal Co., Ltd., a wholly owned subsidiary
May 2003	Wacoal Malaysia Sdn Bhd established as a joint venture company
August 2003	Dalian Wacoal Co., Ltd., established as an overseas subsidiary
October 2005	Company name changed to Wacoal Holdings Corporation pursuant to the transition to holding company system Wacoal Corp. established through incorporation-type company split
January 2008	Peach John Co., Ltd. (“Peach John”), became a wholly owned Wacoal subsidiary through share exchange
August 2009	Lecien Corp. became a wholly owned Wacoal subsidiary through stock exchange
April 2012	Eveden Group Limited (currently Wacoal Europe Ltd.) became a wholly owned Wacoal subsidiary through the acquisition of all of the issued and outstanding shares of Eveden Group Limited
January 2016	A Tech Textile Co., Ltd. and one other company established as joint venture companies
July 2019	Intimates Online, Inc . became a wholly owned Wacoal subsidiary through the acquisition of all of the issued and outstanding shares.

3. 【Description of Business】

Our corporate group consists of one holding company (Wacoal Holdings Corp.), 56 subsidiaries, and seven affiliates, and is principally engaged in the manufacturing and wholesale distribution of innerwear (primarily women's foundation wear, lingerie, nightwear, and children's underwear), outerwear, sportswear, and other textile goods and related products, as well as the direct sale of certain products to consumers. Our corporate group also conducts business in the restaurant, culture, service, and interior design businesses.

The Company falls under the definition of "Specified Listed Companies" as prescribed under Paragraph 2, Article 49 of the Cabinet Office Ordinance on Restrictions on Securities Transactions, etc. For this reason, whether an incident is minor (and not a material fact) under the insider trading restrictions will be determined on the basis of consolidated figures.

Segment information and a summary of the various companies that make up our corporate group are as follows:

(1) Wacoal Business (Domestic)

This segment is composed of Wacoal Holdings Corp. and 10 subsidiaries in Japan.

Wacoal Corp. engages in the planning and designing of the above-mentioned products, procurement of materials for the above-mentioned products, commercialization of semifinished products purchased from sewing companies in Japan and overseas and other business associates after inspection, and distribution to end consumers through department stores, general merchandisers, and other general retailers in Japan, as well as directly managed retail stores, E-commerce(EC) websites and distributors in Japan and overseas. Each of our 4 apparel manufacturing companies, including Kyushu Wacoal Manufacturing Corp., receives a supply of raw materials from Wacoal Corp., conducts sewing and processing of innerwear and sportswear, and delivers the semifinished products to Wacoal Corp. We have 2 sales companies, including Une Nana Cool Corp., which conduct retail sales of innerwear, outerwear products.

(2) Wacoal Business (Overseas)

This segment is composed of 38 companies, including our overseas subsidiaries and affiliates.

Among our 32 overseas subsidiaries, nine companies are located in North and Central America; seven companies are located in Europe; and 16 companies are located in Asia/Oceania. Six overseas affiliates are located in Asia.

Among our nine overseas subsidiaries in North and Central America, Wacoal Dominicana Corp., an apparel manufacturing company of innerwear products, ships its products to Wacoal America, Inc., a manufacturing and sales company, which supplies these products to end consumers through local department stores, specialty retail stores and EC websites. In addition, Eveden Inc., a sales company, distributes innerwear products, which are mainly supplied from Wacoal Timex LTD. and Wacoal Emea Ltd.

Among our seven overseas subsidiaries in Europe, Wacoal Emea Ltd. sells products such as innerwear, which are supplied by Wacoal Timex Ltd., to end consumers through department stores and specialty retail stores mainly in the United Kingdom.

Our two subsidiaries and four affiliates in Asia/Oceania are manufacturing and sales companies, which distribute products to end-consumers through their local department stores and specialty retail stores, and also distribute a part of their products to Wacoal Corp. and sales companies in Asia. Our sales companies include six subsidiaries, including Wacoal Singapore Private Ltd., Eveden Israel Ltd., and one affiliate. These sales companies distribute innerwear products, which are mainly supplied from the group companies, to their local department stores, specialty retail stores and directly managed retail stores. Our eight remaining subsidiaries include four apparel manufacturing companies producing innerwear, two raw materials manufacturing companies, one company that procures materials for subsidiaries and affiliates in Asia, and one investment company which make investments in the local subsidiaries and local affiliates that manufacture and sell innerwear.

(3) Peach John Business

This segment is composed of four companies, including our domestic and overseas subsidiaries. The one domestic subsidiary and three overseas subsidiaries are sales companies, and Peach John mainly engages in the retail sales of products that are independently supplied mainly from nongroup companies.

(4) Other

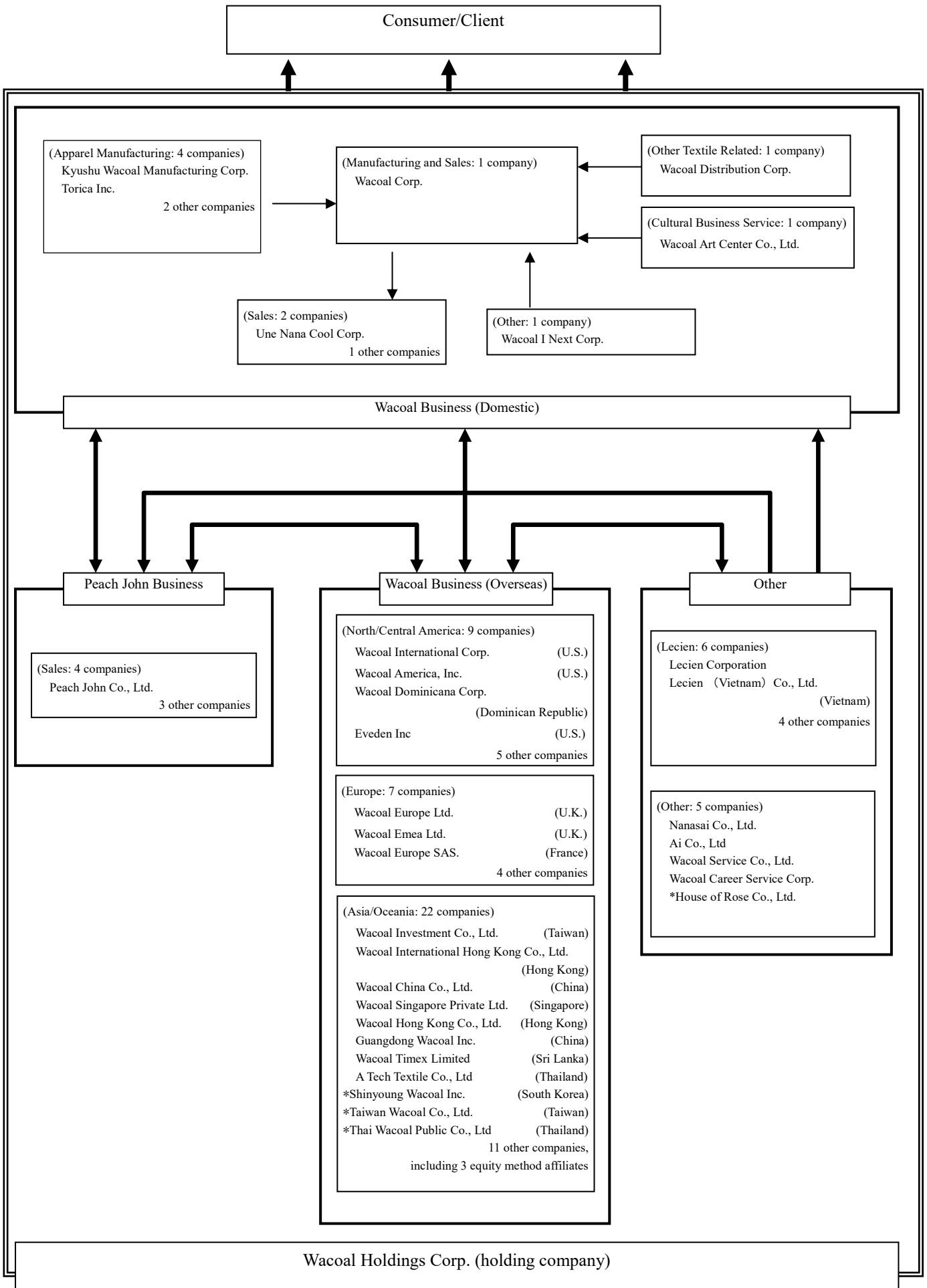
This segment is composed of a total of 11 companies, including five domestic subsidiaries, five overseas subsidiaries and one domestic affiliate.

Among the five domestic subsidiaries, Nanasai Co., Ltd. (“Nanasai”) engages in manufacturing, sales and rental of mannequins and fixtures, and interior design work and Lecien Corporation engages in the manufacture and wholesale distribution of women’s innerwear and lace and fabrics for handicrafts. Our three other subsidiaries which engage in sales, other textile-related business, real estate leasing business, and/or other businesses.

Five overseas subsidiaries are located in Asia.

Four of our subsidiaries in Asia are apparel manufacturing companies. The other one subsidiary engage in other textile-related business.

The business distribution diagram of these subsidiaries and affiliates follows on the next page:



Without mark: a consolidated subsidiary

*: an equity method affiliate

(Note) As of April 1, 2022, Kyushu Wacoal Manufacturing Corp. has changed its trade name to Wacoal Manufacturing Japan Corp.

4. 【Information on Subsidiaries and Affiliated Companies】

Company Name	Location	Capital (Millions of yen)	Principal Business	Percentage of Voting Rights Owned or Held (%)	Relationship	
					Number of Company Officer(s) holding a Position as Officer in such Subsidiaries and Affiliated Company	Lease/Rent of Facilities
(Consolidated Subsidiary)						
*1, *5 Wacoal Corp.	Minami-ku, Kyoto	5,000	Wacoal Business (Domestic) (Research and development, product planning and sale of innerwear products, etc.)	100	3	Rent of office building
Peach John Co., Ltd.	Minato-ku, Tokyo	90	Peach John Business (Product planning and sale of innerwear products)	100	2	—
Lecien Corp.	Minami-ku, Kyoto	90	Other (Product planning and sale of innerwear products, etc.)	100	2	Rent of office· storage building
Kyushu Wacoal Manufacturing Corp.	Unzen-shi, Nagasaki	70	Wacoal Business (Domestic) (MTO (make to order) of innerwear products)	100 (100)	—	Rent of office building
Torica Inc.	Ibaraki-shi, Osaka	92	Same as above	57 (57)	—	—
Nanasai Co., Ltd.	Minami-ku, Kyoto	90	Other (Leasing of mannequins, interior design and construction work of stores)	99	2	Rent of office building
*1 Wacoal International Corp.	New York, USA	20,000 thousand USD	Wacoal Business (Overseas) (a US holding company)	100 (100)	2	—
Wacoal America, Inc.	New York, USA	2,062 thousand USD	Wacoal Business (Overseas) (Product planning and sale of innerwear products)	100 (100)	1	—
Wacoal Dominicana Corp.	Santo Domingo, Dominican Republic	20 thousand USD	Wacoal Business (Overseas) (MTO of innerwear products)	100 (100)	—	—
Wacoal Europe Ltd.	Northamptonshire, UK	175 thousand GBP	Wacoal Business (Overseas) (a holding company)	100	2	—
Wacoal Emea Ltd.	Northamptonshire, UK	250 thousand GBP	Wacoal Business (Overseas) (Product planning and sale of innerwear products)	100 (100)	—	—
Wacoal Europe SAS.	Saint-Denis, France	8 thousand EUR	Wacoal Business (Overseas) (Sale of innerwear products)	100 (100)	—	—
Wacoal Hong Kong Co., Ltd.	Hong Kong	3,000 thousand HK\$	Same as above	80 (80)	—	—
*1 Wacoal International Hong Kong Co., Ltd.	Hong Kong	373,690 thousand HK\$	Wacoal Business (Overseas) (Procurement of innerwear products and raw materials)	100 (100)	1	—
Vietnam Wacoal Corp.	Bien Hoa, Vietnam	54,604 million VND	Wacoal Business (Overseas) (MTO and sale of innerwear products)	100 (100)	—	—
Wacoal Investment Co., Ltd.	Taipei, Taiwan	59,000 thousand NT\$	Wacoal Business (Overseas) (a Taiwan holding company)	100 (100)	1	—
Guandong Wacoal Inc.	Guangzhou, China	17,730 thousand RMB	Wacoal Business (Overseas) (MTO of innerwear products)	100 (100)	—	—
*1 Wacoal China Co., Ltd.	Beijing, China	189,364 thousand RMB	Wacoal Business (Overseas) (Product planning, manufacturing and sale of innerwear products)	100 (100)	1	—
*1 A Tech Textile Co., Ltd.	Bangkok, Thailand	1,000 million THB	Wacoal Business (Overseas) (Manufacturing of raw materials)	54 (54)	—	—
37 other companies						
(Equity Method Affiliate)						
Thai Wacoal Public Co., Ltd.	Bangkok, Thailand	120 million THB	Wacoal Business (Overseas) (Product planning, manufacturing and sale of innerwear products)	34 (34)	2	—
PT.Indonesia Wacoal	Bogor, Indonesia	2,500 million IDR	Same as above	42 (42)	2	—
Shinyoung Wacoal Inc.	Seoul, South Korea	4,500 million WON	Same as above	25	1	—
Taiwan Wacoal Co., Ltd.	Taoyuan, Taiwan	800 million NT\$	Same as above	50 (50)	2	—
*4 House of Rose Co., Ltd.	Minato-ku, Tokyo	934	Other (Development and sale of cosmetics and healthcare products, etc.)	21	1	—
2 other companies						

- (Note) *1. Wacoal Corp., Wacoal International Corp., Wacoal International Hong Kong Co., Ltd, Wacoal China Co., Ltd. and A Tech Textile Co., Ltd. are categorized as a specified subsidiary under the Financial Instruments and Exchange Act.
2. The number in brackets under the “Percentage of Voting Rights Owned or Held” column means the percentage of indirect holding.
3. The name of operating segments is shown under the “Principal Business” column.
- *4. House of Rose Co., Ltd. is a company that is obliged to file an annual securities report.
- *5. Wacoal Corp.’s sales (excluding the internal sales recorded among consolidated subsidiaries) account for more than 10% in our consolidated sales.

Key Income Summary	(i) Sales	82,778 million yen
	(ii) Ordinary income	1,901 million yen
	(iii) Net income	1,778 million yen
	(iv) Net assets	95,080 million yen
	(v) Total assets	122,204 million yen

6. As of April 1, 2022, Kyushu Wacoal Manufacturing Corp. has changed its trade name to Wacoal Manufacturing Japan Corp.

5. 【Employees】

(1) Employees within group

As of March 31, 2022

Name of Operating Segment	Number of Employees	
Wacoal Business (Domestic)	6,885	[287]
Wacoal Business (Overseas)	10,655	[332]
Peach John Business	450	[30]
Other	1,727	[81]
Total	19,717	[730]

- (Note)
1. The number of employees is the number of individuals working within our group (excludes individuals seconded from our group to third parties, but includes individuals seconded from third parties to our group). The average number of temporary employees is indicated in brackets for the current consolidated fiscal year.
 2. Temporary employees include temporary staff and part-time workers whose working period is about 3 months.

(2) Employees of the Company

As of March 31, 2022

Number of Employees	Average Age	Average Years of Service	Average Annual Salary (Yen)
90	46.0	19.8	5,543,536

- (Note)
1. The number of employees is the number of individuals working within the Company.
 2. The average annual salary includes bonus and extra wages.
 3. All employees of the Company belong to the Wacoal Business (Domestic) segment.

(3) Relationship with Labor Union

Employees of the Company are members of the Wacoal Labor Union. The Wacoal Labor Union is a member of The Japanese Federation of Textile, Chemical, Food, Commercial, Service, and General Workers' Unions. Certain subsidiaries have their own labor unions.

Our relationship with Labor Unions is very stable and we have nothing to report on this matter.

II. Business Overview

1. 【Management Policy, Business Environment and Management Issues】

Any forward-looking statement contained below is based on our judgements as of the end of the current fiscal year. These future expectations and projections are subject to various factors and uncertainties forecasts, and may differ from actual outcome or results.

(1) Group Philosophy (Mission, Spirit of Foundation)

Our group, with the Company as its pure holding company, has been operating innerwear business and other businesses primarily in Japan, the United States, Europe, China and Southeast Asia with the goal of “contributing to society by helping people express their beauty”. In 2022, we have introduced our “Mission”, the social mission statement we aim to fulfill in today’s society, defined as “committing to the enrichment of the lives of people around the world”, “helping people realize their individuality, and their inner beauty, rather than uniform external beauty”, and “striving to solve various social issues such as the environment and human rights”. Based on this “Mission” and our “Spirit of Foundation” that we have inherited over our 70-year history, we will strive to enhance our corporate value by promoting sustainability management that aims to both solve social issues and achieve sustainable growth through our business activities, at the same time each of our operating companies utilizing its efforts to address complicated and diversified social issues as future growth opportunities.

In addition, our business activities are built upon accumulation of “mutual trust”, the trust built between people, based on our listening to the voice of each and every one of our customers, and continuously transforming our business with a sense of humility. We aim to become an indispensable presence in society by building relationships of mutual trust with every stakeholder, including shareholders, customers, employees, business partners and local communities, through our continuous endeavors to enhance transparency in corporate management and to ensure fairness and independence.

Mission

WACOAL empowers people with the confidence that comes from looking and feeling their best. As a global leader, we welcome everyone into our caring community built on mutual respect, diversity, and inclusion.

At WACOAL, we value each person as an individual and believe in nurturing the body and mind so everyone can be their best.

When people with different backgrounds are empowered to come together and share ideas freely, we as a society will achieve true harmony.

By continuing to evolve, WACOAL leads the way to a world where kindness, inclusivity, and mutual respect are the standards, and the future is full of promise for everyone.

“Global Corporate Message”

Comfortable inside. Confident outside.

*“Global Corporate Message” above is our common corporate message shared within our group.

For details, please see “About Wacoal Group” on our company website (<https://www.wacoalholdings.jp/en/group/>).

Founding Principles

Our Culture

We, the employees and management of WACOAL, will maintain a refined corporate culture based on mutual trust and will continually strive to make the Company a global leader in the industry.

Our Promise

We will contribute to society by helping women express their beauty.

Our Values

1. Create products loved by customers

2. Develop new products that meet the needs of the times.
3. Conduct business in a fair manner with a forward focus.
4. Build a better WACOAL through better human resources.
5. Fear not failure and boast not of success.

(2) Our Medium- and Long-term Business Strategy and Measures for Business Targets

(i) Medium- and Long-term Business Strategy frame “VISION 2030”

In order to put our management philosophy into practice, our group formulated a new corporate vision of the group looking ahead to the year 2030 called “VISION 2030”, by back-casting from long-term goals, while keeping an eye on the business challenges that we face, customer values, and changes in the society and environment. Under “VISION 2030”, our medium to long-term vision is “to evolve and grow as “Wacoal Group of the World” by providing both physical and emotional beauty and richness to individuals through high sensitivity and premium quality” and we will achieve sustainable growth and enhance corporate value through the following initiatives.

Corporate vision : evolve and grow as “Wacoal Group of the World” by providing both physical and emotional beauty and richness to individuals through delicate sensibility and premium quality

Basic policy : achieve sustainable growth through creation of new value from innovative perspectives

Business domain : widen and deepen the fields of “beauty”, “comfort” and “health” with new products and services supported by our “delicate sensibility and premium quality”

Priority strategies:

Priority strategies		Targets of materiality (key issues)
Promote sustainability management	Improve profitability and expand business domain in domestic market	Steadily growing in Japan and developing new businesses in the healthcare field <ul style="list-style-type: none"> • recovery of share in the domestic market through the promotion of customer experience (CX) strategies • expansion of business domain in the fields of “beauty”, “comfort” and “health”
	Expand business and transform into highly profitable business structure in overseas market	Maintaining current pace of expansion in the existing markets and growing presence in the European and Indian markets <ul style="list-style-type: none"> • acquisition of new customers by strengthening digital marketing • conversion of existing customers to loyal customers by strengthening customer relationship management (CRM) • enhancement of brand investments in the new markets
	Strengthen group management	Strengthening group governance, and developing and utilizing diverse human resources Developing domestic and overseas technology, production and R&D bases <ul style="list-style-type: none"> • redefining of quality standards, conversion of sewing factories to smart factories, and pursuit of production and transportation efficiency
	Transition to capital-efficient management	Achieving continued generation of return on equity (ROE) in excess of cost of capital Optimizing value distribution to stakeholders <ul style="list-style-type: none"> • ROE of 10%, measures to optimize capital structure

Materiality (Key issue):

Target	Purpose	Materiality (Key issue)
Customers	Maximize the value provided to customers	Enhancement of customer experience value by pursuing personalization
		Endeavoring to expand business areas
		Deepening of product quality and building of service quality
Employees	Achieve growth of each of our employees and establish a highly rewarding organization	Growth into human resources who can expand their potential and have confidence, pride, and success
		Building of an organization that can demonstrate great results through co-creation and collaboration
		Continuous improvement of employees' health and health awareness
Environment	Preserve the environment globally for future generations	Promotion of business activities that reduce environmental impact
Society	Realize a society in which everyone plays an active role in their own way	Promotion of co-creation innovation to solve social issues
Governance	Enhance governance toward realization of sustainable growth	Implementation of highly-transparent management
		Strengthening of the risk management system
		Continuous improvement of profitability and capital efficiency

Guidelines for key indicators (fiscal year ending March 2031):

Sales	270,000 million yen (Percentage of sales from overseas operations is 40%)
(Reference) Group sales including unconsolidated joint ventures	340,000 million yen
Business income (Ratio)	27,000 million yen (10%)
ROE	10%

Guidelines for the Actions of Officers and Employees:

"Think about the happiness of others"

Do you consider the happiness of people around you, including the customers, suppliers, and employees coworker you work with?

"Embrace curiosity and use all five senses"

Have you noticed or discovered anything new lately?

"Consider the reason and purpose"

Do you understand the true meaning and root cause; why and what for?

"Respect diverse opinions"

Do you listen to people's opinions with humility and have constructive discussions without making assumptions?

"Make decisions for the future"

Do you act not only for immediate results, but also for a successful future?

"Give it a try first"

Do you give up out of fear of risks? Do you support people who take on challenges?

"Work together"

Do you strive for great success through teamwork and collaboration?

"Act with honesty and responsibility"

Do you communicate appreciation for others? Do you have blameless problem-solving approach?

Following the formulation of the "VISION 2030", we have updated the definition of "Wacoal Group of the World" as follows:

- earning a high level of trust from all stakeholders with respect to our group's products, services and initiatives related to social issues
- developing businesses with competitive advantages on a global scale by making optimizing our group's human resources, assets, know-hows and network
- continuing to create new customer experience with innovative and high-quality products and services to enrich and beautify the lives of our customers around the world
- enabling our employees around the world to understand our group's goals and mission, and to challenge themselves to realize our group's goals and mission without being bound by common sense or the past

(ii) Medium-Term Management Plan

The upcoming three-year period (from fiscal year ending March 2023 to fiscal year ending March 2025) is an important period for us to lay the foundation for realizing our goal, "evolve and grow as 'Wacoal Group of the World' by providing both physical and emotional beauty and richness to individuals through delicate sensibility and premium quality". As a manufacturing company that develops various brands globally, we will focus on the following initiatives under our medium-term management plan to contribute to enrich the lives of people and to transform ourselves into a highly profitable company capable of sustainable growth.

Core Strategies:

<p>(Domestic Business) transform ourselves into a resilient corporate structure</p>	<p>【Wacoal Corp.】 CX strategies and marketing innovation (realization of regrowth) - promotion of CX strategies – strengthening of brand and product development capabilities –development of human resources and organization Continue cost structure reforms (improve profitability) - improve profitability by reforming working styles, manufacturing structure, and pursuing cost-effectiveness</p> <p>【Consolidated subsidiaries】 Dealing with underperforming businesses (improve profitability) - build a system that continues to generate sound profits (constant profit surplus) - determine and implement withdrawal and separate business through periodic inspections (semiannually)</p>
<p>(Overseas Business) accelerate global growth</p>	<p>Digital transformation (DX) acceleration on a global basis (promotion of CX strategies) - improve value of our customer experience with the merger between offline and online activities - acquire new customers by strengthening digital marketing - convert existing customers to loyal customers by utilizing data and strengthening CRM</p>
<p>(Sustainability) promote initiatives for materiality</p>	<p>- strengthen human capital and organizational capacity to practice management philosophy and enhance competitiveness - strengthen responses to growing concerns for environmental and human rights issues - promotion of co-creation innovation to create social value</p>
<p>(Finance) generate ROE in excess of cost of capital</p>	<p>- improve profitability and capital efficiency - further improve transparency of corporate governance - eliminate serious compliance violations</p>

Efforts to improve the effectiveness of the Board of Directors:

Under the medium-term management plan, we will continue to focus on promotion of group management and strengthening of group capabilities as key management issues and aim to build a solid management base that will support sustainable growth in the medium to long-term. To improve the effectiveness of the Board of Directors, we will continue to review the executive compensation system and will strive to optimize the composition of members of the Board of Directors, ensuring expertise, independence and diversity.

Specific initiatives during the medium-term management plan

- review of management system and clarification of responsible business managers
- continuous improvement on the executive compensation system
- ensuring diversity of the Board of Directors

Financial strategies:

In terms of our financial strategies, we will leverage operating cash flow to implement IT and digital investments for growth and explore opportunities for new business investments. In addition, we will work to improve ROE by placing highest priority on improving profitability, while at the same time, actively returning profits to shareholders to improve capital efficiency.

Basic policies on our medium-term management plan

- work to improve profitability as our highest priority, while simultaneously improving ROE by improving asset efficiency and capital efficiency

Guidelines for Medium-term Management Plan Period (from fiscal year ending March 2023 to fiscal year ending March 2025)	
Cross-Shareholdings	- continue to actively reduce cross-shareholdings - medium- to long-term cross-shareholdings index is 15% or less of net assets
Shareholder Return	- stable dividends with a target payout ratio of 50% or more - conduct flexible share buybacks to improve capital efficiency - conduct additional returns to further improve capital efficiency in the absence of appropriate growth investments
Growth Investment	- conduct IT and digital investments for growth and consider opportunities to invest in new businesses

(iii) Policy for Fiscal Year ending March 2023

Economic activities during the fiscal year ending March 2023 are expected to remain uncertain due to concerns on stagnation of economic activities in certain regions caused by the further spread of COVID-19, global inflation, geopolitical risks, and further increases in raw material and transportation costs associated with these risks. Under these circumstances, we will endeavor to address complicated and diversified social issues as an “opportunity of growth” for the future, and to enhance our corporate value by promoting “sustainable management”, a management approach that balances resolving social issues on one hand and sustainable growth on the other hand through our business activities. In our domestic business, we will continue promoting our unique CX strategy including the merger between online and offline activities and utilization of our customer database to improve value of our customer experience, and strengthening our efforts to improve profitability, aiming to transform ourselves into a resilient corporate structure. In our overseas business, we will seek further expansion by expanding our e-commerce business and entering into the emerging markets, in addition to expanding solid sales growth in the existing areas where we conduct our business.

Based on the above-described initiatives, we expect net sales of 205.0 billion yen, business income of 7.0 billion yen, operating income of 6.5 billion yen, income before income taxes and equity in net income of affiliated companies of 8.0 billion yen, and net income attributable to owners of parent of 5.5 billion yen for the consolidated business results for the fiscal year ending March 2023. We formulated our plan for the fiscal year ending March 2023 using the key exchange rates of 120.00 yen to the U.S. dollar; 155.00 yen to the Sterling pound; and 19.00 yen to the Chinese yuan.

(iv) Business Targets

<Guidelines for key indicators>

	Fiscal year ending March 2023 (first year of the medium-term management plan)	Fiscal year ending March 2025 (last year of the medium-term management plan)
Net sales	205,000 million yen	230,000 million yen
Business income	7,000 million yen (3.4%)	16,000 million yen (7.3%)
Operating income	6,500 million yen (3.2%)	16,500 million yen (7.5%)
Income before income taxes and equity in net income of affiliated companies	8,000 million yen (3.9%)	18,000 million yen (8.2%)
Net income attributable to owners of parent	5,500 million yen (2.7%)	12,500 million yen (5.7%)
EPS	97.42 yen	200 yen or more
ROE	-	6%

<Guidelines for financial indicators>

	Cumulative three years (from fiscal year ending March 2023 to fiscal year March 2025)
Reduction of cross-shareholdings	10,000 million yen or more
The dividend payout ratio	100% or more
Shareholders' equity	210,000 million yen (as of March 2025)

(3) Issues to be addressed

The spread of COVID-19 not only changed the values and attitudes of people toward health and other issues, but also had a significant impact on consumer behavior and lifestyles, including the promotion of remote work and the shift of various services to online. Additionally, the business environment surrounding the Company is undergoing significant changes including a shrinking domestic market due to a decline in birthrate and aging population, changes in distribution such as the expansion of e-commerce, diversifying consumer needs, growing cost-conscious consumers, and further increase in raw material and transportation costs associated with geopolitical risks. In addition, the elevated concern for the environment such as climate change and human rights issues are drawing increasing attention from society.

“VISION 2030” is an important medium to long-term strategy framework not only to address these issues, but also to solve social issues and to achieve sustainable growth through our business. Through our initiatives on the targets of materiality (key issues) which are to “maximize the value provided to customers”, “achieve growth of each of our employees and establish a highly rewarding organization”, “preserve the environment globally for future generations”, “realize a society in which everyone plays an active role in their own way”, and “enhance governance toward realization of sustainable growth”, we aim to achieve our goal to “evolve and grow as ‘Wacoal Group of the World’ by providing both physical and emotional beauty and richness to individuals through delicate sensibility and premium quality” and to enhance our corporate value.

The following is a summary of issues and initiatives related to our core businesses:

Issues and initiatives related to domestic business:

The biggest challenge in our domestic business is a rigid, high-cost structure that does not generate revenue when sales decline. We will achieve renewed growth by providing new customer experience value and creating new businesses, while at the same time reviewing our rigid cost structure to improve business efficiency. As for our domestic consolidated subsidiaries, stabilization of management is an urgent challenge. We will assess future potential and determine whether to continue or review the business. Regarding the creation of new business, we will consider initiatives which will realize discontinuous growth, including M&A.

Issues and initiatives related to overseas business:

We need to further improve our business results, especially in our e-commerce business, in our major markets. In addition, in order to realize growth in the emerging areas with large potential markets, such as India and Germany, we will work to expand brand recognition by making investments to ensure competitive advantage.

Issues and initiatives related to Production and Supply System:

In addition to further increase in raw material and transportation costs associated with the spread of COVID-19 and geopolitical risks, and depending on the status of spread of COVID-19, we may be forced to operate under unstable conditions. Our challenge is to reorganize the supply system on a global basis to further improve productivity.

Issues and initiatives related to sustainability:

The increasing concern for environmental issues such as climate change and human rights issues are drawing increasing attention from society. In addition to responding to the demands from the society, it is necessary to promote co-creation innovation to view efforts to address complicated and diversified social issues as an “opportunity of growth” for the future. At the same time, it is also important to increase the number of employees who can act with a clear vision of the company’s mission and what the company should be in order to strengthen our group’s capabilities to respond to changes. By increasing the number of employees practicing our management

philosophy, we will achieve personal growth for each and every employee, as well as corporate growth.

(Reference)

1. Sustainability Promotion System

Our group promotes “sustainability management” and has established the Sustainability Committee in April 2022 to achieve “to solve social issues” and “corporate growth” through our business. The Sustainability Committee formulates an overall plan regarding sustainability activities, monitors progress, evaluates achievements, and periodically reports and makes recommendations to the Board of Directors. Representative Director, President and Corporate Officer is responsible for the Board of Directors and the Group Management Meeting, the highest decision-making body at the business operation level, and also acts as the administrative manager of the Sustainability Committee (Director, Vice President and Corporate Officer acting as the Chair).

"Subcommittee for Carbon Neutral"

In order to reduce the environmental impact and environmental risk of Wacoal Group's business activities and to promote voluntary and active environmental preservation activities, it will deliberate on activity policies and initiatives related to environmental issues, such as climate change measures and reducing the environmental load of back offices, and strategic investment projects related to environmental preservation, and monitor progress.

"Subcommittee for Resource Circulation"

In order to promote sustainable use of resources and materials in the supply chain, resource conservation measures, and waste reduction and recycling, and thereby achieve a resource circulation society, it will deliberate on procurement policies and quality standards for environmentally-friendly materials, and monitor the progress of waste reduction in production and procurement activities.

"Subcommittee for CSR Procurement"

Being responsible for formulating and checking the progress of Wacoal Group's CSR procurement plans, it will accurately grasp the status of compliance with the Wacoal Group CSR Procurement Guidelines and lead the initiatives to make corrections and improvements continuously, by operating a cycle from monitoring manufacturing contractors and raw material suppliers through self-evaluation, etc., analysis and evaluation feedback, correction and improvement plans, to follow-ups.

"Subcommittee for Human Rights, D&I"

In order to ensure that the obligations of respecting human rights under the Human Rights Policy is fulfilled and the duties are properly carried out, it will provide educational activities related to the protection of human rights and advice and recommendations on implementing human rights due diligence. In addition, it will implement various measures, including holding internal seminars, in order to create a workplace environment that can accommodate diverse employees and maximize their individual abilities.

2. Specific Initiatives related to Sustainability

Responding to climate change

We believe that climate change, which has a significant impact on the Earth and corporate activities, poses both a risk to our group's management, and a new business opportunity. In September 2021, our group expressed our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and is working toward disclosure in line with the TCFD, based on the recognition that addressing and improving environmental issues will lead to sound corporate development and a sustainable society.

Environmental Goals for 2030

Our group has set its own environmental activity goals for 2030 to promote efforts to tackle increasingly serious climate change issues and realize a carbon-free society. For overseas business, we plan to start from understanding the in-house emission of greenhouse gas (Scope 1 & 2) and disclose our goals by the fiscal year ending March 2025.

(i) in-house emissions (Scope 1 & 2) “Zero” [Target: offices in Japan]

Aiming to reduce our own emissions of greenhouse gas to virtually zero, we are gradually switching to renewable energy sources.

(ii) production disposal “Zero” [Target: Wacoal Corp.]

Aiming to reduce production disposal to zero, we are promoting our initiatives to reduce disposal of leftover materials at factories.

(iii) environmentally friendly materials “50%” [Target: Wacoal Corp.]

Increase the percentage of use of environmentally friendly materials to 50% by shifting to recycled fiber and yarn.

(iv) supply-chain emissions (Scope 3) “20% reduction” [Target: Wacoal Business (domestic)]

Aiming to reduce the supply-chain emissions of greenhouse gas by 20%, we are promoting the initiatives with our partner companies.

Reduce greenhouse gas emissions:

In July 2021, our group compiled data for and calculated, for the first time, the greenhouse emissions (Scope 3) for the entire supply chain related to Wacoal Business (Domestic) in accordance with the “Basic Guidelines for Calculating Greenhouse Gas Emissions through the Supply Chain” in order to further ensure the reduction of greenhouse emissions in the supply chain as we move toward the realization of carbon-free society. After that in October 2021, we have disclosed our goals for reduction of greenhouse gas emissions (Scope 1&2) at our domestic business.

Support for recommendations of the Task Force on Climate-related Financial Disclosures (TCFD):

In September 2021, our group expressed our support for the recommendations of the TCFD. Information on four subjects, “governance”, “strategy”, “risk management” and “target and goals” will be disclosed at the end of June 2022. For details, please see the Company’s website on “Sustainability>Environmental”.

(<https://www.wacoalholdings.jp/en/sustainability/environment/>)

Promote consumer- and earth-friendly business activities:

With growing interests in the environment and sustainability, consumers are increasingly making demands such as “I want to use good products for a long time” and “I want to use environmentally friendly products”. Our group strives to manufacture products that consumers will love for a long time, and at the same time, we promote business activities that take environmental preservation into consideration, based on the recognition that protection the global environment is a corporate responsibility.

Reducing product waste loss through long-lasting manufacturing and a unique total production, total inventory and total sales system:

Our group’s basic policy of “manufacturing products that are loved by customers” is supported by its commitment to quality and safety and a system that does not leave inventories. Our quality control system is based on ISO9001, and we have established strict standards and are working to improve quality at all stages from material procurement to product planning, product design, and production. In addition, based on our concept of total production, total inventory and total sales, our group has established a system to minimize waste while generating profits and the product disposal rate (number of products disposed as to number of products manufactured) at Wacoal Corp. is approximately 1%.

Development of “environmentally-friendly products” to realize sustainable global environment:

We are developing environmentally friendly products and materials at Wacoal Corp. in order to realize a sustainable global environment and to meet consumer demand to use environmentally friendly products. The product group “Nature Couture” which was launched from our Wacoal brand in September 2021 is our innerwear product that is gentle to both people and nature, using Japanese paper made mainly from cellulose fibers from organic cotton and Manila hemp grown in the United States. The use of dye-free colors and dyes extracted from plants such as olive leaves and rose flowers, as well as the use of creative designs and patterns, result in less waste materials than usual. In future, we aim to establish a “waste material recycling system” in which waste materials arising when cutting fabrics are collected at domestic factories, recycled into yarn, and reused as product materials for the next season and beyond. Our new environmentally friendly line of women’s innerwear “Looping”, which is scheduled to launch in spring/summer 2022 season primarily at our directly-operated stores, will use recycled yarn as raw materials, with a view to recycling the products after collection in the future.

Bra recycling campaign:

Born out of our customers' feedback that it is difficult to dispose of old and used bras, our bra recycling campaign is conducted by Wacoal Corp. The campaign is implemented in collaboration with "BRING", a recycled clothing and goods brand by JEPLAN, Inc., where collected used bras are transformed into parts for household goods and other items. In the fiscal year ended March 31, 2022, the campaign ran from October 1, 2021 through March 31, 2022, collecting 25.7 tons of used bras in total from.

Promoting social responsibility in the supply chain

Our group is committed to responsible procurement with our business partners around the world to fulfill our social responsibility throughout the entire supply chain. We believe that responding to the expectations of society and promoting CSR procurement together with our contract manufacturers based on the concept of mutual trust and cooperation will maximize the common interests of the contract manufacturer and the Company and contribute to the sustainable growth of both parties, and we are actively working on these initiatives.

Promotion of CSR procurement based on mutual trust and cooperation:

The supply chain of the textile and apparel industry begins with product planning and design in the country or region where the product will be sold, but the production and procurement of raw materials and production of products at factories use international network with most of the production taking place in China and emerging ASEAN countries where the products are transported. Our group committed ourselves under the "Wacoal Group CSR-based Procurement Guidelines" established in October 2017 that "to fulfill our social responsibility, we must build close partnerships with all outsourcees involved in the production of our products and comply and respect not only "quality", "price", and "delivery time", but also social requirements such as "human rights", "labor practices", "environment" and "ethics", together with our outsourcees. In February 2018, we began operating a cycle to lead to continuous corrective action and improvement by accurately understanding the status of compliance with the content set forth in the guidelines. Since May 2018, we also disclose basic information of outsourcees who have agreed to be disclosed.

Basic information on partner factory list (as of August 2021):

Name of Company	Number of Factory	Percentage of purchases accounted for by manufacturing at subject factory		Number of Renewal
Wacoal	150	96.5%	percentage to purchases of innerwear, pajamas, loungewear, babywear, maternity wear, hosiery, sportswear	4
Lecien	12	99.5%	percentage to purchases of innerwear	4
Peach John	31	90.0%	percentage to purchases of innerwear, loungewear, fashionwear	4
Ai	12	78.0%	percentage of purchases of swimwear, innerwear	3
Une Nana Cool	4	98.9%	percentage of purchases of innerwear, pajamas, loungewear	1
Material overseas subsidiaries *	32	100%	percentage of purchases of innerwear	1

*Wacoal America, Wacoal China, Wacoal Europe

Details of CSR procurement activities for fiscal year ended March 2022:

- establishment of a local audit method (remote audit) in the midst of COVID-19
- expanding scope of CSR procurement activities (schedule to add outsourcees which manufacture product categories other than apparel products)
 - confirm status of compliance of details set forth in the Wacoal CSR Procurement Guidelines through self-assessment
 - conducted the second self-assessment at supplier factory of Wacoal Corp. (innerwear other than Wacoal and Wing brand products, and third brand group (such as AMPHI brand products))

2. 【Business Risk and Other】

In our Risk Management Basic Rules, “risk” is defined as “all factors that may hinder the achievement of the business objectives of our group”. We identify such risks, assess the likelihood of their occurrence, evaluate impact of such risks, set priorities among such risks and decide on how to address such risks. In order to address and mitigate such risks, we implement various countermeasures designed to reduce our exposure to such risks as much as feasible, while simultaneously monitoring such countermeasures with an aim to continuously improve upon their substance and effectiveness. In addition, we engaged in “Risk Management” measures that are designed to minimize the impact of such on stakeholders including communities and society by responding promptly to any problems and/or incidents that may occur if such risks materialize.

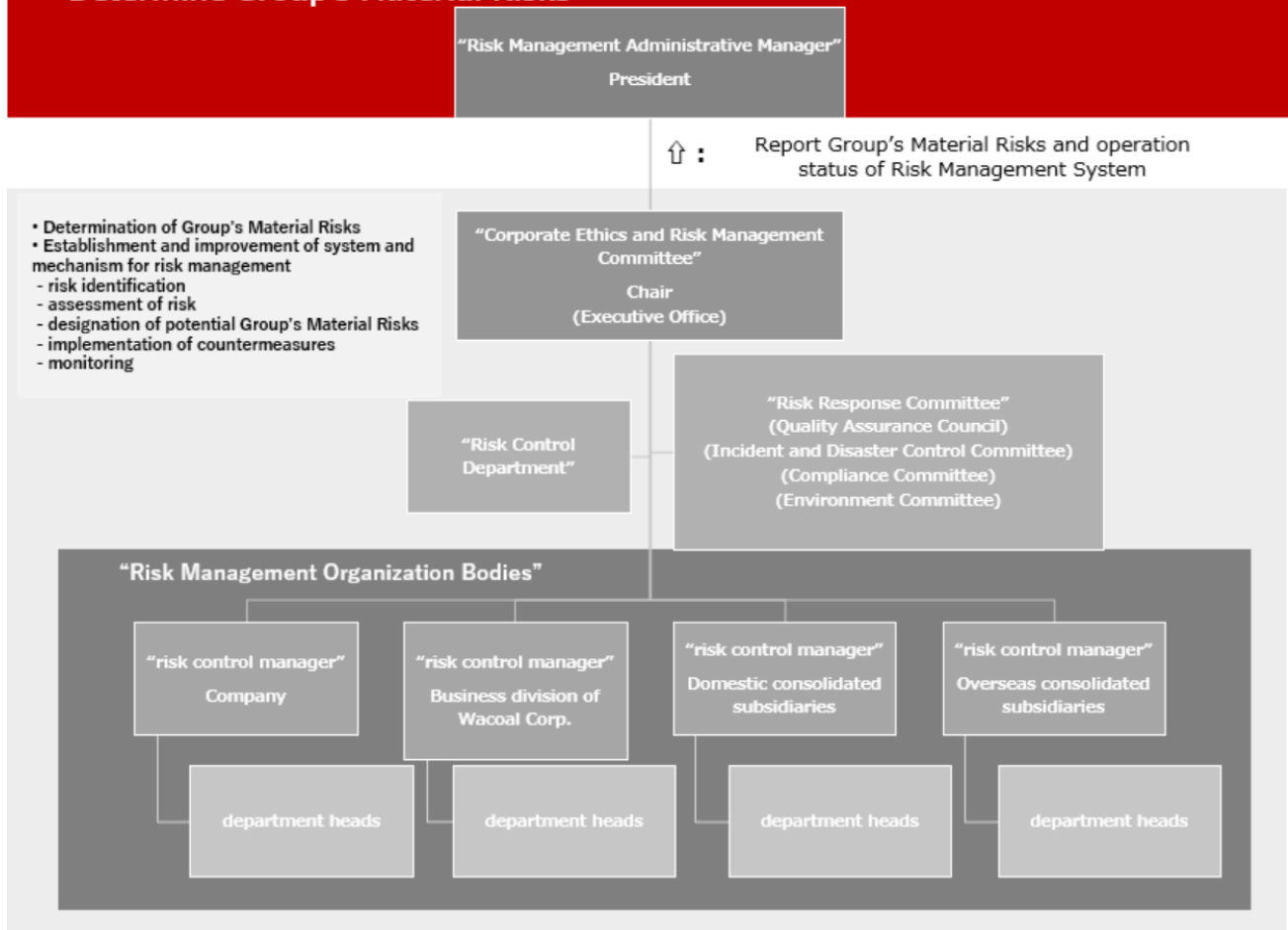
(1) Risk Management System

As shown in the diagram below, our group’s Risk Management System is headed by our Representative Director, President and Corporate Officer who acts as the risk management administrative manager, and under direct control of our Director and Managing Corporate Officer who acts as the Chair of the Corporate Ethics and Risk Management Committee, which consists of members appointed by the Chair. The Risk Control Department and Risk Response Committee established and appointed by the Corporate Ethics and Risk Management Committee, a subgroup which formulates policies on activities and monitors important issues across the entire group, and the Risk Management Organization, which manages risks by identifying, assessing, responding and monitoring risks as determined by the Corporate Ethics and Risk Management Committee and the risk control managers of the Risk Management Organization bodies.

The Corporate Ethics and Risk Management Committee evaluates risks identified by each Risk Management Organization bodies from the perspective of their likelihood of occurrence and impact of such risks, and annually submits what we refer to as “Group’s Material Risks”, the risk items that are determined as having a significant potential impact on the management of our group to the Board of Directors. The Risk Control Department or the Risk Response Committee then proceeds to work on countermeasures aligned for each item of the Group’s Material Risks to minimize these risks, and a meeting of Corporate Ethics and Risk Management Committee is held quarterly, and whenever necessary from time to time, to monitor whether our Risk Management System is working effectively.

Board of Directors (and Management) Meeting

- Determine Group's Material Risks



"Risk Management Organization Bodies" ("risk control manager" + "department heads")

[Collection of risk-related information]

- ▶ submission of business risk assessment reports
- ▶ submission of material risk description reports
- ▶ mitigation and monitoring at the risk management organization level

"Corporate Ethics and Risk Management Committee" ("Risk Control Department" + "Risk Response Committee")

[Identification of Group's (potential) Material Risks] [Establishment and improvement of system and mechanism for risk management]

- ▶ collection and analysis of material risk description reports at the Executive Office
- ▶ selection of potential Group's Material Risks
- ▶ periodic reporting by the Chair regarding operation status of risk management system to the Board of Directors
- ▶ after determination of Group's Material Risks, organization of relationship management issues and assignment of responsibilities for implementation of countermeasures between Risk Control Department and Risk Response Committee
- ▶ monitoring of material risks related to business strategy at management issues review meetings
- ▶ evaluation of progress during quarterly meetings of the Committee

Board of Directors (and Management) Meeting "risk management administrative manager"

[Determination of Group's Material Risks]

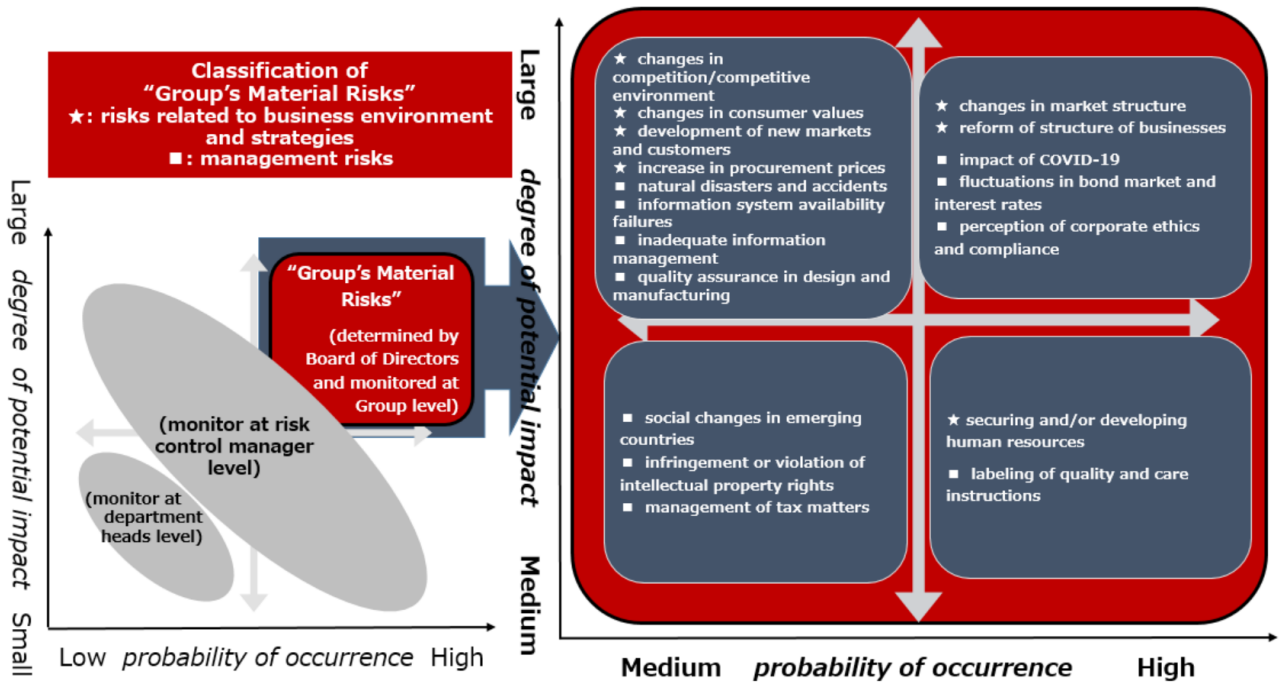
- ▶ discussion of selection results and risk management system
- ▶ determination of Group's Material Risks
- ▶ supervision of operation status of risk management and provision of instructions

(2) Business Risk Factors

Major risk factors related to business and financial conditions described in this report as identified by the management that may significantly impact the financial position, results of operation and cash flows within group, and their countermeasures are as follows.

Forward-looking statements in this report are made based on information available as of the end of fiscal year 2022.

The Board of Directors discusses and determines Group’s Material Risks after the Corporate Ethics and Risk Management Committee assesses and selects the risk items that may significantly impact our group’s management. Items with ★ marks below indicate risks related to “business environment and strategies”, and items with ■ below indicate “management” risks.



(2)-1 Risks related to business environment and strategies

➤ Risks related to changes in market structure	
<input type="checkbox"/> Probability of occurrence: High	<input type="checkbox"/> Degree of potential impact: Large
<ul style="list-style-type: none">● Risk details A decline in the number of large-scale retailers and commercial facilities, including department stores and mass merchandisers, as well as an expansion of new business platforms could affect our group's business performance, which has a large share of sales from department stores and mass merchandisers. In addition, the change in the market structure may result in restructuring of existing business platforms, or changes in sales policies, which may affect our group's business performance.	
<ul style="list-style-type: none">● Countermeasures The retail market is undergoing structural change (a decrease in number of physical stores), and the sales share of wholesale outlets such as department stores, mass merchandisers, and specialty stores is expected to gradually decline. In Japan, our group has addressed these risks by shifting to an area-based sales and marketing system that cuts across brands and business categories and strengthening directly managed stores and e-commerce sales while promoting our customer experience (CX) strategies that enhances customer convenience, including the centralized management of customer data. In overseas market, we aim to improve the customer experience by developing unique services that involve merger of offline and online customer experience. In July 2019, we acquired a U.S. company, Intimates Online, Inc. to appeal to attract millennials as customers in our group's global development, to create growth opportunities in the e-commerce market, and to strengthen our competitiveness. We are accelerating digital transformation (DX) in each country and region to increase the lifetime value of our customers aiming to lead the ratio of e-commerce sales to total sales to more than 50% within the next 10 years. On the other hand, in order to address the accounts receivable collection risk following store closures and bankruptcies, we manage our credit exposure at all times and keep adequate inventory at stores domestically and in overseas.	

➤ Risks related to reform of structure of businesses	
<input type="checkbox"/> Probability of occurrence: High	<input type="checkbox"/> Degree of potential impact: Large
<ul style="list-style-type: none">● Risk details The labor cost ratio will remain high as the wholesale-centered business reform is in the process, and an increase in inventories due to an increase in stock keeping units (SKUs) and failure of total inventory and total sales production management may induce an increase in distribution costs and revaluation of discounts, which may adversely affect earnings performance.	
<ul style="list-style-type: none">● Countermeasures While market structure rapidly changes and executing medium- to long-term management strategies, we are promoting personal planning and organizational reforms to achieve an appropriate workforce structure. We are also working to create an organizational culture in which personnel and time generated through personnel planning are invested in new businesses and business areas that need to be strengthened, and each employee can visualize his/her contribution to the company and realize that they are creating the future of the company. On the other hand, our previous brand strategy was developed in response to the characteristics of the distribution channel structure, and as a result of our detailed response, we have developed approximately 60 brands (including sub-brands). Today, customers' purchasing behavior has shifted to a seamless online and offline shopping experience, and in addition, competition is intensifying with the global specialty retailer of private label apparel (SPA) type brands. We have overhauled our brand organization and decided to consolidate it into 9 core brands and 27 constituent brands, and are promoting a new brand strategy to enhance investment efficiency starting from the 2021 fall/winter season.	

➤ Risks related to changes in competition/competitive environment	
<input type="checkbox"/> Probability of occurrence: Medium	<input type="checkbox"/> Degree of potential impact: Large
<ul style="list-style-type: none"> ● Risk details In domestic and overseas markets, competitors, low-priced products and new entrants from other industries may intensify the competition in the market, which may result in a loss of sales share and a decline in business performance. 	
<ul style="list-style-type: none"> ● Countermeasures Increase in a competition will lead to lower prices, increased advertising costs, and reduced sales and market share, which will significantly impact the business, performance and financial position of our group. Under our mid-term business plan, which ends in the current consolidated fiscal year, with the goal of re-growth and improving profitability at Wacoal Corp., we have been promoting the customer experience (CX) strategy, a differentiation strategy to provide personalized information to customers, to further deepen the connection with each customer, and to reflect a more customer-driven approach. This is a further innovation of the customer service sales strengths that Wacoal has cultivated over the years, using digital technology to offer the best products and their delivery methods, while linking physical stores and e-commerce to enhance the convenience of our customers' ability to ship around freely. Further, in addition to utilizing electronic records and promoting the introduction of personalized apps as measures to attract new customers, we have also expanded free bra-measuring services, and increased a number of stores introducing our next-generation tool, "Wacoal 3D smart & try", in an effort to build a deeper, broader and longer-term relationship with customers. We have installed Wacoal 3D smart & try at 20 stores, mainly at department stores, by the end of the current fiscal year, and plan to further expand the number of stores installed in the future. Furthermore, our three major corporate entities in the United States, Europe and China continue to invest in growth in their businesses to differentiate themselves from competitors by enhancing the group's unique and distinctive brand development and product strategy. At the same time, we are accelerating shop openings and actively investing in advertisement to expand our business in India in order to gain pioneering advantages in the emerging countries. 	

➤ Risks related to changes in consumer values	
<input type="checkbox"/> Probability of occurrence: Medium	<input type="checkbox"/> Degree of potential impact: Large
<ul style="list-style-type: none"> ● Risk details Our brand strategy, products, or services may not match to the changes in consumer values and we may fail to attract customers or may lose customers, resulting in a decline in business. In addition, failure in brand management and marketing mix may result in unsuccessful attraction of younger generation of customers, while defection of existing customers may damage our brand value. 	
<ul style="list-style-type: none"> ● Countermeasures In terms of product policy, our group is working to continuously respond to customer needs and create and provide new value by promoting merchandising plans by consumer target, improving the functional superiority and differentiating designs of "Match Me Bra" and other comfort-related products, and developing environmentally conscious, high-quality and high-value added products such as "Looping (bras and briefs)". In terms of brand management and marketing strategy, we are organizing and consolidating our nine core brands, and by concentrating and selecting brand communication and marketing costs linked with such approach, we expand both the quality and quantity of our messages to consumer targets. At the same time, we are strengthening our efforts in sustainability activities to enhance and establish our reputation with society and other stakeholders. In terms of customer experience (CX) strategy, we use a mix of free bra-measuring services, electronic records, personalized apps, and 3D body scanning to strengthen our relationship with customers by attending to their individual needs. 	

➤ Risks related to development of new markets and customers	
<input type="checkbox"/> Probability of occurrence: Medium	<input type="checkbox"/> Degree of potential impact: Large
<ul style="list-style-type: none"> ● Risk details <p>In response to the shrinking domestic market due to a decline in population and fewer children with an aging society in Japan, our group is working to develop new markets by developing overseas markets and entering into new business categories and fields. On the other hand, our failure to meet the diversifying values of consumers and to generate planned outcome may affect our group's business performance.</p> ● Countermeasures <p>In domestic market, in addition to our core target group of working-age population, our group is strengthening marketing to the teenagers, and mature and senior population, and is working to create a lifelong and loyal customers.</p> <p>In July 2021, we launched a new brand strategy at Wacoal Corp. to address changes in distribution channel structure and customer purchase behavior, and to evolve a sales structure irrespective of online or offline access. We aim to maximize the value provided by each brand by focusing management resources on our 9 core brands. In addition, we are redefining our brands' presence and also renewing our brands, including its product mix, and are trying to establish a brand structure that can flexibly respond to changes in customer behavior, which is seamless across channels, including physical stores and e-commerce.</p> <p>With respect to Peach John, we are expanding our target group by growing three brands (PJ, SL, GLRS) with different age groups, while regularly providing trending topics and improving customer service.</p> <p>On the other hand, in the United States, we are aiming to grow our e-commerce business entity by aggressively investing in digital marketing. As a part of our initiatives to strengthen our e-commerce business, we introduced a digital fitting app, "my fit bra", in May 2021. We are working with an aim to increase the ratio of e-commerce sales from the current 40% to 70% in the long term by taking various measures including marketing penetration of this app, which proposes products suited to customers' needs by measuring their body shape with a smartphone. We are strengthening, not only marketing, but also the logistics infrastructure and other systems that will support our future e-commerce growth. In China, although we have an approximately 20% share of sales at department stores, our brand awareness is still weak as our share in the entire underwear market accounts for less than 1%. In the e-commerce market, where middle class is the main purchasing group, we are working to acquire new customers and to convert existing customers to loyal customers, while working to strengthen offline and online collaboration and CRM strategies. We are aiming to revitalize our growth in the e-commerce market by developing a new product strategy, and at the same time, we are strengthening the opening of directly-managed stores at shopping malls and other locations that expand our contacts with the middle class consumers. In Germany, India and other markets where the scale of our group's operation is still small despite the large number of middle-income consumers, we are making strategic investments because we see these markets as having a significant room for future expansion.</p> 	

➤ Risks related to increase in procurement prices	
<input type="checkbox"/> Probability of occurrence: Medium	<input type="checkbox"/> Degree of potential impact: Large
<ul style="list-style-type: none"> ● Risk details The structural changes in the supply chain may cause an increase in purchase prices due to an increase in raw material prices, a higher labor costs in production regions and higher transportation costs, and may affect our group's business performance. 	
<ul style="list-style-type: none"> ● Countermeasures In the procurement of materials and production of products, we are increasing our emphasis on procurement and production in Asian countries and regions, rather than focusing on domestic procurement, while appropriately matching both quality and cost aspects. In recent years, in response to changes in the social and working environment, the axis of overseas production is shifting from China to ASEAN countries including Vietnam. In addition, we are working to minimize the number of material varieties to the extent possible in the planning and designing stages of products, to seek overseas suppliers for materials, and to minimize the number of products and materials that end up in landfills. On the other hand, we decided to consolidate our three sewing domestic companies into one company in April 2022. By building a flexible production management system that responds to changes in the external environment while inheriting the high level of sewing technology in Japan, we aim to both strengthen our competitive superiority and improve business efficiency. In addition, we are working to strengthen our business effectiveness by integrating the collaboration between the divisions responsible for product research and development and the sewing unit under the integrated sewing company, thereby enhancing the production system that is capable of quick delivery, and challenging and small-lot production. 	

➤ Risks related to securing and/or developing human resources	
<input type="checkbox"/> Probability of occurrence: High	<input type="checkbox"/> Degree of potential impact: Medium
<ul style="list-style-type: none"> ● Risk details If we fail to secure and/or foster personnel especially for manufacturing, sales representative, personnel specialized in the area of management of foreign companies, we may not achieve future growth or gain advantages against competitors, which may adversely affect our group's business performance. In addition, failure to efficiently allocate sales representative and post-retirement rehires may result in inefficient labor costs and reduced motivation, which may cause a downturn in our group's business performance. 	
<ul style="list-style-type: none"> ● Countermeasures Our group hires and retains necessary personnel by implementing new recruiting methods such as job-focused employment and develops human resources through group lectures and online professional expertise training, and strengthens onsite training through our on-the-job training, overseas training programs and cross-industry learning conducted jointly by other companies. In addition to expanding our focus on career hires, we are also focusing on referral hires in an effort to revitalize our group by securing a diverse workforce. On the other than, in response to changes in the market structure, the evaluation of sales representative is being reassessed to outcomes such as the number of customers served and satisfaction level from the customer's perspective (lifetime customer value). In addition, for those rehired after retirement, we are increasing the number of positions with higher responsibilities and roles, and promoting relocation of right personnel in the right position when they are rehired, and at the same time, we are working to improve motivation through the adoption of performance-based salary based on goal management evaluations. 	

(2)-2 Management Risks

➤ Risks related to impact of COVID-19	
<input type="checkbox"/> Probability of occurrence: High	<input type="checkbox"/> Degree of potential impact: Large
<ul style="list-style-type: none"> ● Risk details The spread of new epidemic or further or prolonged spread of COVID-19, resulting in stay-at-home measures and temporary closings of physical stores implemented by government or local authorities, may cause a decline in sales and significantly affect our group’s business performance. In addition, the spread of number of positive cases within a business site may disrupt business operations by suspending employee from coming in to the business site or closing the business site. 	
<ul style="list-style-type: none"> ● Countermeasures In order to limit the impact of such risks on our group’s business performance and financial position, we will anticipate changes in individual consumer behavior as consumers cohabit with COVID-19, strengthen services that meet the customers’ needs such as e-commerce, launch new products, continue to make efforts to reduce costs and reassess new investments in order to ensure sound management. Our group has established the COVID-19 Infection Control Committee with our Director and Managing Corporate Officer acting as the General Manager, as a subcommittee of the Corporate Ethics and Risk Management Committee which implements appropriate measures while keeping an eye on the worldwide conditions pertaining to COVID-19 in order to prioritize the safety of our customers, partner companies and employees to prevent the spread of infection. Specifically, we determine the work framework for physical stores, including the work and service methods of in-store sales representative, depending on the conditions pertaining to COVID-19, as well as allow our back office staff to have flexible work options (by encouraging work from home and web meetings, and restricting business trips and in-person conferences) by areas and depending on their status. As a company handling daily necessities, we will fulfill our responsibility to protect hygienic and comfortable lifestyles and continue to provide our customers with peace of mind. 	

➤ Risks related to fluctuations in interest rates	
<input type="checkbox"/> Probability of occurrence: High	<input type="checkbox"/> Degree of potential impact: Large
<ul style="list-style-type: none"> ● Risk details The market value of listed equity securities and bonds held by the Company may decline, resulting in recording impairment charges. On the other hand, a decline in valuation and underfunding of plan assets may require additional contribution or provisions, which may affect our group's business performance. 	
<ul style="list-style-type: none"> ● Countermeasures Since we have been using U.S. accounting standards, we are required to recognize gains and losses from changes in the prices of securities held by the Company in our consolidated statements of income. For the current consolidated fiscal year, we recorded a loss of 641 million yen as "valuation gain (loss) on marketable securities and investments – net" due to a decline in value of securities. The Company plans to adopt the International Financial Reporting Standards starting from the next consolidated fiscal year ending March 2023 to improve the international comparability of financial information and to promote full disclosure. Under the current medium-term management plan, which ends in the current consolidated fiscal year, we have decided to reduce our overall cross-shareholdings by 30% (over 20.0 billion yen at market value as of March 2019) by the end of March 2022. The Board of Directors examined whether income realized from each stock holding exceeds the Company's capital cost, and whether such cross-shareholding contributes to the enhancement of our corporate value. Based on results of such examination, we disposed of and reduced a total of 35 stocks that had diluted value amounting to 19.7 billion yen during the term of this medium-term management plan (from April 2020 to March 2022). On the other hand, costs and obligations for termination and retirement benefits are based on the actuarial assumptions that are used for the calculation of the expected rate of return on plan assets or projected benefit obligations for termination and retirement benefits. Such costs and obligations for termination and retirement benefits may increase if the actual results differ from the assumptions or if there is any change to the assumptions, due to fluctuations in the market for securities as well as the interest rate environment. Our approach to establishing the discount rate is based upon domestic corporate bond indices. For discount rates, please see "3. 【Analyses of Financial Position, Results of operation, and Cash Flows by Management】 (6) Significant Accounting Policies and Estimates". In order to fulfill the expected functions as an asset owner of a corporate pension plan, we have established the Pension Committee, composed of the heads of Finance, Human Resources and Accounting Divisions, to review asset management policy, policy asset composition, and other matters on a quarterly basis, while using an outside management consulting firm to supplement our expertise and knowledge. 	

➤ Risks related to perception of corporate ethics and compliance	
<input type="checkbox"/> Probability of occurrence: High	<input type="checkbox"/> Degree of potential impact: Large
<ul style="list-style-type: none"> ● Risk details We may be pointed out and publicized by a third party on human rights, labor or environmental issues in our supply chain, which may affect our business activities or damage our corporate value. In addition, an increase in violations of corporate ethics and compliance, or problems with advertising expressions and statements, including those on social media or blogs, and other websites, could lead to a loss of public trust and may adversely affect our group's performance. 	
<ul style="list-style-type: none"> ● Countermeasures In the event of any violation of laws and regulations in Japan and overseas applicable to our group, or any act in contrary to any social order, we may suffer an economic and/or social impact as a result of punishment or loss of trust from society. Under the current medium-term management plan, which ends in the current consolidated fiscal year, we address corporate ethics and compliance as one of our material issues as part of our "ESG initiatives". Through the activities of Compliance Committee, a subcommittee of Corporate Ethics and Risk Management Committee, we are making efforts to prevent violation of law by implementing measures, such as compliance awareness training for employees, an internal alert system, and compliance review by external experts, and at the same time, by distributing to employees the "Corporate Ethics: Wacoal Standards of Conduct" which we have enacted. In particular, we focus on labor and human rights issues in our supply chain for our group's businesses. We began working on these issues in response to concerns raised by a non-profit human rights organization in the past about working conditions and human rights issues at an overseas sewing factory with which our consolidated subsidiary had a contract. In April 2018, we established the "CSR Procurement Committee" and proactively making efforts such as self-assessment, on-site audit, formulation and monitoring of correction and/or improvement plan, and disclosure of our supplier list. 	

➤ Risks related to natural disasters and accidents	
<input type="checkbox"/> Probability of occurrence: Medium	<input type="checkbox"/> Degree of potential impact: Large
<ul style="list-style-type: none"> ● Risk details Natural disasters such as earthquakes, or fires, explosions may cause damage to business and production sites, and our employees may suffer damages. In addition, closed traffic, energy outage or blocked communication may trigger confusion in our operation. 	
<ul style="list-style-type: none"> ● Countermeasures In preparation for large-scale accident emergencies such as "earthquake directly beneath the Tokyo metropolitan area", the Incident and Disaster Control Committee is working on business continuity management from the perspectives of prevention/mitigation, emergency/first response, and recovery/restoration, including the sequential development of BCP plan in the event of damage to our major business sites. Specifically, in addition to the environmental improvements such as earthquake-resistant buildings, cloud computing for data-related servers, safety confirmation system, and mobile work, we are also working to reduce risks by establishing operational backup systems at sales offices and decentralizing production sites in times of emergency, in line with our social responsibility. 	

➤ Risks related to information system availability failures	
<input type="checkbox"/> Probability of occurrence: Medium	<input type="checkbox"/> Degree of potential impact: Large
<ul style="list-style-type: none"> ● Risk details <p>In the event business continuity becomes difficult due to errors or delays in system development, or failure of critical systems, we may lose the trust of all stakeholders, including our business partners and customers. If the core system or e-commerce website become inaccessible due to malicious attacks from outside or natural disaster damage, or if confidential information is leaked from file servers or employee’s PCs, our business may be adversely affected.</p> 	
<ul style="list-style-type: none"> ● Countermeasures <p>The Company prescribes “Basic Policies on Information Security” and “Regulations on Information Security Related Organizations and Responsibilities” to promote understanding of the necessity and responsibility of information protection among all employees. Compliance Committee operates the Subcommittee for Information Security under the control of the Corporate Ethics and Risk Management Committee, and works, in collaboration with the IT Governance Department, to understand and improve the current management system, and provide guidance and advice on improving overall information security, including identifying vulnerabilities in the website.</p> <p>At the same time, we collect information on data destruction caused by unauthorized IT network intrusion to customer information and important technical information, cyber-attacks aimed at disrupting business operation itself to virus infection, investigate and analyze current status, formulate our group’s activity policies and specific countermeasures, establish, revise or abolish related regulations, and discuss strategic investment projects, in an effort to reduce information security risks. In particular, to prepare for unexpected system failures and malfunctions, we prepare data redundancy and degenerative operations for critical systems, and monitor e-commerce sales as appropriate to ensure that appropriate hardware and network configurations are selected to match the load balance. In addition, while conducting irregular targeted email drills, we are promoting the introduction of the latest security platforms to mitigate risks from both sides by raising employee awareness and establishing a framework.</p> 	

➤ Risks related to inadequate information management	
<input type="checkbox"/> Probability of occurrence: Medium	<input type="checkbox"/> Degree of potential impact: Large
<ul style="list-style-type: none"> ● Risk details In the event of leakage or loss of confidential information or personal information due to inadequate information management, we may be affected adversely in our business activities and suffer significant loss such as loss of social credibility and suspension of business operations. 	
<ul style="list-style-type: none"> ● Countermeasures The Company has established the “Regulations on Information Classification”, “Rules on Handling of Confidential Information”, and “Rules on Protection of Personal Information” to appropriately classify all information treated in terms of confidentiality, consistency and availability, as well as to protect and prevent leaks. In addition, to ensure thorough protection and management of material information, we have prepared a list of material information of our group and are working on countermeasures, citing specific examples of insider information in the categories of management, business and sales strategies, product development, in-house know-how, personal information, information system and other categories. We possess personal information of our various customers for business purposes. Looking to the future, Wacoal Corp. addresses customer experience (CX) strategies as the pillar of our growth and promotes business model using digital data including collected personal information. Overseas, we are also moving forward with plans to strengthen our e-commerce business, which directly obtains the personal information of customers, and to make it a pillar of our growth. The protection of personal information is becoming increasingly important in our group’s business activities, not only in response to the implementation of the Amended Act on the Protection of Personal Information in Japan. To protect personal information from external threats, including strengthening the protection and management of personal information, complying with related laws and regulations, and educating employees, IT Governance Department, which was launched in April 2020, investigates the management status and provides guidance and advice on countermeasures. 	

➤ Risks related to quality assurance in design and manufacturing	
<input type="checkbox"/> Probability of occurrence: Medium	<input type="checkbox"/> Degree of potential impact: Large
<ul style="list-style-type: none"> ● Risk details If we sell defective products or if our products harm our customers’ health, we may suffer costs for product recalls and our reputation as a producer of high-quality products may be damaged and we may lose trust from society, which may adversely affect our business performance. 	
<ul style="list-style-type: none"> ● Countermeasures Our ability to provide high-quality products on a global basis is one of our strengths. We established the Quality Assurance Council as a subcommittee of the Corporate Ethics and Risk Management Committee, and while we maintain our safety guidelines, we are also working to ensure compliance with safety clearance rules upon product planning, design and development, thorough inspections during manufacturing, pursuing the causes of problems and formulating measures to prevent their recurrence. By horizontally deploying and sharing about these activities and information across our group’s domestic and overseas affiliates, we are raising quality awareness and raising the level of the management system across our group as a whole. Under the direction of the Quality Assurance Council, we operate the Quality Control Committee, which is composed of members elected by each department responsible for commercialization plans, and which operates to follow up on individual issues and conducts internal training on quality control in general. In addition to thorough quality control and inspection as stipulated, the production sites are working to eliminate products that do not meet standards under the operation of product acceptance lock system (acceptance of only products that meet material standards), standardize the skills of inspection personnel, and increase employee motivation through a quality excellence award system. 	

➤ Risks related to labeling of quality and care instructions	
<input type="checkbox"/> Probability of occurrence: High	<input type="checkbox"/> Degree of potential impact: Medium
<ul style="list-style-type: none"> ● Risk details Violations of laws and regulations related to quality labeling and inappropriate expressions in functional labeling may damage public trust. We may suffer loss due to costs incurred to recall or change the labeling of products, or due to the discontinuation of sales. 	
<ul style="list-style-type: none"> ● Countermeasures We recognize that quality labeling, which helps the consumers to select and use products appropriately, covers a wide range of areas, including statutory labeling attached to the products themselves, in-store and media advertising and promotion, promotional expressions, and intellectual property protection labeling, and that this is a case in which risks are likely to become apparent. Through the activities of the Quality Assurance Council and the Quality Control Committee as described in the preceding section (Quality assurance in design and manufacturing), we have established and are operating a rule-based system that includes a labeling confirmation system based on a double-checking at the department that determines the content of labeling, systemization of the labeling determination process to the extent possible, prompt response to labeling errors when they occur, and thorough investigation of the cause and implementation of countermeasures to prevent recurrence after a problem occurs. We also regularly conduct internal awareness raising activities and training for those in charge of quality labeling, as well as internal audits of the actual operation of rules in each department. On the other hand, the Company is working to mitigate risks by distributing and revising the “Techniques to Avoid Mislabeling and Misrepresentation” in connection with the Antimonopoly Act, Act against Unjustifiable Premiums and Misleading Representations, and the Pharmaceutical Affairs Law, and by providing training for employees through e-learning. In addition, with respect to functionality and efficacy expression, we are reorganizing the notation rules along with the collaboration among the commercialization planning department, the research department and the quality assurance department, and we are establishing a system to supervise evidence data with an outside institution. 	

➤ Risks related to social changes in emerging countries	
<input type="checkbox"/> Probability of occurrence: Medium	<input type="checkbox"/> Degree of potential impact: Medium
<ul style="list-style-type: none"> ● Risk details Our group, which has production bases in emerging countries, may experience delays in materials procurement and production due to political instability, legal or institutional changes, the occurrence of strikes, or difficulties in securing human resources, which may affect our business performance. 	
<ul style="list-style-type: none"> ● Countermeasures At all times, we pay close attention to trends in laws and regulations in each country and region, and make efforts to collect and analyze local information. We are working to develop and implement measures to understand the actual situation in the community in cooperation with the local “risk control manager”, and if necessary, with the support from an outside counsel, consultant and other specialized organizations. In addition to trends in laws and regulations, we pay close attention to the responses to human rights issues in Myanmar, which continues to be under the control of the military regime. We are working to mitigate geopolitical risks, including national policies related to COVID-19, by appropriately diversifying our production bases. 	

➤ Risk related to infringement or violation of intellectual property rights	
<input type="checkbox"/> Probability of occurrence: Medium	<input type="checkbox"/> Degree of potential impact: Medium
<ul style="list-style-type: none"> ● Risk details Infringement or violation of the intellectual property rights may result in litigation or economic loss. Failure to strategically protect or utilize intellectual property rights may affect our business. ● Countermeasures The intellectual property rights held by our group, especially the rights to our brands and related trademarks, and proprietary technologies, are very important not only for stimulating and maintaining demands, but also for the significance of our business, and we carefully list and manage our intellectual property rights in each country and region on a case-by-case basis to prevent infringement by a third party. Disputes related to trademarks, similar products, unauthorized use of trademarks by a third party, and other infringements of intellectual property rights in Japan and overseas may affect our business performance. On the other hand, cases have arisen in which the Company is alleged to have infringed the intellectual property rights of other companies, as well as cases of brand value abandonment (e.g., sales that fraudulently impersonate the Company) in line with the borderless nature of the e-commerce business. In order to address these risks, the Intellectual Property Committee has been established, and we also provide e-learning to enhance the awareness of employees, improve the research capability of responsible personnel, use external researchers, and cooperate with outside experts. We are also developing intellectual property rights for our knowledge of digital transformation (DX) and customer experience (CX) strategies for our group's services. 	

➤ Risks related to management of tax matters	
<input type="checkbox"/> Probability of occurrence: Medium	<input type="checkbox"/> Degree of potential impact: Medium
<ul style="list-style-type: none"> ● Risk details An unexpectedly large amount of taxation may affect our group's financial position and business performance, in addition to reputational damage. ● Countermeasures According to our current accounting standards, deferred tax assets are recorded based on reasonable assumptions about our future taxable income. However, deferred tax assets may decrease due to changes in the estimated amount of future taxable income or changes in tax rates following tax reforms, which could have an adverse impact on our group's business performance and financial position. Based on this, the Company reviews, as appropriate, its estimates of future taxable income in light of changes in the business environment and other factors to make a reasonable judgment of collectability. In January 2021, we formulated and disclosed our "Tax Code of Conduct" with the aim of complying with the laws and regulations of countries and regions in which we operate, as well as international tax laws, managing taxes in a highly transparent manner, and gaining the trust of our stakeholders. The Tax Code of Conduct provides guidelines for domestic and foreign consolidated subsidiaries to establish a group tax system, including obtaining the latest information on taxation and awareness activities through training, dealing with uncertain tax positions, application of preferential tax treatment, transactions among group companies, prohibition of tax avoidance, and disclosure on tax matters. 	

3. 【Analyses of Financial Position, Results of operation, and Cash Flows by Management】

The overview of financial position, results of operation and cashflows (“business performance etc.”) of our group (the Company, consolidated subsidiaries and equity method affiliates) and analysis and consideration of business performance from the viewpoint of management for the current fiscal year are as follows.

Any forward-looking statements contained below are based on our judgment as of the end of the current fiscal year.

(1) Results of operation

(Millions of Yen)

	Previous Fiscal Year (ended March 2021)	Current Fiscal Year (ended March 2022)	Increased/(Decreased) from previous fiscal year	
	Amount	Amount	Amount	%
Net sales	152,204	172,860	+20,656	+13.6
Cost of sales	67,798	76,607	+8,809	+13.0
Sales profit	84,406	96,253	+11,847	+14.0
Selling, general and administrative expenses	82,836	91,240	+8,404	+10.1
A: Impairment charges on goodwill and other intangible assets	2,685	-	(2,685)	-
Operating income (loss)	(1,115)	5,013	+6,128	-
Other income *Other than B	1,517	2,874	+1,357	+89.5
B: Valuation (loss) gain on marketable securities and investments – net	10,390	(641)	(11,031)	-
Income before income taxes and equity in net income of affiliated companies	10,792	7,246	(3,546)	(32.9)
Net income attributable to Wacoal Holdings Corp.	7,025	4,608	(2,417)	(34.4)

Reference figure (i): Operating income not taking into account A	1,570	5,013	+3,443	+219.3
Reference figure (ii): Income before income taxes and equity in net income of affiliated companies not taking into account A and B	3,087	7,887	+4,800	+155.5

While the business environment surrounding our group during the current fiscal year (from April 1, 2021 to March 31, 2022) in the United States and Europe improved due to relaxations of restrictions on economic activities related to the coronavirus pandemic (“COVID-19”) which supported a recovery in sales, the business environment in Japan has remained difficult due to the prolonged restrictions on economic activities as a result of a number of declarations of the state of emergency and implementation of focused preventative measures.

Under such circumstances, our group has moved forward with our initiatives to create a management structure that leads to high profitability, while prioritizing the well-being and safety of our customers, employees and partner companies to conduct our business. We also worked to build a deeper, broader and longer-term relationship with each customer by continuing to develop and provide products and services that consumers expect in their new lifestyles, which have significantly changed as a result of the spread of COVID-19, and by promoting our unique CX strategies, which involve merger of online and offline activities and utilization of a customer database, in efforts to improve customer experience values.

For the current fiscal year, which is the last year of our mid-term business plan, consolidated sales were 172.86 billion yen (an increase of 13.6% as compared to such sales for the previous fiscal year) and consolidated operating income was 5.01 billion yen (as compared to an operating loss of 1.12 billion yen for the previous fiscal year). Consolidated income before income taxes and equity in net income of affiliated companies were 7.25 billion yen (a decrease of 32.9% as compared to such income for the previous fiscal year) due to a valuation loss on marketable securities and investments of 0.64 billion yen (as compared to a valuation gain of 10.39 billion yen for the previous

fiscal year). (We have been using U.S. accounting standards, under which equity securities held by Wacoal Holdings Corp. and consolidated subsidiaries are measured at fair value, and any change from the beginning of the period are recognized as “valuation gain (loss) on marketable securities and investments – net” under “Other income (expenses)”.)

As a result of the above, net income attributable to Wacoal Holdings Corp. was 4.61 billion yen (a decrease of 34.4% as compared to previous fiscal year). The exchange rates used for the current fiscal year (the previous fiscal year) were: 112.38 yen (106.06 yen) to the U.S. dollar; 153.56 yen (138.68 yen) to the Sterling pound; and 17.03 yen (15.48 yen) to the Chinese yuan.

The following is a summary of results of operations by operating segments.

(Millions of Yen)

	Previous Fiscal Year (ended March 31, 2021)		Current Fiscal Year (ended March 31, 2022)		Increased/(Decreased) from previous fiscal year	
	Amount	Distribution Ratio (%)	Amount	Distribution Ratio (%)	Amount	%
Total Net Sales	152,204	100.0	172,860	100.0	+20,656	+13.6
Wacoal Business (Domestic)	86,133	56.6	88,128	51.0	+1,995	+2.3
Wacoal Business (Overseas)	41,355	27.2	59,678	34.5	+18,323	+44.3
Peach John Business	12,200	8.0	12,528	7.3	+328	+2.7
Other	12,516	8.2	12,526	7.2	+10	+0.1

(Millions of Yen)

	Previous Fiscal Year (ended March 31, 2021)		Current Fiscal Year (ended March 31, 2022)		Increased/(Decreased) from previous fiscal year	
	Amount	% to Sales	Amount	% to Sales	Amount	%
Operating Income/(Loss)	(1,115)	-	5,013	2.9	+6,128	-
Wacoal Business (Domestic)	627	0.7	2,319	2.6	+1,692	+269.9
Wacoal Business (Overseas)	(2,603)	-	2,351	3.9	+4,954	-
Peach John Business	1,591	13.0	1,651	13.2	+60	+3.8
Other	(730)	-	(1,308)	-	(578)	-

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

(Millions of Yen)

Net Sales	Previous Fiscal Year (ended March 31, 2021)		Current Fiscal Year (ended March 31, 2022)		Increased/(Decreased) from previous fiscal year	
	Amount	Distribution Ratio (%)	Amount	Distribution Ratio (%)	Amount	%
Wacoal Corp.	79,877	52.5	81,184	47.0	+1,307	+1.6
Wacoal International Corp. (U.S)	17,649	11.6	25,282	14.6	+7,633	+43.2
Wacoal Europe Ltd.	9,896	6.5	16,305	9.4	+6,409	+64.8
Wacoal China Co., Ltd.	8,755	5.8	12,157	7.0	+3,402	+38.9
Peach John Co., Ltd.	12,200	8.0	12,528	7.3	+328	+2.7
Lecien Corporation	4,614	3.0	3,484	2.0	(1,130)	(24.5)
Nanasai Co., Ltd.	5,312	3.5	6,042	3.5	+730	+13.7

*Sales to external customers only

(Millions of Yen)

Operating Income/(Loss)	Previous Fiscal Year (ended March 31, 2021)		Current Fiscal Year (ended March 31, 2022)		Increased/(Decreased) from previous fiscal year	
	Amount	% to Sales	Amount	% to Sales	Amount	%
Wacoal Corp.	(2,022)	-	(729)	-	+1,293	-
Wacoal International Corp. (U.S.)	(914)	-	433	1.7	+1,347	-
Wacoal Europe Ltd.	666	6.7	1,804	11.1	+1,138	+170.9
Wacoal China Co., Ltd.	625	7.1	260	2.1	(365)	(58.4)
Peach John Co., Ltd.	1,591	13.0	1,651	13.2	+60	+3.8
Lecien Corporation	221	4.8	(642)	-	(863)	-
Nanasai Co., Ltd.	(358)	-	(249)	-	+109	-

*Net sales and operating income/(loss) for the major subsidiaries above are based on the accounting standards of the respective countries.

(i) Wacoal Business (Domestic)

Net sales attributable to our “Wacoal Business (Domestic)” segment were 88.13 billion yen (an increase of 2.3% as compared to such sales for the previous fiscal year) and operating income was 2.32 billion yen (an increase of 269.9% as compared to such income for the previous fiscal year). Although we were affected by the absence of the employment adjustment subsidy, which we received during the previous fiscal year, we recorded an increase in operating income during the current fiscal year, attributable to our increased sales and a gain from sale of real estate.

Wacoal Corp.:

Net sales from Wacoal Corp., our core operating entity in Wacoal Business (Domestic) segment, increased by 1.6% as compared to such sales for the previous fiscal year. Our e-commerce website “Wacoal Web Store”, which achieved significant growth during the previous fiscal year, recorded its highest sales figure ever during the current fiscal year as a result of strong sales from our existing customers even though we struggled to attract new customers. Sales from third-party e-commerce websites also exceeded such sales for the previous fiscal year. On the other hand, sales from physical stores, including our key sales channels such as department stores, general merchandise stores and directly operated stores, remained suppressed as they were impacted by more customers staying home in response to another wave of the spread of COVID-19 and rapid spread of its Omicron variant.

Although Wacoal Corp.’s operating income improved from the previous fiscal year as a result of our continued efforts to reduce fixed costs such as sales promotion expenses and personnel costs as part of a revenue structural reform, we recorded an operating loss of 0.73 billion yen (as compared to an operating loss of 2.02 billion yen for the previous fiscal year) due to the weak sales resulting from the long-term effects of COVID-19. The employment adjustment subsidy and a gain from sale of real estate are not included or reflected in Wacoal Corp.’s operating income because they are recognized as non-operating income and extraordinary income, respectively (which have been reclassified as operating income under the consolidated business results based on the U.S. accounting standards).

(ii) Wacoal Business (Overseas)

Net sales and operating income attributable to our “Wacoal Business (Overseas)” segment on a Japanese yen basis were 59.68 billion yen (an increase of 44.3% as compared to such sales for the previous fiscal year) and 2.35 billion yen (as compared to an operating loss of 2.60 billion yen for the previous fiscal year), respectively, achieving significant increases due to expanded sales in the United States and Europe. Starting in the current fiscal year, we have changed the presentation of net sales from Wacoal China Co., Ltd. related to department stores to be based on storefront prices, but we have not made retroactive revisions. In addition, there is no impact of this change in presentation on operating income because this change resulted in increases in both net sales and selling, general and administrative expenses of the same amount (2.04 billion yen).

Wacoal International Corp. (U.S.):

Net sales from Wacoal International Corp. (U.S.) on a local currency basis increased by 35.2% (an increase of 43.2% on a Japanese yen basis) as compared to such sales for the previous fiscal year, achieving its highest sales figure ever during the current fiscal year.

Net sales from Wacoal America, Inc., which distributes “Wacoal” and “b.tempt’d” brand products, increased by 39.1% as compared to such sales for the previous fiscal year due to strong sales from our e-commerce website and physical stores maintained throughout the year supported by a strong recovery in consumer spending despite the impact of more customers staying home in response to the spread of the Omicron variant and missed opportunities to sell our products due to delay of production in the second half of the current fiscal year. Net sales from Intimates Online, Inc., which distributes “LIVELY” brand, increased by 14.9% as a result of expanded sales from wholesale and directly-operated stores even though sales from its e-commerce website struggled to grow as a result of reducing advertising investment due to the impact of rising costs of social media advertising.

On a local currency basis, we recorded an operating income of 3.9 million dollars (0.43 billion yen on a Japanese yen basis) (as compared to an operating loss of 8.6 million dollars (0.91 billion yen on a Japanese yen basis) for the previous fiscal year) from Wacoal International Corp. (U.S.). Operating income from Wacoal America, Inc. grew significantly as a result of increased sales while operating loss from Intimates Online, Inc. increased due to changes in distribution ratio of sales channels, as well as our strengthened efforts for inventory optimization.

Wacoal Europe Ltd.:

Net sales from Wacoal Europe Ltd. on a local currency basis increased by 48.8% (an increase of 64.8% on a Japanese yen basis) as compared to such sales for the previous fiscal year, achieving its highest sales ever as a result of sales in the United Kingdom, Europe and the United States which exceeded the pre-pandemic level across all areas, supported by a strong recovery in consumer spending.

With respect to sales by channel, our core specialty stores and third-party e-commerce websites maintained strong sales, and our own e-commerce website in the United Kingdom achieved an increase in net sales of 35.5% as compared to the previous fiscal year. While sales from our department stores fell short of reaching the pre-pandemic level due to the impact of the closings of certain department stores, net sales significantly increased as compared to such net sales for the previous fiscal year by developing business with new client.

Operating income on a local currency basis increased significantly by 144.9% (an increase of 170.9% on a Japanese yen basis) as compared to such income for the previous fiscal year due to the effect of increased sales.

Wacoal China Co., Ltd.:

Net sales from Wacoal China Co., Ltd. on a local currency basis increased by 26.2% (an increase of 38.9% on a Japanese yen basis) as compared to such sales for the previous fiscal year.

While sales from physical stores, such as department stores, remained suppressed during the second half of the year (from July to December) due to the impact of regulations restricting activities in response to the spread of COVID-19, Wacoal China recorded an increase in net sales for the current fiscal year as a result of an improvement in sales for the first half of the year (from January to June) as physical stores that temporarily closed during the previous year began to reopen and the number of new openings of directly-operated stores at shopping malls increased. On the other hand, e-commerce sales were below such sales for the previous fiscal year due to increased competition with Chinese domestic brands, which limited the effects of our promotional efforts, including influencer marketing using popular Key Opinion Leaders.

Although net sales from Wacoal China Co., Ltd. increased, operating income on a local currency basis decreased by 62.0% (a decrease of 58.4% on a Japanese yen basis) as compared to such income for the previous fiscal year due to the absence of government assistance, which were available during the previous fiscal year, and an increase in costs incurred for resuming business activities.

(iii) Peach John Business

Net sales attributable to our “Peach John Business” segment were 12.53 billion yen (an increase of 2.7% as compared to such sales for the previous fiscal year).

Net sales from our directly-operated stores increased by 13.4% as an increased number of customers returned to our physical stores as a reaction to the temporary closings of our physical stores due to the spread of COVID-19

during the previous fiscal year and as a result of our trendy marketing efforts including the launch of our products through collaboration with celebrities. On the other hand, despite the positive impact of products released in collaboration with celebrities, e-commerce sales did not reach the level of sales achieved in the previous fiscal year, when sales significantly expanded, and decreased by 11.0% as compared to such sales in the previous fiscal year.

We recorded an operating income from our Peach John Business segment of 1.65 billion yen (an increase of 3.8% as compared to such income for the previous fiscal year). Despite the absence of favorable factors for the previous fiscal year such as rent relief, we maintained a high level of profit due to increased sales.

(iv) Other

Overall net sales attributable to our “Other” business segment were 12.53 billion yen (an increase of 0.1% as compared to such sales for the previous fiscal year), while we recorded an operating loss of 1.31 billion yen (as compared to an operating loss of 0.73 billion yen for the previous fiscal year).

Lecien Corporation:

Net sales from Lecien Corporation decreased by 24.5% as compared to such sales for the previous fiscal year due to delivery delays caused by our factory in Vietnam which suspended its operation, and weak sales of our private products sold by general merchandise stores and major apparel supply chain companies. We recorded an operating loss of 0.64 billion yen (as compared to an operating income of 0.22 billion yen for the previous fiscal year) due to one-time expenses incurred for the liquidation of unprofitable subsidiaries, in addition to the impact of decreased revenue, during the current fiscal year.

Nanasai Co., Ltd.:

Although net sales from Nanasai Co., Ltd. were weak for the first half of the current fiscal year due to cancellation of new shop openings and various events following the spread of COVID-19, net sales increased by 13.7% as compared to such sales for the previous fiscal year due to a recovery seen in the renovation orders after October.

Despite our efforts to reduce costs by reassessing our operations, we recorded an operating loss from Nanasai Co., Ltd. of 0.25 billion yen (as compared to an operating loss of 0.36 billion yen for the previous fiscal year) due to the significant impact of suppressed sales during the first half of the current fiscal year.

(2) Financial Position

Our total assets as of March 31, 2022 were 303.25 billion yen, a decrease of 19.52 billion yen from the end of the previous fiscal year, mainly due to a decrease in cash and cash equivalents for repayment of bank loans.

Our liabilities were 77.19 billion yen, a decrease of 26.95 billion yen from the end of the previous fiscal year, mainly due to a decrease in short-term bank loans for reasons similar to those discussed with respect to assets.

Shareholders' equity was 223.01 billion yen, an increase of 7.39 billion yen from the end of the previous fiscal year, due to recognition of net income and changes in foreign currency translation adjustments.

As a result of the above, our total shareholders' equity ratio as of March 31, 2022 was 73.5%, an increase of 6.7% from the end of the previous fiscal year.

(3) Cash Flow Status

The balance of cash and cash equivalents at the end of fiscal year 2022 was 37.98 billion yen, a decrease of 25.58 billion yen as compared to the end of the previous fiscal year.

(Cash flow provided by operating activities)

Cash flow provided by operating activities was 13.01 billion yen, an increase of 8.75 billion yen as compared to the previous fiscal year, after adjustments for changes in assets and liabilities to our net income of 4.54 billion yen plus adjustments for depreciation expenses and deferred taxes.

(Cash flow used in investing activities)

Cash flow used in investing activities was 3.10 billion yen, an increase of 0.53 billion yen as compared to previous fiscal year, due to payments made to acquire tangible and intangible assets.

(Net cash provided by financing activities)

Cash flow used in financing activities was 36.35 billion yen, as compared to cash flow provided by financing

activities in the amount of 33.61 billion yen for the previous fiscal year, due to repayment of short-term bank loans, payments made for dividends as well as repurchase of treasury stock.

(4) Production, Orders Received, and Sales

(i) Production Results

Our consolidated production results by operating segment for fiscal year ended March 2022 are as follows. No data is available for the Peach John Business since all of its entities are sales companies. The production results for other segment are not shown since it is hard to define such term in this segment.

Name of Operating Segment	Amount (Millions of yen)	Changes as Compared to Previous Fiscal Year (%)
Wacoal Business (Domestic)	34,478	100.0
Wacoal Business (Overseas)	14,566	113.9
Total	49,044	103.8

(Note) 1. Inter-segment transactions are offset and eliminated from calculation.
2. The amount of results of operation is based on the manufacturing costs.

(ii) Orders Received

Among Other, the department of Nanasai, which handles interior design and construction of stores at commercial facilities, adopts the build-to-order production system.

The status of orders received for other segment for fiscal year ended March 2022 is as follows:

Name of Operating Segment	Amount of Orders Received (Millions of yen)	Changes as Compared to Previous Fiscal Year (%)	Balance of Amount of Orders Received (Millions of yen)	Changes as Compared to Previous Fiscal Year (%)
Other	3,887	129.1	124	60.8

(Note) Inter-segment transactions are offset and eliminated from calculation.

(iii) Sales Results

Our consolidated sales results by operating segment for fiscal year ended March 2022 are as follows:

Name of Operating Segment	Amount (Millions of yen)	Changes as Compared to Previous Fiscal Year (%)
Wacoal Business (Domestic)	88,128	102.3
Wacoal Business (Overseas)	59,678	144.3
Peach John Business	12,528	102.7
Other	12,526	100.1
Total	172,860	113.6

(Note) 1. Inter-segment transactions are offset and eliminated from calculation.
2. None of the customers' sales accounts for 10% or more of the total sales results.

(5) Capital Resources and Liquidity

Our current policy is to fund our cash needs from cash flows from operating activities, which allows us to secure most of working capital, make capital investments, and pay dividends without relying on substantial borrowings or other financing from outside of our group companies. As of March 31, 2022, we had credit facilities at financial institutions totaling 58,494 million yen, and the balance of loan which established line of credit amounted to 11,853 million yen. Of these loans, 10,000 million yen is available to the Company, 1,346 million yen is available to Wacoal International Corp. and 227 million yen is available to Wacoal Europe Ltd.

In general, most of our credit facilities have automatically renewed terms, and we are not aware of any issues with respect to any of our lenders that could cause these facilities to become unavailable. Even if any of our subsidiaries loses access to funds from our credit facilities, we believe that it is possible for other companies in our group to provide any necessary funds. Our borrowing requirements are not affected by seasonality.

We are not aware of any restrictions on the transfers of funds from a subsidiary to a parent company in the form of a cash dividend.

We have set up new borrowing facilities with financial institutions after April 2020 and borrowed up to 40.0 billion yen in order to secure liquidity on hand given the uncertainties surrounding the degree and duration of the impact of COVID-19. By the end of the current fiscal year, we have repaid 30.0 billion yen of such new borrowings. We plan to continue securing liquidity of our funds based on strict assessment of purpose and profitability.

(i) Capital Investments

Please see “III. Property, Plants and Equipment – 1. Summary of Capital Investment, etc.”

(ii) Cash Flows

Please see “(3) Cash Flow Status.”

(6) Significant Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with U.S. GAAP. The preparation of the consolidated financial statements requires our management to make estimates and assumptions. We believe that the followings are some of the more critical judgment areas in applying our accounting policies in the preparation of our consolidated financial statements.

The assumptions on future business results are subject to uncertainties such as the impact of the COVID-19 and other factors that may arise in the future, and are based on information currently available. Please see “*Use of Estimates*” under “V. Financial Information – 1. Consolidated Financial Statements (1) Consolidated Financial Statements – Notes to Consolidated Financial Statements – 1. Summary of Significant Accounting Policies” for the impact of the COVID-19 outbreak on estimates.

(i) Revenue Recognition

We recognize revenue when control of promised products are transferred to customers and performance obligations are satisfied. Our Group’s revenue is recognized for transactions, net of any trade discounts or rebates given. In addition, provision for expected returns is deducted from revenue based on actual return amounts from previous fiscal year. Potential increases in trade discounts, rebates or returns resulting from changes in market conditions or consumer demand may adversely affect our revenue.

(ii) Allowance for Doubtful Receivable

We are required to assess the collectability of notes and accounts receivable. A considerable amount of judgment is required in assessing the ultimate realization of these notes and receivables, including the current creditworthiness of each applicable customer, to take account business conditions, turnover of receivables, and financial positions for significant customers. In the event that a customer’s financial condition worsens, the allowance for doubtful receivables may increase and may adversely affect our financial condition and performance.

(iii) Valuation Loss on Inventories

Inventories are stated at the lower of cost or market, cost being determined on a first-in, first-out basis for raw materials and on an average cost basis for work in process and finished products. Market value, or net realizable value, is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make a sale. A periodic review of inventory is performed in order to determine if inventory is properly stated at the lower of cost or market. Inventories are written down to the estimated net realizable values, if appropriate. Factors, such as expected average selling price, expected average cost to make a sale, disposal rate, and class or type of inventories, based on judgments regarding historical results future consumer demand, and other factors, are analyzed to determine estimated net realizable value. We also consider potential disposal of inventories. We believe that the amount written down is appropriate. However, if market conditions and demand are less favorable than our projections, the amount we write down may increase and may adversely affect our business performance etc.

(iv) Deferred Tax Assets

We currently have significant deferred tax assets, which are subject to periodic recoverability assessments. Realization of our deferred tax assets is principally dependent upon the realization of projected future taxable income. In estimating our future taxable income, we consider past results of operation, the feasibility of ongoing tax planning strategies, and other factors. Our judgments regarding future profitability may change due to future market conditions and other factors. These changes, if any, may require recognition of a significant valuation allowance for these deferred tax asset balances. In the event we determine that certain deferred tax assets may not be recoverable, such amounts will be reserved for and may adversely affect net income. We believe our deferred tax assets after adjustments for valuation allowance are recoverable. If we record lower-than-expected earnings and our deferred tax assets become unrecoverable, however, a valuation allowance must be recorded against the amount that is not likely to be recovered, and this may have a negative impact on our profit and loss.

(v) Valuation Loss on Marketable securities and Investments

Valuation loss on debt securities are charged to earnings when a decline in fair value below the cost is other than temporary. We periodically determine whether a decline in the fair value of debts securities and investments is deemed to be other-than-temporary decline, based on criteria that include the duration and severity of market decline, the extent to which cost exceeds market value, our financial position and business outlook, and our intent and ability to retain the impaired marketable securities and investments for sufficient period of time for anticipated recovery in fair value.

Equity securities are measured at fair value and unrealized holding gain or loss is recorded in net profit or loss.

We believe that the criteria for evaluating impairment are reasonable. However, changes in the market or circumstances of each individual investment due to unforeseen changes in economic and business assumptions could affect the valuations of marketable securities and investments.

As of March 31, 2022, we did not hold any debt securities.

(vi) Impairment of Long-Lived Assets

The carrying values of long-lived assets, held and used by the Companies, are evaluated for impairment whenever there is an event or change in circumstances that indicates that such assets have been impaired or that the carrying amounts of such assets might not be recoverable. When we determined impairment, we evaluate the carrying amount of the assets based on their fair value.

In fiscal year 2022, the carrying values of buildings and structures, machinery and equipment, vehicles and tools, furniture and fixtures in Wacoal Corp. and its subsidiaries, whose fair values fell below the book values, were reduced as a result of an impairment test on fixed assets. The impairment charges of 211 million yen were recognized as operating costs and expenses in amounts of “Wacoal Business (Domestic)” segments.

(vii) Impairment of Goodwill and Other Intangible Assets

We are required to perform an annual impairment test of our intangible assets with indefinite useful lives and goodwill at least once a year. We also assess the impairment of such goodwill and intangible assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Some of the factors we consider important that could trigger an impairment review include the following: significant negative industry or economic trends; significant underperformance relative to projected future operation results; significant changes in the manner of the strategy for our overall business; and significant changes in risk-adjusted discount rates.

When we determine that the carrying amount of goodwill and intangible assets may not be recoverable based upon the existence of one or more of the above indicators of impairment, we evaluate the carrying amount of the assets based on their fair value. If the fair value is less than the carrying amount of the assets, we record an impairment charge based on the difference between the carrying amount and the fair value of the assets.

If we make an initial determination that the carrying amount of goodwill and intangible assets may not be recoverable, we engage an independent appraiser to assist us in our determination of the fair values of our reporting units. In our determination of the fair value of goodwill, the appraiser utilizes the net present value method with incorporate relevant unobservable inputs. In our determination of the fair value of trademark, the appraiser utilizes the relief-from-royalty method with incorporate relevant unobservable inputs.

As a result of the evaluation performed for fiscal year 2022, we judged impairment charge on goodwill is

unnecessary.

(viii) Employee Retirement Benefits

We provide a number of retirement benefit plans to a substantial portion of our employees. Our wholly owned subsidiary, Wacoal Corp., has a contributory retirement plan. The amount of the projected retirement benefit obligation and pension costs are dependent on management's assumptions used by actuaries in calculating such amount. The key assumptions include discount rates, the expected long-term rate of return on plan assets, retirement rates, mortality expectations, and other factors. Our management believes that these actuarial assumptions and methods are appropriate in light of our circumstances. However, due to a change in an actuarial assumption, the amount of the projected retirement benefit plan obligations and costs may be adversely affected.

Our approach to establishing the discount rate is based upon domestic bond rates. The discount rate assumption is based upon the effective yields as of March 31, 2022 on Japanese government bonds whose maturity dates approximate the timing of the expected future benefit payments. On March 31, 2022, the discount rate was 0.7.

We determine the expected long-term rate of return on plan asset assumptions by evaluating both historical returns, as well as estimates of future returns. The expected return on assets was based on expected equity and debt securities returns weighted by the percentage of each of the major asset classes. The estimate of the long-term rate of return on assets for the contributory retirement plan is 2.5% for fiscal years 2021 and 2022. The estimated long-term rate of return is based on an asset allocation of equity securities of 26.0%, debt securities of 54.0%, life insurance company general accounts of 18.0%, and short-term financing of 2.0%.

These assumptions have a significant effect on the amount of the obligation and periodic benefit cost reported. A change of 0.5% in the discount rate and the expected long-term rate of return on plan assets would have the following effects:

	Effect on net periodic benefit costs(Millions of yen)	Effect on benefit obligation (Millions of yen)
Discount rate: 0.5% decrease	an increase of 194	an increase of 1,416
Discount rate: 0.5% increase	a decrease of 204	a decrease of 1,507
Expected long-term rate of return on plan assets: 0.5% decrease	an increase of 148	-
Expected long-term rate of return on plan assets: 0.5% increase	a decrease of 152	-

(ix) Recent Accounting Pronouncements:

Please see "V. Financial Information – Notes to Consolidated Financial Statements – 1. Summary of Significant Accounting Policies – Recent Accounting Pronouncements".

4. **【Material Agreements, etc.】**
Not applicable.

5. 【Research and Development】

Our research and development activities are mainly conducted by our Human Science Research Center to achieve harmony between the human body and clothing and to support better product making.

Since 1964, we have been conducting research into the female body in order to accurately understand the Japanese woman's physique. In particular, we have developed a silhouette analysis system and introduced a three-dimensional measuring system. We are also working on an even more advanced measurement of sensory comfort. Our research and development activities focus on addressing the proportional, physiological, and mental aspects of garment design. One of our most important research results was the enrichment of our research on sensory comfort through our participation in a project led by the Ministry of Trade and Industry (presently the Ministry of Economy, Trade and Industry) from 1995 to 1998. Based on this research, we have been focusing on developing new products that are not only comfortable for the wearer, but also have a positive physiological effect based on the basic study from three factors, which are pressure, heat, and touch. In 2005, we developed and created a new market for our breakthrough Style Science series products, which support the creation of a healthy and beautiful body by changing the idea of everyday walking to walking for exercise. In 2010, we analyzed body shape changes of the same subject from his/her 20s to 50s and published the principles of aging-related body changes, and strengthened the development of new products that respond to aging-related body changes. We also developed new functional products inspired by the lifestyle habits of people with smaller body shape changes due to aging, and in 2020, based on the research report "Research on Bust Movement and Skin due to Gravity", we held a research presentation conference on the importance of protecting bust from the effect of gravity and developed new functional products such as "gravity-proof bras" and "gravity-proof bottoms" based on such research. In 2021, we launched "Body Culture Research Project", a co-creation project with universities and other companies, and began activities to create a body culture market. In March 2022, we held "Body Culture Symposium" at the Tokyo Aoyama Spiral Hall for the participants and related parties of the project.

In April 2022, we changed the division name from Human Science Research Center to Wacoal Human Science Research & Development Center and reinforced personnel to strengthen our product and technology development capabilities.

As a result of the above, we recorded 446 million yen for our research and development during the fiscal year ended March 2022.

Our research and development activities cover a wide range of research from basic research to product development, mainly of women's innerwear. Therefore, it is difficult to relate each of such activities to a specific segment, and thus, we do not provide information regarding such research and developments by segment.

In order to promote "the realization of an industry supporting women with unbounded living beauty," we will make efforts to enrich research and development activities that contribute to the improvement of customer satisfaction and corporate value based on the key concepts of beauty, comfort, and health. We will also work toward strengthening product appeal and developing new products or services that can gain support from and satisfy our customers.

III. 【Property, Plants, and Equipment】

1. 【Summary of Capital Investment, etc.】

The amount of capital investment for the fiscal year ended March 31, 2022, was 9,745 million yen, mainly including expenditures for expansion of our Moriyama Distribution Center, information system investments incurred by our subsidiaries, and expenditures for the maintenance and repair of real estate.

The amounts of capital investment made in Wacoal Business (Domestic), Wacoal Business (Overseas), Peach John Business, and Other were 7,409 million yen, 2,006 million yen, 255 million yen, and 75 million yen, respectively.

2. 【Major Property, Plants, and Equipment】

The table below shows our major property, plants, and equipment within our group (Company and consolidated subsidiaries).

(1) Wacoal Holdings Corp.

As of March 31, 2022

Facility (Location)	Operating Segment	Type of Equipment and Facilities	Book Value (Millions of yen)				Number of Employee(s)
			Buildings and structures	Machinery and Equipment	Land (m ²)	Total	
Head Office (Minami-ku, Kyoto) and other	Wacoal Business (Domestic)	Facilities for administration affairs, etc.	20,619	1,215	17,397 (271,127)	39,231	90 [—]

(2) Domestic Subsidiaries

As of March 31, 2022

Name of Company (Location)	Operating Segment	Type of Equipment and Facilities	Book Value (Millions of yen)				Number of Employee(s)
			Buildings and structures	Machinery, Vehicle, Equipment, and Fixtures	Land (m ²)	Total	
Wacoal Corp. Head Office (Minami-ku, Kyoto) Two other business office in Kyoto district	Wacoal Business (Domestic)	Facilities for administration affairs	43	120	—	164	1,939 [62]
Wacoal Corp. Tokyo Office (Chiyoda-ku, Tokyo) One other business office in Tokyo	Wacoal Business (Domestic)	Facilities for administration affairs	19	33	—	53	1,491 [34]
Wacoal Corp. Spiral Business Department (Minato-ku, Tokyo)	Wacoal Business (Domestic)	Sales facilities	46	24	—	70	— [—]
Wacoal Distribution Corp. Moriyama Distribution Center (Moriyama, Shiga)	Wacoal Business (Domestic)	Facilities for merchandise management	18	234	—	252	320 [—]
Kyushu Wacoal Manufacturing Corp., Nagasaki Plant (Unzen, Nagasaki)	Wacoal Business (Domestic)	Manufacturing facilities	—	60	—	60	299 [—]
Torica Inc. (Saihakugun Nanbucho, Tottori) Three other plants	Wacoal Business (Domestic)	Manufacturing facilities	358	52	180 (40,840)	590	136 [52]
Nanasai Co., Ltd. Osaka Commodity Center (Yodogawa-ku, Osaka)	Other	Manufacturing facilities	174	7	150 (2,790)	333	20 [—]

(3) Overseas Subsidiaries

As of March 31, 2022

Name of Company (Location)	Operating Segment	Type of Equipment and Facilities	Book Value (Millions of yen)				Number of Employees
			Buildings and structures	Machinery, Vehicle, Equipment, and Fixtures	Land (m ²)	Total	
Wacoal America, Inc. (New Jersey, USA)	Wacoal Business (Overseas)	Facilities for administration affairs/ merchandise management	915	345	295 (32,300)	1,556	199 [-]
Wacoal Dominicana Corp. (Santo Domingo, Dominican Republic)	Wacoal Business (Overseas)	Manufacturing facilities	1,244	313	206 (34,356)	1,764	2,521 [-]
Wacoal Singapore Private Ltd. (Singapore)	Wacoal Business (Overseas)	Facilities for administration affairs	10	18	224 (235)	252	43 [8]
Wacoal Hong Kong Co., Ltd. (Hong Kong)	Wacoal Business (Overseas)	Facilities for administration affairs	280	—	—	280	133 [21]
Wacoal China Co., Ltd. (Beijing, China)	Wacoal Business (Overseas)	Facilities for a dministration a ffairs/manufac turing Facilities	308	18	— (—) [11,871]	265	566 [-]
Guandong Wacoal Inc. (Guandong, China)	Wacoal Business (Overseas)	Manufacturing facilities	90	104	— (—) [11,224]	195	417 [-]
Vietnam Wacoal Corp. (Bien Hoa City, Vietnam)	Wacoal Business (Overseas)	Facilities for a dministration a ffairs/manufac turing Facilities	51	113	— (—) [25,195]	164	1,677 [189]
Dalian Wacoal Co., Ltd. (Dalian, China)	Wacoal Business (Overseas)	Manufacturing facilities	173	227	— (—) [27,543]	401	543 [9]
A Tech Textile Co., Ltd. (Kabin Buri, Thailand)	Wacoal Business (Overseas)	Manufacturing facilities	59	175	221 (48,889)	455	232 [-]

- (Note) 1. Area of land under lease by the Company is shown in brackets.
2. None of our major facilities is currently out of service.

3. Buildings and land regarding certain domestic subsidiaries under (2) above are under lease by the Company. The book value of the buildings and land are as follows:

Name of Business Office (Location)	Operating Segment	Type of Equipment and Facilities	Book Value (Millions of yen)	
			Buildings and structures	Land (m ²)
Wacoal Corp. Head Office (Minami-ku, Kyoto) Two other business office in Kyoto district	Wacoal Business (Domestic)	Facilities for administration affairs	9,985	1,885 (11,208)
Wacoal Corp. Tokyo Office (Chiyoda-ku, Tokyo) One other business office in Tokyo	Wacoal Business (Domestic)	Facilities for administration affairs	1,048	1,945 (1,471)
Wacoal Corp. Spiral Business Department (Minato-ku, Tokyo)	Wacoal Business (Domestic)	Sales facilities	856	3,972 (1,739)
Wacoal Distribution Corp. Moriyama Distribution Center(Moriyama, Shiga)	Wacoal Business (Domestic)	Facilities for merchandise management	5,601	1,419 (38,923)
Kyushu Wacoal Manufacturing Corp., Nagasaki Plant (Unzen, Nagasaki)	Wacoal Business (Domestic)	Manufacturing facilities	224	52 (19,369)

4. The average number of temporary employees during the period is in brackets.

5. The details of the major leased facilities by other entities other than the above consolidated subsidiaries are as follows.

(1) Domestic Subsidiaries

Name of Business Office (Location)	Operating Segment	Type of Equipment and Facilities	Buildings (m ²)	Land (m ²)	Annual Lease Amount (Millions of yen)
Peach John Co., Ltd. Head Office (Shibuya-ku, Tokyo)	Peach John Business	Facilities for administration affairs	1,554	—	95

(2) Overseas Subsidiaries

Name of Company (Location)	Operating Segment	Type of Equipment and Facilities	Buildings (m ²)	Land (m ²)	Annual Lease Amount (Millions of yen)
Wacoal America, Inc. (New York, USA)	Wacoal Business (Overseas)	Facilities for administration affairs	4,772	—	351

3. 【Plans for Capital Investment, Disposals of Property, Plants, and Equipment, etc.】

(1) Additions of Important Facilities

Not applicable.

(2) Disposals of Important Facilities

Not applicable.

IV. 【Information on the Company】

1. 【Information on the Company's Stock, etc.】

(1) Total number of shares, etc.

(i) Total number of shares

Class	Total Number of Shares Authorized to be Issued
Common stock	250,000,000 shares
Total	250,000,000 shares

(ii) Number of Shares Issued

Class	Number of Shares Issued as of the end of Fiscal Year (March 31, 2022) (shares)	Number of Shares Issued as of the Filing Date (June 29, 2022) (shares)	Names of Stock Exchanges on which the Company is listed or Names of Authorized Financial Instruments Firms Association	Description
Common stock	65,589,042	64,500,000	First Section of Tokyo Stock Exchange (as of the end of current fiscal year); Prime Market of Tokyo Stock Exchange (as of the filing date)	Shareholders have unlimited standard rights. The number of shares constituting a unit is 100.
Total	65,589,042	64,500,000	—	—

(Note) Our Board of Directors adopted a resolution at a meeting held on May 13, 2022 regarding cancellation of treasury stock and 1,089,042 shares of treasury stock have been cancelled as of May 23, 2022. As a result, the number of shares issued as of the date of this report is 64,500,000 shares.

(2) Status of Stock Acquisition Rights

(i) 【Stock Option Plans】

(1st Stock Acquisition Rights / 2nd Stock Acquisition Rights)

Date of resolution	July 30, 2008	
Category and number of eligible grantees	Director of the Company 5	Director of subsidiary 5
Number of stock acquisition rights	19 (Note 1)	4 (Note 1)
Class, description and number of shares represented by stock acquisition rights	Common stock 9,500 shares (Note 2)	Common stock 2,000 shares (Note 2)
Amount to be paid upon exercise of stock acquisition rights	One yen per share	
Exercise period	From September 2, 2008 until September 1, 2028	
Issue price for shares issued through the exercise of the stock acquisition rights and the amount capitalized as common stock	Issue price: 2,275 yen Amount capitalized as common stock: 1,138 yen	
Terms and conditions for exercising the stock acquisition rights	(Note 3)	
Matters related to transfer of the stock acquisition rights	Subject to the approval of the Board of Directors	
Matters related to the grant of stock acquisition rights accompanying reorganization acts	(Note 4)	

Above is based on information available as of the end of the current fiscal year (March 31, 2022). No change has been made as of the end of the month preceding the filing date (May 31, 2022).

(Note) 1. The number of shares represented by one (1) stock acquisition right is 500 shares.

2. In the event that the Company conducts a stock split (including the free allocation of shares of common stock of the Company; hereinafter the same) or a reverse split of its common stock, the Conversion Ratio will be adjusted in accordance with the following formula:

$$\text{Adjusted Conversion Ratio} = \text{Conversion Ratio prior to adjustment} \times \text{Ratio of stock split or reverse stock split}$$

This adjustment will apply from the day following the record date in the case of a stock split and from the day on which the reverse stock split becomes effective in the case of a reverse stock split. However, in the event that the Company conducts a stock split that is conditioned on approval at a general meeting of shareholders of the Company of an increase in stockholders' equity or additional paid-in capital by decreasing the amount of surplus, and provided that the record date for such stock split is set prior to the conclusion of such general meeting of shareholders, from the day following the conclusion of such general meeting of shareholders, the adjustment will apply retroactively from the day following the record date. In addition to the above, the Conversion Ratio shall be reasonably adjusted as may be required in unavoidable circumstances.

Any fractional shares that result from the above adjustment will be rounded down to the nearest whole share.

Furthermore, in case of any adjustment of the Conversion Ratio, the Company shall make any necessary notification or announcement to Option holders no later than the day immediately preceding the day on which the adjusted Conversion Ratio becomes effective. However, if the Company is unable to provide such notification or announcement by such date, the Company shall provide prompt notification or announcement thereafter.

3. (1) Option holders may exercise their stock acquisition rights on the Date of Loss of Status; provided, however, that in such case, such Option holder may only exercise his or her stock acquisition rights until the earlier of (i) the expiration date of the exercise period as stipulated in the table above and (ii) the five-year anniversary of the Exercise Start Date.
- (2) Notwithstanding the foregoing, during the exercise period set forth in the table above, the Option holders may exercise their stock acquisition rights in the following cases (for item (ii), excluding the case where the stock acquisition rights of the Surviving Company are granted to the Option holders pursuant to Note 4 below) only during the respective periods designated below:
- (i) if the Exercise Start Date of the Option holder has not occurred by September 1, 2027
From September 2, 2027 until September 1, 2028.
 - (ii) if the general meeting of shareholders of the Company approves a merger agreement pursuant to which the Company is to be dissolved or a stock swap agreement or share transfer plan that makes the Company a wholly owned subsidiary (or, in the event a resolution of the general meeting of shareholders is not required, if a resolution of the board or determination by the chief executive officer of the Company is passed):
For 15 days from the day after the date of said approval.
- (3) If an Option holder waives his or her stock acquisition rights, such Option holder may not exercise the said stock acquisition rights.
4. In the event that the Company conducts Organizational Restructuring, stock acquisition rights of the Surviving Company shall be granted to each holder of the Residual Stock Acquisition Rights in accordance with the following terms and conditions. In such case, the remaining stock acquisition rights shall be canceled, and the Surviving Company shall issue new stock acquisition rights; provided, however, that this shall be limited to the case where the grant of stock acquisition rights of the Surviving Company pursuant to the following conditions is stipulated in the absorption-type demerger agreement, incorporation-type demerger agreement, merger and spin-off agreement, new spin-off plan, stock swap agreement, or share transfer plan:
- (1) Number of Stock Acquisition Rights of the Surviving Company to be Granted:
The number of stock acquisition rights to be granted shall be equal to the number of Residual Stock Acquisition Rights.

- (2) Class of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:
Common stock of the Surviving Company.
- (3) Number of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:
To be determined pursuant to Note 2 above after taking into consideration the terms and conditions of the Organizational Restructuring.
- (4) Amount Capitalized upon Exercise of Stock Acquisition Rights:
The amount capitalized upon the exercise of each stock acquisition right to be granted shall be the amount paid after restructuring as prescribed below multiplied by the number of shares of the Surviving Company to be issued upon the exercise of the stock acquisition rights as determined in accordance with (3) above. The amount paid after restructuring shall be one yen per share of the Surviving Company, which may be granted upon exercise of each stock acquisition right to be granted.
- (5) Exercise Period for Stock Acquisition Rights:
From the later of (i) the starting date of the exercise period for stock acquisition rights as stipulated in the table above and (ii) the effective date of Organizational Restructuring, and lasting until the expiration date for the exercise of stock acquisition rights as stipulated in the table above.
- (6) Matters concerning Increases in Capital Stock and Additional Paid-in Capital in case of Issuance of Shares due to the Exercise of Stock Acquisition Rights:
 - (i) In the event that shares are issued due to the exercise of stock acquisition rights, shareholders' equity shall be increased by half the limit for increases in common stock that are calculated in accordance with Article 40-1 of the Japanese Company Accounting Regulations. Any amount less than one yen shall be rounded up to the nearest yen.
 - (ii) In the event that shares are issued due to the exercise of stock acquisition rights, additional paid-in capital shall be increased by the amount remaining after deducting the increase in the limit for increase in common stock stipulated in (i) above.
- (7) Limitation on Acquisition of Stock Acquisition Rights by Transfer:
The acquisition of stock acquisition rights by transfer shall be subject to approval by resolution of the board.
- (8) Provisions for the Acquisition of Stock Acquisition Rights:
In the event that a general meeting of shareholders of the Company approves any of the following (or, when shareholder approval is not necessary, in the event that the board or the representative executive officer approves of any of the following), the Company may acquire stock acquisition rights without compensation on a date separately specified by the board:
 - (i) a proposed merger agreement under which the Company is to be dissolved;
 - (ii) a proposed corporate division agreement or plan under which the Company would be split;
 - (iii) a proposed share transfer agreement or plan that makes the Company a wholly owned subsidiary;
 - (iv) a proposed amendment of the Articles of Incorporation to add a provision that prescribes that the Company, with respect to all of its issued shares, shall be required to obtain the approval of the shareholders of the Company for the acquisition of such shares by transfer;
 - (v) a proposed approval for an amendment of the Articles of Incorporation to add a provision that prescribes that the Company shall be required to obtain the approval of the shareholders of the Company for the acquisition of the shares to be issued upon the exercise of stock acquisition rights by transfer or that the Company shall obtain all of the shares of said class by a resolution of the general meeting of shareholders.
- (9) Other Conditions relating to the Exercise of Stock Acquisition Rights:
To be determined pursuant to Note 3 above:

(3rd Stock Acquisition Rights / 4th Stock Acquisition Rights)

Date of resolution	July 30, 2009	
Category and number of eligible grantees	Director of the Company 4	Director of subsidiary 4
Number of stock acquisition rights	20 (Note 1)	4 (Note 1)
Class, description and number of shares represented by stock acquisition rights	Common stock 10,000 shares (Note 2)	Common stock 2,000 shares (Note 2)
Amount to be paid upon exercise of stock acquisition rights	One yen per share	
Exercise period	From September 2, 2009 until September 1, 2029	
Issue price for shares issued through the exercise of the stock acquisition rights and the amount capitalized as common stock	Issue price: 2,169 yen Amount capitalized as common stock: 1,085 yen	
Terms and conditions for exercising the stock acquisition rights	(Note 3)	
Matters related to transfer of the stock acquisition rights	Subject to the approval of the Board of Directors	
Matters related to the grant of stock acquisition rights accompanying reorganization acts	(Note 4)	

Above is based on information available as of the end of the current fiscal year (March 31, 2022). No change has been made as of the end of the month preceding the filing date (May 31, 2022).

- (Note) 1. The number of shares represented by one stock acquisition right is 500 shares.
2. In the event that the Company conducts a stock split (including the free allocation of shares of common stock of the Company; hereinafter the same) or a reverse split of its common stock, the Conversion Ratio will be adjusted in accordance with the following formula:

$$\text{Adjusted Conversion Ratio} = \text{Conversion Ratio prior to adjustment} \times \text{Ratio of stock split or reverse stock split}$$

This adjustment will apply from the day following the record date in the case of a stock split and from the day on which the reverse stock split becomes effective in the case of a reverse stock split. However, in the event that the Company conducts a stock split that is conditioned on approval at a general meeting of shareholders of the Company of an increase in stockholders' equity or additional paid-in capital by decreasing the amount of surplus, and provided that the record date for such stock split is set prior to the conclusion of such general meeting of shareholders, from the day following the conclusion of such general meeting of shareholders, the adjustment will apply retroactively from the day following the record date. In addition to the above, the Conversion Ratio shall be reasonably adjusted as may be required in unavoidable circumstances.

Any fractional shares that result from the above adjustment will be rounded down to the nearest whole share.

Furthermore, in case of any adjustment of the Conversion Ratio, the Company shall make any necessary notification or announcement to Option holders no later than the day immediately preceding the day on which the adjusted Conversion Ratio becomes effective. However, if the Company is unable to provide such notification or announcement by such date, the Company shall provide prompt notification or announcement thereafter.

3. (1) Option holders may exercise their stock acquisition rights on the Date of Loss of Status; provided, however, that in such case, such Option holder may only exercise his or her stock acquisition rights until the earlier of (i) the expiration date of the exercise period as stipulated in the table above and (ii) the five-year anniversary of the "Exercise Start Date."
- (2) Notwithstanding the foregoing, during the exercise period set forth in the table above, the Option holders may exercise their stock acquisition rights in the following cases (for item (ii), excluding the

case where the stock acquisition rights of the Surviving Company are granted to the Option holders pursuant to Note 4 below) only during the respective periods designated below:

- (i) if the Exercise Start Date of the Option holder has not occurred by September 1, 2028
From September 2, 2028 until September 1, 2029.
 - (ii) if the general meeting of shareholders of the Company approves a merger agreement pursuant to which the Company is to be dissolved or a stock swap agreement or share transfer plan that makes the Company a wholly owned subsidiary (or, in the event a resolution of the general meeting of shareholders is not required, if a resolution of the board or determination by the chief executive officer of the Company is passed):
For 15 days from the day after the date of said approval.
- (3) If an Option holder waives his or her stock acquisition rights, such Option holder may not exercise the said stock acquisition rights.
4. In the event that the Company conducts an Organizational Restructuring, stock acquisition rights of the Surviving Company shall be granted to each holder of the Residual Stock Acquisition Rights in accordance with the following terms and conditions. In such case, the remaining stock acquisition rights shall be canceled, and the Surviving Company shall issue new stock acquisition rights; provided, however, that this shall be limited to the case where the grant of stock acquisition rights of the Surviving Company pursuant to the following conditions is stipulated in the absorption-type demerger agreement, incorporation-type demerger agreement, merger and spin-off agreement, new spin-off plan, stock swap agreement, or share transfer plan:
- (1) Number of Stock Acquisition Rights of the Surviving Company to be Granted:
The number of stock acquisition rights to be granted shall be equal to the number of Residual Stock Acquisition Rights.
 - (2) Class of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:
Common stock of the Surviving Company.
 - (3) Number of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:
To be determined pursuant to Note 2 above after taking into consideration the terms and conditions of the Organizational Restructuring.
 - (4) Amount Capitalized upon Exercise of Stock Acquisition Rights:
The amount capitalized upon the exercise of each stock acquisition right to be granted shall be the amount paid after restructuring as prescribed below multiplied by the number of shares of the Surviving Company to be issued upon the exercise of the stock acquisition rights as determined in accordance with (3) above. The amount paid after restructuring shall be one yen per share of the Surviving Company, which may be granted upon exercise of each stock acquisition right to be granted.
 - (5) Exercise Period for Stock Acquisition Rights:
From the later of (i) the starting date of the exercise period for stock acquisition rights as stipulated in the table above and (ii) the effective date of Organizational Restructuring, and lasting until the expiration date for the exercise of stock acquisition rights as stipulated in the table above.
 - (6) Matters concerning Increases in Capital Stock and Additional Paid-in Capital in case of Issuance of Shares due to the Exercise of Stock Acquisition Rights:
 - (i) In the event that shares are issued due to the exercise of stock acquisition rights, shareholders' equity shall be increased by half the limit for increases in common stock that are calculated in accordance with Article 17-1 of the Japanese Company Accounting Regulations. Any amount less than one yen shall be rounded up to the nearest yen.
 - (ii) In the event that shares are issued due to the exercise of stock acquisition rights, additional paid-in capital shall be increased by the amount remaining after deducting the increase in the limit for increase in common stock stipulated in (i) above.
 - (7) Limitation on Acquisition of Stock Acquisition Rights by Transfer.
The acquisition of stock acquisition rights by transfer shall be subject to approval by resolution of the board.

- (8) Provisions for the Acquisition of Stock Acquisition Rights.
 In the event that a general meeting of shareholders of the Company approves any of the following (or, when shareholder approval is not necessary, in the event that the board or the representative executive officer approves of any of the following), the Company may acquire stock acquisition rights without compensation on a date separately specified by the board:
- (i) a proposed merger agreement under which the Company is to be dissolved;
 - (ii) a proposed corporate division agreement or plan under which the Company would be split;
 - (iii) a proposed share transfer agreement or plan that makes the Company a wholly owned subsidiary;
 - (iv) a proposed amendment of the Articles of Incorporation to add a provision that prescribes that the Company, with respect to all of its issued shares, shall be required to obtain the approval of the shareholders of the Company for the acquisition of such shares by transfer;
 - (v) a proposed approval for an amendment of the Articles of Incorporation to add a provision that prescribes that the Company shall be required to obtain the approval of the shareholders of the Company for the acquisition of the shares to be issued upon the exercise of stock acquisition rights by transfer or that the Company shall obtain all of the shares of said class by a resolution of the general meeting of shareholders.
- (9) Other Conditions relating to the Exercise of Stock Acquisition Rights.
 To be determined pursuant to Note 3 above.

(5th Stock Acquisition Rights / 6th Stock Acquisition Rights)

Date of resolution	July 30, 2010	
Category and number of eligible grantees	Director of the Company 4	Director of subsidiary 3
Number of stock acquisition rights	21 (Note 1)	4 (Note 1)
Class, description and number of shares represented by stock acquisition rights	Common stock 10,500 shares (Note 2)	Common stock 2,000 shares (Note 2)
Amount to be paid upon exercise of stock acquisition rights	One yen per share	
Exercise period	From September 2, 2010 until September 1, 2030	
Issue price for shares issued through the exercise of the stock acquisition rights and the amount capitalized as common stock	Issue price: 2,163 yen Amount capitalized as common stock: 1,082 yen	
Terms and conditions for exercising the stock acquisition rights	(Note 3)	
Matters related to transfer of the stock acquisition rights	Subject to the approval of the Board of Directors	
Matters related to the grant of stock acquisition rights accompanying reorganization acts	(Note 4)	

Above is based on information available as of the end of the current fiscal year (March 31, 2022). No change has been made as of the end of the month preceding the filing date (May 31, 2022).

- (Note) 1. The number of shares represented by one stock acquisition right is 500 shares.
 2. In the event that the Company conducts a stock split (including the free allocation of shares of common stock of the Company; hereinafter the same) or a reverse split of its common stock, the Conversion Ratio will be adjusted in accordance with the following formula:

$$\text{Adjusted Conversion Ratio} = \text{Conversion Ratio prior to adjustment} \times \text{Ratio of stock split or reverse stock split}$$

This adjustment will apply from the day following the record date in the case of a stock split and from the day on which the reverse stock split becomes effective in the case of a reverse stock split. However, in the event that the Company conducts a stock split that is conditioned on approval at a general meeting of

shareholders of the Company of an increase in stockholders' equity or additional paid-in capital by decreasing the amount of surplus, and provided that the record date for such stock split is set prior to the conclusion of such general meeting of shareholders, from the day following the conclusion of such general meeting of shareholders, the adjustment will apply retroactively from the day following the record date. In addition to the above, the Conversion Ratio shall be reasonably adjusted as may be required in unavoidable circumstances.

Any fractional shares that result from the above adjustment will be rounded down to the nearest whole share.

Furthermore, in case of any adjustment of the Conversion Ratio, the Company shall make any necessary notification or announcement to Option holders no later than the day immediately preceding the day on which the adjusted Conversion Ratio becomes effective. However, if the Company is unable to provide such notification or announcement by such date, the Company shall provide prompt notification or announcement thereafter.

3. (1) Option holders may exercise their stock acquisition rights on the Date of Loss of Status; provided, however, that in such case, such Option holder may only exercise his or her stock acquisition rights until the earlier of (i) the expiration date of the exercise period as stipulated in the table above and (ii) the five-year anniversary of the Exercise Start Date.
 - (2) Notwithstanding the foregoing, during the exercise period set forth in the table above, the Option holders may exercise their stock acquisition rights in the following cases (for item (ii), excluding the case where the stock acquisition rights of the Surviving Company are granted to the Option holders pursuant to Note 4 below) only during the respective periods designated below:
 - (i) if the Exercise Start Date of the Option holder has not occurred by September 1, 2029
From September 2, 2029 until September 1, 2030.
 - (ii) if the general meeting of shareholders of the Company approves a merger agreement pursuant to which the Company is to be dissolved or a stock swap agreement or share transfer plan that makes the Company a wholly owned subsidiary (or, in the event a resolution of the general meeting of shareholders is not required, if a resolution of the board or determination by the chief executive officer of the Company is passed):
For 15 days from the day after the date of said approval.
 - (3) If an Option holder waives his or her stock acquisition rights, such Option holder may not exercise the said stock acquisition rights.
4. In the event that the Company conducts an Organizational Restructuring, stock acquisition rights of the Surviving Company shall be granted to each holder of the Residual Stock Acquisition Rights in accordance with the following terms and conditions. In such case, the remaining stock acquisition rights shall be canceled, and the Surviving Company shall issue new stock acquisition rights; provided, however, that this shall be limited to the case where the grant of stock acquisition rights of the Surviving Company pursuant to the following conditions is stipulated in the absorption-type demerger agreement, incorporation-type demerger agreement, merger and spin-off agreement, new spin-off plan, stock swap agreement, or share transfer plan:
 - (1) Number of Stock Acquisition Rights of the Surviving Company to be Granted:
The number of stock acquisition rights to be granted shall be equal to the number of Residual Stock Acquisition Rights.
 - (2) Class of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:
Common stock of the Surviving Company.
 - (3) Number of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:
To be determined pursuant to Note 2 above after taking into consideration the terms and conditions of the Organizational Restructuring.
 - (4) Amount Capitalized upon Exercise of Stock Acquisition Rights:
The amount capitalized upon the exercise of each stock acquisition right to be granted shall be the amount paid after restructuring as prescribed below multiplied by the number of shares of the Surviving Company to be issued upon the exercise of the stock acquisition rights as determined in

accordance with (3) above. The amount paid after restructuring shall be one yen per share of the Surviving Company, which may be granted upon exercise of each stock acquisition right to be granted.

- (5) Exercise Period for Stock Acquisition Rights:
From the later of (i) the starting date of the exercise period for stock acquisition rights as stipulated in the table above and (ii) the effective date of Organizational Restructuring, and lasting until the expiration date for the exercise of stock acquisition rights as stipulated in the table above.
- (6) Matters concerning Increases in Capital Stock and Additional Paid-in Capital in case of Issuance of Shares due to the Exercise of Stock Acquisition Rights:
 - (i) In the event that shares are issued due to the exercise of stock acquisition rights, shareholders' equity shall be increased by half the limit for increases in common stock that are calculated in accordance with Article 17-1 of the Japanese Company Accounting Regulations. Any amount less than one yen shall be rounded up to the nearest yen.
 - (ii) In the event that shares are issued due to the exercise of stock acquisition rights, additional paid-in capital shall be increased by the amount remaining after deducting the increase in the limit for increase in common stock stipulated in (i) above.
- (7) Limitation on Acquisition of Stock Acquisition Rights by Transfer:
The acquisition of stock acquisition rights by transfer shall be subject to approval by resolution of the board.
- (8) Provisions for the Acquisition of Stock Acquisition Rights:
In the event that a general meeting of shareholders of the Company approves any of the following (or, when shareholder approval is not necessary, in the event that the board or the representative executive officer approves of any of the following), the Company may acquire stock acquisition rights without compensation on a date separately specified by the board:
 - (i) a proposed merger agreement under which the Company is to be dissolved;
 - (ii) a proposed corporate division agreement or plan under which the Company would be split;
 - (iii) a proposed share transfer agreement or plan that makes the Company a wholly owned subsidiary;
 - (iv) a proposed amendment of the Articles of Incorporation to add a provision that prescribes that the Company, with respect to all of its issued shares, shall be required to obtain the approval of the shareholders of the Company for the acquisition of such shares by transfer;
 - (v) a proposed approval for an amendment of the Articles of Incorporation to add a provision that prescribes that the Company shall be required to obtain the approval of the shareholders of the Company for the acquisition of the shares to be issued upon the exercise of stock acquisition rights by transfer or that the Company shall obtain all of the shares of said class by a resolution of the general meeting of shareholders.
- (9) Other Conditions relating to the Exercise of Stock Acquisition Rights:
To be determined pursuant to Note 3 above.

(7th Stock Acquisition Rights / 8th Stock Acquisition Rights)

Date of resolution	July 29, 2011	
Category and number of eligible grantees	Director of the Company 5	Director of subsidiary 5
Number of stock acquisition rights	31 (Note 1)	4 (Note 1)
Class, description and number of shares represented by stock acquisition rights	Common stock 15,500 shares (Note 2)	Common stock 2,000 shares (Note 2)
Amount to be paid upon exercise of stock acquisition rights	One yen per share	
Exercise period	From September 2, 2011 until September 1, 2031	
Issue price for shares issued through the exercise of the stock acquisition rights and the amount capitalized as common stock	Issue price: 1,757 yen Amount capitalized as common stock: 879 yen	
Terms and conditions for exercising the stock acquisition rights	(Note 3)	
Matters related to transfer of the stock acquisition rights	Subject to the approval of the Board of Directors	
Matters related to the grant of stock acquisition rights accompanying reorganization acts	(Note 4)	

Above is based on information available as of the end of the current fiscal year (March 31, 2022). No change has been made as of the end of the month preceding the filing date (May 31, 2022).

- (Note) 1. The number of shares represented by one stock acquisition right is 500 shares.
2. In the event that the Company conducts a stock split (including the free allocation of shares of common stock of the Company; hereinafter the same) or a reverse split of its common stock, the Conversion Ratio will be adjusted in accordance with the following formula:

$$\text{Adjusted Conversion Ratio} = \text{Conversion Ratio prior to adjustment} \times \text{Ratio of stock split or reverse stock split}$$

This adjustment will apply from the day following the record date in the case of a stock split and from the day on which the reverse stock split becomes effective in the case of a reverse stock split. However, in the event that the Company conducts a stock split that is conditioned on approval at a general meeting of shareholders of the Company of an increase in stockholders' equity or additional paid-in capital by decreasing the amount of surplus, and provided that the record date for such stock split is set prior to the conclusion of such general meeting of shareholders, from the day following the conclusion of such general meeting of shareholders, the adjustment will apply retroactively from the day following the record date. In addition to the above, the Conversion Ratio shall be reasonably adjusted as may be required in unavoidable circumstances.

Any fractional shares that result from the above adjustment will be rounded down to the nearest whole share.

Furthermore, in case of any adjustment of the Conversion Ratio, the Company shall make any necessary notification or announcement to Option holders no later than the day immediately preceding the day on which the adjusted Conversion Ratio becomes effective. However, if the Company is unable to provide such notification or announcement by such date, the Company shall provide prompt notification or announcement thereafter.

3. (1) Option holders may exercise their stock acquisition rights on the Date of Loss of Status; provided, however, that in such case, such Option holder may only exercise his or her stock acquisition rights until the earlier of (i) the expiration date of the exercise period as stipulated in the table above and (ii) the five-year anniversary of the Exercise Start Date.
- (2) Notwithstanding the foregoing, during the exercise period set forth in the table above, the Option holders may exercise their stock acquisition rights in the following cases (for item (ii), excluding the

case where the stock acquisition rights of the Surviving Company are granted to the Option holders pursuant to Note 4 below) only during the respective periods designated below:

- (i) if the Exercise Start Date of the Option holder has not occurred by September 1, 2030
From September 2, 2030 until September 1, 2031.
 - (ii) if the general meeting of shareholders of the Company approves a merger agreement pursuant to which the Company is to be dissolved or a stock swap agreement or share transfer plan that makes the Company a wholly owned subsidiary (or, in the event a resolution of the general meeting of shareholders is not required, if a resolution of the board or determination by the chief executive officer of the Company is passed):
For 15 days from the day after the date of said approval.
- (3) If an Option holder waives his or her stock acquisition rights, such Option holder may not exercise the said stock acquisition rights.
4. In the event that the Company conducts an Organizational Restructuring, stock acquisition rights of the Surviving Company shall be granted to each holder of the Residual Stock Acquisition Rights in accordance with the following terms and conditions. In such case, the remaining stock acquisition rights shall be canceled, and the Surviving Company shall issue new stock acquisition rights; provided, however, that this shall be limited to the case where the grant of stock acquisition rights of the Surviving Company pursuant to the following conditions is stipulated in the absorption-type demerger agreement, incorporation-type demerger agreement, merger and spin-off agreement, new spin-off plan, stock swap agreement, or share transfer plan:
- (1) Number of Stock Acquisition Rights of the Surviving Company to be Granted:
The number of stock acquisition rights to be granted shall be equal to the number of Residual Stock Acquisition Rights.
 - (2) Class of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:
Common stock of the Surviving Company.
 - (3) Number of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:
To be determined pursuant to Note 2 above after taking into consideration the terms and conditions of the Organizational Restructuring.
 - (4) Amount Capitalized upon Exercise of Stock Acquisition Rights:
The amount capitalized upon the exercise of each stock acquisition right to be granted shall be the amount paid after restructuring as prescribed below multiplied by the number of shares of the Surviving Company to be issued upon the exercise of the stock acquisition rights as determined in accordance with (3) above. The amount paid after restructuring shall be one yen per share of the Surviving Company, which may be granted upon exercise of each stock acquisition right to be granted.
 - (5) Exercise Period for Stock Acquisition Rights:
From the later of (i) the starting date of the exercise period for stock acquisition rights as stipulated in the table above and (ii) the effective date of Organizational Restructuring, and lasting until the expiration date for the exercise of stock acquisition rights as stipulated in the table above.
 - (6) Matters concerning Increases in Capital Stock and Additional Paid-in Capital in case of Issuance of Shares due to the Exercise of Stock Acquisition Rights:
 - (i) In the event that shares are issued due to the exercise of stock acquisition rights, shareholders' equity shall be increased by half the limit for increases in common stock that are calculated in accordance with Article 17-1 of the Japanese Company Accounting Regulations. Any amount less than one yen shall be rounded up to the nearest yen.
 - (ii) In the event that shares are issued due to the exercise of stock acquisition rights, additional paid-in capital shall be increased by the amount remaining after deducting the increase in the limit for increase in common stock stipulated in (i) above.
 - (7) Limitation on Acquisition of Stock Acquisition Rights by Transfer:
The acquisition of stock acquisition rights by transfer shall be subject to approval by resolution of the board.

- (8) Provisions for the Acquisition of Stock Acquisition Rights:
 In the event that a general meeting of shareholders of the Company approves any of the following (or, when shareholder approval is not necessary, in the event that the board or the representative executive officer approves of any of the following), the Company may acquire stock acquisition rights without compensation on a date separately specified by the board:
- (i) a proposed merger agreement under which the Company is to be dissolved;
 - (ii) a proposed corporate division agreement or plan under which the Company would be split;
 - (iii) a proposed share transfer agreement or plan that makes the Company a wholly owned subsidiary;
 - (iv) a proposed amendment of the Articles of Incorporation to add a provision that prescribes that the Company, with respect to all of its issued shares, shall be required to obtain the approval of the shareholders of the Company for the acquisition of such shares by transfer; or
 - (v) a proposed approval for an amendment of the Articles of Incorporation to add a provision that prescribes that the Company shall be required to obtain the approval of the shareholders of the Company for the acquisition of the shares to be issued upon the exercise of stock acquisition rights by transfer or that the Company shall obtain all of the shares of said class by a resolution of the general meeting of shareholders.
- (9) Other Conditions relating to the Exercise of Stock Acquisition Rights:
 To be determined pursuant to Note 3 above.

(9th Stock Acquisition Rights / 10th Stock Acquisition Rights)

Date of resolution	July 31, 2012	
Category and number of eligible grantees	Director of the Company 5	Director of subsidiary 4
Number of stock acquisition rights	35 (Note 1)	3 (Note 1)
Class, description and number of shares represented by stock acquisition rights	Common stock 17,500 shares (Note 2)	Common stock 1,500 shares (Note 2)
Amount to be paid upon exercise of stock acquisition rights	One yen per share	
Exercise period	From September 4, 2012 until September 3, 2032	
Issue price for shares issued through the exercise of the stock acquisition rights and the amount capitalized as common stock	Issue price: 1,599 yen Amount capitalized as common stock: 800 yen	
Terms and conditions for exercising the stock acquisition rights	(Note 3)	
Matters related to transfer of the stock acquisition rights	Subject to the approval of the Board of Directors	
Matters related to the grant of stock acquisition rights accompanying reorganization acts	(Note 4)	

Above is based on information available as of the end of the current fiscal year (March 31, 2022). No change has been made as of the end of the month preceding the filing date (May 31, 2022).

- (Note) 1. The number of shares represented by one stock acquisition right is 500 shares.
 2. In the event that the Company conducts a stock split (including the free allocation of shares of common stock of the Company; hereinafter the same) or a reverse split of its common stock, the Conversion Ratio will be adjusted in accordance with the following formula:

$$\text{Adjusted Conversion Ratio} = \text{Conversion Ratio prior to adjustment} \times \text{Ratio of stock split or reverse stock split}$$

This adjustment will apply from the day following the record date in the case of a stock split and from the day on which the reverse stock split becomes effective in the case of a reverse stock split. However, in the event that the Company conducts a stock split that is conditioned on approval at a general meeting of shareholders of the Company of an increase in stockholders' equity or additional paid-in capital by

decreasing the amount of surplus, and provided that the record date for such stock split is set prior to the conclusion of such general meeting of shareholders, from the day following the conclusion of such general meeting of shareholders, the adjustment will apply retroactively from the day following the record date. In addition to the above, the Conversion Ratio shall be reasonably adjusted as may be required in unavoidable circumstances.

Any fractional shares that result from the above adjustment will be rounded down to the nearest whole share.

Furthermore, in case of any adjustment of the Conversion Ratio, the Company shall make any necessary notification or announcement to Option holders no later than the day immediately preceding the day on which the adjusted Conversion Ratio becomes effective. However, if the Company is unable to provide such notification or announcement by such date, the Company shall provide prompt notification or announcement thereafter.

3. (1) Option holders may exercise their stock acquisition rights on the Date of Loss of Status; provided, however, that in such case, such Option holder may only exercise his or her stock acquisition rights until the earlier of (i) the expiration date of the exercise period as stipulated in the table above and (ii) the five-year anniversary of the Exercise Start Date.
 - (2) Notwithstanding the foregoing, during the exercise period set forth in the table above, the Option holders may exercise their stock acquisition rights in the following cases (for item (ii), excluding the case where the stock acquisition rights of the Surviving Company are granted to the Option holders pursuant to Note 4 below) only during the respective periods designated below:
 - (i) if the Exercise Start Date of the Option holder has not occurred by September 1, 2031
From September 2, 2031 until September 3, 2032.
 - (ii) if the general meeting of shareholders of the Company approves a merger agreement pursuant to which the Company is to be dissolved or a stock swap agreement or share transfer plan that makes the Company a wholly owned subsidiary (or, in the event a resolution of the general meeting of shareholders is not required, if a resolution of the board or determination by the chief executive officer of the Company is passed):
For 15 days from the day after the date of said approval.
 - (3) If an Option holder waives his or her stock acquisition rights, such Option holder may not exercise the said stock acquisition rights.
4. In the event that the Company conducts an Organizational Restructuring, stock acquisition rights of the Surviving Company shall be granted to each holder of the Residual Stock Acquisition Rights in accordance with the following terms and conditions. In such case, the remaining stock acquisition rights shall be canceled, and the Surviving Company shall issue new stock acquisition rights; provided, however, that this shall be limited to the case where the grant of stock acquisition rights of the Surviving Company pursuant to the following conditions is stipulated in the absorption-type demerger agreement, incorporation-type demerger agreement, merger and spin-off agreement, new spin-off plan, stock swap agreement, or share transfer plan:
 - (1) Number of Stock Acquisition Rights of the Surviving Company to be Granted:
The number of stock acquisition rights to be granted shall be equal to the number of Residual Stock Acquisition Rights.
 - (2) Class of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:
Common stock of the Surviving Company.
 - (3) Number of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:
To be determined pursuant to Note 2 above after taking into consideration the terms and conditions of the Organizational Restructuring.
 - (4) Amount Capitalized upon Exercise of Stock Acquisition Rights:
The amount capitalized upon the exercise of each stock acquisition right to be granted shall be the amount paid after restructuring as prescribed below multiplied by the number of shares of the Surviving Company to be issued upon the exercise of the stock acquisition rights as determined in accordance with (3) above. The amount paid after restructuring shall be one yen per share of the

Surviving Company, which may be granted upon exercise of each stock acquisition right to be granted.

- (5) **Exercise Period for Stock Acquisition Rights:**
From the later of (i) the starting date of the exercise period for stock acquisition rights as stipulated in the table above and (ii) the effective date of Organizational Restructuring, and lasting until the expiration date for the exercise of stock acquisition rights as stipulated in the table above.
- (6) **Matters concerning Increases in Capital Stock and Additional Paid-in Capital in case of Issuance of Shares due to the Exercise of Stock Acquisition Rights:**
 - (i) In the event that shares are issued due to the exercise of stock acquisition rights, shareholders' equity shall be increased by half the limit for increases in common stock that are calculated in accordance with Article 17-1 of the Japanese Company Accounting Regulations. Any amount less than one yen shall be rounded up to the nearest yen.
 - (ii) In the event that shares are issued due to the exercise of stock acquisition rights, additional paid-in capital shall be increased by the amount remaining after deducting the increase in the limit for increase in common stock stipulated in (i) above.
- (7) **Limitation on Acquisition of Stock Acquisition Rights by Transfer:**
The acquisition of stock acquisition rights by transfer shall be subject to approval by resolution of the board.
- (8) **Provisions for the Acquisition of Stock Acquisition Rights:**
In the event that a general meeting of shareholders of the Company approves any of the following (or, when shareholder approval is not necessary, in the event that the board or the representative executive officer approves of any of the following), the Company may acquire stock acquisition rights without compensation on a date separately specified by the board:
 - (i) a proposed merger agreement under which the Company is to be dissolved;
 - (ii) a proposed corporate division agreement or plan under which the Company would be split;
 - (iii) a proposed share transfer agreement or plan that makes the Company a wholly owned subsidiary;
 - (iv) a proposed amendment of the Articles of Incorporation to add a provision that prescribes that the Company, with respect to all of its issued shares, shall be required to obtain the approval of the shareholders of the Company for the acquisition of such shares by transfer; or
 - (v) a proposed approval for an amendment of the Articles of Incorporation to add a provision that prescribes that the Company shall be required to obtain the approval of the shareholders of the Company for the acquisition of the shares to be issued upon the exercise of stock acquisition rights by transfer or that the Company shall obtain all of the shares of said class by a resolution of the general meeting of shareholders.
- (9) **Other Conditions relating to the Exercise of Stock Acquisition Rights:**
To be determined pursuant to Note 3 above.

(11th Stock Acquisition Rights / 12th Stock Acquisition Rights)

Date of resolution	July 31, 2013	
Category and number of eligible grantees	Director of the Company 5	Director of subsidiary 6
Number of stock acquisition rights	34 (Note 1)	8 (Note 1)
Class, description and number of shares represented by stock acquisition rights	Common stock 17,000 shares (Note 2)	Common stock 4,000 shares (Note 2)
Amount to be paid upon exercise of stock acquisition rights	One yen per share	
Exercise period	From September 3, 2013 until September 2, 2033	
Issue price for shares issued through the exercise of the stock acquisition rights and the amount capitalized as common stock	Issue price: 1,837 yen Amount capitalized as common stock: 919 yen	
Terms and conditions for exercising the stock acquisition rights	(Note 3)	
Matters related to transfer of the stock acquisition rights	Subject to the approval of the Board of Directors	
Matters related to the grant of stock acquisition rights accompanying reorganization acts	(Note 4)	

Above is based on information available as of the end of the current fiscal year (March 31, 2022). No change has been made as of the end of the month preceding the filing date (May 31, 2022).

- (Note) 1. The number of shares represented by one stock acquisition right is 500 shares.
2. In the event that the Company conducts a stock split (including the free allocation of shares of common stock of the Company; hereinafter the same) or a reverse split of its common stock, the Conversion Ratio will be adjusted in accordance with the following formula:

$$\text{Adjusted Conversion Ratio} = \text{Conversion Ratio prior to adjustment} \times \text{Ratio of stock split or reverse stock split}$$

This adjustment will apply from the day following the record date in the case of a stock split and from the day on which the reverse stock split becomes effective in the case of a reverse stock split. However, in the event that the Company conducts a stock split that is conditioned on approval at a general meeting of shareholders of the Company of an increase in stockholders' equity or additional paid-in capital by decreasing the amount of surplus, and provided that the record date for such stock split is set prior to the conclusion of such general meeting of shareholders, from the day following the conclusion of such general meeting of shareholders, the adjustment will apply retroactively from the day following the record date. In addition to the above, the Conversion Ratio shall be reasonably adjusted as may be required in unavoidable circumstances.

Any fractional shares that result from the above adjustment will be rounded down to the nearest whole share.

Furthermore, in case of any adjustment of the Conversion Ratio, the Company shall make any necessary notification or announcement to Option holders no later than the day immediately preceding the day on which the adjusted Conversion Ratio becomes effective. However, if the Company is unable to provide such notification or announcement by such date, the Company shall provide prompt notification or announcement thereafter.

3. (1) Option holders may exercise their stock acquisition rights on the Date of Loss of Status; provided, however, that in such case, such Option holder may only exercise his or her stock acquisition rights until the earlier of (i) the expiration date of the exercise period as stipulated in the table above and (ii) the five-year anniversary of the Exercise Start Date.
- (2) Notwithstanding the foregoing, during the exercise period set forth in the table above, the Option holders may exercise their stock acquisition rights in the following cases (for item (ii), excluding the

case where the stock acquisition rights of the Surviving Company are granted to the Option holders pursuant to Note 4 below) only during the respective periods designated below:

- (i) if the Exercise Start Date of the Option holder has not occurred by September 1, 2032
From September 2, 2032 until September 2, 2033.
 - (ii) if the general meeting of shareholders of the Company approves a merger agreement pursuant to which the Company is to be dissolved or a stock swap agreement or share transfer plan that makes the Company a wholly owned subsidiary (or, in the event a resolution of the general meeting of shareholders is not required, if a resolution of the board or determination by the chief executive officer of the Company is passed):
For 15 days from the day after the date of said approval.
- (3) If an Option holder waives his or her stock acquisition rights, such Option holder may not exercise the said stock acquisition rights.
4. In the event that the Company conducts an Organizational Restructuring, stock acquisition rights of the Surviving Company shall be granted to each holder of the Residual Stock Acquisition Rights in accordance with the following terms and conditions. In such case, the remaining stock acquisition rights shall be canceled, and the Surviving Company shall issue new stock acquisition rights; provided, however, that this shall be limited to the case where the grant of stock acquisition rights of the Surviving Company pursuant to the following conditions is stipulated in the absorption-type demerger agreement, incorporation-type demerger agreement, merger and spin-off agreement, new spin-off plan, stock swap agreement, or share transfer plan:
- (1) Number of Stock Acquisition Rights of the Surviving Company to be Granted:
The number of stock acquisition rights to be granted shall be equal to the number of Residual Stock Acquisition Rights.
 - (2) Class of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:
Common stock of the Surviving Company.
 - (3) Number of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:
To be determined pursuant to Note 2 above after taking into consideration the terms and conditions of the Organizational Restructuring.
 - (4) Amount Capitalized upon Exercise of Stock Acquisition Rights:
The amount capitalized upon the exercise of each stock acquisition right to be granted shall be the amount paid after restructuring as prescribed below multiplied by the number of shares of the Surviving Company to be issued upon the exercise of the stock acquisition rights as determined in accordance with (3) above. The amount paid after restructuring shall be one yen per share of the Surviving Company, which may be granted upon exercise of each stock acquisition right to be granted.
 - (5) Exercise Period for Stock Acquisition Rights:
From the later of (i) the starting date of the exercise period for stock acquisition rights as stipulated in the table above and (ii) the effective date of Organizational Restructuring, and lasting until the expiration date for the exercise of stock acquisition rights as stipulated in the table above.
 - (6) Matters concerning Increases in Capital Stock and Additional Paid-in Capital in case of Issuance of Shares due to the Exercise of Stock Acquisition Rights:
 - (i) In the event that shares are issued due to the exercise of stock acquisition rights, shareholders' equity shall be increased by half the limit for increases in common stock that are calculated in accordance with Article 17-1 of the Japanese Company Accounting Regulations. Any amount less than one yen shall be rounded up to the nearest yen.
 - (ii) In the event that shares are issued due to the exercise of stock acquisition rights, additional paid-in capital shall be increased by the amount remaining after deducting the increase in the limit for increase in common stock stipulated in (i) above.
 - (7) Limitation on Acquisition of Stock Acquisition Rights by Transfer:
The acquisition of stock acquisition rights by transfer shall be subject to approval by resolution of the board.

- (8) Provisions for the Acquisition of Stock Acquisition Rights:
 In the event that a general meeting of shareholders of the Company approves any of the following (or, when shareholder approval is not necessary, in the event that the board or the representative executive officer approves of any of the following), the Company may acquire stock acquisition rights without compensation on a date separately specified by the board:
- (i) a proposed merger agreement under which the Company is to be dissolved;
 - (ii) a proposed corporate division agreement or plan under which the Company would be split;
 - (iii) a proposed share transfer agreement or plan that makes the Company a wholly owned subsidiary;
 - (iv) a proposed amendment of the Articles of Incorporation to add a provision that prescribes that the Company, with respect to all of its issued shares, shall be required to obtain the approval of the shareholders of the Company for the acquisition of such shares by transfer; or
 - (v) a proposed approval for an amendment of the Articles of Incorporation to add a provision that prescribes that the Company shall be required to obtain the approval of the shareholders of the Company for the acquisition of the shares to be issued upon the exercise of stock acquisition rights by transfer or that the Company shall obtain all of the shares of said class by a resolution of the general meeting of shareholders.
- (9) Other Conditions relating to the Exercise of Stock Acquisition Rights:
 To be determined pursuant to Note 3 above.

(13th Stock Acquisition Rights / 14th Stock Acquisition Rights)

Date of resolution	July 31, 2014	
Category and number of eligible grantees	Director of the Company 5	Director of subsidiary 5
Number of stock acquisition rights	30 (Note 1)	9 (Note 1)
Class, description and number of shares represented by stock acquisition rights	Common stock 15,000 shares (Note 2)	Common stock 4,500 shares (Note 2)
Amount to be paid upon exercise of stock acquisition rights	One yen per share	
Exercise period	From September 2, 2014 until September 1, 2034	
Issue price for shares issued through the exercise of the stock acquisition rights and the amount capitalized as common stock	Issue price: 1,875 yen Amount capitalized as common stock: 938 yen	
Terms and conditions for exercising the stock acquisition rights	(Note 3)	
Matters related to transfer of the stock acquisition rights	Subject to the approval of the Board of Directors	
Matters related to the grant of stock acquisition rights accompanying reorganization acts	(Note 4)	

Above is based on information available as of the end of the current fiscal year (March 31, 2022). No change has been made as of the end of the month preceding the filing date (May 31, 2022).

- (Note) 1. The number of shares represented by one stock acquisition right is 500 shares.
 2. In the event that the Company conducts a stock split (including the free allocation of shares of common stock of the Company; hereinafter the same) or a reverse split of its common stock, the Conversion Ratio will be adjusted in accordance with the following formula:

$$\text{Adjusted Conversion Ratio} = \text{Conversion Ratio prior to adjustment} \times \text{Ratio of stock split or reverse stock split}$$

This adjustment will apply from the day following the record date in the case of a stock split and from the day on which the reverse stock split becomes effective in the case of a reverse stock split. However, in the event that the Company conducts a stock split that is conditioned on approval at a general meeting of shareholders of the Company of an increase in stockholders' equity or additional paid-in capital by

decreasing the amount of surplus, and provided that the record date for such stock split is set prior to the conclusion of such general meeting of shareholders, from the day following the conclusion of such general meeting of shareholders, the adjustment will apply retroactively from the day following the record date. In addition to the above, the Conversion Ratio shall be reasonably adjusted as may be required in unavoidable circumstances.

Any fractional shares that result from the above adjustment will be rounded down to the nearest whole share.

Furthermore, in case of any adjustment of the Conversion Ratio, the Company shall make any necessary notification or announcement to Option holders no later than the day immediately preceding the day on which the adjusted Conversion Ratio becomes effective. However, if the Company is unable to provide such notification or announcement by such date, the Company shall provide prompt notification or announcement thereafter.

3. (1) Option holders may exercise their stock acquisition rights on the Date of Loss of Status; provided, however, that in such case, such Option holder may only exercise his or her stock acquisition rights until the earlier of (i) the expiration date of the exercise period as stipulated in the table above and (ii) the five-year anniversary of the Exercise Start Date.
 - (2) Notwithstanding the foregoing, during the exercise period set forth in the table above, the Option holders may exercise their stock acquisition rights in the following cases (for item (ii), excluding the case where the stock acquisition rights of the Surviving Company are granted to the Option holders pursuant to Note 4 below) only during the respective periods designated below:
 - (i) if the Exercise Start Date of the Option holder has not occurred by September 1, 2033
From September 2, 2033 until September 1, 2034.
 - (ii) if the general meeting of shareholders of the Company approves a merger agreement pursuant to which the Company is to be dissolved or a stock swap agreement or share transfer plan that makes the Company a wholly owned subsidiary (or, in the event a resolution of the general meeting of shareholders is not required, if a resolution of the board or determination by the chief executive officer of the Company is passed):
For 15 days from the day after the date of said approval.
 - (3) If an Option holder waives his or her stock acquisition rights, such Option holder may not exercise the said stock acquisition rights.
4. In the event that the Company conducts an Organizational Restructuring, stock acquisition rights of the Surviving Company shall be granted to each holder of the Residual Stock Acquisition Rights in accordance with the following terms and conditions. In such case, the remaining stock acquisition rights shall be canceled, and the Surviving Company shall issue new stock acquisition rights; provided, however, that this shall be limited to the case where the grant of stock acquisition rights of the Surviving Company pursuant to the following conditions is stipulated in the absorption-type demerger agreement, incorporation-type demerger agreement, merger and spin-off agreement, new spin-off plan, stock swap agreement, or share transfer plan:
 - (1) Number of Stock Acquisition Rights of the Surviving Company to be Granted:
The number of stock acquisition rights to be granted shall be equal to the number of Residual Stock Acquisition Rights.
 - (2) Class of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:
Common stock of the Surviving Company.
 - (3) Number of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:
To be determined pursuant to Note 2 above after taking into consideration the terms and conditions of the Organizational Restructuring.
 - (4) Amount Capitalized upon Exercise of Stock Acquisition Rights:
The amount capitalized upon the exercise of each stock acquisition right to be granted shall be the amount paid after restructuring as prescribed below multiplied by the number of shares of the Surviving Company to be issued upon the exercise of the stock acquisition rights as determined in accordance with (3) above. The amount paid after restructuring shall be one yen per share of the

Surviving Company, which may be granted upon exercise of each stock acquisition right to be granted.

- (5) Exercise Period for Stock Acquisition Rights:
From the later of (i) the starting date of the exercise period for stock acquisition rights as stipulated in the table above and (ii) the effective date of Organizational Restructuring, and lasting until the expiration date for the exercise of stock acquisition rights as stipulated in the table above.
- (6) Matters concerning Increases in Capital Stock and Additional Paid-in Capital in case of Issuance of Shares due to the Exercise of Stock Acquisition Rights:
- (i) In the event that shares are issued due to the exercise of stock acquisition rights, shareholders' equity shall be increased by half the limit for increases in common stock that are calculated in accordance with Article 17-1 of the Japanese Company Accounting Regulations. Any amount less than one yen shall be rounded up to the nearest yen.
- (ii) In the event that shares are issued due to the exercise of stock acquisition rights, additional paid-in capital shall be increased by the amount remaining after deducting the increase in the limit for increase in common stock stipulated in (i) above.
- (7) Limitation on Acquisition of Stock Acquisition Rights by Transfer:
The acquisition of stock acquisition rights by transfer shall be subject to approval by resolution of the board.
- (8) Provisions for the Acquisition of Stock Acquisition Rights:
In the event that a general meeting of shareholders of the Company approves any of the following (or, when shareholder approval is not necessary, in the event that the board or the representative executive officer approves of any of the following), the Company may acquire stock acquisition rights without compensation on a date separately specified by the board:
- (i) a proposed merger agreement under which the Company is to be dissolved;
- (ii) a proposed corporate division agreement or plan under which the Company would be split;
- (iii) a proposed share transfer agreement or plan that makes the Company a wholly owned subsidiary;
- (iv) a proposed amendment of the Articles of Incorporation to add a provision that prescribes that the Company, with respect to all of its issued shares, shall be required to obtain the approval of the shareholders of the Company for the acquisition of such shares by transfer; or
- (v) a proposed approval for an amendment of the Articles of Incorporation to add a provision that prescribes that the Company shall be required to obtain the approval of the shareholders of the Company for the acquisition of the shares to be issued upon the exercise of stock acquisition rights by transfer or that the Company shall obtain all of the shares of said class by a resolution of the general meeting of shareholders.
- (9) Other Conditions relating to the Exercise of Stock Acquisition Rights:
To be determined pursuant to Note 3 above.

(15th Stock Acquisition Rights / 16th Stock Acquisition Rights)

Date of resolution	July 31, 2015	
Category and number of eligible grantees	Director of the Company 5	Director of subsidiary 4
Number of stock acquisition rights	28 (Note 1)	6 (Note 1)
Class, description and number of shares represented by stock acquisition rights	Common stock 14,000 shares (Note 2)	Common stock 3,000 shares (Note 2)
Amount to be paid upon exercise of stock acquisition rights	One yen per share	
Exercise period	From September 2, 2015 until September 1, 2035	
Issue price for shares issued through the exercise of the stock acquisition rights and the amount capitalized as common stock	Issue price: 2,839 yen Amount capitalized as common stock: 1,420 yen	
Terms and conditions for exercising the stock acquisition rights	(Note 3)	

Matters related to transfer of the stock acquisition rights	Subject to the approval of the Board of Directors
Matters related to the grant of stock acquisition rights accompanying reorganization acts	(Note 4)

Above is based on information available as of the end of the current fiscal year (March 31, 2022). No change has been made as of the end of the month preceding the filing date (May 31, 2022).

- (Note) 1. The number of shares represented by one stock acquisition right is 500 shares.
2. In the event that the Company conducts a stock split (including the free allocation of shares of common stock of the Company; hereinafter the same) or a reverse split of its common stock, the Conversion Ratio will be adjusted in accordance with the following formula:

$$\text{Adjusted Conversion Ratio} = \text{Conversion Ratio prior to adjustment} \times \text{Ratio of stock split or reverse stock split}$$

This adjustment will apply from the day following the record date in the case of a stock split and from the day on which the reverse stock split becomes effective in the case of a reverse stock split. However, in the event that the Company conducts a stock split that is conditioned on approval at a general meeting of shareholders of the Company of an increase in stockholders' equity or additional paid-in capital by decreasing the amount of surplus, and provided that the record date for such stock split is set prior to the conclusion of such general meeting of shareholders, from the day following the conclusion of such general meeting of shareholders, the adjustment will apply retroactively from the day following the record date. In addition to the above, the Conversion Ratio shall be reasonably adjusted as may be required in unavoidable circumstances.

Any fractional shares that result from the above adjustment will be rounded down to the nearest whole share.

Furthermore, in case of any adjustment of the Conversion Ratio, the Company shall make any necessary notification or announcement to Option holders no later than the day immediately preceding the day on which the adjusted Conversion Ratio becomes effective. However, if the Company is unable to provide such notification or announcement by such date, the Company shall provide prompt notification or announcement thereafter.

3. (1) Option holders may exercise their stock acquisition rights on the Date of Loss of Status; provided, however, that in such case, such Option holder may only exercise his or her stock acquisition rights until the earlier of (i) the expiration date of the exercise period as stipulated in the table above and (ii) the five-year anniversary of the Exercise Start Date.
- (2) Notwithstanding the foregoing, during the exercise period set forth in the table above, the Option holders may exercise their stock acquisition rights in the following cases (for item (ii), excluding the case where the stock acquisition rights of the Surviving Company are granted to the Option holders pursuant to Note 4 below) only during the respective periods designated below:
- (i) if the Exercise Start Date of the Option holder has not occurred by September 1, 2034
From September 2, 2034 until September 1, 2035.
- (ii) if the general meeting of shareholders of the Company approves a merger agreement pursuant to which the Company is to be dissolved or a stock swap agreement or share transfer plan that makes the Company a wholly owned subsidiary (or, in the event a resolution of the general meeting of shareholders is not required, if a resolution of the board or determination by the chief executive officer of the Company is passed):
For 15 days from the day after the date of said approval.
- (3) If an Option holder waives his or her stock acquisition rights, such Option holder may not exercise the said stock acquisition rights.
4. In the event that the Company conducts an Organizational Restructuring, stock acquisition rights of the Surviving Company shall be granted to each holder of the Residual Stock Acquisition Rights in accordance with the following terms and conditions. In such case, the remaining stock acquisition rights shall be canceled, and the Surviving Company shall issue new stock acquisition rights; provided, however, that this shall be limited to the case where the grant of stock acquisition rights of the Surviving Company pursuant to the following conditions is stipulated in the absorption-type demerger agreement, incorporation-type

demerger agreement, merger and spin-off agreement, new spin-off plan, stock swap agreement, or share transfer plan:

- (1) Number of Stock Acquisition Rights of the Surviving Company to be Granted:
The number of stock acquisition rights to be granted shall be equal to the number of Residual Stock Acquisition Rights.
- (2) Class of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:
Common stock of the Surviving Company.
- (3) Number of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:
To be determined pursuant to Note 2 above after taking into consideration the terms and conditions of the Organizational Restructuring.
- (4) Amount Capitalized upon Exercise of Stock Acquisition Rights:
The amount capitalized upon the exercise of each stock acquisition right to be granted shall be the amount paid after restructuring as prescribed below multiplied by the number of shares of the Surviving Company to be issued upon the exercise of the stock acquisition rights as determined in accordance with (3) above. The amount paid after restructuring shall be one yen per share of the Surviving Company, which may be granted upon exercise of each stock acquisition right to be granted.
- (5) Exercise Period for Stock Acquisition Rights:
From the later of (i) the starting date of the exercise period for stock acquisition rights as stipulated in the table above and (ii) the effective date of Organizational Restructuring, and lasting until the expiration date for the exercise of stock acquisition rights as stipulated in the table above.
- (6) Matters concerning Increases in Capital Stock and Additional Paid-in Capital in case of Issuance of Shares due to the Exercise of Stock Acquisition Rights:
 - (i) In the event that shares are issued due to the exercise of stock acquisition rights, shareholders' equity shall be increased by half the limit for increases in common stock that are calculated in accordance with Article 17-1 of the Japanese Company Accounting Regulations. Any amount less than one yen shall be rounded up to the nearest yen.
 - (ii) In the event that shares are issued due to the exercise of stock acquisition rights, additional paid-in capital shall be increased by the amount remaining after deducting the increase in the limit for increase in common stock stipulated in (i) above.
- (7) Limitation on Acquisition of Stock Acquisition Rights by Transfer:
The acquisition of stock acquisition rights by transfer shall be subject to approval by resolution of the board.
- (8) Provisions for the Acquisition of Stock Acquisition Rights:
In the event that a general meeting of shareholders of the Company approves any of the following (or, when shareholder approval is not necessary, in the event that the board or the representative executive officer approves of any of the following), the Company may acquire stock acquisition rights without compensation on a date separately specified by the board:
 - (i) a proposed merger agreement under which the Company is to be dissolved;
 - (ii) a proposed corporate division agreement or plan under which the Company would be split;
 - (iii) a proposed share transfer agreement or plan that makes the Company a wholly owned subsidiary;
 - (iv) a proposed amendment of the Articles of Incorporation to add a provision that prescribes that the Company, with respect to all of its issued shares, shall be required to obtain the approval of the shareholders of the Company for the acquisition of such shares by transfer; or
 - (v) a proposed approval for an amendment of the Articles of Incorporation to add a provision that prescribes that the Company shall be required to obtain the approval of the shareholders of the Company for the acquisition of the shares to be issued upon the exercise of stock acquisition rights by transfer or that the Company shall obtain all of the shares of said class by a resolution of the general meeting of shareholders.
- (9) Other Conditions relating to the Exercise of Stock Acquisition Rights:
To be determined pursuant to Note 3 above.

(17th Stock Acquisition Rights / 18th Stock Acquisition Rights)

Date of resolution	July 29, 2016	
Category and number of eligible grantees	Director of the Company 4	Director of subsidiary 6
Number of stock acquisition rights	43 (Note 1)	15 (Note 1)
Class, description and number of shares represented by stock acquisition rights	Common stock 21,500 shares (Note 2)	Common stock 7,500 shares (Note 2)
Amount to be paid upon exercise of stock acquisition rights	One yen per share	
Exercise period	From September 2, 2016 until September 1, 2036	
Issue price for shares issued through the exercise of the stock acquisition rights and the amount capitalized as common stock	Issue price: 2,089 yen Amount capitalized as common stock: 1,045 yen	
Terms and conditions for exercising the stock acquisition rights	(Note 3)	
Matters related to transfer of the stock acquisition rights	Subject to the approval of the Board of Directors	
Matters related to the grant of stock acquisition rights accompanying reorganization acts	(Note 4)	

Above is based on information available as of the end of the current fiscal year (March 31, 2022). No change has been made as of the end of the month preceding the filing date (May 31, 2022).

- (Note) 1. The number of shares represented by one stock acquisition right is 500 shares.
2. In the event that the Company conducts a stock split (including the free allocation of shares of common stock of the Company; hereinafter the same) or a reverse split of its common stock, the Conversion Ratio will be adjusted in accordance with the following formula:

$$\text{Adjusted Conversion Ratio} = \text{Conversion Ratio prior to adjustment} \times \text{Ratio of stock split or reverse stock split}$$

This adjustment will apply from the day following the record date in the case of a stock split and from the day on which the reverse stock split becomes effective in the case of a reverse stock split. However, in the event that the Company conducts a stock split that is conditioned on approval at a general meeting of shareholders of the Company of an increase in stockholders' equity or additional paid-in capital by decreasing the amount of surplus, and provided that the record date for such stock split is set prior to the conclusion of such general meeting of shareholders, from the day following the conclusion of such general meeting of shareholders, the adjustment will apply retroactively from the day following the record date. In addition to the above, the Conversion Ratio shall be reasonably adjusted as may be required in unavoidable circumstances.

Any fractional shares that result from the above adjustment will be rounded down to the nearest whole share.

Furthermore, in case of any adjustment of the Conversion Ratio, the Company shall make any necessary notification or announcement to Option holders no later than the day immediately preceding the day on which the adjusted Conversion Ratio becomes effective. However, if the Company is unable to provide such notification or announcement by such date, the Company shall provide prompt notification or announcement thereafter.

3. (1) Option holders may exercise their stock acquisition rights on the Date of Loss of Status; provided, however, that in such case, such Option holder may only exercise his or her stock acquisition rights until the earlier of (i) the expiration date of the exercise period as stipulated in the table above and (ii) the five-year anniversary of the Exercise Start Date.
- (2) Notwithstanding the foregoing, during the exercise period set forth in the table above, the Option holders may exercise their stock acquisition rights in the following cases (for item (ii), excluding the

case where the stock acquisition rights of the Surviving Company are granted to the Option holders pursuant to Note 4 below) only during the respective periods designated below:

- (i) if the Exercise Start Date of the Option holder has not occurred by September 1, 2035
From September 2, 2035 until September 1, 2036.
 - (ii) if the general meeting of shareholders of the Company approves a merger agreement pursuant to which the Company is to be dissolved or a stock swap agreement or share transfer plan that makes the Company a wholly owned subsidiary (or, in the event a resolution of the general meeting of shareholders is not required, if a resolution of the board or determination by the chief executive officer of the Company is passed):
For 15 days from the day after the date of said approval.
- (3) If an Option holder waives his or her stock acquisition rights, such Option holder may not exercise the said stock acquisition rights.
4. In the event that the Company conducts an Organizational Restructuring, stock acquisition rights of the Surviving Company shall be granted to each holder of the Residual Stock Acquisition Rights in accordance with the following terms and conditions. In such case, the remaining stock acquisition rights shall be canceled, and the Surviving Company shall issue new stock acquisition rights; provided, however, that this shall be limited to the case where the grant of stock acquisition rights of the Surviving Company pursuant to the following conditions is stipulated in the absorption-type demerger agreement, incorporation-type demerger agreement, merger and spin-off agreement, new spin-off plan, stock swap agreement, or share transfer plan:
- (1) Number of Stock Acquisition Rights of the Surviving Company to be Granted:
The number of stock acquisition rights to be granted shall be equal to the number of Residual Stock Acquisition Rights.
 - (2) Class of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:
Common stock of the Surviving Company.
 - (3) Number of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:
To be determined pursuant to Note 2 above after taking into consideration the terms and conditions of the Organizational Restructuring.
 - (4) Amount Capitalized upon Exercise of Stock Acquisition Rights:
The amount capitalized upon the exercise of each stock acquisition right to be granted shall be the amount paid after restructuring as prescribed below multiplied by the number of shares of the Surviving Company to be issued upon the exercise of the stock acquisition rights as determined in accordance with (3) above. The amount paid after restructuring shall be one yen per share of the Surviving Company, which may be granted upon exercise of each stock acquisition right to be granted.
 - (5) Exercise Period for Stock Acquisition Rights:
From the later of (i) the starting date of the exercise period for stock acquisition rights as stipulated in the table above and (ii) the effective date of Organizational Restructuring, and lasting until the expiration date for the exercise of stock acquisition rights as stipulated in the table above.
 - (6) Matters concerning Increases in Capital Stock and Additional Paid-in Capital in case of Issuance of Shares due to the Exercise of Stock Acquisition Rights:
 - (i) In the event that shares are issued due to the exercise of stock acquisition rights, shareholders' equity shall be increased by half the limit for increases in common stock that are calculated in accordance with Article 17-1 of the Japanese Company Accounting Regulations. Any amount less than one yen shall be rounded up to the nearest yen.
 - (ii) In the event that shares are issued due to the exercise of stock acquisition rights, additional paid-in capital shall be increased by the amount remaining after deducting the increase in the limit for increase in common stock stipulated in (i) above.
 - (7) Limitation on Acquisition of Stock Acquisition Rights by Transfer:
The acquisition of stock acquisition rights by transfer shall be subject to approval by resolution of the board.

- (8) Provisions for the Acquisition of Stock Acquisition Rights:
 In the event that a general meeting of shareholders of the Company approves any of the following (or, when shareholder approval is not necessary, in the event that the board or the representative executive officer approves of any of the following), the Company may acquire stock acquisition rights without compensation on a date separately specified by the board:
- (i) a proposed merger agreement under which the Company is to be dissolved;
 - (ii) a proposed corporate division agreement or plan under which the Company would be split;
 - (iii) a proposed share transfer agreement or plan that makes the Company a wholly owned subsidiary;
 - (iv) a proposed amendment of the Articles of Incorporation to add a provision that prescribes that the Company, with respect to all of its issued shares, shall be required to obtain the approval of the shareholders of the Company for the acquisition of such shares by transfer; or
 - (v) a proposed approval for an amendment of the Articles of Incorporation to add a provision that prescribes that the Company shall be required to obtain the approval of the shareholders of the Company for the acquisition of the shares to be issued upon the exercise of stock acquisition rights by transfer or that the Company shall obtain all of the shares of said class by a resolution of the general meeting of shareholders.
- (9) Other Conditions relating to the Exercise of Stock Acquisition Rights:
 To be determined pursuant to Note 3 above.

(19th Stock Acquisition Rights / 20th Stock Acquisition Rights)

Date of resolution	July 31, 2017	
Category and number of eligible grantees	Director of the Company 4	Director of subsidiary 7
Number of stock acquisition rights	28 (Note 1)	9 (Note 1)
Class, description and number of shares represented by stock acquisition rights	Common stock 14,000 shares (Note 2)	Common stock 4,500 shares (Note 2)
Amount to be paid upon exercise of stock acquisition rights	One yen per share	
Exercise period	From September 2, 2017 until September 1, 2037	
Issue price for shares issued through the exercise of the stock acquisition rights and the amount capitalized as common stock	Issue price: 2,919 yen Amount capitalized as common stock: 1,460 yen	
Terms and conditions for exercising the stock acquisition rights	(Note 3)	
Matters related to transfer of the stock acquisition rights	Subject to the approval of the Board of Directors	
Matters related to the grant of stock acquisition rights accompanying reorganization acts	(Note 4)	

Above is based on information available as of the end of the current fiscal year (March 31, 2022). No change has been made as of the end of the month preceding the filing date (May 31, 2022).

- (Note) 1. The number of shares represented by one stock acquisition right is 500 shares.
 2. In the event that the Company conducts a stock split (including the free allocation of shares of common stock of the Company; hereinafter the same) or a reverse split of its common stock, the Conversion Ratio will be adjusted in accordance with the following formula:

$$\text{Adjusted Conversion Ratio} = \text{Conversion Ratio prior to adjustment} \times \text{Ratio of stock split or reverse stock split}$$

This adjustment will apply from the day following the record date in the case of a stock split and from the day on which the reverse stock split becomes effective in the case of a reverse stock split. However, in the event that the Company conducts a stock split that is conditioned on approval at a general meeting of shareholders of the Company of an increase in stockholders' equity or additional paid-in capital by

decreasing the amount of surplus, and provided that the record date for such stock split is set prior to the conclusion of such general meeting of shareholders, from the day following the conclusion of such general meeting of shareholders, the adjustment will apply retroactively from the day following the record date. In addition to the above, the Conversion Ratio shall be reasonably adjusted as may be required in unavoidable circumstances.

Any fractional shares that result from the above adjustment will be rounded down to the nearest whole share.

Furthermore, in case of any adjustment of the Conversion Ratio, the Company shall make any necessary notification or announcement to Option holders no later than the day immediately preceding the day on which the adjusted Conversion Ratio becomes effective. However, if the Company is unable to provide such notification or announcement by such date, the Company shall provide prompt notification or announcement thereafter.

3. (1) Option holders may exercise their stock acquisition rights on the Date of Loss of Status; provided, however, that in such case, such Option holder may only exercise his or her stock acquisition rights until the earlier of (i) the expiration date of the exercise period as stipulated in the table above and (ii) the five-year anniversary of the Exercise Start Date.
 - (2) Notwithstanding the foregoing, during the exercise period set forth in the table above, the Option holders may exercise their stock acquisition rights in the following cases (for item (ii), excluding the case where the stock acquisition rights of the Surviving Company are granted to the Option holders pursuant to Note 4 below) only during the respective periods designated below:
 - (i) if the Exercise Start Date of the Option holder has not occurred by September 1, 2036
From September 2, 2036 until September 1, 2037.
 - (ii) if the general meeting of shareholders of the Company approves a merger agreement pursuant to which the Company is to be dissolved or a stock swap agreement or share transfer plan that makes the Company a wholly owned subsidiary (or, in the event a resolution of the general meeting of shareholders is not required, if a resolution of the board or determination by the chief executive officer of the Company is passed):
For 15 days from the day after the date of said approval.
 - (3) If an Option holder waives his or her stock acquisition rights, such Option holder may not exercise the said stock acquisition rights.
4. In the event that the Company conducts an Organizational Restructuring, stock acquisition rights of the Surviving Company shall be granted to each holder of the Residual Stock Acquisition Rights in accordance with the following terms and conditions. In such case, the remaining stock acquisition rights shall be canceled, and the Surviving Company shall issue new stock acquisition rights; provided, however, that this shall be limited to the case where the grant of stock acquisition rights of the Surviving Company pursuant to the following conditions is stipulated in the absorption-type demerger agreement, incorporation-type demerger agreement, merger and spin-off agreement, new spin-off plan, stock swap agreement, or share transfer plan:
 - (1) Number of Stock Acquisition Rights of the Surviving Company to be Granted:
The number of stock acquisition rights to be granted shall be equal to the number of Residual Stock Acquisition Rights.
 - (2) Class of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:
Common stock of the Surviving Company.
 - (3) Number of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:
To be determined pursuant to Note 2 above after taking into consideration the terms and conditions of the Organizational Restructuring.
 - (4) Amount Capitalized upon Exercise of Stock Acquisition Rights:
The amount capitalized upon the exercise of each stock acquisition right to be granted shall be the amount paid after restructuring as prescribed below multiplied by the number of shares of the Surviving Company to be issued upon the exercise of the stock acquisition rights as determined in

accordance with (3) above. The amount paid after restructuring shall be one yen per share of the Surviving Company, which may be granted upon exercise of each stock acquisition right to be granted.

- (5) Exercise Period for Stock Acquisition Rights:
From the later of (i) the starting date of the exercise period for stock acquisition rights as stipulated in the table above and (ii) the effective date of Organizational Restructuring, and lasting until the expiration date for the exercise of stock acquisition rights as stipulated in the table above.
- (6) Matters concerning Increases in Capital Stock and Additional Paid-in Capital in case of Issuance of Shares due to the Exercise of Stock Acquisition Rights:
 - (i) In the event that shares are issued due to the exercise of stock acquisition rights, shareholders' equity shall be increased by half the limit for increases in common stock that are calculated in accordance with Article 17-1 of the Japanese Company Accounting Regulations. Any amount less than one yen shall be rounded up to the nearest yen.
 - (ii) In the event that shares are issued due to the exercise of stock acquisition rights, additional paid-in capital shall be increased by the amount remaining after deducting the increase in the limit for increase in common stock stipulated in (i) above.
- (7) Limitation on Acquisition of Stock Acquisition Rights by Transfer:
The acquisition of stock acquisition rights by transfer shall be subject to approval by resolution of the board.
- (8) Provisions for the Acquisition of Stock Acquisition Rights:
In the event that a general meeting of shareholders of the Company approves any of the following (or, when shareholder approval is not necessary, in the event that the board or the representative executive officer approves of any of the following), the Company may acquire stock acquisition rights without compensation on a date separately specified by the board:
 - (i) a proposed merger agreement under which the Company is to be dissolved;
 - (ii) a proposed corporate division agreement or plan under which the Company would be split;
 - (iii) a proposed share transfer agreement or plan that makes the Company a wholly owned subsidiary;
 - (iv) a proposed amendment of the Articles of Incorporation to add a provision that prescribes that the Company, with respect to all of its issued shares, shall be required to obtain the approval of the shareholders of the Company for the acquisition of such shares by transfer; or
 - (v) a proposed approval for an amendment of the Articles of Incorporation to add a provision that prescribes that the Company shall be required to obtain the approval of the shareholders of the Company for the acquisition of the shares to be issued upon the exercise of stock acquisition rights by transfer or that the Company shall obtain all of the shares of said class by a resolution of the general meeting of shareholders.
- (9) Other Conditions relating to the Exercise of Stock Acquisition Rights:
To be determined pursuant to Note 3 above.

(21st Stock Acquisition Rights / 22nd Stock Acquisition Rights)

Date of resolution	July 20, 2018	
Category and number of eligible grantees	Director of the Company 5	Director of subsidiary 5
Number of stock acquisition rights	147 (Note 1)	55 (Note 1)
Class, description and number of shares represented by stock acquisition rights	Common stock 14,700 shares (Note 2)	Common stock 5,500 shares (Note 2)
Amount to be paid upon exercise of stock acquisition rights	One yen per share	
Exercise period	From August 18, 2018 until August 17, 2038	
Issue price for shares issued through the exercise of the stock acquisition rights and the amount capitalized as common stock	Issue price: 3,006 yen Amount capitalized as common stock: 1,503 yen	
Terms and conditions for exercising the stock acquisition rights	(Note 3)	
Matters related to transfer of the stock acquisition rights	Subject to the approval of the Board of Directors	
Matters related to the grant of stock acquisition rights accompanying reorganization acts	(Note 4)	

Above is based on information available as of the end of the current fiscal year (March 31, 2022). No change has been made as of the end of the month preceding the filing date (May 31, 2022).

- (Note) 1. The number of shares represented by one stock acquisition right is 100 shares.
2. In the event that the Company conducts a stock split (including the free allocation of shares of common stock of the Company; hereinafter the same) or a reverse split of its common stock, the Conversion Ratio will be adjusted in accordance with the following formula:

$$\text{Adjusted Conversion Ratio} = \text{Conversion Ratio prior to adjustment} \times \text{Ratio of stock split or reverse stock split}$$

This adjustment will apply from the day following the record date in the case of a stock split and from the day on which the reverse stock split becomes effective in the case of a reverse stock split. However, in the event that the Company conducts a stock split that is conditioned on approval at a general meeting of shareholders of the Company of an increase in stockholders' equity or additional paid-in capital by decreasing the amount of surplus, and provided that the record date for such stock split is set prior to the conclusion of such general meeting of shareholders, from the day following the conclusion of such general meeting of shareholders, the adjustment will apply retroactively from the day following the record date. In addition to the above, the Conversion Ratio shall be reasonably adjusted as may be required in unavoidable circumstances.

Any fractional shares that result from the above adjustment will be rounded down to the nearest whole share.

Furthermore, in case of any adjustment of the Conversion Ratio, the Company shall make any necessary notification or announcement to Option holders no later than the day immediately preceding the day on which the adjusted Conversion Ratio becomes effective. However, if the Company is unable to provide such notification or announcement by such date, the Company shall provide prompt notification or announcement thereafter.

3. (1) Option holders may exercise their stock acquisition rights on the Date of Loss of Status; provided, however, that in such case, such Option holder may only exercise his or her stock acquisition rights until the earlier of (i) the expiration date of the exercise period as stipulated in the table above and (ii) the five-year anniversary of the Exercise Start Date.
- (2) Notwithstanding the foregoing, during the exercise period set forth in the table above, the Option holders may exercise their stock acquisition rights in the following cases (for item (ii), excluding the

case where the stock acquisition rights of the Surviving Company are granted to the Option holders pursuant to Note 4 below) only during the respective periods designated below:

- (i) if the Exercise Start Date of the Option holder has not occurred by August 17, 2037
From August 18, 2037 until August 17, 2038.
 - (ii) if the general meeting of shareholders of the Company approves a merger agreement pursuant to which the Company is to be dissolved or a stock swap agreement or share transfer plan that makes the Company a wholly owned subsidiary (or, in the event a resolution of the general meeting of shareholders is not required, if a resolution of the board or determination by the chief executive officer of the Company is passed):
For 15 days from the day after the date of said approval.
- (3) If an Option holder waives his or her stock acquisition rights, such Option holder may not exercise the said stock acquisition rights.
4. In the event that the Company conducts an Organizational Restructuring, stock acquisition rights of the Surviving Company shall be granted to each holder of the Residual Stock Acquisition Rights in accordance with the following terms and conditions. In such case, the remaining stock acquisition rights shall be canceled, and the Surviving Company shall issue new stock acquisition rights; provided, however, that this shall be limited to the case where the grant of stock acquisition rights of the Surviving Company pursuant to the following conditions is stipulated in the absorption-type demerger agreement, incorporation-type demerger agreement, merger and spin-off agreement, new spin-off plan, stock swap agreement, or share transfer plan:
- (1) Number of Stock Acquisition Rights of the Surviving Company to be Granted:
The number of stock acquisition rights to be granted shall be equal to the number of Residual Stock Acquisition Rights.
 - (2) Class of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:
Common stock of the Surviving Company.
 - (3) Number of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:
To be determined pursuant to Note 2 above after taking into consideration the terms and conditions of the Organizational Restructuring.
 - (4) Amount Capitalized upon Exercise of Stock Acquisition Rights:
The amount capitalized upon the exercise of each stock acquisition right to be granted shall be the amount paid after restructuring as prescribed below multiplied by the number of shares of the Surviving Company to be issued upon the exercise of the stock acquisition rights as determined in accordance with (3) above. The amount paid after restructuring shall be one yen per share of the Surviving Company, which may be granted upon exercise of each stock acquisition right to be granted.
 - (5) Exercise Period for Stock Acquisition Rights:
From the later of (i) the starting date of the exercise period for stock acquisition rights as stipulated in the table above and (ii) the effective date of Organizational Restructuring, and lasting until the expiration date for the exercise of stock acquisition rights as stipulated in the table above.
 - (6) Matters concerning Increases in Capital Stock and Additional Paid-in Capital in case of Issuance of Shares due to the Exercise of Stock Acquisition Rights:
 - (i) In the event that shares are issued due to the exercise of stock acquisition rights, shareholders' equity shall be increased by half the limit for increases in common stock that are calculated in accordance with Article 17-1 of the Japanese Company Accounting Regulations. Any amount less than one yen shall be rounded up to the nearest yen.
 - (ii) In the event that shares are issued due to the exercise of stock acquisition rights, additional paid-in capital shall be increased by the amount remaining after deducting the increase in the limit for increase in common stock stipulated in (i) above.
 - (7) Limitation on Acquisition of Stock Acquisition Rights by Transfer:

The acquisition of stock acquisition rights by transfer shall be subject to approval by resolution of the board.

(8) Provisions for the Acquisition of Stock Acquisition Rights:

In the event that a general meeting of shareholders of the Company approves any of the following (or, when shareholder approval is not necessary, in the event that the board or the representative executive officer approves of any of the following), the Company may acquire stock acquisition rights without compensation on a date separately specified by the board:

- (i) a proposed merger agreement under which the Company is to be dissolved;
- (ii) a proposed corporate division agreement or plan under which the Company would be split;
- (iii) a proposed share transfer agreement or plan that makes the Company a wholly owned subsidiary;
- (iv) a proposed amendment of the Articles of Incorporation to add a provision that prescribes that the Company, with respect to all of its issued shares, shall be required to obtain the approval of the shareholders of the Company for the acquisition of such shares by transfer; or
- (v) a proposed approval for an amendment of the Articles of Incorporation to add a provision that prescribes that the Company shall be required to obtain the approval of the shareholders of the Company for the acquisition of the shares to be issued upon the exercise of stock acquisition rights by transfer or that the Company shall obtain all of the shares of said class by a resolution of the general meeting of shareholders.

(9) Other Conditions relating to the Exercise of Stock Acquisition Rights:

To be determined pursuant to Note 3 above.

(23rd Stock Acquisition Rights / 24th Stock Acquisition Rights)

Date of resolution	June 27, 2019	
Category and number of eligible grantees	Director of the Company 4	Director of subsidiary 6
Number of stock acquisition rights	172 (Note 1)	113 (Note 1)
Class, description and number of shares represented by stock acquisition rights	Common stock 17,200 shares (Note 2)	Common stock 11,300 shares (Note 2)
Amount to be paid upon exercise of stock acquisition rights	One yen per share	
Exercise period	From July 23, 2019 until July 22, 2039	
Issue price for shares issued through the exercise of the stock acquisition rights and the amount capitalized as common stock	Issue price: 2,517 yen Amount capitalized as common stock: 1,259 yen	
Terms and conditions for exercising the stock acquisition rights	(Note 3)	
Matters related to transfer of the stock acquisition rights	Subject to the approval of the Board of Directors	
Matters related to the grant of stock acquisition rights accompanying reorganization acts	(Note 4)	

Above is based on information available as of the end of the current fiscal year (March 31, 2022). No change has been made as of the end of the month preceding the filing date (May 31, 2022).

(Note) 1. The number of shares represented by one stock acquisition right is 100 shares.

- 2. In the event that the Company conducts a stock split (including the free allocation of shares of common stock of the Company; hereinafter the same) or a reverse split of its common stock, the Conversion Ratio will be adjusted in accordance with the following formula:

$$\text{Adjusted Conversion Ratio} = \text{Conversion Ratio prior to adjustment} \times \text{Ratio of stock split or reverse stock split}$$

This adjustment will apply from the day following the record date in the case of a stock split and from the day on which the reverse stock split becomes effective in the case of a reverse stock split. However, in the

event that the Company conducts a stock split that is conditioned on approval at a general meeting of shareholders of the Company of an increase in stockholders' equity or additional paid-in capital by decreasing the amount of surplus, and provided that the record date for such stock split is set prior to the conclusion of such general meeting of shareholders, from the day following the conclusion of such general meeting of shareholders, the adjustment will apply retroactively from the day following the record date. In addition to the above, the Conversion Ratio shall be reasonably adjusted as may be required in unavoidable circumstances.

Any fractional shares that result from the above adjustment will be rounded down to the nearest whole share.

Furthermore, in case of any adjustment of the Conversion Ratio, the Company shall make any necessary notification or announcement to Option holders no later than the day immediately preceding the day on which the adjusted Conversion Ratio becomes effective. However, if the Company is unable to provide such notification or announcement by such date, the Company shall provide prompt notification or announcement thereafter.

3. (1) Option holders may exercise their stock acquisition rights on the Date of Loss of Status; provided, however, that in such case, such Option holder may only exercise his or her stock acquisition rights until the earlier of (i) the expiration date of the exercise period as stipulated in the table above and (ii) the five-year anniversary of the Exercise Start Date.
 - (2) Notwithstanding the foregoing, during the exercise period set forth in the table above, the Option holders may exercise their stock acquisition rights in the following cases (for item (ii), excluding the case where the stock acquisition rights of the Surviving Company are granted to the Option holders pursuant to Note 4 below) only during the respective periods designated below:
 - (i) if the Exercise Start Date of the Option holder has not occurred by July 22, 2038
From July 23, 2038 until July 22, 2039.
 - (ii) if the general meeting of shareholders of the Company approves a merger agreement pursuant to which the Company is to be dissolved or a stock swap agreement or share transfer plan that makes the Company a wholly owned subsidiary (or, in the event a resolution of the general meeting of shareholders is not required, if a resolution of the board or determination by the chief executive officer of the Company is passed):
For 15 days from the day after the date of said approval.
 - (3) If an Option holder waives his or her stock acquisition rights, such Option holder may not exercise the said stock acquisition rights.
4. In the event that the Company conducts an Organizational Restructuring, stock acquisition rights of the Surviving Company shall be granted to each holder of the Residual Stock Acquisition Rights in accordance with the following terms and conditions. In such case, the remaining stock acquisition rights shall be canceled, and the Surviving Company shall issue new stock acquisition rights; provided, however, that this shall be limited to the case where the grant of stock acquisition rights of the Surviving Company pursuant to the following conditions is stipulated in the absorption-type demerger agreement, incorporation-type demerger agreement, merger and spin-off agreement, new spin-off plan, stock swap agreement, or share transfer plan:
 - (1) Number of Stock Acquisition Rights of the Surviving Company to be Granted:
The number of stock acquisition rights to be granted shall be equal to the number of Residual Stock Acquisition Rights.
 - (2) Class of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:
Common stock of the Surviving Company.
 - (3) Number of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:
To be determined pursuant to Note 2 above after taking into consideration the terms and conditions of the Organizational Restructuring.
 - (4) Amount Capitalized upon Exercise of Stock Acquisition Rights:

The amount capitalized upon the exercise of each stock acquisition right to be granted shall be the amount paid after restructuring as prescribed below multiplied by the number of shares of the Surviving Company to be issued upon the exercise of the stock acquisition rights as determined in accordance with (3) above. The amount paid after restructuring shall be one yen per share of the Surviving Company, which may be granted upon exercise of each stock acquisition right to be granted.

- (5) Exercise Period for Stock Acquisition Rights:
From the later of (i) the starting date of the exercise period for stock acquisition rights as stipulated in the table above and (ii) the effective date of Organizational Restructuring, and lasting until the expiration date for the exercise of stock acquisition rights as stipulated in the table above.
- (6) Matters concerning Increases in Capital Stock and Additional Paid-in Capital in case of Issuance of Shares due to the Exercise of Stock Acquisition Rights:
 - (i) In the event that shares are issued due to the exercise of stock acquisition rights, shareholders' equity shall be increased by half the limit for increases in common stock that are calculated in accordance with Article 17-1 of the Japanese Company Accounting Regulations. Any amount less than one yen shall be rounded up to the nearest yen.
 - (ii) In the event that shares are issued due to the exercise of stock acquisition rights, additional paid-in capital shall be increased by the amount remaining after deducting the increase in the limit for increase in common stock stipulated in (i) above.
- (7) Limitation on Acquisition of Stock Acquisition Rights by Transfer:
The acquisition of stock acquisition rights by transfer shall be subject to approval by resolution of the board.
- (8) Provisions for the Acquisition of Stock Acquisition Rights:
In the event that a general meeting of shareholders of the Company approves any of the following (or, when shareholder approval is not necessary, in the event that the board or the representative executive officer approves of any of the following), the Company may acquire stock acquisition rights without compensation on a date separately specified by the board:
 - (i) a proposed merger agreement under which the Company is to be dissolved;
 - (ii) a proposed corporate division agreement or plan under which the Company would be split;
 - (iii) a proposed share transfer agreement or plan that makes the Company a wholly owned subsidiary;
 - (iv) a proposed amendment of the Articles of Incorporation to add a provision that prescribes that the Company, with respect to all of its issued shares, shall be required to obtain the approval of the shareholders of the Company for the acquisition of such shares by transfer; or
 - (v) a proposed approval for an amendment of the Articles of Incorporation to add a provision that prescribes that the Company shall be required to obtain the approval of the shareholders of the Company for the acquisition of the shares to be issued upon the exercise of stock acquisition rights by transfer or that the Company shall obtain all of the shares of said class by a resolution of the general meeting of shareholders.
- (9) Other Conditions relating to the Exercise of Stock Acquisition Rights:
To be determined pursuant to Note 3 above.

(25th Stock Acquisition Rights / 26th Stock Acquisition Rights)

Date of resolution	June 26, 2020	
Category and number of eligible grantees	Director of the Company 5	Director of subsidiary 6
Number of stock acquisition rights	245 (Note 1)	112 (Note 1)
Class, description and number of shares represented by stock acquisition rights	Common stock 24,500 shares (Note 2)	Common stock 11,200 shares (Note 2)
Amount to be paid upon exercise of stock acquisition rights	One yen per share	
Exercise period	From July 18, 2020 until July 17, 2040	
Issue price for shares issued through the exercise of the stock acquisition rights and the amount capitalized as common stock	Issue price: 1,769 yen Amount capitalized as common stock: 885 yen	
Terms and conditions for exercising the stock acquisition rights	(Note 3)	
Matters related to transfer of the stock acquisition rights	Subject to the approval of the Board of Directors	
Matters related to the grant of stock acquisition rights accompanying reorganization acts	(Note 4)	

Above is based on information available as of the end of the current fiscal year (March 31, 2022). No change has been made as of the end of the month preceding the filing date (May 31, 2022).

- (Note) 1. The number of shares represented by one stock acquisition right is 100 shares.
2. In the event that the Company conducts a stock split (including the free allocation of shares of common stock of the Company; hereinafter the same) or a reverse split of its common stock, the Conversion Ratio will be adjusted in accordance with the following formula:

$$\text{Adjusted Conversion Ratio} = \text{Conversion Ratio prior to adjustment} \times \text{Ratio of stock split or reverse stock split}$$

This adjustment will apply from the day following the record date in the case of a stock split and from the day on which the reverse stock split becomes effective in the case of a reverse stock split. However, in the event that the Company conducts a stock split that is conditioned on approval at a general meeting of shareholders of the Company of an increase in stockholders' equity or additional paid-in capital by decreasing the amount of surplus, and provided that the record date for such stock split is set prior to the conclusion of such general meeting of shareholders, from the day following the conclusion of such general meeting of shareholders, the adjustment will apply retroactively from the day following the record date. In addition to the above, the Conversion Ratio shall be reasonably adjusted as may be required in unavoidable circumstances.

Any fractional shares that result from the above adjustment will be rounded down to the nearest whole share.

Furthermore, in case of any adjustment of the Conversion Ratio, the Company shall make any necessary notification or announcement to Option holders no later than the day immediately preceding the day on which the adjusted Conversion Ratio becomes effective. However, if the Company is unable to provide such notification or announcement by such date, the Company shall provide prompt notification or announcement thereafter.

3. (1) Option holders may exercise their stock acquisition rights on the Date of Loss of Status; provided, however, that in such case, such Option holder may only exercise his or her stock acquisition rights until the earlier of (i) the expiration date of the exercise period as stipulated in the table above and (ii) the five-year anniversary of the Exercise Start Date.
- (2) Notwithstanding the foregoing, during the exercise period set forth in the table above, the Option holders may exercise their stock acquisition rights in the following cases (for item (ii), excluding the

case where the stock acquisition rights of the Surviving Company are granted to the Option holders pursuant to Note 4 below) only during the respective periods designated below:

- (i) if the Exercise Start Date of the Option holder has not occurred by July 17, 2039
From July 18, 2039 until July 17, 2040.
 - (ii) if the general meeting of shareholders of the Company approves a merger agreement pursuant to which the Company is to be dissolved or a stock swap agreement or share transfer plan that makes the Company a wholly owned subsidiary (or, in the event a resolution of the general meeting of shareholders is not required, if a resolution of the board or determination by the chief executive officer of the Company is passed):
For 15 days from the day after the date of said approval.
- (3) If an Option holder waives his or her stock acquisition rights, such Option holder may not exercise the said stock acquisition rights.
4. In the event that the Company conducts an Organizational Restructuring, stock acquisition rights of the Surviving Company shall be granted to each holder of the Residual Stock Acquisition Rights in accordance with the following terms and conditions. In such case, the remaining stock acquisition rights shall be canceled, and the Surviving Company shall issue new stock acquisition rights; provided, however, that this shall be limited to the case where the grant of stock acquisition rights of the Surviving Company pursuant to the following conditions is stipulated in the absorption-type demerger agreement, incorporation-type demerger agreement, merger and spin-off agreement, new spin-off plan, stock swap agreement, or share transfer plan:
- (1) Number of Stock Acquisition Rights of the Surviving Company to be Granted:
The number of stock acquisition rights to be granted shall be equal to the number of Residual Stock Acquisition Rights.
 - (2) Class of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:
Common stock of the Surviving Company.
 - (3) Number of Shares of the Surviving Company to be Issued upon Exercise of the Stock Acquisition Rights:
To be determined pursuant to Note 2 above after taking into consideration the terms and conditions of the Organizational Restructuring.
 - (4) Amount Capitalized upon Exercise of Stock Acquisition Rights:
The amount capitalized upon the exercise of each stock acquisition right to be granted shall be the amount paid after restructuring as prescribed below multiplied by the number of shares of the Surviving Company to be issued upon the exercise of the stock acquisition rights as determined in accordance with (3) above. The amount paid after restructuring shall be one yen per share of the Surviving Company, which may be granted upon exercise of each stock acquisition right to be granted.
 - (5) Exercise Period for Stock Acquisition Rights:
From the later of (i) the starting date of the exercise period for stock acquisition rights as stipulated in the table above and (ii) the effective date of Organizational Restructuring, and lasting until the expiration date for the exercise of stock acquisition rights as stipulated in the table above.
 - (6) Matters concerning Increases in Capital Stock and Additional Paid-in Capital in case of Issuance of Shares due to the Exercise of Stock Acquisition Rights:
 - (i) In the event that shares are issued due to the exercise of stock acquisition rights, shareholders' equity shall be increased by half the limit for increases in common stock that are calculated in accordance with Article 17-1 of the Japanese Company Accounting Regulations. Any amount less than one yen shall be rounded up to the nearest yen.
 - (ii) In the event that shares are issued due to the exercise of stock acquisition rights, additional paid-in capital shall be increased by the amount remaining after deducting the increase in the limit for increase in common stock stipulated in (i) above.
 - (7) Limitation on Acquisition of Stock Acquisition Rights by Transfer:

The acquisition of stock acquisition rights by transfer shall be subject to approval by resolution of the board.

(8) Provisions for the Acquisition of Stock Acquisition Rights:

In the event that a general meeting of shareholders of the Company approves any of the following (or, when shareholder approval is not necessary, in the event that the board or the representative executive officer approves of any of the following), the Company may acquire stock acquisition rights without compensation on a date separately specified by the board:

- (i) a proposed merger agreement under which the Company is to be dissolved;
- (ii) a proposed corporate division agreement or plan under which the Company would be split;
- (iii) a proposed share transfer agreement or plan that makes the Company a wholly owned subsidiary;
- (iv) a proposed amendment of the Articles of Incorporation to add a provision that prescribes that the Company, with respect to all of its issued shares, shall be required to obtain the approval of the shareholders of the Company for the acquisition of such shares by transfer; or
- (v) a proposed approval for an amendment of the Articles of Incorporation to add a provision that prescribes that the Company shall be required to obtain the approval of the shareholders of the Company for the acquisition of the shares to be issued upon the exercise of stock acquisition rights by transfer or that the Company shall obtain all of the shares of said class by a resolution of the general meeting of shareholders.

(9) Other Conditions relating to the Exercise of Stock Acquisition Rights:

To be determined pursuant to Note 3 above.

(ii) 【Right Plans】

Not applicable.

(iii) 【Other Stock Acquisition Rights】

Not applicable.

(3) Status of Exercise of Bonds with Stock Acquisition Rights containing a Clause for Exercise Price Adjustment
Not applicable.

(4) Trends in the Total Number of Shares Issued, Common Stock, etc.

Date	Changes in the Total Number of Shares Issued (Thousands of shares)	Balance of Total Number of Shares Issued (Thousands of shares)	Changes in Common Stock (Millions of yen)	Balance of Common Stock (Millions of yen)	Changes in Additional Paid-in Capital (Millions of yen)	Balance of Additional Paid-in Capital (Millions of yen)
October 1, 2017 (Note 1)	△71,689	71,689	—	13,260	—	29,294
May 25, 2018 (Note 2)	△1,000	70,689	—	13,260	—	29,294
May 24, 2019 (Note 2)	△2,100	68,589	—	13,260	—	29,294
May 25, 2020 (Note 2)	△3,100	65,589	—	13,260	—	29,294

- (Note)
1. Reflect the share consolidation pursuant to which two (2) shares were consolidated into one (1) share.
 2. The decrease was due to the cancellation of treasury stock.
 3. Our Board of Directors adopted a resolution at a meeting held on May 13, 2022 regarding cancellation of treasury stock and 1,089,042 shares of treasury stock have been cancelled as of May 23, 2022.

(5) Status of Shareholders

As of March 31, 2022

Category	Status of Shares (1 unit = 100 shares)								Shares Less Than One Unit (share)
	National and Local Governments	Financial Institutions	Securities Companies	Other Corporations	Foreign Shareholders		Individuals and Other	Total	
					Foreign shareholders other than individuals	Individuals			
Number of shareholders	—	46	30	188	191	16	16,976	17,447	—
Number of shares held (units)	—	302,184	8,401	101,294	80,881	58	161,797	654,615	127,542
Ratio (%)	—	46.16	1.28	15.47	12.36	0.01	24.72	100	—

- (Note) 1. Out of the treasury stock of 4,130,773 shares, 41,307 units are included under “Individuals and Other,” and 73 shares of less than one unit are included under “Shares less than One Unit.”
2. Shares under “Other Corporations” and “Shares less than One Unit” include 2 units and 27 shares, respectively, held under the name of the Japan Securities Depository Center.

(6) Status of Major Shareholders

As of March 31, 2022

Name of Shareholder	Address	Number of Shares held by Shareholder (Thousands of shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3, Hamamatsucho, Minato-ku, Tokyo	8,062	13.12
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12, Harumi, Chuo-ku, Tokyo	4,943	8.04
The Bank of Mitsubishi UFJ, Ltd.	2-7-1, Marunouchi, Chiyoda-ku, Tokyo	3,095	5.04
Meiji Yasuda Life Insurance Company	2-1-1, Marunouchi, Chiyoda-ku, Tokyo	3,050	4.96
The Bank of Kyoto, Ltd.	700, Yakushimae-cho, Karasuma-dori, Matsubara-agaru, Shimogyo-ku, Kyoto	2,352	3.83
The Shiga Bank, Ltd.	1-38, Hamamachi, Otsu-shi, Shiga	1,751	2.85
Nippon Life Insurance Company	1-6-6, Marunouchi, Chiyoda-ku, Tokyo (Nippon Life Insurance Securities Services)	1,569	2.55
Mitsubishi UFJ Trust and Banking Corporation	1-4-5, Marunouchi, Chiyoda-ku, Tokyo	1,525	2.48
Asahi Kasei Corporation	1-2 Yurakucho 1-chome, Chiyoda-ku, Tokyo	1,241	2.02
Custody Bank of Japan, Ltd. (Re-trust of Sumitomo Mitsui Trust Bank, Limited; Trust Account for the retirement allowance for Toray Industries, Inc.)	1-8-12, Harumi, Chuo-ku, Tokyo	1,205	1.96
Total	—————	28,795	46.85

- (Note) 1. The Company is holding 4,130 thousand shares of treasury stock, which are not listed in the above list of major shareholders.
2. The numbers of shares held by The Master Trust Bank of Japan, Ltd. (Trust Account), Custody Bank of Japan, Ltd. (Trust Account) and Custody Bank of Japan, Ltd. (Re-trust of Sumitomo Mitsui Trust Bank, Limited; Trust Account for the retirement allowance for Toray Industries, Inc.) are related to their respective trust services.
3. The substantial shareholding report (the amended report) dated April 13, 2018, filed by Mitsubishi UFJ Financial Group, Inc., and its joint holders, which is publicly available, indicates that the shareholders in

the below table are holding the respective number of the Company's shares as of April 9, 2018. However, as we were unable to confirm the actual status of the shareholdings of these shareholders, except for MUFG Bank, Ltd., as of the end of fiscal year 2022, those shareholdings have not been reflected in the above list. In addition, the content of such substantial shareholding report (the amended report) is as follows:

Name of Shareholder	Address	Number of Shares held by Shareholder (Thousands of shares)	Shareholding Ratio (%)
The Bank of Mitsubishi UFJ, Ltd.	2-7-1, Marunouchi, Chiyoda-ku, Tokyo	3,295	4.60
Mitsubishi UFJ Trust and Banking Corporation	1-4-5, Marunouchi, Chiyoda-ku, Tokyo	3,167	4.42
Mitsubishi UFJ International Asset Management Co., Ltd.	1-12-1, Yurakucho, Chiyoda-ku, Tokyo	187	0.26
Total		6,649	9.28

4. The substantial shareholding report dated July 6, 2021, filed by Nomura Securities Co., Ltd. and its joint holder, which is publicly available, indicates that the shareholders in the below table are holding respective number of the Company's shares as of June 30, 2021. However, as we were unable to confirm the actual status of the shareholdings of these shareholders as of the end of March 31, 2022, those shareholdings have not been reflected in the above list. In addition, the content of such substantial shareholding report is as follows:

Name of Shareholder	Address	Number of Shares held by Shareholder (Thousands of shares)	Shareholding Ratio (%)
Nomura International PLC	1 Angel Lane, London EC4R 3AB, United Kingdom	110	0.17
Nomura asset Management Co., Ltd.	2-1-1, Toyosu, Kotou-ku, Tokyo	3,330	5.08
Total		3,441	5.25

(7) Status of Voting Rights

(i) Shares Issued

As of March 31, 2022

Category	Number of Shares (Shares)	Number of Voting Rights (Units)	Description
Shares without voting rights	—	—	—
Shares with restricted voting rights – treasury stock, etc.	—	—	—
Shares with restricted voting rights – other	—	—	—
Shares with full voting rights – treasury stock, etc.	(Treasury stock) Common stock 4,130,700	—	Shareholders have unlimited standard rights. The number of shares constituting a unit is 100.
Shares with full voting rights – other	Common stock 61,330,800	613,308	Same as above.
Shares less than one unit	Common stock 127,542	—	Same as above.
Total number of shares issued	65,589,042	—	—

Total voting rights held by all shareholders	—	613,308	—
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(Note) Shares under “Shares with full voting rights – other” include 200 shares held under the name of the Japan Securities Depository Center. Also, 2 units of the voting right under the “Number of Voting Rights” are related to the shares with full voting rights held under the name of the Japan Securities Depository Center.

(ii) Treasury Stock, etc.

As of March 31, 2022

Name of Shareholder	Address	Number of Shares held under Own Name	Number of Shares held under the Name of Others	Total Number of Shares held	Shareholding Ratio (%)
(Treasury stock) Wacoal Holdings Corp.	29 Nakajima-cho, Kisshoin, Minami-ku, Kyoto	4,130,700	—	4,130,700	6.30
Total	—	4,130,700	—	4,130,700	6.30

2. 【Information on Acquisition etc. of Treasury Stock】

<Class of shares>

Acquisition of shares of common stock under the condition set forth in Article 155, Item 3 of the Companies Act and acquisition of shares of common stock under the condition set forth in Article 155, Item 7 of the Companies Act

(1) Acquisition of Treasury Stock based on a Resolution of General Meeting of Shareholders

Not applicable.

(2) Acquisition of Treasury Stock based on a Resolution of Board of Directors

Acquisition pursuant to Article 155, Item 3 of the Companies Act

Category	Number of Shares (Shares)	Total Amount (Yen)
Status of Resolution of Board of Directors (November 26, 2021) (Period for acquisition: From December 1, 2021 to March 24, 2022)	1,000,000	2,500,000,000
Treasury stock acquired prior to the current fiscal year	—	—
Treasury stock acquired during the current fiscal year	1,000,000	2,088,056,600
Total number of outstanding shares resolved and total amount	—	411,943,400
Unexercised percentage as of the end of the current fiscal year (%)	—	16.5
Treasury stock acquired during the current period	—	—
Unexercised percentage as of the filing date of this report (%)	—	16.5

Category	Number of Shares (Shares)	Total Amount (Yen)
Status of Resolution of Board of Directors (May 13, 2022) (Period for acquisition: From June 4, 2022 to March 24, 2023)	5,500,000	10,000,000,000
Treasury stock acquired prior to the current fiscal year	—	—
Treasury stock acquired during the current fiscal year	—	—
Total number of outstanding shares resolved and total amount	—	—
Unexercised percentage as of the end of the current fiscal year (%)	—	—
Treasury stock acquired during the current period	—	—
Unexercised percentage as of the filing date of this report (%)	—	—

(Note) The number of shares of treasury stock acquired during the period indicated above does not include the number of shares of treasury stock acquired during the period from June 1, 2022 until the filing date of this report.

(3) Acquisition of Treasury Stock not based on a Resolution of Ordinary General Meeting of Shareholders or Board of Directors

Acquisition pursuant to Article 155, Item 7 of the Companies Act

Category	Number of Shares (Shares)	Total Amount (Yen)
Treasury stock acquired during the current fiscal year	548	1,214,190
Treasury stock acquired during the current period	—	—

(Note) The number of shares of treasury stock acquired during the current period does not include the number of shares

less than one unit purchased during the period from June 1, 2022 until the filing date of this report.

(4) Status of Disposition and Holding of Acquired Treasury Stock

Category	Current Fiscal Year		Current Period	
	Number of Shares (Shares)	Total Disposition Amount (Yen)	Number of Shares (Shares)	Total Disposition Amount (Yen)
Acquired treasury stock that was offered to subscribers for subscription	—	—	—	—
Acquired treasury stock that was canceled	—	—	1,089,042	2,862,702,160
Acquired treasury stock that was transferred due to merger, stock swap, stock delivery, or company split	—	—	—	—
Other (transfer of shares less than one unit per purchase request)	128	259,218	—	—
Other (exercise of stock acquisition rights)	11,200	31,147,200	—	—
Other (Restricted Stock)	26,800	75,066,800	—	—
Number of shares of treasury stock held	4,130,773	—	3,041,731	—

(Note) The number of shares of treasury stock held during the current period does not include shares less than one unit purchased or sold during the period from June 1, 2022 until the filing date of this report.

3. 【Dividend Policy】

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.

Our basic policy is to distribute earnings twice a year in the form of interim and year-end dividends subject to the resolutions of the Board of Directors as prescribed in our Articles of Incorporation pursuant to the provisions of Paragraph 1, Article 459 of the Companies Act.

Based on such policy, we plan to distribute a year-end dividend of 30.00 yen per share as a distribution of earnings for the current fiscal year. As a result, the annual cash dividend per share, including an interim dividend of 20.00 yen per share, is 50.00 yen for the current fiscal year.

As for retained earnings, with the aim of improving our corporate value, we have actively invested in expanding new points of contact with consumers for our domestic business and our overseas businesses. We also plan to use our retained earnings in our strategic investments for maintaining competitiveness and reinforcing growth. With these efforts, we seek to benefit our shareholders by improving future profitability.

(Note) The distribution of earnings for which record date belongs to the current fiscal year is as follows:

Date of Resolution	Total Dividend Amount (Millions of yen)	Dividend Amount per Share (Yen)
October 29, 2021 Resolution of Board of Directors' meeting	1,249	20.00
May 13, 2022 Resolution of Board of Directors' meeting	1,843	30.00

4 【Corporate Governance, etc.】

(1) 【Status of Corporate Governance】

(i) Fundamental Policies for Corporate Governance:

The purpose and basic policy of our group's corporate governance is to continuously enhance our corporate value by increasing transparency and securing the fairness and independence of our corporate management to establish mutual confidence relationship with all stakeholders, including our shareholders, customers, employee, client and community.

(ii) Outline of System of Corporate Governance and Reason for Adoption of such System

a. Outline of System of Corporate Governance

We, as a holding company, have adopted the company with Audit & Supervisory Board system in accordance with the Companies Act for the purpose of ensuring the corporate governance of group companies, and have both the Board of Directors and the Audit & Supervisory Board monitor and supervise the management and operation of the Company.

Our Board of Directors is composed of seven Directors (including three Outside Directors) and one of them is female. Their roles are to supervise and make business judgments from an objective perspective. We have been working to enhance the supervisory function and to improve the decision-making process. Further, the term of office of each Director is one year for the purpose of clarifying the responsibilities of our management, and establishing a management system that may respond promptly to changes in the business environment.

In addition to the supervisory function of the Board of Directors, the Audit & Supervisory Board is composed of five Audit & Supervisory Board Members (including three Outside Audit & Supervisory Board Members). Their function is to monitor and supervise our management.

We have designated the above-stated three Outside Directors and three Outside Audit & Supervisory Board Members (i.e., six persons in total) as our independent officers.

We, as a holding company, seek to govern our group companies with the management, audit, and supervisory systems as set out below:

- The Board of Directors shall hold a regular Board of Directors' meeting every month and also hold a special Board of Directors' meeting from time to time, as necessary, in accordance with the rules of the Board of Directors, to make decisions on matters concerning important business, such as management policy and management strategy and matters stipulated by laws or ordinances or our Articles of Incorporation. Further, we have established the "Group Management Meeting" comprising our Directors and major management members, which considers matters concerning the management strategy of our group and other important management issues and conducts preliminary reviews of matters for review by our Board of Directors.
- The Audit & Supervisory Board shall hold regular monthly meetings, in principle, prior to the Board of Directors' meetings and also hold special meetings from time to time, as necessary, in accordance with the rules of the Audit & Supervisory Board, to make decisions on matters concerning the preparation of audit reports and audit policies, method of asset status investigation and execution of duties by the Audit & Supervisory Board Members.
- We have established the "Executive Nomination Advisory Committee" and "Executive Compensation Advisory Committee", which are each chaired by an Independent Outside Director. These Committees discuss and provide recommendations on evaluation, election, dismissal, and promotion of Directors, as well as performance evaluation and matters related to compensation. In principle, the Executive Nomination Advisory Committee shall hold meetings in July, November and January when the Board of Directors' meetings are held, and the Executive Compensation Advisory Committee shall hold meetings in April, July and February when the Board of Directors' meetings are held. A majority of the members of both Committees consists of Outside Directors to enhance their independence and objectivity. In addition, both Committees resolve matters with the unanimous approval of all members to ensure a high degree of transparency and fairness.
- The Independent Outside Officers Meeting, which is joined mainly by the Independent Officers, performs an evaluation on the Board of Directors after exchange of views among the members of such Meeting. The details of discussions are reported to the Board of Directors, which are also disclosed in

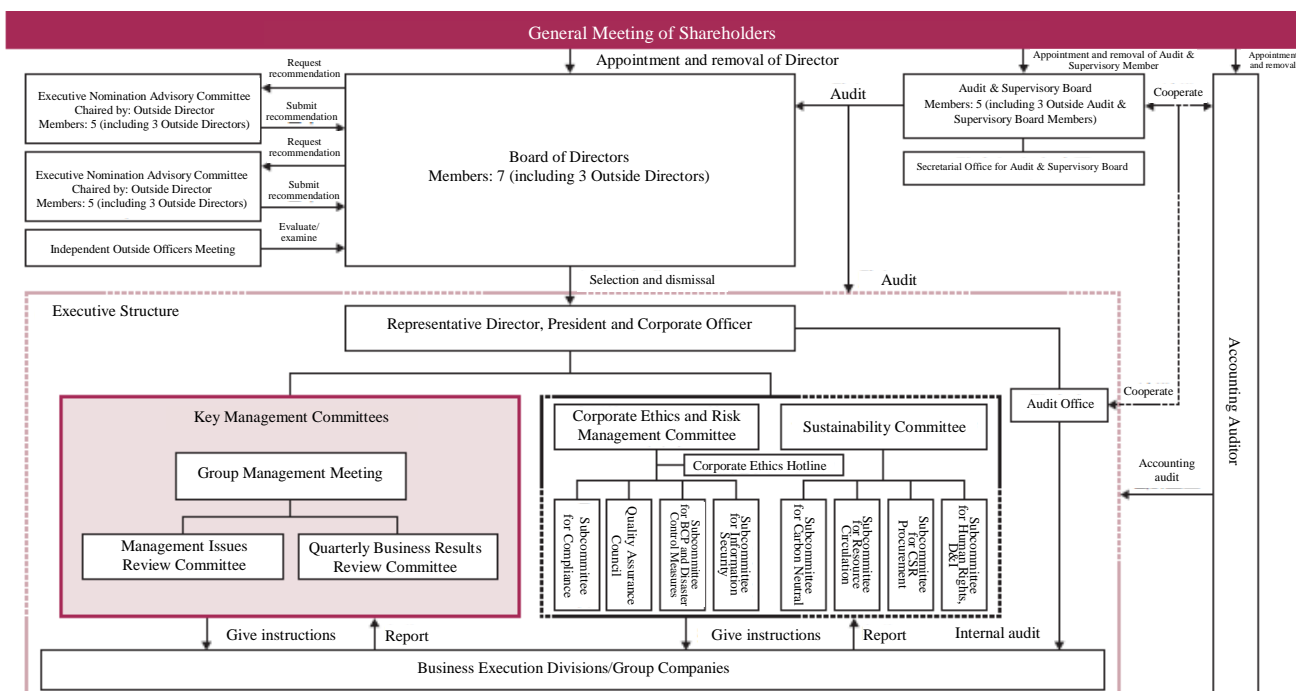
our Corporate Governance Report.

- In order to improve our system of compliance, we have established a Corporate Ethics and Risk Management Committee, for which our Representative Director, President and Corporate Officer acts as head in charge of the committee and the Director of Supervisor of Group Business Management acts as chairman, which will consider any compliance issues which may have a material impact on the Wacoal Group, enhance awareness and enlightenment on corporate ethics and effectively promote control of any management risks on the Wacoal Group.
- In April 2022, we have established the “Sustainability Committee”, for which our Representative Director, President and Corporate Officer acts as head in charge of the committee and our Representative Director, Vice President and Corporate Officer acts as chairman, to promote sustainable management, a management approach that balances “solving social issues” on one hand and “corporate growth” on the other hand through our business activities. The Sustainability Committee formulates an overall plan regarding sustainability activities, monitors progress, evaluates achievements, and periodically reports and makes recommendations to the Board of Directors.

The members of each Committee/Meeting are as follows (* indicates supervisor, ● indicates chair or chairman and ○ indicates members):

Title	Name	Board of Directors' Meeting	Audit & Supervisory Board Meeting	Executive Nomination Advisory Committee	Executive Compensation Advisory Committee	Independent Outside Officers Meeting	Group Management Meeting	Corporate Ethics and Risk Management Committee	Sustainability Committee
Representative Director, President and Corporate Officer of the Company	Hironobu Yasuhara	●		○			○	*	*
Director and Vice President Corporate Officer	Tomoyasu Ito	○					○	○	●
Director and Vice President Corporate Officer	Akira Miyagi	○		○	○	●	●	●	○
Director Managing Corporate Officer	Masaaki Yajima	○					○	○	○
Outside Director	Madoka Mayuzumi	○		○	○	○			
Outside Director	Shigeru Saito	○		○	○	○			
Outside Director	Tsunehiko Iwai	○		●	●	○			
Standing Audit & Supervisory Board Member	Shinichi Kitagawa	○	●			○	○		
Standing Audit & Supervisory Board Member	Katsuhiro Okamoto	○	○			○	○		
Audit & Supervisory Board Member	Hiroshi Shirai	○	○			○			
Audit & Supervisory Board Member	Mitsuhiro Hamamoto	○	○			○			
Audit & Supervisory Board Member	Minoru Shimada	○	○			○			
	Other				○	○	○	○	○

The following diagram illustrates the outline of our corporate governance system:



b. Reason for Adoption of Corporate Governance System

The Company has adopted a governance system by a “Board of Directors” composed of Directors who are experts in each business area and Outside Directors with diverse careers, and an “Audit & Supervisory Board” including Outside Audit & Supervisory Board Members. We, as a holding company, believe that this governance system is effective in supervising and auditing the execution of duties at our group companies and to realize and maintain high-quality management. For the foregoing reason, we have adopted our current governance system.

(iii) Other Matters regarding Corporate Governance System

a. Status of Improvement of Internal Control System

Our fundamental philosophy toward the internal control system and the status of improvement thereof, details of which have been determined at the Board of Directors’ meetings, are as follows:

< System to Ensure Appropriate Business Conduct >

(System to ensure that execution of duties by Directors and/or employees is in compliance with laws and regulations and the Articles of Incorporation)

- To ensure that all Directors and employees of the business group comprised of the Company and its subsidiaries (“the Wacoal Group”) comply with laws and regulations and the Articles of Incorporation and conduct business based on sound social norms, we have enacted the “Wacoal Code of Ethics” and the “Corporate Ethics: Wacoal Standards of Conduct”.
- In order to improve our system of compliance, we have established a Corporate Ethics and Risk Management Committee, for which our Representative Director and President acts as administrative manager and the Director of Supervisor of Group Business Management acts as chairman, which will consider any compliance issues which may have a material impact on the Wacoal Group, enhance awareness and enlightenment on corporate ethics and effectively promote control of any management risks on the Wacoal Group. The Management Planning Department shall act as organizer, and shall be responsible for the corporate ethics and risk management related to the Wacoal Group.
- We have established a system under which our legal/compliance department could be promptly notified if the fact that a Director and/or employee of the Wacoal Group may have violated the “Wacoal Code of Ethics” or the “Corporate Ethics: Wacoal’s Code of Conduct”, or any other compliance issues is found. We have also established an internal alerting system (corporate ethics hotline to the legal/compliance

department and a law firm). After being notified and/or alerted, the legal/compliance department conducts an investigation and formulates preventive measures after discussions with the related department. If the issue is critical, the legal/compliance department will refer the matter to the Corporate Ethics and Risk Management Committee and will report the results of its deliberation to the Board of Directors and/or Audit & Supervisory Board.

- “The Corporate Ethics: Wacoal Standards of Conduct” prescribes that Directors, and employees shall firmly refuse to comply with demands of antisocial forces. In order to handle unjust demands of antisocial forces, we cooperate with outside specialized institutions, collect and/or control information related to antisocial forces and are building an internal system.

(System concerning the Storage and Management of Information related to Execution of Duties by Directors)

- With the approval of the Board of Directors, we have enacted the “Document Management Rules” pursuant to which we store the following documents (including electromagnetic records; hereafter the same) along with any related materials:
 - Minutes of the General Meeting of Shareholders, minutes of the Board of Directors’ meetings, minutes of the Group Management meetings, documents for which a Director is the final decision maker, and any other documents prescribed in the “Document Management Rules”.
- The retention period and the place for storage of the documents prescribed in the preceding paragraph shall be subject to the “Document Management Rules”, but such retention period shall be at least ten years. The Directors and Audit & Supervisory Board Members shall have access to these documents at all times.

(Rules and Other Systems Concerning Risk Management of Losses)

- In order to understand the management risk within the Wacoal Group in general and to improve and/or strengthen our risk management system, we have established the Corporate Ethics and Risk Management Committee, for which our Representative Director and President acts as administrative manager and the Director of Supervisor of Group Business Management as Chairman. The Management Planning Department shall act as the organizer.
- The Corporate Ethics and Risk Management Committee prescribes “the Risk management basic rules”, subject to the approval of the Board of Directors, which form the basis for our risk management system. The Corporate Ethics and Risk Management Committee clarifies the responsibilities by risk category pursuant to these rules, and formulates a risk management system that thoroughly and/or comprehensively controls potential risk within the Wacoal Group.
- The Corporate Ethics and Risk Management Committee regularly reports on the operations of the Wacoal Group’s risk management system to the Board of Directors.

(System to Ensure Effective Execution of Duties by Directors)

- In order to enhance appropriate decision-making by our Directors, we will at least one-third of all Directors will be independent Outside Directors.
- We will formulate a medium-term management plan to be shared by the Directors and/or employees within the Wacoal Group and will direct and confirm courses of action and business targets in the mid to short term that are consistent with such plan.
- We will follow the business results of each Wacoal Group company on a monthly basis and report back to the Board of Directors. In addition, by holding “Quarterly Business Results Review Committee”, we will confirm the business results and the implementation of measures and policies, consider measures in the event targets are not achieved, and review such targets, as may be necessary.
- We adopt a corporate officer system, under which we seek to build an appropriate and efficient management system which clearly defines the delegation of authority and responsibilities with respect to major Group companies

(System to Ensure Appropriate Business Conduct within Group Companies)

- We have enacted “the Group Management Rules”, which prescribe basic policies regarding the management of Group companies and matters to be decided by our Board of Directors, as well as matters to be reported to the Company and manage our Group companies in accordance with the rules.
- We conduct any intercompany transaction fairly in compliance with laws and regulations, accounting principles and the tax system.
- Our audit office will conduct internal audits, including an audit of the establishment and/or operation of

our compliance system and risk management system, within the group companies and will report the results of its audits to the Board of Directors and appropriate departments and give guidance and/or advice related to the above group companies to ensure the appropriate conduct of business.

- Our foreign subsidiaries will comply with the laws and regulations of their respective home countries and will adopt a system that is in line with our policies to the extent reasonable.

(Matters Concerning Assistants to Audit & Supervisory Board Members)

- Audit & Supervisory Board Members may appoint employees of the Company as their assistants who are to assist the duties of the Audit & Supervisory Board Members.
- Such assistants shall be full-time employees. In order to ensure the effectiveness and independence of such assistants, decisions on personal affairs, including appointment, evaluation, relocation and discipline of such assistants will be subject to the consent of the Audit & Supervisory Board Members.

(Reporting System of Directors and Employees to the Audit & Supervisory Board Members and Other Reporting System to Audit & Supervisory Board Members)

- Directors of the Wacoal Group will promptly report to the Audit & Supervisory Board Members if they become aware of a material fact that violates the applicable laws and regulations and/or our Articles of Incorporation, misconduct or a fact that may cause significant damage to any company of the Wacoal Group.
- Employees of the Wacoal Group may directly report to the Audit & Supervisory Board Members if they become aware of a material fact that violates the applicable laws and regulations and/or our Articles of Incorporation, misconduct or a fact that may cause significant damage to any company of the Wacoal Group. Any employee who makes such report will not be at a disadvantage for the reason of making such report.
- Through the reporting of the following matters in addition to statutory matters to the Audit & Supervisory Board Members by Directors and employees of the Wacoal Group, we strive to have the Audit & Supervisory Board Members audit conducted effectively.

Matters referred to the Group Management Meeting
Monthly and quarterly group management conditions
Results of audits of operations
The condition of our internal reporting to our internal alert system
Other significant matters

(Other Systems to Ensure Effective Audit by the Audit & Supervisory Board Members)

- The majority of the Audit & Supervisory Board Members will be independent Outside Audit & Supervisory Board Members to enhance the transparency and neutrality of audit.
- The Audit & Supervisory Board Members may order employees who belong to the audit office to perform any tasks that are required to provide audit services. In addition, the Audit & Supervisory Board Members may request the Company for reimbursement of expenses incurred for performing their duties.
- Audit & Supervisory Board Members will attend meetings of the Board of Directors and may also attend other primary meetings of the Wacoal Group.
- The Audit & Supervisory Board Members will regularly meet with the audit office and the Accounting Auditor to receive reports and to exchange opinions.
- The Audit & Supervisory Board may consult legal counsel, certified public accountants, consultants, or other outside advisers as it deems necessary.

< Outline of Operation of our “System to Ensure Appropriate Business Conduct” >

(System to ensure that execution of duties by Directors and/or employees is in compliance with laws and regulations and the Articles of Incorporation)

- We have a Compliance Committee which specifically establishes and operates our compliance system. The Compliance Committee held a meeting each quarter and discussed and reviewed awareness of compliance and matters reported to us through the internal alert system.
- Our legal/compliance department continued to provide level-specific group education and e-learning programs as part of our educational activities for our employees. We are also making step-by-step efforts to strengthen the internal alert system for our overseas Group companies by providing compliance awareness training and carrying out compliance review by a third-party as well as by expanding our external corporate ethics hotline.

(System concerning the Storage and Management of Information related to Execution of Duties by Directors)

- Documents prescribed in the “Document Management Rules” have been properly stored in accordance with the “Document Management Rules” and the Directors and Audit & Supervisory Board Members have access to these documents on a timely basis.

(Rules and Other Systems Concerning Risk Management of Losses)

- The Corporate Ethics and Risk Management Committee assessed risks, monitored the implementation of measures taken, and reported to the Board of Directors on a quarterly basis.
- In April 2018, we established the CSR Procurement Committee as a subcommittee of the Corporate Ethics and Risk Management Committee. As part of our group purchase policy, we worked on an initiative that links the following functions, which we continue to expand, in order to check the outsources’ compliance with the “Wacoal Group CSR-based Procurement Guidelines”, which includes promotion of business transactions with business enterprises that emphasize attention to social needs with respect to human rights, labor practices, environment and ethics; monitoring of self-evaluation by outsources; analysis/assessment feedback; correction/improvement plans; and follow-up.
- We have established the Coronavirus Pandemic Countermeasure Team, as a subcommittee of the Corporate Ethics and Risk Management Committee. The Coronavirus Pandemic Countermeasure Team gathered and delivered pandemic-related information within our group, formulated guidelines and policies based on the guidance issued by the government and local authorities, and made efforts to spread awareness of such policies and guidance within our group companies.

(System to Ensure Effective Execution of Duties by Directors)

- We engage in highly transparent decision-making by appointing three independent Outside Directors among our seven Directors.
- We discussed and drafted the new medium and long-term management plan of our group which starts from the fiscal year ending March 2023.
- We held meetings of the “Quarterly Business Results Review Committee” on a quarterly basis and confirmed and reviewed the business results and implementation of measures.

(System to Ensure Appropriate Business Conduct within Group Companies)

- Matters to be decided and reported by our subsidiaries are appropriately managed in accordance with the “Group Management Rules”.
- Our audit office develops an audit plan for each fiscal year and conducts audits on the operation and internal controls of the Company and our domestic and overseas subsidiaries.

(Matters Concerning Assistants to Audit & Supervisory Board Members)

- Our audit office is currently assisting the duties of the Audit & Supervisory Board Members upon their request from time to time. Audit & Supervisory Board Members have not requested or appointed any assistant for their duties.

(Reporting System of Directors and Employees to the Audit & Supervisory Board Members and Other Reporting System to Audit & Supervisory Board Members)

- The Audit & Supervisory Board Members attended primary meetings and received reports on matters that were discussed and on the management condition, and also received reports, from time to time, on the results of internal audits and matters reported through the internal alert system.

(Other Systems to Ensure Effective Audits by Audit & Supervisory Board Members)

- We enhance the effectiveness of audit by appointing three independent Outside Audit & Supervisory Board Members among the five Audit & Supervisory Board Members.
- The Company reimburses any and all expenses incurred by the Audit & Supervisory Board Members for performing their duties.
- The Audit & Supervisory Board Members attend meetings of the Board of Directors and other important meetings, conduct hearings with the Directors and also visit our subsidiaries to conduct audits. In addition, the Audit & Supervisory Board Members presided at “Audit & Supervisory Board Group Meetings” and received periodic reports from the audit & supervisory board members of the domestic subsidiaries.
- The Audit & Supervisory Board Members have, regularly and whenever necessary, exchanged information and opinions with the Accounting Auditor and the audit office.

- b. Matters Concerning Limitation of Liability Agreements with Outside Directors and Outside Audit & Supervisory Board Members

Pursuant to the provisions of Paragraph 1, Article 427 of the Companies Act and our Articles of Incorporation, the Company has executed an agreement with its Directors (excluding executive directors, etc.) and Audit & Supervisory Board Members to limit their liability for damages as stipulated in Paragraph 1, Article 423 of the Companies Act.

The maximum amount of liability under such agreement is the minimum amount as provided by laws and regulations.

c. Outline of Directors' and Officers' Liabilities Insurance

The Company maintains directors' and officers' liabilities insurance as stipulated in the provisions of Paragraph 1, Article 430-3 of the Companies Act with an insurance company. The scope of the insured under this insurance policy is all of the officers (i.e., Directors and Audit & Supervisory Board Members) of the Company, all of the officers of our domestic consolidated subsidiaries, including Wacoal Corp., as well as the officers who are Japanese nationals and on secondment to our overseas subsidiaries and affiliated companies. The insured does not bear the premiums. This insurance policy will cover the insured's losses incurred from corporate lawsuits, shareholder derivative actions, and proceedings brought by third parties. Provided, however, that in order to ensure that the appropriate conduct of the insured when performing their duties is maintained, this insurance policy will not cover the insured's losses related to the following:

- Illegal personal gain of officers;
- Criminal activities;
- Deliberately illegal activities;
- Claim for damages for bodily injury, property damage and invasion of personal rights;
- Claim for damages attributable to act of God (earthquake, eruption, flooding, *tsunami*, etc.), war or insurrection;
- Claim for damages attributable to environmental contamination or harmful attribute of asbestos; and
- Claims for damages based on allegations that the Company or the insured has violated any of the following U.S. laws ((i) the Employee Retirement Income Security Act, (ii) the Racketeer Influenced and Corrupt Organizations Act and (iii) the Securities Exchange Act of 1934).

d. Number of Directors

Our Articles of Incorporation prescribe that the number of Directors of the Company shall be not more than eight.

e. Requirement for Appointment of Directors

Our Articles of Incorporation prescribe that resolutions to appoint Directors shall be made by a majority vote of the voting rights of shareholders present at a General Meeting of Shareholders, where such shareholders present shall hold shares representing one-third or more of the voting rights of all shareholders who are entitled to exercise such voting rights and that resolutions to appoint Directors shall not be adopted by cumulative voting.

f. Requirement for Special Resolutions at General Meeting of Shareholders

Our Articles of Incorporation prescribe that a resolution as stipulated in Paragraph 2, Article 309 of the Companies Act shall be adopted by a two-thirds majority of the voting rights held by the shareholders present at the General Meeting of Shareholders, who shall represent one-third or more of the total number of voting rights of the shareholders who are entitled to exercise such voting rights. The purpose of this provision is to more surely secure the quorum for a special resolution at any General Meeting of Shareholders.

g. Decision-Making Body for Distribution of Earnings, etc.

Our Articles of Incorporation prescribe that matters set out in each Item of Paragraph 1, Article 459 of the Companies Act (including the matters concerning distribution of earnings) shall be determined by a resolution of the Board of Directors, unless otherwise provided for in any laws or regulations, for the purpose of performing an expeditious profit return to our shareholders.

(2) 【Directors and Audit & Supervisory Board Members】

(i) List of Officers

Male: 11 persons

Female: 1 person (which accounted for 8.3% of the total number of directors and audit & supervisory board members)

Title	Name	Date of Birth	Business Experience and Position(s) and Office(s)		Office Term	Number of Shares Owned (Hundreds of shares)
Representative Director, President and Corporate Officer of the Company	Hironobu Yasuhara	Dec. 28, 1951	Mar. 1975	Joined the Company	Note 1	180
			Apr. 1997	President of Wacoal China Co., Ltd.		
			Apr. 2005	Corporate Officer/General Manager of Wing Brand Business Department of the Company		
			Jun. 2006	Director and Managing Corporate Officer, General Manager of Wing Brand Business Department, of Wacoal Corp.		
			Apr. 2010	Director and Senior Managing Corporate Officer, and General Manager of Wacoal Brand Business Department, of Wacoal Corp.		
			Apr. 2011	Representative Director, President and Corporate Officer of Wacoal Corp.		
			Jun. 2011	Director of the Company		
			Jun. 2013	Senior Managing Director of the Company		
			Jun. 2016	Vice President and Director of the Company		
			Apr. 2018	Representative Director and Chairman of Wacoal Corp.		
			Jun. 2018	Representative Director of the Company and President		
Apr. 2020	Representative Director, President and Corporate Officer of the Company (acting)					
Director and Vice President Corporate Officer	Tomoyasu Ito	Jan. 18,1960	Apr. 1983	Joined the Company	Note 1	79
			Apr. 2006	General Manager of Sales Planning Division, Wacoal-Brand Operations of Wacoal Corp.		
			Apr. 2007	Representative Director and President of Studio Five Corp.		
			Apr. 2011	General Manager of Innerwear Merchandising Division, Wacoal-Brand Operations of Wacoal Corp.		
			Apr. 2014	Director, Corporate Officer, Head of Wacoal-Brand Operations of Wacoal Corp.		
			Apr. 2015	Director, Managing Corporate Officer, Head of Wacoal-Brand Operations of Wacoal Corp.		
			Apr. 2016	Director, Senior Managing Corporate Officer, Head of Wacoal-Brand Operations of Wacoal Corp		
			Apr. 2018	Appointed Representative Director, President and Corporate Officer of Wacoal Corp (acting).		
			Apr. 2020	Vice President Corporate Officer		
Jun.2020	Director and Vice President Corporate Office (acting)					

Title	Name	Date of Birth	Business Experience and Position(s) and Office(s)		Office Term	Number of Shares Owned (Hundreds of shares)
Director and Vice President Corporate Officer	Akira Miyagi	Oct. 18,1960	Mar. 1984	Joined the Company	Note 1	60
			Oct. 2007	General Manager of Business Management and Administration of Wacoal Brand Operation Division of Wacoal Corp.		
			Apr. 2011	Director and Deputy General Manager of Wacoal China Co., Ltd.		
			Apr. 2014	General Manager of Corporate Planning of the Company		
			Apr. 2017	Corporate Officer of Wacoal Corp.		
			Jun. 2018	Director and General Manager of Corporate Planning of the Company		
			Jun.2019	Managing director and General Manager of Corporate Planning of the Company		
			Apr. 2020	Director and Managing Corporate Officer in charge of Group Finance of the Company		
			Jun. 2021	Director and Managing Corporate Officer in charge of Group Business Management		
			Jun. 2022	Director and Vice President Corporate Officer in charge of Group Business Management (acting)		
Director	Yajima Masaaki	Sep. 30,1960	Mar. 1984	Joined the Company	Note 1	48
			Jun. 2004	Director and President, Wacoal International Hong Kong Co., Ltd.		
			Apr. 2007	Leader of Sales Group, International Headquarters, Wacoal Corp.		
			Sep. 2008	Director and Deputy General Manager, Wacoal China Co., Ltd.		
			Apr. 2009	Director and General Manager, Wacoal China Co., Ltd.		
			Apr. 2011	Corporate Officer, Wacoal Corp.		
			Apr. 2015	Corporate Officer and General Manager of Technology & Production Division, Wacoal Corp.		
			Apr. 2016	Director, Corporate Officer and General Manager of Technology & Production Division, Wacoal Corp.		
			Apr. 2018	Director, Managing Corporate Officer and General Manager of Wholesale Division, Wacoal Corp.		
			Apr. 2021	Director, Managing Corporate Officer and General Manager of Global Division, Wacoal Corp.		
			Apr. 2022	Director and Managing Corporate Officer, Wacoal Corp.		
			Apr. 2022	General Manager of Global Division of the Company		
Jun. 2022	Director and Managing Corporate Officer, and General Manager of Global Division of the Company (acting)					

Title	Name	Date of Birth	Business Experience and Position(s) and Office(s)		Office Term	Number of Shares Owned (Hundreds of shares)
Director	Madoka Mayuzumi	Jul. 31, 1962	Aug. 1996 Jan. 2001 Dec. 2004 Apr. 2010 May. 2013 Apr. 2014 Apr. 2014 Jun. 2015	Launched and organized monthly <i>haiku</i> magazine <i>Gekkan Hepburn</i> Member of “National Language Subdivision” of Council for Cultural Affairs, Ministry of Education, Culture, Sports, Science and Technology Member of “Council for the Promotion of Cultural Diplomacy”, Cabinet Secretariat “Japan Cultural Envoy” appointed by the Agency for Cultural Affairs Member of “Forum to Realize Culture and Arts-Oriented Nation” held by Minister of Education, Culture, Sports, Science and Technology Member of “Cultural Policy Subdivision” of Council for Cultural Affairs, Ministry of Education, Culture, Sports, Science and Technology Advisor of the Company Director of the Company (acting)	Note 1	—
Director	Shigeru Saito	Jan 26, 1957	Nov. 1979 Oct. 1985 Feb. 1987 Sep. 2004 Dec. 2015 Jun. 2017	Joined Tose Co., Ltd. General Manager of Development Department Director of Tose Co., Ltd. Representative Director and President of TOSE CO., LTD. Representative Director and President, and CEO of TOSE CO., LTD. Representative Director and Chairman, and CEO of TOSE CO., LTD. (acting) Director of the Company (acting)	Note 1	17
Director	Tsunehiko Iwai	May 28, 1953	Apr. 1979 Apr. 2002 Apr. 2008 Jun. 2014 Jan. 2016 Mar. 2018 Jun. 2018	Joined Shiseido Co., Ltd. General Manager of Product Commercialization, Planning Department, Shiseido Co., Ltd. Corporate Officer, General Manager of Technical Department, Shiseido Co., Ltd. Director, Corporate Executive Officer in charge of Research & Development, Production and Technical Affairs, Shiseido Co., Ltd. Representative Director, Executive Vice President Chief Technology & Innovation Officer, Shiseido Co., Ltd. Senior Advisor, Shiseido Co., Ltd. Director of the Company (acting)	Note 1	—
Standing Audit & Supervisory Board Member	Shinichi Kitagawa	Dec. 29, 1962	Mar. 1985 Apr. 2008 Apr. 2009 Apr. 2013 Apr. 2018 Jun. 2020 Jun. 2021	Joined the Company Director and General Manager of Accounting and Administration Division of Studio Five Corp. Director and General Manager of Business Control Division of Studio Five Corp. IR/Public Relations Officer of the Company. General Manager of Accounting Department of the Company Audit & Supervisory Board Member of the Company (acting) Audit & Supervisory Board Member of Wacoal Corp. (acting)	Note 4	13

Title	Name	Date of Birth	Business Experience and Position(s) and Office(s)		Office Term	Number of Shares Owned (Hundreds of shares)
Standing Audit & Supervisory Board Member	Katsuhiro Okamoto	Oct. 20, 1963	Mar. 1986 Apr. 2010 May. 2012 Apr. 2014 Apr. 2016 Apr. 2018 Jun. 2021	Joined the Company Materials Control Manager of Technology/Production Division of Wacoal Corp. Representative Director and President of Hokuriku Wacoal Sewing Corp. Representative Director and President of Kyushu Wacoal Manufacturing Corp. General Manager of Innerwear Merchandising Supervisory Division, Wacoal-Brand Operations of Wacoal Corp. Corporate Officer, General Manager of Wacoal-Brand Innerwear Products Supervisory Division, Wholesale Division of Wacoal Corp. Audit & Supervisory Board Member of Wacoal Corp. (acting) Audit & Supervisory Board Member of the Company (acting)	Note 5	2
Audit & Supervisory Board Member	Hiroshi Shirai	Oct. 21, 1953	Nov. 1977 Aug. 1982 Jul. 1992 Aug. 2007 Jun. 2010 Sep. 2011 Oct. 2011 Jun. 2015	Joined Pricewaterhouse Registered as Certified Public Accountant Joined Aoyama Audit Corporation Joined Deloitte Touche Tohmatsu Vice Chairman of The Japanese Institute of Certified Public Accountants Kinki Chapter Left Deloitte Touche Tohmatsu Established Shirai public accounting firm, Managing Partner (acting) Audit & Supervisory Board Member (acting)	Note 3	49
Audit & Supervisory Board Member	Mitsuhiro Hamamoto	Apr. 18, 1970	Oct. 2000 Oct. 2000 Oct. 2004 Apr. 2008 Jun. 2017 Feb. 2019	Admitted to the Bar Joined the Law Office of Tadashi Yamada Joined the Kikkawa Law Office Partner at the Kikkawa Law Office Audit & Supervisory Board Member of the Company (acting) Managing Partner of Hamamoto Law Office (acting)	Note 5	34
Audit & Supervisory Board Member	Minoru Shimada	Feb. 22, 1955	Apr. 1977 Jun. 2004 May. 2005 Apr. 2008 Jun. 2010 Jun. 2011 Jun. 2012 Jun. 2018	Joined The Bank of Tokyo, Ltd. (current "MUFG Bank, Ltd.") Corporate Officer, General Manager of Corporate Banking Group No.1, Corporate Banking Division No.4, The Bank of Tokyo Mitsubishi, Ltd. (current "MUFG Bank, Ltd.") Corporate Officer, Manager of New York Branch Managing Corporate Officer, General Manager of Corporate Banking Group, Nagoya Branch, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (current "MUFG Bank, Ltd.") Representative Director and Vice President, SOTSU CORPORATION Representative Director and President, NAIGAI CONSTRUCTION CO., LTD. Representative Director and President, SOTSU CORPORATION Representative Director and President, SOTSU AMENITY SERVICE CORPORATION Director and Chairman, SOTSU CORPORATION Audit & Supervisory Board Member of the Company (acting)	Note 6	21
Total						503

- (Note)
1. The term of office of a Director is one year from the conclusion of the Ordinary General Meeting of Shareholders held on June 29, 2022.
 2. Directors Ms. Madoka Mayuzumi, Mr. Shigeru Saito and Mr. Tsunehiko Iwai are Outside Directors.
 3. The term of office of an Audit & Supervisory Board Member is four years from the conclusion of the Ordinary General Meeting of Shareholders to be held on June 27, 2019.
 4. The term of office of an Audit & Supervisory Board Member is four years from the conclusion of the Ordinary General Meeting of Shareholders to be held on June 26, 2020.
 5. The term of office of an Audit & Supervisory Board Member is four years from the conclusion of the Ordinary General Meeting of Shareholders to be held on June 29, 2021.
 6. The term of office of an Audit & Supervisory Board Member is four years from the conclusion of the Ordinary General Meeting of Shareholders to be held on June 29, 2022.
 7. Audit & Supervisory Board Members Mr. Hiroshi Shirai, Mr. Mitsuhiro Hamamoto and Mr. Minoru Shimada are Outside Audit & Supervisory Board Members.
 8. We have adopted the corporate officer system in order to clarify executive responsibility and accelerate the speed of execution of duties.

The Corporate Officers who do not concurrently serve as Directors are as follows:

	Title	Name
Corporate Officer	General Manager of Corporate Planning	Katsuya Hirooka
Corporate Officer	in charge of Group Personnel, Director and Corporate Officer and General Manager of Personnel and Administration Division of Wacoal Corp.	Takahiko Hasegawa
Corporate Officer	in charge of Group Quality Assurance and Sustainability Promotion, Director and Managing Corporate Officer and Supervisor of Group Management of Wacoal Corp.	Yasuo Kamoshita
Corporate Officer	in charge of Group Technology and Production and Intellectual Property, Director and Corporate Officer, General Manager of Technology/Production Division of Wacoal Corp.	Kazuhiro Shibahara
Corporate Officer	in charge of Group Research and Development, Corporate Officer and Director of Human Science Research and Development Center of Wacoal Corp.	Hiroshi Imai
Corporate Officer	in charge of Group IT Promotion, Corporate Officer and Manager of IT Supervisory Division of Wacoal Corp.	Shuji Morimoto
Corporate Officer	in charge of Group Digital Transformation (DX) Marketing, Corporate Officer and Innovation Strategy Officer of Wacoal Corp.	Atsuko Shinozuka

(ii) Status of Outside Officers

We have three Outside Directors and three Outside Audit & Supervisory Board Members.

We have elected those persons playing an active role widely in the field of arts and culture in Japan and overseas and persons having extensive knowledge and experience as executives to our Outside Directors, and each of such persons takes a role in improving the appropriateness of the decision made by the Board of Directors by giving objective and independent advice based on their long careers in each business area and extensive professional knowledge. Also, we have elected those persons who have experiences as business administrators in financial services, independent attorneys at law or independent certified public accountants having a considerable degree of finance and accounting knowledge, to our Outside Audit & Supervisory Board Members. Each Outside Audit & Supervisory Board Member conducts a strict audit on the legality of Directors' decision making and performance of their businesses from a technical perspective by maintaining high levels of independence.

The Company prescribes "Criteria for Appointment or Removal of Officers" and "Criteria for Appointment of Outside Officers (that ensures independence)" for appointing an Outside Director and an Outside Audit & Supervisory Board Member.

Upon the appointment or removal of an Outside Director Board Member, the "Executive Nomination Advisory Committee" will submit a list of candidates based on the following criteria to the Board of directors, and a candidate for Audit & Supervisory Board Member is appointed at a Board of Directors' meeting with the approval of the Audit & Supervisory Board. The list of candidates for Audit & Supervisory Board Member is then submitted to a general meeting of shareholders as an agenda item.

< Criteria for Appointment >

- A candidate with superior character and knowledge and is mentally and physically healthy;
- A candidate pursues a law-abiding spirit;
- A candidate has comprehensive experience in business operation, company management, legal community, administration, accounting, education or culture and art and upon re-appointment, his/her management performance and contribution to the group management during the term of office shall be considered;
- A candidate is not in violation of the “Criteria for Appointment of Outside Officers (that ensures independence)” separately prescribed by the Company;
- A candidate is not currently holding a position as an officer of 4 or more listed companies;
- By appointing such candidate, Board of Directors and the Audit & Supervisory Board will each have a balanced knowledge, experience and expertise that ensures diversity in light of gender, internationalism, career history and age;

< Criteria for Removal >

- If an officer acts against public policy; or
- If an officer is neglecting its duties and deemed to be failing to fulfill its duties.

We also believe that an Outside Director and an Outside Audit & Supervisory Board Member shall maintain an independent position so that each will not cause any conflict of interest with general shareholders. From this aspect, the Company shall appoint a candidate for an Outside Officer who does not fall under any of the following items:

1. Has held a position to execute duties at any of our group companies;
2. A major shareholder holding the shares of the Company under its name or other name, is equal to or higher than 5% as percentage of voting rights; in case such major shareholders is a legal entity or an association such as general partnership (“Entities”), a candidate who is holding a position to execute duties at such Entities;
3. A candidate who:
 - is the major client of our group or considers our group as the candidate’s major client; in case such candidate is an Entity, a candidate who is holding a position to execute duties at such Entity;
 - is the major lender of our group; in case such lender is an Entity, a candidate who is holding a position to execute duties at such Entity;
 - is holding a position to execute duties at lead manager securities company; or
 - is holding a position to execute duties at any Entity in which our group hold shares, whose percentage of voting rights is equal to or greater than 5%.
4. A certified public accountant who works at an audit firm, which is the Accounting Auditor of our group;
5. Any legal counsel, accountant, tax accountant, patent attorney, consultant or other expert who receives large amount of monies or other assets from our group; in case such candidate is an Entity, an expert who works at such Entity;
6. Anyone who receives large amount of donation from our group; in case such candidate is an Entity, a candidate who is holding a position to execute duties at such Entity;
7. A candidate who is holding a position to execute duties at other companies having a relationship involving mutual appointment of outside officers;
8. A spouse or second-degree relative of a person (limited to those significant) who falls under any of the items under 1 through 7 above;
9. A candidate who used to fall under any of the items under 2 through 8 above during the past three years;
10. A candidate who is deemed to have a special circumstance where a possible conflict of interest with general shareholders of the Company may arise.

It should be noted, however, that a candidate who falls under any of the items under 2 through 9 above, but who fulfills the requirements of an outside officer under the Companies Act, and if the Company deems it appropriate for such candidate to be appointed as an outside officer, may exceptionally become a candidate for an outside officer by describing the reasons of the Company for making such judgment.

For our Outside Directors, the Management Planning Department hands out documents setting out the proposals presented to the Board of Directors’ meetings in advance and gives prior explanations on important matters to them. For Outside Audit & Supervisory Board Member, Standing Audit & Supervisory Board Member

does it.

One of our Outside Director and three of our Outside Audit & Supervisory Board Members hold 1,700 and 10,400 shares of common stock of the Company, respectively. Other than the foregoing, there are no special interests between our Outside Directors or Outside Audit & Supervisory Board Members and the Company.

The reasons for the election of our Outside Directors and Outside Audit & Supervisory Board Members are as follows:

Outside Directors

Name	Status of significant concurrent positions	Reasons for Election
Madoka Mayuzumi	Visiting Professor at Kitazato University ; Visiting Professor at Showa Women's University, Faculty of Humanities and Culture, Department of Japanese Language and Literature; Visiting Professor at Kyoto Tachibana University, Faculty of Humanities, Department of Japanese Language and Literature; Trustee of East Japan Railway Culture Foundation	<p>Ms. Mayuzumi plays an active role as a haiku poet in the field of arts and culture in Japan and overseas. While serving as Advisor of the Company from April 2014, she has provided advice that addresses social challenges and educational training for employees of the Company and Wacoal Corp. We expect that, with her knowledge and experience, she will contribute to the Company's management which respects diversity. Although Ms. Mayuzumi has never been involved in the Company's management other than by way of serving as an Outside Director or Outside Audit & Supervisory Board Member in the past, we believe that she will be able to perform her duties appropriately for the above-stated reasons.</p> <p>Also, because she meets the eligibility requirements which the Company prescribes under "Criteria for Appointment of Outside Officers (to ensure independence)" and because there are no concerns that any conflict of interest with general shareholders may arise, we have designated her as an independent officer.</p>
Shigeru Saito	Representative Director and Chairman, CEO of TOSE Co., Ltd.; Outside Director of SCREEN Holdings Co., Ltd.	<p>Mr. Saito currently serves as the Representative Director and Chairman at another company, and has many years of experience and knowledge as a business manager. We believe that he is qualified to be an Outside Director to further strengthen the supervisory function of the Company management.</p> <p>Also, because he meets the eligibility requirements which the Company prescribes under "Criteria for Appointment of Outside Officers (to ensure independence)" and because there are no concerns that any conflict of interest with general shareholders may arise, we have designated him as an independent officer.</p>
Tsunehiko Iwai	Outside Director of Cross Plus Inc.	<p>We believe that Mr. Iwai is qualified to be an Outside Director to further strengthen the supervisory function of the Company management, as he has extensive knowledge and experience as management, as well as specialized knowledge in the fields of research & development, production and technology.</p> <p>Also, because he meets the eligibility requirements which the Company prescribes under "Criteria for Appointment of Outside Officers (to ensure independence)" and because there are no concerns that any conflict of interest with general shareholders may arise, we have designated him as an independent officer.</p>

Outside Audit & Supervisory Board Members

Name	Status of significant concurrent positions	Reasons for Election
Hiroshi Shirai	Certified Public Accountant, Managing Partner of Shirai Public Accounting Firm; Outside Audit & Supervisory Board Member of ALTECO Inc.; Auditor of University Public Corporation Osaka	We believe that Mr. Shirai is qualified to be our Outside Audit & Supervisory Board Member, as he has knowledge and experience in accounting and finance (including U.S. accounting standards) as a certified public accountant. Also, because he meets the eligibility requirements which the Company prescribes under “Criteria for Appointment of Outside Officers (to ensure independence)” and because there are no concerns that any conflict of interest with general shareholders may arise, we have designated him as an independent officer. Mr. Shirai worked at Deloitte Touche Tohmatsu LLC, our accounting auditor, from August 2007 to September 2011, but he was never involved in the audit services engaged for the Company during such period. It has been eight years and eight months since Mr. Shirai left Deloitte Touche Tohmatsu LLC.
Mitsuhiro Hamamoto	Managing Partner of Hamamoto Law Office; Outside Director of TVE Co., Ltd.; Outside Auditor of Osaka-Hyogo Ready-Mixed Concrete Industrial Association	We believe that Mr. Hamamoto is qualified to be our Outside Audit & Supervisory Board Member, as he has legal knowledge and great store of experience of business and commercial issues as an attorney at law. Also, because he meets the eligibility requirements which the Company prescribes under “Criteria for Appointment of Outside Officers (to ensure independence)” and because there are no concerns that any conflict of interest with general shareholders may arise, we have designated him as an independent officer.
Minoru Shimada	Full-time Advisor, SOTSU CORPORATION	We believe that Mr. Shimada is qualified to be our Outside Audit & Supervisory Board Member, as he has extensive experience at global financial institutions, including overseas posting, and insight as a company manager. Also, because he meets the eligibility requirements which the Company prescribes under “Criteria for Appointment of Outside Officers (to ensure independence)” and because there are no concerns that any conflict of interest with general shareholders may arise, we have designated him as an independent officer. Until June 2010, Mr. Shimada held a position to execute business at The Bank of Tokyo-Mitsubishi UFJ, Ltd. (current “MUFG Bank, Ltd.”), a major shareholder and lender of the Company. It has been 12 years since he has retired from said Bank as an executor and accordingly, there is no concern with respect to his independence.

(iii) Supervision or Audit and Internal Audit by Outside Directors or Outside Audit & Supervisory Board Members, Audit by Audit & Supervisory Board Members and Mutual Collaboration with Accounting Auditor, as well as Relationship with Internal Control Division

Outside Directors fulfill the supervisory function of management by providing recommendations at the Board of Directors meetings based on their extensive knowledge and experience after they receive necessary documents and are explained about agenda items which they receive prior to the Board of Directors meetings, as well as by serving as the chair or a member of the “Executive Compensation Advisory Committee” and/or “Executive Nomination Advisory Committee”. Outside Directors also contribute to the implementation and/or maintenance of the internal control system by receiving various reports from the Audit office.

Outside Audit & Supervisory Board Members perform the audit of the internal control system, including fair presentation of financial statements, by attending meetings of the Audit & Supervisory Board, and by establishing sufficient communication channels and coordinating with the Standing Audit & Supervisory Board Members, who in turn report to the Outside Audit & Supervisory Board Members the status of audit on operations, details of important meetings and other matters as necessary, as well as by receiving various reports from the Accounting Auditor and Audit office. In addition, based on matters discussed at the meetings of the Audit & Supervisory Board, Outside Audit & Supervisory Board Members attend the Board of Directors meetings and other important meetings and enhance the effectiveness of audit by visiting and conducting hearings at our subsidiaries.

In addition to the above, Outside Directors and Outside Audit & Supervisory Board Members exchange opinions on issues raised in connection with the operation of the Board of Directors' meeting.

(3) 【Status of Audit】

(i) Status of Audit by Audit & Supervisory Board Members

a. Organization and Members

Our Audit & Supervisor Board are composed of five members, who are two Standing Audit & Supervisory Board Members and three Outside Audit & Supervisory Board Members. Standing Audit & Supervisory Board Member Mr. Shinichi Kitagawa serves as the head of the Audit & Supervisor Board. Standing Audit & Supervisory Board Member Mr. Shinichi Kitagawa and outside Audit & Supervisory Board Member Mr. Hiroshi Shirai, qualified as a certified accountant, has a considerable degree of finance and accounting knowledge. Standing Audit & Supervisory Board Member Mr. Katsuhiro Okamoto provides audit and advices based on his extensive knowledge and experience at Wacoal Corp., our core operating entity, as well as our overseas subsidiaries. Outside Audit & Supervisory Board Member Mr. Mitsuhiro Hamamoto provides audit and advices based on his legal knowledge as a lawyer and experience in business law, which is his area of specialization. Outside Audit & Supervisory Board Member Mr. Minoru Shimada provides audit and advices based on extensive experience in financial industry and extensive knowledge as a corporate executive experience. These increase the effectiveness of audit by the Audit & Supervisory Board Members. The foregoing members have enhanced the effectiveness of audit. In addition, we have a full-time assistant for the Secretarial Office for the Audit & Supervisory Board to assist the duties of the Audit & Supervisory Board Members and our Audit Office assists the duties of the Audit & Supervisory Board Members upon their request from time to time.

b. Activities of Audit & Supervisory Board

The Audit & Supervisory Board generally meets once a month before the Board of Directors meeting and also from time to time as necessary. We held 15 meetings during the current fiscal year. The attendance record of each Audit & Supervisory Board Member is as follows.

Title	Name	Meeting attendance (Attendance rate)
Standing Audit & Supervisory Board Member	Shinichi Kitagawa	15/15 (100%)
Standing Audit & Supervisory Board Member	Katsuhiro Okamoto	10/10 (100%)
Outside Audit & Supervisory Board Member	Hiroshi Shirai	15/15 (100%)
Outside Audit & Supervisory Board Member	Mitsuhiro Hamamoto	15/15 (100%)
Outside Audit & Supervisory Board Member	Minoru Shimada	15/15 (100%)

The Audit & Supervisory Board prepares an audit report, determines appointment and removal of Standing Audit & Supervisory Board Members, audit policies, procedures of investigation on the conduct of the business, the assets, properties and matters regarding the execution of duties of Audit & Supervisory Board Members in accordance with the Companies Act. The Audit & Supervisory Board also examines matters to be resolved by the Audit & Supervisory Board such as matters regarding appointment and removal or non-reappointment of the accounting auditor, consent on the amount of compensation, etc. paid for the accounting auditor, consent on appointment of Audit & Supervisory Board Members, examines the agenda of the Board of Directors in advance, exchanges information and opinions in relation to audit, exchanges opinions with the Representative Director and Chairman and the Representative Director and President, and conducts hearings on the execution of duties with our executive Directors and the Directors of Wacoal Corp., our major subsidiary. The Audit & Supervisory Board monitors and inspects the status of the audit by the accounting auditor through results of quarterly review and the status of its accounting audit at the end of the fiscal year, as well as hearings on the system to ensure the appropriate

execution of duties of the accounting auditor and the results of audits on the internal controls as appropriate. In addition, we discussed with the Accounting Auditor and requested explanations, as necessary, regarding the content of the Key Audit Matters required to be included in the auditor's report for companies subject to audits under the Financial Instruments and Exchange Act.

c. Activities of Audit & Supervisory Board Members

The Audit & Supervisory Board Members attend meetings of the Board of Directors and other important meetings such as Group Management Meeting, express their opinions as necessary and hear explanation on important operational matters from the Directors etc. in accordance with the audit standards prescribed by the Audit & Supervisory Board. The Audit & Supervisory Board Members also monitors and inspects the system to ensure appropriate business conduct to perform audits on legality and validity of the execution of duties of the Directors. In addition, Outside Audit & Supervisory Board Member Mr. Minoru Shimada attends the Executive Nomination Advisory Committee and the Executive Compensation Advisory Committee as an observer and expresses his opinions as necessary and Standing Audit & Supervisory Board Members attend the Corporate Ethics and Risk Management Committee, the Compliance Committee and the CSR Procurement Committee as an observer and express their opinions as necessary in order to strengthen the monitoring function on operations.

Standing Audit & Supervisory Board Members make efforts to communicate with the Directors and employees, maintain an environment for information gathering and auditing, conduct audits on the status of principal offices and the assets and properties, receive monthly reports from Audit Office and share the information with Outside Audit & Supervisory Board Members in accordance with the audit standards and the assignment of work responsibilities prescribed by the Audit & Supervisory Board. Standing Audit & Supervisory Board Members also hold Audit & Supervisory Board group meetings annually, receive annual reports from the Audit & Supervisory Board Members of the domestic subsidiaries and visit the domestic subsidiaries to conduct audits with Outside Audit & Supervisory Board Members as much as possible in order to understand the management condition through hearings from the management. Standing Audit & Supervisory Board Members receive reports regarding the management conditions of the major overseas subsidiaries from Global division on a regular basis.

During the current fiscal year, we focused on audits on how we ensure objectivity of the decision-making process at the Board of Directors meetings, the implementation of the evaluation of the effectiveness of the Board of Directors to ensure that it fully performs necessary functions and the process for forming issues, the status of the Company's efforts to address the risks of occurrence of fraud, and the audit of corporate policies for the evolution of sustainability management.

(ii) Status of Internal Audit

Pursuant to the "Internal Audit Regulations", our Audit Office, the internal audit division, which is directly under the control of the Representative Director and President, audits the legality and appropriateness of the execution of operations at the Company and our domestic and overseas subsidiaries, and evaluates the effectiveness of the internal controls. The results of such audit and evaluation are regularly reported to the Representative Director and President.

The number of staff of our internal audit department (Audit Office) was eight.

Our Audit & Supervisory Board Members and internal audit department (Audit Office) have a regular meeting for reporting and confirmation once a month. The main purpose of such meeting is to report the discussions at major meetings at which our Audit & Supervisory Board Members attended, activities conducted by our Audit Office, and other matters. We have implemented an audit system allowing the sharing of documents and information necessary for audit so that audit working papers are mutually exchanged and confirmed by our Audit & Supervisory Board Members and Audit Office, and the audit can be performed more efficiently and effectively through alliance between our Audit & Supervisory Board Members and Audit Office.

Further, our Audit & Supervisory Board Members and Accounting Auditor have regular meetings for discussion six times a year. The purpose of such discussion is mainly to report and confirm the plan and status of the audit and to exchange opinions on the management. In addition, they have meetings from time to time as necessary.

(iii) Status of Accounting Audit

a. Name of Audit Firm

An accounting audit agreement has been executed between the Company and Deloitte Touche Tohmatsu LLC (“Tohmatsu”) pursuant to the Companies Act and the Financial Instruments and Exchange Act.

b. Consecutive Number of Years during which Audit Was Performed

54 years

c. Names of the certified public accountants who were engaged in the audit:

Designated Limited Liability Partners and Managing Members: Koichiro Tsukuda, Tomomi Tsuji

d. Composition of the assistants for the audit services:

10 certified public accountants, 4 persons who passed the certified public accountant examination and 9 other persons

e. Policies and Reason for Appointing Audit Firm

The Audit & Supervisor Board selects the certified public accountants, etc. on the condition that such certified public accountant does not fall under any of the item under Paragraph 1, Article 340 of the Companies Act and that there are no event that may impair the eligibility and independence of such certified public accountant.

We have selected Tohmatsu based on the fact that it has the required independence, expertise, and appropriateness and adequacy in auditing activities, and on our judgment that it has the system to ensure that the accounting audit of the Company will be conducted appropriately and sufficiently.

f. Evaluation of Audit Firm by Audit & Supervisory Board Members and Audit & Supervisory Board

Upon the discussion and resolution on the appointment and non-reappointment of Tohmatsu at a meeting held on April 28, 2021, the Audit & Supervisory Board performed an evaluation from the following perspectives: (1) how the compliance system has been established and operated; (2) ensuring and/or monitoring of independence; (3) system to ensure audit quality; (4) high level of audit and/or accounting expertise; (5) communication with the Audit & Supervisory Board Members; and (6) sufficiency of time taken for audit procedures and adequacy of remuneration for audit.

(iv) Audit Fees

a. Fees to Certified Public Accountants

Category	Fiscal Year Ended March 31, 2021		Fiscal Year Ended March 31, 2022	
	Fees for Audit Services (Millions of yen)	Fees for Nonaudit Services (Millions of yen)	Fees for Audit Services (Millions of yen)	Fees for Nonaudit Services (Millions of yen)
The Company	139	71	220	35
Consolidated subsidiaries	14	—	13	—
Total	153	71	233	35

In the fiscal year ended March 31, 2021, the Company paid fees for nonaudit services to the certified public accountants as compensation for the advice and guidance regarding on accounting standards and information disclosure, which are services other than those stipulated in Paragraph 1, Article 2 of the Certified Public Accountants Act. In the fiscal year ended March 31, 2022, the Company paid fees for nonaudit services to the certified public accounts as compensation for advisory services regarding the implementation of International Financial Reporting Standards (IFRS), which are services other than those stipulated in Paragraph 1, Article 2 of the Certified Public Accountants Act.

b. Fees to the same network as the CPA (Deloitte) (excluding a.)

Category	Fiscal Year Ended March 31, 2021		Fiscal Year Ended March 31, 2022	
	Fees for Audit Services (Millions of yen)	Fees for Nonaudit Services (Millions of yen)	Fees for Audit Services (Millions of yen)	Fees for Nonaudit Services (Millions of yen)
The Company	—	20	—	15
Consolidated subsidiaries	105	37	107	47
Total	105	57	107	62

For both fiscal years ended March 31, 2021 and 2022, the Company paid fees for nonaudit services to the accounting auditor or certified public accountants as compensation for the advice and guidance regarding tax.

In the fiscal year ended March 31, 2021, the consolidated subsidiaries paid fees for nonaudit services to the accounting auditor or certified public accountants as compensation for the advice and guidance regarding tax. In the fiscal year ended March 31, 2022, the consolidated subsidiaries paid fees for nonaudit services to the accounting auditor or certified public accountants for advisory services regarding the implementation of International Financial Reporting Standards (IFRS) and the advice and guidance regarding tax.

c. Other material audit fees

Not applicable.

d. Policy on determination of audit fees

The Company determines the amount of audit fees to be paid to the accounting auditor and certified public accountants, after taking into account the number of days and system required for the audit, the operational characteristics of the Company and other factors, and after negotiation with such accounting auditor or certified public accountants and with the approval of the Audit & Supervisory Board.

e. Reason by Audit & Supervisory Board Members for giving consent on the amount of fees payable to the accounting auditor

The Audit & Supervisory Board has obtained necessary documents and received explanations regarding the comparison of the estimated time under the audit plan from the previous fiscal year and the actual time used for audit performance and the trend in the amount of fees paid for the audit performance during the past fiscal years from the relevant departments and the accounting auditor, has reviewed the details of audit planning, basis for calculating fees and level of fees presented by the accounting auditor for the current fiscal year, and after deliberating whether the amount of fees for the audit performance is appropriate to maintain the independence of the accounting auditor and to carry out its accounting audit under appropriate audit system and audit plan for the assessment of risks related to the audit environment and internal control system of the business group (including the Company and its consolidated subsidiaries), the Audit & Supervisory Board has deemed the amount of fees for the current fiscal year is appropriate. Based on the above, the Audit & Supervisory Board has given its consent, pursuant to the provisions of Paragraph 1, Article 399 of the Companies Act, on the amount of fees payable to the accounting auditor.

(4) 【Remunerations Paid to Officers】

(i) Details and Policies of Calculation methods for Amount of Remunerations, etc., Paid to Officers or Method of Calculating such Amount

The Company has established a policy on determining the details of compensation payable to each Director (this “Policy”). The remunerations paid to Directors under our compensation system for officers consists of “Basic Compensation,” the amount of which is fixed, and “Bonus,” which is linked to the business results of each fiscal year, as well as “Restricted Stock,” which is linked to medium- and long-term business results. In the case of Outside Directors and Audit & Supervisory Board Members who shall be in the position independent from the management, only “Basic Compensation” is paid because any remuneration linked to business results are not appropriate in such case.

<Basic Compensation>

Basic compensation, the amount of which is fixed, is designed to be determined for each position, but may be increased, within a certain range, based on the contribution made to the management of the Company in the past years. The Company annually verifies the adequacy of the level of remuneration, which has been set according to the business results and scale of the Company and is based on comparison with other companies within the same industry or of the same scale through the investigation results on remuneration prepared by an external agency.

Specific details of basic compensation amount for Directors are determined by the Board of Directors based on the reports prepared by the Executive Compensation Advisory Committee, which is composed by members, majority of which are Independent Outside Directors. The basic compensation amount for Audit & Supervisory Board Members is determined after discussion within the Audit & Supervisory Board.

<Performance-based Bonus (performance-based compensation)>

The total amount of the performance-based bonus is based on achievement as a percentage of the consolidated operating income recorded for each fiscal year, plus other performance factors (consolidated net sales, consolidated income before income taxes), to increase the degree of linkage between bonuses and consolidated business performance. Performance-based bonus is paid once a year after approval at the general meeting of shareholders for the relevant fiscal year.

The amount of performance-based bonus to Directors is resolved at a Board of Directors meeting and the total amount is approved at the general meeting of shareholders based on reports prepared by the Executive Compensation Advisory Committee, which is composed of members, half of which are Independent Directors.

< Restricted Stock (non-monetary compensation)>

The restricted stock are determined in consideration of the monthly amount of basic compensation and the fair value of stock, which in turn are determined pursuant to the recommendations of the Executive Compensation Advisory Committee, which is composed of members, majority of which are Independent Outside Directors and will be allotted in the number determined and resolved at a Board of Directors meeting once a year. Allotted shares will be subject to transfer restriction during the period from the date allotted shares are granted until the date such Director, Audit & Supervisory Board Member or Corporate Officer designated by the Company retires from their position. The transfer restrictions on all allotted shares will be removed upon the expiration of the transfer restriction period if such eligible grantee has continuously held the position of Director, Audit & Supervisory Board Member or Corporate Officer until the date of the first Ordinary General Meeting. The Company may repurchase all of the allotted shares bearing transfer restrictions as a result of a breach of restricted stock allotment agreement without consideration

The Executive Compensation Advisory Committee held discussions and deliberations, including with respect to the consistency of the draft with this Policy, upon determination of the compensation and other matters with respect to each Director for the current fiscal year, and therefore, the Board of Directors respects the Committee’s recommendations and believes that the determination is generally consistent with this Policy.

The maximum annual amounts of the basic remuneration paid to Directors and Audit & Supervisory Board Members were determined to be 350 million yen (excluding the amount paid as salaries for employees to the Directors who concurrently serve as employees) and 75 million yen, respectively, by the resolution adopted at the

57th Ordinary General Meeting of Shareholders held on June 29, 2005. The numbers of Directors and Audit & Supervisory Board Members upon the close of the 57th Ordinary General Meeting of Shareholders were seven (7) and five (5), respectively.

The amount of Performance-Linked bonuses was determined to be such amount as is determined according to the business results of each fiscal year, which is resolved at each Ordinary General Meeting of Shareholders held for the relevant year. Further, the maximum annual amount of restricted stock was determined to be 70 million yen by the resolution adopted at the 73rd Ordinary General Meeting of Shareholders held on June 29, 2021. Totalling seven (7) directors jointed to the resolution upon the close of the 73rd Ordinary General Meeting of Shareholders.

The basic compensation, performance-based bonus and share-based stock options as percentages of total compensation are as follows, when the performance-based bonus is calculated as the reference value.

basic compensation 71%; performance-based bonuses 18%; and restricted stock 11%.
(assuming the performance-linked bonuses meet the base amount)

The retirement allowance system for officers was abolished by the resolution adopted at the 57th Ordinary General Meeting of Shareholders held on June 29, 2005.

<Roles and Activities of Executive Compensation Advisory Committee>

As an advisory body to Board of Directors, the Executive Compensation Advisory Committee discusses and resolves matters related to officers' compensation and system from an independent and objective perspective. A majority of the members of the Executive Compensation Advisory Committee, chaired by Independent Outside Director Mr. Tsunehiko Iwai, are Independent Outside Directors. The Executive Compensation Advisory Committee is also attended by the Outside Audit & Supervisory Board Member(s) as an observer to ensure transparency.

We have resolved upon discussion the matters below related to the remuneration of officers for the current fiscal year:

December 21, 2021	: Partial review of executive compensation system (review of the composition of basic compensation, performance-based bonus, and restricted stock)
January 25, 2022	: Partial review of executive compensation system Part II
February 28, 2022	: Partial review of executive compensation system Part III Verification of the level of remuneration for officers and basic remuneration amount
March 28, 2022	: Basic remuneration amount in 2022
April 27, 2022	: Performance-linked bonus for officers

<Roles and Agenda at the Board of Directors' Meeting>

Board of Directors discusses and resolves matters related to officers' remuneration based on recommendations received from the Executive Compensation Advisory Committee.

The Board of Directors has resolved after discussion on the matters related to the remuneration paid to officers for the current fiscal year as follows:

June 29, 2021	: Basic remuneration amount in 2021
June 29, 2021	: Issuance of restricted stock
May 13, 2022	: Performance-linked bonus for officers
May 31, 2022	: Compensation determined for basic compensation, and compensation to each Director for fiscal year 2022

The Executive Compensation Advisory Committee continues to work on restructuring the whole compensation system for executives including the following:

- Composition of basic compensation, performance-linked bonuses and mid- and long-term incentives (reassessment of the amount and relative proportions)
- Calculation method for performance-linked bonuses (to strengthen their link to business targets in accordance with the medium- and long-term management plan)

*In July 2022, we will partially review the composition of basic compensation, performance-based bonus and restricted stock. The ratio of basic compensation to restricted stock will be reviewed and changed to structure in which the higher the rank, the higher the ratio of restricted-stock.

- (ii) Aggregate amount of remunerations, etc., paid to each category of officers, aggregate amount of remunerations, etc., by type thereof, as well as the number of relevant officers:

Category of Officers	Aggregate Amount of Remunerations, etc. (Millions of yen)	Aggregate Amount of Remunerations, etc., by Type Thereof (Millions of yen)				Number of Relevant Officers
		Basic Remuneration	Performance-based Bonus	Restricted stock	Non-monetary compensation	
Directors (Excluding Outside Directors)	277	232	—	44	44	5
Audit & Supervisory Board Members (Excluding Outside Audit & Supervisory Board Members)	39	39	—	—	—	3
Outside Officers	50	50	—	—	—	6

- (Note) 1. The number of Directors, Audit & Supervisory Board Members and Outside Officers was four (4), two (2) and six (6), respectively. The number of Directors and Audit & Supervisory Board Members in the table above includes one (1) Director and one (1) Audit & Supervisory Board Member who resigned upon the close of the 73rd Ordinary General Meeting of Shareholders held on June 29, 2021.
2. Non-monetary compensation to Directors (excluding Outside Directors) comprises stock options in the amount of 44 million yen.

- (iii) Aggregate amount, etc., of the consolidated remunerations, etc., of the person who receives 100 million yen or more as remunerations, etc., on a consolidated basis:

Name	Aggregate Amount of Consolidated Remunerations, etc. (Millions of yen)	Category of Officers	Relevant Company	Amount of Consolidated Remunerations, etc., by Type Thereof (Millions of yen)			
				Basic Remuneration	Performance-based Bonus	Restricted stock	Non-monetary compensation
Yoshikata Tsukamoto	150	Director	Wacoal Holdings Corp.	129	—	20	20

- (Note) 1. Non-monetary compensation comprises stock options in the amount of 20 million yen.
2. Mr. Yoshikata Tsukamoto has resigned as the Director of the Company upon the close of the 74th Ordinary General Meeting of Shareholders held on June 29, 2022.

(5) 【Information on Shareholdings】

(i) Standard and Concept for Categories of Investment Stocks

With respect to the category of the investment stocks that are held for the purpose of pure investment and that are held for the purposes other than pure investment, the Company does not hold any shares for the purpose of pure investment as part of asset management, but holds shares of other companies for purposes other than pure investment that are strategically important for our group, to maintain and enhance business transactions, to build, maintain and enhance cooperative and transactional relationships for business expansion, and to maintain steady financial transactions.

(ii) Equity securities held by Wacoal Corp.

Shares held by Wacoal Corp., which is among the Company and our consolidated subsidiaries and holds the largest amount of equity securities on the balance sheet (i.e., the balance sheet amount of investment stocks) are as follows:

A. Equity securities held for purposes other than pure investment

- a. Policies and method to verify the rationality of shareholding, as well as the verification process at meeting of Board of Directors regarding appropriateness of holding certain stock of shares

The Company examines whether it is appropriate to hold shares from a medium-to long-term perspective, whether risks associated with such holding are worth the cost of capital, and profits in connection with the transaction and dividend income indices are reported to the Board of Directors on a regular basis. The Board of

Directors then examines whether the holding will be enhance corporate value of the Company from a medium-to long-term perspective based on such verification results, and determines whether to continue to hold or dispose such shares.

b. Number of Stock and Amount Recorded in the Balance Sheet

	Number of Stocks	Total Amount Recorded in the Balance Sheet (Millions of yen)
Unlisted Stock of Shares	27	1,648
Shares Other than Unlisted Stock of Shares	36	44,348

(Name of stock of shares which increased during the current fiscal year)

	Number of Stocks	Total Acquisition Amount for Increased Shares (Millions of yen)	Reason for Increase in the Number of Shares
Unlisted Stock of Shares	—	—	—
Shares Other than Unlisted Stock of Shares	1	1	Increased through purchases made by share ownership plan for shares in clients

(Name of stock of shares which decreased during the current fiscal year)

	Number of Stocks	Total Disposal Amount for Decreased Shares (Millions of yen)
Unlisted Stock of Shares	1	0
Shares Other than Unlisted Stock of Shares	12	3,184

c. Information on specified investment stocks and stocks deemed to be held, including number of shares by stock, and the amount recorded in the balance sheet

Specified investment stocks:

Issuer Name	Fiscal Year 2022	Fiscal Year 2021	Purpose of Holding, Quantitative Effects of Shareholding (Note 2) and Reason for Increase in Number of Shares	Whether Issuer Holds Company Shares
	Number of Shares (Shares)	Number of Shares (Shares)		
	Amount Recorded in the Balance Sheet (Millions of yen)	Amount Recorded in the Balance Sheet (Millions of yen)		
KDDI Corporation	1,520,500	1,520,500	We engage in a transaction involving communications equipment and infrastructure with the issuer and continue to hold the issuer's shares to maintain and strengthen our good relationship from the perspective of enhancing corporate value.	No
	6,089	5,162		
Aeon Co., Ltd.	1,545,427	1,544,932	We engage in a transaction involving women's garments and continue to hold the issuer's shares to maintain and strengthen our good relationship from the perspective of enhancing corporate value. The number of shares has increased due to participation in the stock ownership association.	Yes
	4,032	5,096		

Issuer Name	Fiscal Year 2022	Fiscal Year 2021	Purpose of Holding, Quantitative Effects of Shareholding (Note 2) and Reason for Increase in Number of Shares	Whether Issuer Holds Company Shares
	Number of Shares (Shares)	Number of Shares (Shares)		
	Amount Recorded in the Balance Sheet (Millions of yen)	Amount Recorded in the Balance Sheet (Millions of yen)		
Kyocera Corporation	445,900	445,900	We have close connections with the issuer, as a local firm, through information sharing, and continue to hold the issuer's shares to maintain and strengthen our good relationship from the perspective of business strategy.	Yes
	3,068	3,132		
Bank of Kyoto, Ltd.	569,997	569,997	We engage in a financial transaction with the issuer, as a major local financial firm, and continue to hold the issuer's shares to maintain and strengthen our good relationship from the perspective of enhancing corporate value.	Yes
	3,049	3,881		
SCREEN Holdings Co., Ltd.	217,179	217,179	We have close connection with the issuer, as a local firm, through information sharing and continue to hold the issuer's shares to maintain and strengthen our good relationship from the perspective of business strategy.	Yes
	2,684	2,115		
Kokuyo Co., Ltd.	1,509,400	1,509,400	We have close connection with the issuer as a major supplier of office furniture and stationery and continue to hold the issuer's shares to maintain and strengthen our good relationship from the perspective of enhancing corporate value.	Yes
	2,437	2,587		
Shimadzu Corporation	520,200	743,000	We have close connection with the issuer, as a local firm, through information sharing and continue to hold the issuer's shares to maintain and strengthen our good relationship from the perspective of business strategy.	Yes
	2,203	2,975		
Mitsubishi UFJ Financial Group, Inc.	2,885,850	2,885,850	We engage in overall financial transactions with the issuer as a major financial institution and continue to hold the issuer's shares to maintain and strengthen our good relationship from the perspective of enhancing corporate value.	Yes (Note 3)
	2,194	1,707		
Tokio Marine Holdings, Inc.	274,000	274,000	We have various general insurances to minimize business risks and continue to hold the issuer's shares to maintain and strengthen our good relationship from the perspective of enhancing corporate value.	Yes (Note 3)
	1,953	1,442		

Issuer Name	Fiscal Year 2022	Fiscal Year 2021	Purpose of Holding, Quantitative Effects of Shareholding (Note 2) and Reason for Increase in Number of Shares	Whether Issuer Holds Company Shares
	Number of Shares (Shares)	Number of Shares (Shares)		
	Amount Recorded in the Balance Sheet (Millions of yen)	Amount Recorded in the Balance Sheet (Millions of yen)		
Saha Pathana Inter-Holding PCL	7,606,666	7,606,666	We have close cooperative relationship in business deployment in the Kingdom of Thailand and continue to hold the issuer's shares to maintain and strengthen our good relationship from the perspective of enhancing corporate value in the Kingdom of Thailand.	No
	1,791	1,615		
Horiba, Ltd.	230,000	230,000	We have close connection with the issuer, as a local firm, through information sharing and continue to hold the issuer's shares to maintain and strengthen our good relationship from the perspective of business strategy.	Yes
	1,541	1,605		
Nippon Shinyaku Co., Ltd.	175,000	175,000	We have close connection with the issuer, as a local firm, through information sharing and continue to hold the issuer's shares to maintain and strengthen our good relationship from the perspective of business strategy.	Yes
	1,457	1,440		
Takara Holdings Inc.	1,000,000	1,000,000	We have close connection with the issuer, as a local firm, through information sharing and continue to hold the issuer's shares to maintain and strengthen our good relationship from the perspective of business strategy.	Yes
	1,101	1,507		
Heiwado Co., Ltd.	517,531	517,531	We engage in a transaction of women's garments and continue to hold the issuer's shares to maintain and strengthen our good relationship from the perspective of enhancing corporate value.	Yes
	981	1,161		
Chori Co., Ltd.	548,890	548,890	As the issuer is one of major suppliers of textile-related products, we continue to hold the issuer's shares to enhance corporate value and to maintain and strengthen our good relationship through a stable supply.	Yes
	965	924		
Toppan Printing Co., Ltd.	426,000	426,000	We have close connection with the issuer in printing advertisements, mainly catalogues, and continue to hold the issuer's shares to maintain and strengthen our good relationship from the perspective of enhancing corporate value.	Yes
	922	796		

Issuer Name	Fiscal Year 2022	Fiscal Year 2021	Purpose of Holding, Quantitative Effects of Shareholding (Note 2) and Reason for Increase in Number of Shares	Whether Issuer Holds Company Shares
	Number of Shares (Shares)	Number of Shares (Shares)		
	Amount Recorded in the Balance Sheet (Millions of yen)	Amount Recorded in the Balance Sheet (Millions of yen)		
Seven & i Holdings Co., Ltd.	154,969	154,969	We engage in a transaction of women's garments and continue to hold the issuer's shares to maintain and strengthen our good relationship from the perspective of enhancing corporate value.	No
	900	691		
Shiga Bank, Ltd.	398,000	398,000	We engage in a financial transaction with the issuer, as a major local financial firm, and continue to hold the issuer's shares to maintain and strengthen our good relationship from the perspective of enhancing corporate value.	Yes
	879	953		
Aeon Financial Service Co., Ltd.	687,300	687,300	Issuer is a group company of Aeon Co., Ltd. with whom we engage in a transaction of women's garments and continue to hold the issuer's shares to maintain and strengthen our good relationship with Aeon group from the perspective of business strategy.	No
	836	1,020		
Taisho Pharmaceutical Holdings Co., Ltd.	132,000	132,000	We continue to hold the issuer's shares to maintain and strengthen our good relationship from the perspective of enhancing corporate value in a close and cooperative connection in business deployment.	Yes
	749	942		
Fukuyama Transporting Co., Ltd.	187,500	204,400	We have close connection in logistics transaction and continue to hold the issuer's shares to maintain and strengthen our good relationship from the perspective of enhancing corporate value.	Yes
	684	932		
Asahi Kasei Corporation	598,195	598,195	As the issuer is one of major suppliers of textile-related products, we continue to hold the issuer's shares to enhance corporate value and to maintain and strengthen our good relationship through a stable supply.	Yes
	635	762		
Odakyu Electric Railway Co., Ltd.	197,500	197,500	We engage in a transaction of various products, mainly the women's garments with Odakyu Department Store Co., Ltd, which is the issuer's subsidiary, and continue to hold the issuer's shares to maintain and strengthen our good relationship from the perspective of enhancing corporate value.	No
	402	597		

Issuer Name	Fiscal Year 2022	Fiscal Year 2021	Purpose of Holding, Quantitative Effects of Shareholding (Note 2) and Reason for Increase in Number of Shares	Whether Issuer Holds Company Shares
	Number of Shares (Shares)	Number of Shares (Shares)		
	Amount Recorded in the Balance Sheet (Millions of yen)	Amount Recorded in the Balance Sheet (Millions of yen)		
Chuo Warehouse Co., Ltd.	381,300	381,300	We have close connection in logistics transaction and continue to hold the issuer's shares to maintain and strengthen our good relationship from the perspective of enhancing corporate value.	Yes
	377	431		
Marui Group Co., Ltd.	151,487	151,487	We engage in a transaction of various products, mainly the women's garments and continue to hold issuer's shares to maintain and strengthen good relationship from the perspective of enhancing corporate value.	Yes
	340	314		
Hisamitsu Pharmaceutical Co., Inc.	90,000	90,000	We continue to hold the issuer's shares to maintain and strengthen our good relationship as we have close connection in building cooperative and transactional relationship in business deployment.	Yes
	329	648		
Yomeishu Seizo Co., Ltd.	170,500	170,500	We continue to hold the issuer's shares to maintain and strengthen our good relationship from the perspective of business strategy, as we have close connection in building cooperative and transactional relationship in business deployment.	Yes
	299	324		
I.C.C INTERNATIONAL PLC	2,677,300	2,677,300	We have close cooperative relationship in business deployment in the Kingdom of Thailand, and continue to hold the issuer's shares to maintain and strengthen our good relationship from the perspective of enhancing corporate value in the Kingdom of Thailand.	Yes
	293	310		
Kintetsu Department Store Co., Ltd.	100,000	100,000	We engage in a transaction of various products, mainly the women's garments and continue to hold the issuer's shares to maintain and strengthen our good relationship from the perspective of enhancing corporate value.	Yes
	255	325		
Seino Holdings Co., Ltd.	214,000	283,000	We have close connection in logistics transaction and continue to hold the issuer's shares to maintain and strengthen our good relationship from the perspective of enhancing corporate value.	Yes
	238	436		

Issuer Name	Fiscal Year 2022	Fiscal Year 2021	Purpose of Holding, Quantitative Effects of Shareholding (Note 2) and Reason for Increase in Number of Shares	Whether Issuer Holds Company Shares
	Number of Shares (Shares)	Number of Shares (Shares)		
	Amount Recorded in the Balance Sheet (Millions of yen)	Amount Recorded in the Balance Sheet (Millions of yen)		
Matsuya Co., Ltd.	205,000	205,000	We engage in a transaction of various products, mainly the women's garments and continue to hold the issuer's shares to maintain and strengthen our good relationship from the perspective of enhancing corporate value.	Yes
	157	188		
IZUMI Co., Ltd.	45,648	45,648	We engage in a transaction of women's garments and continue to hold the issuer's shares to maintain and strengthen our good relationship from the perspective of enhancing corporate value.	No
	146	197		
Fuji Company, Limited	62,600	62,600	We engage in a transaction of women's garments and continue to hold the issuer's shares to maintain and strengthen our good relationship from the perspective of enhancing corporate value.	Yes
	144	134		
King Co., Ltd.	168,000	168,000	We have close connection with the issuer through information sharing as apparel manufacturers and continue to hold the issuer's shares to maintain and strengthen our good relationship from the perspective of business strategy.	Yes
	90	98		
Toray Industries, Inc.	100,000	100,000	As the issuer is one of major suppliers of textile-related products, we continue to hold the issuer's shares to enhance corporate value and to maintain and strengthen our good relationship through a stable supply.	Yes
	63	71		
Sankyo Seiko Co., Ltd.	94,380	94,380	We have close connection with the issuer through information sharing as apparel manufacturers and continue to hold the issuer's shares to maintain and strengthen our good relationship from the perspective of business strategy.	Yes
	49	51		
Isetan Mitsukoshi Holdings Ltd.	—	1,315,769	We engage in a transaction of various products, mainly the women's garments and continue to hold the issuer's shares to maintain and strengthen our good relationship from the perspective of enhancing corporate value.	No
	—	1,023		
Nichicon Corporation	—	296,500	We have close connection with the issuer, as a local firm, through information sharing and continue to hold the issuer's shares to maintain and strengthen our good relationship from	No
	—	332		

			the perspective of business strategy.	
Issuer Name	Fiscal Year 2022	Fiscal Year 2021	Purpose of Holding, Quantitative Effects of Shareholding (Note 2) and Reason for Increase in Number of Shares	Whether Issuer Holds Company Shares
	Number of Shares (Shares)	Number of Shares (Shares)		
	Amount Recorded in the Balance Sheet (Millions of yen)	Amount Recorded in the Balance Sheet (Millions of yen)		
Dai Nippon Printing Co., Ltd.	—	58,000	We have close connection with the issuer in printing advertisements, mainly catalogues, and continue to hold the issuer's shares to maintain and strengthen our good relationship from the perspective of enhancing corporate value.	No
	—	134		
Aoyama Trading Co., Ltd.	—	141,500	We have close connection with the issuer through information sharing as apparel manufacturers and exploring potential cooperation in business strategy and continue to hold the issuer's shares to maintain and strengthen our good relationship from the perspective of business strategy.	Yes
	—	117		
YAGI & CO., LTD.	—	71,100	As the issuer is one of major suppliers of textile-related products, we continue to hold the issuer's shares to enhance corporate value and to maintain and strengthen our good relationship through a stable supply.	Yes
	—	102		
Fujibo Holdings, Inc.	—	20,000	As the issuer is one of major suppliers of textile-related products, we continue to hold the issuer's shares to enhance corporate value and to maintain and strengthen our good relationship through a stable supply.	Yes
	—	80		
Takashimaya Co., Ltd.	—	60,000	We engage in a transaction of various products, mainly the women's garments and continue to hold the issuer's shares to maintain and strengthen our good relationship from the perspective of enhancing corporate value.	Yes
	—	70		
Kurabo Industries Ltd.	—	20,043	As the issuer is one of major suppliers of textile-related products, we continue to hold the issuer's shares to enhance corporate value and to maintain and strengthen our good relationship through a stable supply.	Yes
	—	38		
Tenmaya Store Co., Ltd.	—	11,000	We engage in a transaction of women's garments and continue to hold the issuer's shares to maintain and strengthen our good relationship from the perspective of enhancing corporate value.	No
	—	13		

(Note) 1. “—” indicates that we do not hold any shares of such stock.

2. The quantitative effects of shareholding are difficult to describe as it relates to an individual transaction.
3. The company in which we hold the stocks does not hold any shares of the Company, while its subsidiary holds shares of the Company.

Stocks deemed to be held:

Issuer Name	Fiscal Year 2022	Fiscal Year 2021	Purpose of Holding, Quantitative Effects of Shareholding (Note2) and Reason for Increase in Number of Shares	Whether Issuer Holds Company Shares
	Number of Shares (Shares)	Number of Shares (Shares)		
	Amount Recorded in the Balance Sheet (Millions of yen)	Amount Recorded in the Balance Sheet (Millions of yen)		
KDDI Corporation	2,544,000	2,544,000	We engage in a transaction of communications equipment and infrastructure with the issuer and continue to hold issuer's shares to maintain and strengthen good relationship with the issuer from the perspective of enhancing corporate value. We currently have retirement benefit trust agreement under which we withhold our right to give directions on the exercise of voting rights.	No
	10,189	8,636		
Mitsubishi UFJ Financial Group, Inc.	3,365,000	3,365,000	We engage in overall financial transactions with the issuer as a major financial institution and continue to hold issuer's shares to maintain and strengthen good relationship with the issuer from the perspective of enhancing corporate value. We currently have retirement benefit trust agreement under which we withhold our right to give directions on the exercise of voting rights.	Yes (Note 3)
	2,558	1,991		

- (Note) 1. The specified investment stock and stocks deemed to be held are not combined when selecting the top stocks based on the amount recorded in the balance sheet.
2. The quantitative effects of shareholding are difficult to describe as it relates to an individual transaction.
 3. The company in which the Company holds the stocks does not hold any shares of the Company, while its subsidiary holds shares of the Company.

d. Equity securities held for pure investment

Not Applicable.

e. Equity securities reclassified from held for pure investment to held for purposes other than pure investment during the current fiscal year:

Not Applicable.

f. Equity securities reclassified from held for purposes other than pure investment to held for pure investment during the current fiscal year:

Not Applicable.

(iii) Equity securities held by Wacoal holdings Corp.

A. Equity securities held for purposes other than pure investment

a. Policies and method to verify the rationality of shareholding, as well as the verification process at meeting of Board of Directors regarding appropriateness of holding certain stock of shares

The Company examines whether it is appropriate to hold shares from a medium-to long-term perspective, whether risks associated with such holding are worth the cost of capital, and profits in connection with the transaction and dividend income indices are reported to the Board of Directors on a regular basis. The Board of Directors then examines whether the holding will be enhance corporate value of the Company from a medium-to

long-term perspective based on such verification results, and determines whether to continue to hold or dispose such shares.

The information on quantitative effects of shareholding is omitted since it relates to an individual transaction.

b. Number of Stock and Amount Recorded in the Balance Sheet

	Number of Stock(shares)	Total Amount Recorded in the Balance Sheet (Millions of yen)
Unlisted Stock of Shares	1	1
Shares Other than Unlisted Stock of Shares	—	—

(Name of stock of shares which increased during the current fiscal year)

	Number of Stock (shares)	Total Acquisition Amount for Increased Shares (Millions of yen)	Reason for Increase in the Number of Shares
Unlisted Stock of Shares	—	—	—
Shares Other than Unlisted Stock of Shares	—	—	—

(Name of stock of shares which decreased during the current fiscal year)

	Number of Stock (shares)	Total Disposal Amount for Decreased Shares (Millions of yen)
Unlisted Stock of Shares	1	0
Shares Other than Unlisted Stock of Shares	—	—

c. Information on specified investment stocks and stocks deemed to be held, including number of shares by stock, and the amount recorded in the balance sheet

Not Applicable.

d. Equity securities held for pure investment:

Not Applicable.

e. Equity securities reclassified from held for pure investment to be held for purposes other than pure investment during the current fiscal year:

Not Applicable.

f. Equity securities reclassified from held for purposes other than pure investment to be held for pure investment during the current fiscal year:

Not Applicable

Wacoal Holdings Corp. and Subsidiaries

Consolidated Balance Sheets March 31, 2022 and 2021

ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 2)	LIABILITIES AND EQUITY	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2022	2021	2022		2022	2021	2022
CURRENT ASSETS:				CURRENT LIABILITIES:			
Cash and cash equivalents	¥ 37,982	¥ 63,557	\$ 312,764	Short-term bank loans (Note 8)	¥ 10,227	¥ 40,672	\$ 84,214
Time deposits	1,387	1,443	11,421	Notes and accounts payable:			
Marketable securities (Notes 3, 19 and 20)	0	253		Trade notes payable	558	712	4,595
Notes and accounts receivable (Note 6)	19,414	17,571	159,865	Trade accounts payable (Note 6)	10,067	8,734	82,897
Allowance for doubtful receivables (Note 4)	(282)	(346)	(2,322)	Other payables (Note 20)	7,006	6,610	57,691
Inventories (Note 5)	45,268	43,250	372,760	Total accounts payable	17,631	16,056	145,183
Return assets	655	600	5,394	Accrued payroll and bonuses	6,319	6,822	52,034
Other current assets (Notes 6, 20 and 21)	4,004	7,794	32,971	Income taxes payable (Note 16)	1,408	1,025	11,594
Total current assets	108,428	134,122	892,853	Refund liabilities	1,991	2,266	16,395
				Short-term operating lease liabilities (Note 9)	4,549	4,411	37,459
PROPERTY, PLANT AND EQUIPMENT:				Other current liabilities (Notes 8, 11, 17, 19, 20 and 21)	5,178	4,819	42,638
Land (Notes 8, 9, and 20)	20,358	20,569	167,638	Total current liabilities	47,303	76,071	389,517
Buildings and structures (Notes 8, 9, 10 and 20)	77,641	72,978	639,336				
Machinery and equipment (Note 20)	20,829	19,356	171,517	LONG-TERM LIABILITIES:			
Construction in progress	1,289	1,264	10,614	Long-term debt (Notes 8 and 19)	1,626	1,498	13,390
Total	120,117	114,167	989,105	Liability for termination and retirement benefits (Note 11)	3,345	1,942	27,544
Accumulated depreciation (Note 9)	(67,156)	(64,409)	(552,997)	Deferred income taxes (Note 16)	14,095	12,292	116,066
Net property, plant and equipment	52,961	49,758	436,108	Long-term operating lease liabilities (Note 9)	8,150	8,520	67,111
				Contingent consideration (Note 20)	820	1,639	6,752
OTHER ASSETS:				Other long-term liabilities (Notes 10, 11 and 16)	1,854	2,183	15,267
Operating leases right-of-use assets (Note 9)	12,356	12,729	101,746	Total long-term liabilities	29,890	28,074	246,130
Investments in affiliated companies (Note 6)	22,835	21,207	188,035				
Investments (Notes 3, 19 and 20)	47,926	51,603	394,648	COMMITMENTS AND CONTINGENCIES (Notes 8, 9 and 12)			
Goodwill (Note 20)	22,945	21,169	188,941				
Other intangible assets (Note 20)	15,408	15,220	126,878	EQUITY:			
Prepaid pension expense (Note 11)	13,411	9,533	110,433	WACOAL HOLDINGS CORP. SHAREHOLDERS' EQUITY:			
Deferred income taxes (Note 16)	1,554	1,649	12,796	Common stock, no par value –			
Other (Note 6)	5,421	5,771	44,639	authorized, 250,000,000 shares in 2022 and 2021;			
Total other assets	141,856	138,881	1,168,116	issued 65,589,042 shares and 65,589,042 shares in 2022 and	13,260	13,260	109,190
				2021, respectively	29,077	29,120	239,435
TOTAL	¥ 303,245	¥ 322,761	\$ 2,497,077	Additional paid-in capital (Note 13)	183,456	181,346	1,510,672
				Retained earnings			
				Accumulated other comprehensive (loss) income			
				(Notes 11 and 15):			
				Foreign currency translation adjustments	7,714	1,770	63,521
				Pension liability adjustments	356	(1,008)	2,931
				Total accumulated other comprehensive loss	8,070	762	66,452
				Treasury stock, at cost – 4,130,773 shares and			
				shares in 2022 and 2021, respectively	(10,858)	(8,876)	(89,410)
				Total Wacoal Holdings Corp. shareholders' equity	223,005	215,612	1,836,339
				(Note 14)	3,047	3,004	25,091
				Noncontrolling interests	226,052	218,616	1,861,430
				Total equity			
				TOTAL	¥ 303,245	¥ 322,761	\$ 2,497,077

See notes to consolidated financial statements.

Wacoal Holdings Corp. and Subsidiaries

Consolidated Statements of Income Years Ended March 31, 2022, 2021 and 2020

	Millions of Yen			Thousands of U.S. Dollars (Note 2)
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2022</u>
NET SALES (Notes 6, 9 and 17)	¥ 172,860	¥ 152,204	¥ 186,760	\$ 1,423,419
OPERATING COSTS AND EXPENSES:				
Cost of sales (Notes 6 and 11)	76,607	67,798	84,959	630,822
Selling, general and administrative expenses (Notes 9, 10, 11 and 13)	93,010	82,065	93,824	765,893
(Gain) loss on sales or disposal of property, plant and equipment – net	(1,981)	(365)	103	(16,313)
Impairment charges on property, plant and equipment (Note 20)	211	1,136	769	1,737
Impairment charges on goodwill (Notes 7 and 20)		2,673	217	
Impairment charges on other intangible assets (Notes 7 and 20)		12	256	
Total operating costs and expenses	<u>167,847</u>	<u>153,319</u>	<u>180,128</u>	<u>1,382,139</u>
OPERATING INCOME (LOSS)	<u>5,013</u>	<u>(1,115)</u>	<u>6,632</u>	<u>41,280</u>
OTHER INCOME (EXPENSES):				
Interest income (Note 6)	53	61	177	436
Interest expense	(62)	(78)	(19)	(511)
Dividend income (Note 6)	1,312	1,126	1,506	10,804
(Loss) gain on sale, exchange and valuation of marketable securities and investments – net (Notes 3 and 20)	(641)	10,390	(3,760)	(5,278)
Other – net (Notes 9, 11, 15 and 21)	<u>1,571</u>	<u>408</u>	<u>(177)</u>	<u>12,936</u>
Total other income (expenses) – net	<u>2,233</u>	<u>11,907</u>	<u>(2,273)</u>	<u>18,387</u>
INCOME BEFORE INCOME TAXES AND EQUITY IN NET INCOME OF AFFILIATED COMPANIES	<u>7,246</u>	<u>10,792</u>	<u>4,359</u>	<u>59,667</u>
INCOME TAXES (Note 16):				
Current	2,300	1,803	7,126	18,939
Deferred	<u>1,197</u>	<u>2,278</u>	<u>(5,673)</u>	<u>9,857</u>
Total income taxes	<u>3,497</u>	<u>4,081</u>	<u>1,453</u>	<u>28,796</u>
INCOME BEFORE EQUITY IN NET INCOME OF AFFILIATED COMPANIES	3,749	6,711	2,906	30,871
EQUITY IN NET INCOME OF AFFILIATED COMPANIES (Note 6)	<u>792</u>	<u>93</u>	<u>62</u>	<u>6,522</u>
NET INCOME	4,541	6,804	2,968	37,393
NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTERESTS	<u>67</u>	<u>221</u>	<u>504</u>	<u>552</u>
NET INCOME ATTRIBUTABLE TO WACOAL HOLDINGS CORP.	<u>¥ 4,608</u>	<u>¥ 7,025</u>	<u>¥ 3,472</u>	<u>\$ 37,945</u>

(Continued)

Wacoal Holdings Corp. and Subsidiaries

Consolidated Statements of Income Years Ended March 31, 2022, 2021 and 2020

	Yen			U.S. Dollars (Note 2)
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2022</u>
NET INCOME ATTRIBUTABLE TO WACOAL HOLDINGS CORP. PER SHARE (Note 18):				
Basic	¥ 74.04	¥ 112.57	¥ 54.26	\$ 0.61
Diluted	¥ 73.73	¥ 112.09	¥ 54.05	\$ 0.61
NET INCOME ATTRIBUTABLE TO WACOAL HOLDINGS CORP. PER AMERICAN DEPOSITARY RECEIPT (5 shares of common stock) (Note 18):				
Basic	¥ 370.21	¥ 562.84	¥ 271.29	\$ 3.05
Diluted	¥ 368.65	¥ 560.47	¥ 270.25	\$ 3.04

See notes to consolidated financial statements.

Wacoal Holdings Corp. and Subsidiaries

Consolidated Statements of Comprehensive Income Years Ended March 31, 2022, 2021 and 2020

	Millions of Yen			Thousands of U.S. Dollars (Note 2)
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2022</u>
NET INCOME	¥ 4,541	¥ 6,804	¥ 2,968	\$ 37,393
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX (Note 15):				
Foreign currency translation adjustments:				
Amounts arising during the year	6,032	2,648	(2,532)	49,671
Reclassification adjustments	(8)	—	—	(66)
Total foreign currency translation adjustments	<u>6,024</u>	<u>2,648</u>	<u>(2,532)</u>	<u>49,605</u>
Pension liability adjustments:				
Amounts arising during the year	1,190	2,838	125	9,799
Reclassification adjustments	174	753	960	1,433
Total pension liability adjustments	<u>1,364</u>	<u>3,591</u>	<u>1,085</u>	<u>11,232</u>
OTHER COMPREHENSIVE INCOME (LOSS)	<u>7,388</u>	<u>6,239</u>	<u>(1,447)</u>	<u>60,837</u>
COMPREHENSIVE INCOME	11,929	13,043	1,521	98,230
COMPREHENSIVE (INCOME) LOSS ATTRIBUTABLE TO NONCONTROLLING INTERESTS	<u>(13)</u>	<u>371</u>	<u>452</u>	<u>(107)</u>
COMPREHENSIVE INCOME ATTRIBUTABLE TO WACOAL HOLDINGS CORP.	<u>¥ 11,916</u>	<u>¥ 13,414</u>	<u>¥ 1,973</u>	<u>\$ 98,123</u>

See notes to consolidated financial statements.

Wacoal Holdings Corp. and Subsidiaries
**Consolidated Statements of Equity
Years Ended March 31, 2022, 2021 and 2020**

	Millions of Yen								
	Shares of Outstanding Common Stock (Thousands)	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock, at Cost	Total Wacoal Holdings Corp. Shareholders' Equity	Noncontrolling Interests	Total Equity
BALANCE, APRIL 1, 2019	65,178	¥ 13,260	¥ 29,807	¥ 193,139	¥ (4,128)	¥ (15,584)	¥ 216,494	¥ 4,650	¥ 221,144
Cumulative effects (net of tax) of adoption of new accounting standards (Note 1)				(515)			(515)		(515)
Net income				3,472			3,472	(504)	2,968
Foreign currency translation adjustments					(2,584)		(2,584)	52	(2,532)
Pension liability adjustments					1,085		1,085		1,085
Cash dividends paid to Wacoal Holdings Corp. shareholders, ¥300 per 5 shares of common stock				(4,907)			(4,907)		(4,907)
Cash dividends paid to noncontrolling interests								(237)	(237)
Purchase of treasury stock	(2,798)					(7,745)	(7,745)		(7,745)
Disposal of treasury stock	0			(0)		0	0		0
Cancellation of treasury stock				(5,935)		5,935			
Share-based compensation granted (exercised) (Note 13)	23		29	(21)		63	71		71
Equity transactions with noncontrolling interests								116	116
BALANCE, MARCH 31, 2020	62,403	13,260	29,836	185,233	(5,627)	(17,331)	205,371	4,077	209,448
Net income				7,025			7,025	(221)	6,804
Foreign currency translation adjustments					2,803		2,803	(155)	2,648
Pension liability adjustments					3,586		3,586	5	3,591
Cash dividends paid to Wacoal Holdings Corp. shareholders, ¥200 per 5 shares of common stock				(2,496)			(2,496)		(2,496)
Cash dividends paid to noncontrolling interests								(81)	(81)
Purchase of treasury stock	(0)					(1)	(1)		(1)
Cancellation of treasury stock				(8,404)		8,404			
Share-based compensation granted (exercised) (Note 13)	18		24	(12)		52	64		64
Equity transactions with noncontrolling interests			(740)				(740)	(621)	(1,361)
BALANCE, MARCH 31, 2021	62,421	13,260	29,120	181,346	762	(8,876)	215,612	3,004	218,616
Net income				4,608			4,608	(67)	4,541
Foreign currency translation adjustments					5,944		5,944	80	6,024
Pension liability adjustments					1,364		1,364		1,364
Cash dividends paid to Wacoal Holdings Corp. shareholders, ¥200 per 5 shares of common stock				(2,498)			(2,498)		(2,498)
Cash dividends paid to noncontrolling interests								(82)	(82)
Purchase of treasury stock	(1,001)					(2,089)	(2,089)		(2,089)
Disposal of treasury stock	0		(0[A1])			1	1		1
Restricted stock compensation	27		(23)			75	52		52
Share-based compensation granted (exercised) (Note 13)	11		(20)			31	11		11
Equity transactions with noncontrolling interests								112	112
BALANCE, MARCH 31, 2022	<u>61,458</u>	<u>¥ 13,260</u>	<u>¥ 29,077</u>	<u>¥ 183,456</u>	<u>¥ 8,070</u>	<u>¥ (10,858)</u>	<u>¥ 223,005</u>	<u>¥ 3,047</u>	<u>¥ 226,052</u>

(Continued)

Wacoal Holdings Corp. and Subsidiaries

Consolidated Statements of Equity
Years Ended March 31, 2022, 2021 and 2020

	Thousands of U.S. Dollars (Note 2)							
	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock, at Cost	Total Wacoal Holdings Corp. Shareholders' Equity	Noncontrolling Interests	Total Equity
BALANCE, MARCH 31, 2021	\$ 109,190	\$ 239,789	\$ 1,493,297	\$ 6,275	\$ (73,090)	\$ 1,775,461	\$ 24,736	\$ 1,800,197
Net income			37,945			37,945	(552)	37,393
Foreign currency translation adjustments				48,946		48,946	659	49,605
Pension liability adjustments				11,231		11,231		11,231
Cash dividends paid to Wacoal Holdings Corp. shareholders, \$1.6 per 5 shares of common stock			(20,570)			(20,570)		(20,570)
Cash dividends paid to noncontrolling interests							(675)	(675)
Purchase of treasury stock					(17,202)	(17,202)		(17,202)
Disposal of treasury stock					8	8		8
Restricted stock compensation		(189)			618	429		429
Share-based compensation granted (exercised) (Note 13)		(165)			256	91		91
Equity transactions with noncontrolling interests							923	923
BALANCE, MARCH 31, 2022	<u>\$ 109,190</u>	<u>\$ 239,435</u>	<u>\$ 1,510,672</u>	<u>\$ 66,452</u>	<u>\$ (89,410)</u>	<u>\$ 1,836,339</u>	<u>\$ 25,091</u>	<u>\$ 1,861,430</u>

See notes to consolidated financial statements.

Wacoal Holdings Corp. and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended March 31, 2022, 2021 and 2020

	Millions of Yen			Thousands of U.S. Dollars (Note 2)
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2022</u>
OPERATING ACTIVITIES:				
Net income	¥ 4,541	¥ 6,804	¥ 2,968	\$ 37,393
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	6,185	6,128	6,029	50,931
Share-based compensation (Note 13)	63	63	71	519
Allowance for returns and doubtful receivables – net	(148)	(199)	299	(1,219)
Deferred income taxes	1,197	2,278	(5,673)	9,857
(Gain) loss on sales or disposal of property, plant and equipment – net	(1,981)	(365)	103	(16,313)
Impairment charges on property, plant and equipment (Note 20)	211	1,136	769	1,737
Impairment charges on goodwill (Notes 7 and 20)		2,673	217	
Impairment charges on other intangible assets (Notes 7 and 20)		12	256	
Loss (gain) on sale, exchange and valuation of marketable securities and investments – net (Note 3)	641	(10,390)	3,760	5,278
Equity in net (income) loss of affiliated companies, less dividends received	(404)	469	480	(3,327)
Changes in assets and liabilities:				
(Increase) decrease in notes and accounts receivable	(1,276)	2,767	4,685	(10,507)
(Increase) decrease in inventories	(182)	972	(1,350)	(1,499)
(Increase) decrease in return assets	(55)	268	312	(453)
Decrease (increase) in other current assets	3,853	(2,632)	(29)	31,728
Increase (decrease) in notes and accounts payable	2,015	(859)	(373)	16,593
Decrease in refund liabilities	(275)	(379)	(837)	(2,264)
(Decrease) increase in liability for termination and retirement benefits	(701)	226	776	(5,772)
(Decrease) increase in accrued expenses, income taxes payable and other current liabilities	(1,484)	(4,485)	665	(12,220)
Other	808	(227)	197	6,653
Net cash provided by operating activities	<u>8,467</u>	<u>(2,544)</u>	<u>10,357</u>	<u>69,722</u>
INVESTING ACTIVITIES:				
Increase in time deposits	(360)	(941)	(438)	(2,964)
Decrease in time deposits	461	291	3,576	3,796
Proceeds from sales and redemption of equity securities	3,185	2,340	15,252	26,227
Payments to acquire equity securities	(4)	(7)	(339)	(33)
Proceeds from redemption of debt securities	225	742	544	1,853
Proceeds from sales of property, plant and equipment	2,760	889	104	22,727
Payments to acquire property, plant and equipment	(6,580)	(2,764)	(3,442)	(54,183)
Payments to acquire intangible assets (Note 7)	(3,165)	(2,840)	(3,539)	(26,062)
Acquisition of a subsidiary (net of cash acquired)			(9,181)	
Payments for loans (Note 6)		(315)		
Proceeds from collection of loans	321			2,643
Other	61	43	32	502
Net cash (used in) provided by investing activities	<u>(3,096)</u>	<u>(2,562)</u>	<u>2,569</u>	<u>(25,494)</u>
FORWARD	<u>¥ 9,912</u>	<u>¥ 1,698</u>	<u>¥ 15,894</u>	<u>\$ 81,621</u>

(Continued)

Wacoal Holdings Corp. and Subsidiaries

Consolidated Statements of Cash Flows Years Ended March 31, 2022, 2021 and 2020

	Millions of Yen			Thousands of U.S. Dollars (Note 2)
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2022</u>
FORWARD	¥ 9,912	¥ 1,698	¥ 15,894	\$ 81,621
FINANCING ACTIVITIES:				
Increase (decrease) in short-term bank loans with original maturities of three months or less – net	¥ (10,460)	¥ 17,208	¥ (4,645)	\$ (86,134)
Procurement of short-term loan (over 3 months)		20,424		
Repayment of short-term loan (over 3 months)	(20,000)	(424)		(164,690)
Procurement of long-term debt		1,447		
Repayments of long-term debt	(35)	(50)	(53)	(288)
Purchase of treasury stock	(2,089)	(1)	(7,745)	(17,202)
Proceeds from disposal of treasury stock	1			8
Disposal of treasury stock			0	
Dividends paid on common stock	(2,498)	(2,496)	(4,907)	(20,570)
Dividends paid to noncontrolling interests	(82)	(81)	(237)	(675)
Proceeds from share issuance of noncontrolling interests	112		116	923
Payments to acquire interests in subsidiaries from noncontrolling interests		(1,361)		
Payments of contingent consideration (Note 7)	(1,298)	(1,061)		(10,688)
Net cash (used in) provided by financing activities	<u>(36,349)</u>	<u>33,605</u>	<u>(17,471)</u>	<u>(299,316)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>862</u>	<u>349</u>	<u>(651)</u>	<u>7,098</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(25,575)	35,652	(2,228)	(210,597)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>63,557</u>	<u>27,905</u>	<u>30,133</u>	<u>523,361</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>¥ 37,982</u>	<u>¥ 63,557</u>	<u>¥ 27,905</u>	<u>\$ 312,764</u>
ADDITIONAL CASH FLOW INFORMATION:				
Cash paid for:				
Interest	¥ 62	¥ 72	¥ 20	\$ 511
Income taxes	(2,331)	8,643	4,758	(19,195)
NONCASH INVESTING ACTIVITIES:				
Acquisition of a subsidiary (contingent consideration) (Note 7)			¥4,172	
Acquisition of property, plant and equipment by assuming payment obligation	¥707	¥704	751	\$5,822

See notes to consolidated financial statements.

(Concluded)

Wacoal Holdings Corp. and Subsidiaries

Notes to Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Statements – Wacoal Holdings Corp. (the "Company") and subsidiaries are predominantly engaged in one industry, the manufacturing and sale of apparel, including foundation garments, lingerie, nightwear, and swimwear in Japan, the United States of America, Europe, and certain other countries in Asia.

The accompanying consolidated financial statements, stated in Japanese yen, have been prepared on the basis of accounting principles generally accepted in the United States of America ("U.S. GAAP").

Consolidation – The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries (collectively, the "Companies"). All intercompany transactions and balances have been eliminated.

Some foreign subsidiaries of the Company have a fiscal year ending December 31. The accounts of those subsidiaries are included in the Company's consolidated financial statements based on the subsidiaries' fiscal year end. Necessary adjustments have been made for significant events related to subsidiaries that occurred during the period between their fiscal year ends and March 31.

Investments in affiliated companies where the Companies' ownership is 20% to 50% are accounted for using the equity method.

Significant influence is generally deemed to exist if the Companies have an ownership interest in the voting stock of the investee from 20% to 50%, although other factors are considered in determining whether the equity method of accounting is appropriate.

Use of Estimates – The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Companies reflected the impact of the COVID-19 outbreak in such estimates. The official views of when the outbreak will be contained have not been announced by public institutions. The Companies are anticipating that COVID-19 will continue to have an impact on our business results until the year ending March 31, 2023, and that our results for the year ending March 31, 2024 will recover to the level before the outbreak. The Companies developed future business plans and used them for the estimates of impairment charges on property, plant and equipment, goodwill and other intangible assets based on this assumption.

The following is an item of which amount has been prepared using accounting estimates and recorded in the consolidated financial statements for the current fiscal year that may have a material effect on the consolidated financial statements for the next fiscal year.

Significant account estimate is valuation of goodwill arising from the acquisition of Wacoal Europe Ltd.

	Millions of Yen	
	<u>2022</u>	<u>2021</u>
Goodwill	¥9,932	¥9,398

To test for goodwill impairment, the carrying amount of each reporting unit is compared with its fair value. If the carrying amount of a reporting unit exceeds its fair value, an impairment charge is recognized in an amount equal to that excess.

Such assumptions include fluctuations in business activities, tax rates and risk-adjusted discount rates. There is a possibility that impairment charges would be recognized if the forecast of business results deteriorates or the tax rates or risk-adjusted discount rates increase.

See Note 20 for further information about measurement of fair value.

Cash and Cash Equivalents – Cash and cash equivalents include all highly liquid investments with original maturities of three months or less.

Foreign Currency Translation – Assets and liabilities of foreign subsidiaries have been translated to Japanese yen at period-end exchange rates and income and expenses have been translated using average exchange rates for the period. Translation adjustments resulting from the process of translating consolidated financial statements, net of tax, are included in accumulated other comprehensive income (loss), which is a separate component of equity. Exchange gains and losses resulting from foreign currency transactions and the conversion of monetary assets and liabilities denominated in foreign currencies are included in other income (expenses) in the consolidated statements of income.

Foreign currency translation gains for the years ended March 31, 2022, 2021 and 2020 were ¥507 million, ¥168 million and ¥36 million, respectively. They have been included in other – net of other income (expenses).

Marketable Securities and Investments – The Companies classify their marketable securities and investments in debt securities into one of two categories: available-for-sale or held-to-maturity. Available-for-sale securities are recorded at fair value with a corresponding recognition of unrealized holding gain or loss (net of tax) in accumulated other comprehensive (loss) income, which is a separate component of equity, until realized. Held-to-maturity securities are measured at amortized cost. The Companies classify debt securities as held-to-maturity only if the Companies have the positive intent and ability to hold those securities to maturity. Gains and losses on sales of debt securities are computed based on cost determined using the average cost method. The Company periodically determines whether any decline in the value of debt securities is temporary, based on the period and extent of the decline, the issuer's financial position and prospects, and the intention to hold it for a sufficient period of expected recovery of fair value. If it is determined that the decline is not temporary, the difference between the carrying amount and its fair value is recognized as a valuation loss.

Equity securities are measured at fair value and unrealized holding gain or loss is recorded in net profit or loss.

Allowance for Doubtful Receivables – An allowance for doubtful notes and receivables is estimated based on historical collection experience and additional information including current economic conditions and the creditworthiness of each applicable customer.

Inventories – Inventories are stated at the lower of cost or net realizable value, cost being determined by the first-in, first-out method for raw materials and the average cost method for work in process and finished products. Cost includes net prices paid for materials purchased, production labor cost, factory overhead and charges for customs duties.

Property, Plant and Equipment – Property, plant and equipment is stated at cost less impairment charges. Property, plant and equipment are amortized over their estimated useful lives mainly using the straight-line method. The estimated useful lives are as follows:

Buildings and structures	2 to 50 years (mainly 38 years)
Machinery and equipment (except for the part of the paintings)	2 to 20 years (mainly 5 years)

Depreciation expenses for the years ended March 31, 2022, 2021 and 2020 were ¥3,033 million, ¥3,139 million and ¥3,545 million, respectively.

Impairment of Property, Plant and Equipment – The carrying amount of long-lived assets held and used by the Companies is evaluated for impairment whenever there is an event or change in circumstances that indicates that such assets have been impaired or that the carrying amounts of such assets might not be recoverable. The carrying amount of property, plant and equipment is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. That assessment is based on the carrying amount of the asset at the date it is tested for recoverability, whether in use or under development. The impairment charge is measured as the amount by which the carrying amount of property, plant and equipment exceeds its fair value.

Goodwill and Other Intangible Assets – Goodwill represents the excess of the purchase price of an acquired entity over the fair value of assets acquired and liabilities assumed.

Goodwill and other intangible assets with indefinite useful lives are tested for impairment annually, or more frequently if conditions indicate an earlier review is necessary. The goodwill is allocated to the reporting unit in which the business that the goodwill resides. To test for goodwill impairment, the carrying amount of each reporting unit is compared with its fair value. If the carrying amount of a reporting unit exceeds its fair value, an impairment charge is recognized in an amount equal to that excess. To test for impairment of other intangible assets with indefinite useful lives, the carrying value of an intangible asset is compared with its fair value. If the carrying amount of an intangible asset with indefinite useful life exceeds its fair value, an impairment charge is recognized in an amount equal to that excess.

Other intangible assets with finite useful lives consist primarily of brands, customer relationships and software are amortized over their estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Brands	10, 20 and 25 years (mainly 25 years)
Customer relationships	5 years
Software	5 years

Asset Retirement Obligations – The Companies have obligations arising from contractual commitments to remove leasehold improvements from leased facilities and return the property to a specified condition when the lease terminates. The Companies recognize asset retirement obligations at the inception of a lease. The asset retirement obligations are measured with an expected present value technique based on historical experience and recorded in other long-term liabilities in the consolidated balance sheets and subsequently adjusted for changes in estimated disposal costs. The difference between the gross expected future cash flow and its present value is accreted over the life of the related lease, which is determined using best estimates because the Companies' lease contracts generally have automatic renewal provisions. The estimated asset retirement costs are capitalized as part of the carrying amount of the associated long-lived asset and depreciated over its useful life. For some lease contracts that are automatically renewed at the end of the contract, asset retirement obligations are calculated based on a reasonable estimate of the end of the contract.

Termination and Retirement Plans – Termination and retirement benefits are accounted for in accordance with the guidance for retirement benefits. The Companies amortize net actuarial gains and losses and prior service cost over the average employees' remaining service period by the declining-balance method and by the straight-line method, respectively.

Leases – As for lessor accounting, the Companies recognized revenue mainly from contracts consisting of leasing mannequins, display furniture and real estate owned by the Companies to our customers. These lease arrangements are classified as operating leases and related revenue is recognized ratably over the lease term. Options to extend or terminate the leases are included in some of the contracts. The Companies take such options into account to determine the lease term when it is probable that these options will be exercised. Moreover, almost all of the contracts do not contain variable consideration and purchase options for their customers. Some of the contracts contain lease and non-lease components and the consideration in the contracts are allocated based upon estimated standalone selling prices of the lease and non-lease components.

As for lessee accounting, the Companies have leases for assets such as retail stores, warehouses, offices, corporate housing, vehicles, machinery, and equipment, which are classified as an operating lease. The Companies determine whether a contract is, or contains a lease at the inception of the contract. Options to extend or terminate the lease contracts are included in some of the contracts. The Companies take such options into account in order to determine the lease term when it is probable that these options will be exercised. Some of the contracts contain variable lease payments. Most of the variable lease payments are for our retail stores, which depend on their sales. Material residual value guarantees, and restriction or covenants imposed by leases do not exist in the contracts.

Some of the contracts contain lease and non-lease components. Considerations in the contracts for which underlying assets are land and buildings and structures are allocated based upon the estimated standalone selling prices of the lease and non-lease components, which are accounted for separately. On the other hand, the Companies elect the practical expedient and did not separate lease components from non-lease components for leases for which underlying assets are machinery and equipment. The Companies use the incremental borrowing rate based on the information available at commencement date to determine the present values of lease payments, unless the implicit rate is readily determinable. The Companies also elect the practical expedient which allows entities to expense leases with a term of 12 months or less at the commencement date as incurred. Operating lease cost is recognized on a straight-line basis over the lease term.

The Financial Accounting Standards Board ("FASB") guidance issued in April 2020 allows a lessee of a lease subject to a rent concession occurring as a direct consequence of the COVID-19 pandemic to elect to apply a simplified accounting treatment. Under this guidance, the lessee may elect to apply the practical expedient and not assess whether a COVID-19-related rent concession that meets certain prescribed conditions is a "lease modification," as stipulated in Accounting Standard Codification 842, "Leases" ("ASC 842"). The Companies have elected to apply this practical expedient for rent concessions that meet those certain prescribed conditions referred to above and the rent concessions are accounted for as variable lease payments rather than being treated as lease modifications.

Treasury Stock – The Companies account for treasury stock under the cost method and include treasury stock as a component of equity.

Acquisitions – The Companies account for acquisitions using the acquisition method in accordance with the guidance for business combinations. The Companies allocate the purchase price to the assets acquired and liabilities assumed based on the estimated fair values at the date of acquisition, including intangible assets that can be identified and named. The purchase price in excess of the fair value of the net assets is recorded as goodwill. In the case where the purchase price is below the fair value of the net assets, the Companies recognize the excess of fair value of the net assets over the purchase price in earnings as a gain on bargain purchase in the consolidated statements of income. The Companies measure contingent consideration classified as liabilities at the fair value as of the date of acquisition and remeasure them to fair values at each reporting date until the contingencies are resolved. Fluctuations of the fair values due to the remeasurement are recognized in income or expenses as incurred.

Revenue Recognition – The Companies recognize revenue when control of promised products is transferred to customers and performance obligations are satisfied. The Companies' revenue is recognized for transactions, net of any trade discounts or rebates given. In addition, provision for expected returns is deducted from revenue based on historical return.

Shipping and Handling Costs – Shipping and handling costs are expensed as incurred.

Advertising Expenses – Advertising costs are expensed as incurred. Advertising expenses for the years ended March 31, 2022, 2021 and 2020 were ¥15,389 million, ¥11,239 million and ¥13,169 million, respectively, and have been included in selling, general and administrative expenses.

Research and Development Costs – Research and development costs are expensed as incurred. Research and development costs for the years ended March 31, 2022, 2021 and 2020 were ¥446 million, ¥463 million and ¥508 million, respectively, and have been included in selling, general and administrative expenses.

Income Taxes – The provision for income taxes is determined under the asset and liability method in accordance with the guidance for income taxes. Under this method, deferred tax assets and liabilities are determined for temporary differences between the carrying amounts of assets and liabilities in the financial statements and tax bases of assets and liabilities and tax loss carryforwards at presently enacted tax rates. A valuation allowance is recorded when it is more likely than not that some portion or all of the deferred tax assets will not be realized in the future.

The Companies assess their income tax positions and record tax benefits for all years subject to examination based upon their evaluation of the facts, circumstances and information available as of the end of the fiscal year. For those tax positions only where there is greater than a 50% likelihood that the tax position will be sustained, the Companies record the largest amount of tax benefit that may potentially be realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. Interest and penalties related to income taxes are included in the consolidated statements of income.

Share-Based Compensation – Share-based compensation is accounted for in accordance with ASC 718, "Compensation – Stock Compensation." The Company measures share-based compensation cost at the grant date, based on the fair value of the award and recognizes the cost over the requisite service period, which is the vesting period.

Derivatives – Derivative instruments, including certain derivative instruments embedded in other contracts, are accounted for in accordance with the guidance for derivatives and hedging. Because such derivative instruments are not designated as hedges, changes in the fair value of the derivatives are recorded in earnings or losses.

Government Grant – Government grants are recognized when there is reasonable assurance that the Companies will comply with the conditions attached to the grant and that the grant will be received. Government grants are recognized as reductions from operating costs and expenses. The amounts of reductions from cost of sales and selling, general and administrative expenses for the years ended March 31, 2022 and 2021 were as follows.

	Millions of Yen	
	<u>2022</u>	<u>2021</u>
Cost of sales	¥ 31	¥ 1,049
Selling, general and administrative expenses	404	2,922

Subsequent Events – In accordance with the guidance for subsequent events, the Company has evaluated subsequent events through June 29, 2022.

Reclassifications – Certain reclassifications have been made to the prior years' consolidated financial statements to conform to the current year's presentation.

Recent Accounting Pronouncements:

Recent Accounting Guidance Not Yet Adopted

Measurement of Credit Losses on Financial Instruments – In June 2016, the FASB issued new accounting guidance related to measurement of credit losses on financial instruments. This guidance introduces a new impairment model based on expected losses rather than incurred losses. Using this model will result in more timely recognition of losses than under the current incurred approach. In November 2019, the FASB issued additional guidance related to the change in the effective date of the above guidance. As a result, the guidance is effective for fiscal years beginning after December 15, 2022 and interim periods within those fiscal years. The Company is currently evaluating the impact of adoption on the Company's consolidated financial position, results of operations or cash flows.

2. TRANSLATION INTO U.S. DOLLAR STATEMENTS

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside of Japan and has been made at the rate of ¥121.44 to \$1, the noon buying rate for yen in New York City as of March 31, 2022. Such translation should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at the above or any other rate.

3. MARKETABLE SECURITIES AND INVESTMENTS

Debt Securities – There were no debt securities as of March 31, 2022. The fair value of debt securities is based on quoted market prices as of March 31, 2021. The cost, gross unrealized gain and loss and the fair value by major security type were as follows:

<u>2021</u>	Millions of Yen			<u>Fair Value</u>
	<u>Cost</u>	<u>Gross Unrealized Gain</u>	<u>Gross Unrealized Loss</u>	
Held-to-maturity securities:				
Current:				
Corporate debt securities	¥222	¥2		¥224

There were no debt securities that have been in a continuous unrealized loss position as of March 31, 2021.

The Companies periodically determine whether a decline in the fair value of debt securities is deemed to be other than temporary based on criteria that include the duration of the market decline, the extent to which cost exceeds fair value, the financial position and business outlook of the issuer, and the intent and ability of the Companies to retain the impaired held-to-maturity securities for a sufficient period of time for anticipated recovery in fair value.

Equity Securities – Realized and unrealized gains and losses on equity securities during the years ended March 31, 2022, 2021 and 2020, were as follows:

	Millions of Yen		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Realized gains recognized during the period on equity securities sold during the period	¥ 196	¥ 91	¥ 1,620
Unrealized (losses) gains recognized during the period on equity securities still held at March 31	<u>(837)</u>	<u>10,299</u>	<u>(5,380)</u>
Net (losses) gains recognized during the period on equity securities	<u>¥ (641)</u>	<u>¥ 10,390</u>	<u>¥ (3,760)</u>

4. ALLOWANCES FOR DOUBTFUL RECEIVABLES

Information related to the Companies' allowance for doubtful receivables as of March 31, 2022, 2021 and 2020 was as follows:

	Millions of Yen		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Balance at the beginning of the year	¥ 346	¥ 489	¥ 229
Charged to expenses	40	33	270
Balances written-off/reversed	<u>(104)</u>	<u>(176)</u>	<u>(10)</u>
Balance at the end of the year	<u>¥ 282</u>	<u>¥ 346</u>	<u>¥ 489</u>

5. INVENTORIES

The components of inventories as of March 31, 2022 and 2021 were as follows:

	Millions of Yen	
	<u>2022</u>	<u>2021</u>
Finished products	¥ 37,634	¥ 37,217
Work in process	4,077	3,748
Raw materials	<u>3,557</u>	<u>2,285</u>
Total	<u>¥ 45,268</u>	<u>¥ 43,250</u>

6. INVESTMENTS IN AFFILIATED COMPANIES

Certain investments are accounted for using the equity method if the Companies have the ability to exercise significant influence over an investee. Significant influence is generally deemed to exist if the Companies have an ownership interest in the voting stock of the investee between 20% and 50%, although other factors are considered in determining whether the equity method of accounting is appropriate. The Companies record investments in equity method investees meeting these characteristics as "Investments in affiliated companies." Under the equity method, the Companies record their proportionate share of an affiliated company's income or loss based on the most recently available financial statements.

The primary affiliated companies and percentage of ownership as of March 31, 2022 and 2021 were as follows:

Name of Investee	Percentage of Ownership (%)	
	<u>2022</u>	<u>2021</u>
Shinyoung Wacoal Inc.	25	25
Taiwan Wacoal Co., Ltd.	50	50
Thai Wacoal Public Co., Ltd.	34	34
PT. Indonesia Wacoal	42	42
House of Rose Co., Ltd.	21	21

Aggregate carrying amounts and fair values of investments in affiliated companies which have a quoted market price as of March 31, 2022 and 2021 were as follows:

	Millions of Yen	
	<u>2022</u>	<u>2021</u>
Carrying amount	¥14,304	¥13,652
Aggregate value of quoted market price	10,189	10,034

The affiliated companies' balance sheets and statements of income as of and for the years ended March 31, 2022 and 2021 were not disclosed as they were immaterial.

The balance of receivables and payables to affiliated companies as of March 31, 2022 and 2021 were as follows:

	Millions of Yen	
	<u>2022</u>	<u>2021</u>
Accounts receivable	¥429	¥372
Accounts payable	634	501
Other receivable	200	173
Long-term loan		315

The amounts of transaction with affiliated companies for the years ended March 31, 2022, 2021 and 2020 were as follows:

	Millions of Yen		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Sales	¥ 1,478	¥ 1,636	¥ 2,838
Cost of sales corresponding to sales of material and products	1,480	1,751	2,826
Purchases	4,353	3,681	5,302
Royalties	236	203	330
Interest income	3	3	

Dividends received from affiliated companies were ¥390 million, ¥602 million and ¥542 million for the years ended March 31, 2022, 2021 and 2020, respectively.

7. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill – Changes in the carrying amount of goodwill by operating segments for the years ended March 31, 2022, 2021 and 2020 were as follows:

	Millions of Yen		
	Wacoal Business (Overseas)		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Balance at the beginning of the year:			
Acquisition cost	¥ 24,103	¥ 22,371	¥ 11,954
Accumulated impairment charges	(2,934)		
Carrying amount	<u>21,169</u>	<u>22,371</u>	<u>11,954</u>
Acquisition during the year			<u>11,551</u>
Impairment charges		(2,673)	(217)
Foreign currency translation adjustments	<u>1,776</u>	<u>1,471</u>	<u>(917)</u>
Balance at the end of the year:			
Acquisition cost	26,046	24,103	22,594
Accumulated impairment charges	<u>(3,101)</u>	<u>(2,934)</u>	<u>(223)</u>
Carrying amount	<u>¥ 22,945</u>	<u>¥ 21,169</u>	<u>¥ 22,371</u>

The Company did not record any impairment charges on goodwill in the year ended March 31, 2022. The Company recorded impairment charges on goodwill of ¥2,673 million for the Wacoal Europe Ltd. in the year ended March 31, 2021, which was included in operating costs and expenses of Wacoal Business (Overseas). The Company recorded impairment charges on goodwill of ¥217 million for the G Tech Material Co., LTD. ("G Tech") in the year ended March 31, 2020, which was included in operating costs and expenses of Wacoal Business (Overseas). See Note 20 for further information about measurement of fair value.

Other Intangible Assets – The components of intangible assets excluding goodwill as of March 31, 2022 and 2021 were as follows:

<u>Year Ended March 31</u>	<u>Millions of Yen</u>			
	<u>2022</u>		<u>2021</u>	
	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization and Impairment Charges</u>	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization and Impairment Charges</u>
Amortized intangible assets:				
Brands	¥ 7,958	¥ 3,339	¥ 7,479	¥ 2,748
Software	19,793	10,732	17,910	9,273
Others	<u>2,751</u>	<u>1,560</u>	<u>2,544</u>	<u>1,256</u>
Total	<u>¥ 30,502</u>	<u>¥ 15,631</u>	<u>¥ 27,933</u>	<u>¥ 13,277</u>
Unamortized intangible assets:				
Trademarks	¥ 5,316	¥ 4,827	¥ 5,316	¥ 4,827
Other	<u>48</u>	<u>—</u>	<u>75</u>	<u>—</u>
Total	<u>¥ 5,364</u>	<u>¥ 4,827</u>	<u>¥ 5,391</u>	<u>¥ 4,827</u>

Other intangible assets acquired during the years ended March 31, 2022 and 2021 totaled ¥3,081 and ¥3,073 million, which primarily consist of software. Estimated useful life for software is five years.

During the year ended March 31, 2022, the Companies did not record any impairment charges on other intangible assets. During the year ended March 31, 2021, the Companies recorded impairment charges on software of Taiwan Peach John of ¥12 million, which was included in operating costs and expenses of the Peach John Business. During the year ended March 31, 2020, the Companies recorded impairment charges on the trademark of Peach John of ¥191 million, which was included in operating costs and expenses of the Peach John Business. During the year ended March 31, 2020, the Companies also recorded ¥65 million of impairment charges on software of the A Tech Textile Co., LTD. ("A Tech"), which was included in operating expenses of the Wacoal Business (Overseas). See Note 20 for further information about measurement of fair value.

Aggregate amortization expenses for the years ended March 31, 2022, 2021 and 2020 related to other intangible assets were ¥3,152 million, ¥2,989 million and ¥2,484 million, respectively. Future estimated amortization expenses as of March 31, 2022 were as follows:

<u>Year Ending March 31</u>	<u>Millions of Yen</u>
Estimated amortization expense	
2023	¥ 3,114
2024	2,983
2025	2,373
2026	1,626
2027	<u>1,252</u>
Total	<u>¥ 11,348</u>

8. SHORT-TERM BANK LOANS AND LONG-TERM DEBT

Short-term bank loans as of March 31, 2022 and 2021 consisted of the following:

	<u>Millions of Yen</u>	
	<u>2022</u>	<u>2021</u>
Unsecured bank loans	¥10,227	¥40,672

The weighted-average annual interest rates on short-term bank loans as of March 31, 2022 and 2021 were 0.2%.

Unused lines of credit for short-term financing as of March 31, 2022 and 2021 aggregated to ¥46,640 million and ¥37,614 million, respectively.

Long-term debt as of March 31, 2022 and 2021 was summarized below. The interest rates and maturities were for loans as of March 31, 2022.

	<u>Millions of Yen</u>	
	<u>2022</u>	<u>2021</u>
Collateralized bank loans		¥ 15
Unsecured bank loans, with fixed interest at 0.0 ~ 1.8%, maturing through 2026	¥ 1,626	1,518
Total	1,626	1,533
Less current portion of long-term portion	<u> </u>	<u>(35)</u>
Long-term debt, less current portion	<u>¥ 1,626</u>	<u>¥ 1,498</u>

The annual maturities of long-term debt as of March 31, 2022 were as follows:

<u>Year Ending March 31</u>	<u>Millions of Yen</u>
2023	
2024	
2025	
2026	¥ 1,626
Total	<u>¥1,626</u>

A subsidiary has pledged assets as security for loans. As of March 31, 2022 and 2021, assets pledged as collateral for bank loans were as follows:

	<u>Millions of Yen</u>	
	<u>2022</u>	<u>2021</u>
Land	¥	¥ 150
Buildings	<u> </u>	<u>124</u>
Total	<u>¥</u>	<u>¥ 274</u>

As is customary in Japan, both short-term and long-term loans are made under general agreements which provide for security and guarantees for future and present indebtedness to be given upon request of the bank. The bank has the right to offset cash deposits against obligations that have come due or, in the event of default, against all obligations due to the bank.

9. LEASES

Lessor Accounting

Operating lease income for the years ended March 31, 2022 and 2021 was as follows. Lease income was included in net sales and other net income.

	Millions of Yen		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Operating lease income	¥1,865	¥1,741	¥2,392

The acquisition costs of equipment leased to customers under operating leases were ¥2,697 million and ¥2,756 million of land and ¥689 million and ¥513 million of building and building improvements as of March 31, 2022 and 2021. Accumulated depreciation on building and building improvements were ¥547 million and ¥416 million as of March 31, 2022 and 2021. These are included in net property, plant and equipment.

Future minimum lease income classified as operating leases as of March 31, 2022 were as follows. Note that lease payments related to mannequins and display furniture which were mainly part of the Companies' lease income were not included in the below table because the contracts terms were not material.

<u>Year Ending March 31</u>	Millions of Yen
2023	¥ 236
2024	188
2025	128
2026	86
2027	76
Thereafter	<u>1,076</u>
Total	<u>¥ 1,790</u>

Lessee Accounting

Operating lease costs for the years ended March 31, 2022 and 2021 were as follows. Lease expenses were included in cost of sales and selling, general and administrative expenses.

Gain recognized as a result of not being treated as lease modifications were ¥113 million and ¥550 million for the years ended March 31, 2022 and 2021. These are reduced from variable lease cost.

	Millions of Yen		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Operating lease costs	¥ 5,067	¥ 5,121	¥ 4,945
Short-term lease costs	603	535	635
Variable lease costs	<u>888</u>	<u>424</u>	<u>1,295</u>
Total	<u>¥ 6,558</u>	<u>¥ 6,080</u>	<u>¥ 6,875</u>

Supplemental cash flow information related to operating leases for the years ended March 31, 2022 and 2021 was as follows.

	Millions of Yen		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Cash paid for amounts included in the measurement of lease liabilities	¥ 4,937	¥ 4,542	¥ 4,798
Noncash activities concerning right-of-use assets obtained in exchange for new operating lease liabilities	4,378	4,523	5,483

Weighted-average remaining lease term and discount rate for operating leases were as follows:

	<u>2022</u>	<u>2021</u>
Weighted-average remaining lease term	54.1 months	60.1 months
Weighted-average discount rate	1.6%	1.7%

Future minimum lease payments classified as operating leases as of March 31, 2022 were as follows:

<u>Year Ending March 31</u>	Millions of <u>Yen</u>
2023	¥ 4,725
2024	2,936
2025	1,785
2026	1,101
2027	862
Thereafter	<u>1,915</u>
Total minimum lease payments	13,324
Less interest cost	<u>(625)</u>
Total lease liabilities	<u>¥ 12,699</u>

Any material leases commenced after April 1, 2022 were not recognized as of March 31, 2022.

10. ASSET RETIREMENT OBLIGATIONS

The Companies recorded the fair value of asset retirement obligations in order to recognize legal obligations associated with the removal of leasehold improvements from leased facilities and return of the property to a specified condition when the lease terminates.

A reconciliation of the beginning and ending aggregate carrying amount of the asset retirement obligation is as follows:

	Millions of Yen		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Balance at the beginning of the year	¥ 826	¥ 827	¥ 813
Accretion expense	0	3	3
Liabilities incurred	53	38	63
Liabilities settled	(54)	(41)	(52)
Change due to foreign currency translation	<u>7</u>	<u>(1)</u>	<u>0</u>
Balance at the end of the year	<u>¥ 832</u>	<u>¥ 826</u>	<u>¥ 827</u>

11. TERMINATION AND RETIREMENT PLANS

Employee Retirement Plans – Certain subsidiaries of the Company sponsor termination and retirement benefit plans that cover substantially all employees. Benefits are based on the employee's years of service, position, and performance. If the termination is involuntary or caused by death, the employee is usually entitled to greater payments than in the case of voluntary termination.

Certain subsidiaries of the Company have contributory defined retirement benefit plans and several unfunded termination plans administered by certain subsidiaries of the Company. Benefits under the contributory defined retirement benefit plan are usually paid in a lump sum at the earlier of termination or retirement, although periodic payments are available under certain conditions. Benefits under the other termination and retirement benefit plan are paid either as lump sum payments or periodic payments under certain conditions. The benefits are usually paid as a lump sum payment, if the employee resigns before the mandatory retirement age.

Contributory Defined Retirement Benefit Plan – The following provides a reconciliation of benefit obligations, plan assets and funded status of the plans:

	Millions of Yen		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Change in benefit obligations:			
Benefit obligations at the beginning of the year	¥ 35,767	¥ 37,674	¥ 38,681
Service cost	1,064	1,109	1,243
Interest cost	193	180	176
Participants' contributions	58	59	60
Actuarial (gain) loss	(955)	(902)	(217)
Loss based on prior service benefits	1,432		253
Benefits paid from plan assets	(937)	(950)	(961)
Settlement paid from plan assets	(1,142)	(1,097)	(1,275)
Settlement paid by the Company and certain subsidiaries	(409)	(301)	(289)
Changes in foreign currency exchange rates	26	(5)	3
Benefit obligations at the end of the year	<u>35,097</u>	<u>35,767</u>	<u>37,674</u>
Change in plan assets:			
Fair value of plan assets at the beginning of the year	¥ 43,215	¥ 40,464	¥ 40,680
Actual return on plan assets	3,270	4,121	1,375
Employer contributions	597	594	579
Participants' contributions	58	59	60
Benefit payments	(937)	(950)	(961)
Settlement payments	(1,142)	(1,097)	(1,275)
Changes in foreign currency exchange rates	(1)	24	6
Fair value of plan assets at the end of the year	<u>45,060</u>	<u>43,215</u>	<u>40,464</u>
Funded status at the end of the year	<u>¥ 9,963</u>	<u>¥ 7,448</u>	<u>¥ 2,790</u>

Amounts recognized in the consolidated balance sheets as of March 31, 2022 and 2021 consist of:

	Millions of Yen	
	<u>2022</u>	<u>2021</u>
Prepaid pension expense	¥ 13,411	¥ 9,533
Other current liabilities	(103)	(143)
Liability for termination and retirement benefits	<u>(3,345)</u>	<u>(1,942)</u>
Total	<u>¥ 9,963</u>	<u>¥ 7,448</u>

Amounts recognized in accumulated other comprehensive income, as of March 31, 2022 and 2021 were as follows:

	Millions of Yen	
	<u>2022</u>	<u>2021</u>
Actuarial loss	¥ 3,002	¥ (164)
Prior service cost	<u>(1,611)</u>	<u>(232)</u>
Total	<u>¥ 1,391</u>	<u>¥ (396)</u>

The accumulated benefit obligation for all defined retirement benefit plans as of March 31, 2022 and 2021 was as follows:

	Millions of Yen	
	<u>2022</u>	<u>2021</u>
Accumulated benefit obligations	¥34,995	¥35,658

The projected benefit obligations and the fair value of the plan assets for certain subsidiaries of the Company with projected benefit obligations in excess of the fair value of plan assets, and the accumulated benefit obligations and the fair value of the plan assets for certain subsidiaries' pension plans with accumulated benefit obligations in excess of the fair value of plan assets as of March 31, 2022 and 2021 were as follows:

	Millions of Yen	
	<u>2022</u>	<u>2021</u>
Plans with projected benefit obligations in excess of plan assets:		
Projected benefit obligations	¥ 3,978	¥ 2,971
Fair value of plan assets	627	735
Plans with accumulated benefit obligations in excess of the fair value of plan assets:		
Accumulated benefit obligations	3,978	2,971
Fair value of plan assets	627	735

Net periodic benefit costs for plans of certain subsidiaries of the Company consisted of the following for the years ended March 31, 2022, 2021 and 2020:

	Millions of Yen		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Service cost	¥ 1,064	¥ 1,109	¥ 1,243
Interest cost	193	180	176
Expected return on plan assets	(1,096)	(1,015)	(1,006)
Amortization of actuarial loss (gain)	37	876	1,186
Amortization of prior service benefits	<u>53</u>	<u>21</u>	<u> </u>
	<u>¥ 251</u>	<u>¥ 1,171</u>	<u>¥ 1,599</u>

The unrecognized net actuarial gain or loss and prior service benefits are amortized within 11 years (the average remaining service life of active participants) using the declining-balance method and the straight-line method, respectively.

Other changes in plan assets and benefit obligations recognized in other comprehensive income for the years ended March 31, 2022, 2021 and 2020 were as follows:

	Millions of Yen		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Actuarial gain (loss)	¥ 3,129	¥ 4,008	¥ 586
Amortization of actuarial loss (gain)	37	876	1,186
Prior service benefits	(1,432)		(253)
Amortization of prior service benefits	<u>53</u>	<u>21</u>	<u> </u>
	<u>¥ 1,787</u>	<u>¥ 4,905</u>	<u>¥ 1,519</u>

Certain subsidiaries of the Company use a measurement date of March 31 for their plans. The weighted-average assumptions used as of March 31, 2022 and 2021 in computing the benefit obligations shown above were as follows:

	<u>2022</u>	<u>2021</u>
Discount rate	0.7%	0.6%
Expected revaluation rate for cash balance plan	0.9%	0.9%

The weighted-average assumptions used as of March 31, 2022, 2021 and 2020 in computing the net periodic benefit costs shown above were as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Discount rate	0.6%	0.5%	0.5%
Rate of increase in future compensation	5.3%	5.3%	5.3%
Expected long-term rate of return on plan assets	2.5%	2.5%	2.5%
Expected revaluation rate for cash balance plan	0.9%	0.9%	0.9%

Certain subsidiaries of the Company approach to establishing the discount rate is based upon corporate bond indices. The discount rate assumption is based upon effective yields as of March 31, 2022 on the corporate bond indices for which maturity dates approximate the timing of the expected future benefit payments.

The retirement benefit plan of certain subsidiaries of the Company is a point-based benefits system, and, therefore, the rate of compensation increase has not been included in computing the benefit obligations.

The expected long-term rate of return on plan assets is derived proportionally from return assumptions determined for each of the major asset classes. The return expectations for each of the asset classes are based largely on assumptions about economic growth and inflation, which are supported by long-term historical data. The estimated long-term rate of return is based on an asset allocation of equity securities of 26.0%, debt securities of 54.0%, life insurance company general accounts of 18.0% and other short-term investments of 2.0%.

The plan investment strategy of certain subsidiaries of the Company is to maintain actual asset weightings within a preset range of target allocations. The plan investment strategy of certain subsidiaries of the Company is broadly diversified, consisting primarily of equity and debt securities. Certain subsidiaries of the Company believe these ranges represent an appropriate risk profile for the planned benefit payments of the plans based on the timing of the estimated benefit payments.

The asset allocation as of March 31, 2022 and 2021 was as follows:

	<u>2022</u>	<u>2021</u>
Equity securities	49.4%	48.8%
Debt securities	28.0%	28.6%
Life insurance company general accounts	4.9%	7.5%
Real estate	7.0%	6.5%
Other short-term investments	10.7%	8.6%

The target allocation percentages are reviewed and approved by the Pension Committee. The actual allocations for 2022 and 2021 are different from the target allocation percentages primarily because Wacoal Corp. maintained additional equity securities within a separate plan asset which is assigned to the plan based on an agreement between Wacoal Corp. and its employees and is not governed by the Pension Committee. As such, the actual allocation percentage of equity securities to the total plan assets is higher than the target allocation and, similarly, the actual allocation for some other types of assets is lower than the target allocation.

A change of 0.5% in the discount rate and the expected long-term rate of return on plan assets as of and for the years ended March 31, 2022 and 2021 would have the following effects:

	<u>Millions of yen</u>	
	<u>Effect on Net Periodic Benefit Costs</u>	<u>Effect on Benefit Obligation</u>
<u>2022</u>		
Discount rate: 0.5% decrease	an increase of 194	an increase of 1,416
Discount rate: 0.5% increase	a decrease of 204	a decrease of 1,507
Expected long-term rate of return on plan assets: 0.5% decrease	an increase of 148	-
Expected long-term rate of return on plan assets: 0.5% increase	a decrease of 152	-
	<u>Millions of yen</u>	
	<u>Effect on Net Periodic Benefit Costs</u>	<u>Effect on Benefit Obligation</u>
<u>2021</u>		
Discount rate: 0.5% decrease	an increase of 236	an increase of 1,803
Discount rate: 0.5% increase	a decrease of 191	a decrease of 1,652
Expected long-term rate of return on plan assets: 0.5% decrease	an increase of 233	-
Expected long-term rate of return on plan assets: 0.5% increase	a decrease of 67	-

The following tables present the plan assets of certain subsidiaries of the Company using the fair value hierarchy as of March 31, 2022 and 2021. The fair value hierarchy has three levels based on the reliability of the inputs used to determine the fair value. For references to each level, see Note 20.

<u>2022</u>	Millions of Yen			Total
	Level 1	Level 2	Level 3	
Assets evaluated by other than net asset value per share				
Equity securities:				
Japanese companies	¥ 13,122			¥ 13,122
Debt securities:				
Corporate bonds		¥ 45		45
Foreign government bonds	172			172
Life insurance company general accounts		2,200		2,200
Other types of investments:				
Other short-term investments		1,909		1,909
Assets evaluated by net asset value per share (a)				
Equity securities:				
Pooled funds (b)				5,031
Debt securities:				
Pooled funds (c)				7,496
Other types of investments:				
Hedge funds (d)				3,512
Pooled funds (e)				11,573
Total	<u>¥ 13,294</u>	<u>¥ 4,154</u>		<u>¥ 45,060</u>

<u>2021</u>	Millions of Yen			Total
	Level 1	Level 2	Level 3	
Assets evaluated by other than net asset value per share				
Equity securities:				
Japanese companies	¥ 10,934			¥ 10,934
Debt securities:				
Corporate bonds		¥ 81		81
Foreign government bonds	112			112
Life insurance company general accounts		3,255		3,255
Other types of investments:				
Other short-term investments		1,828		1,828
Assets evaluated by net asset value per share (a)				
Equity securities:				
Pooled funds (b)				7,084
Debt securities:				
Pooled funds (c)				7,526
Other types of investments:				
Hedge funds (d)				3,671
Pooled funds (e)				8,724
Total	<u>¥ 11,046</u>	<u>¥ 5,164</u>		<u>¥ 43,215</u>

(a) Certain assets evaluated by net asset value per share (or its equivalent) are not categorized in the fair value hierarchy. Total amounts in the above table are presented to reconcile the amounts in the fair value hierarchy to the amounts stated on the consolidated balance sheets.

- (b) This class includes common stock of approximately 34% Japanese companies and 66% foreign companies as of March 31, 2022 and 51% and 49%, respectively, as of March 31, 2021.
- (c) This class includes approximately 82% of foreign government bonds and 13% of corporate bonds investments and 5% other short-term investments as of March 31, 2022. This class includes approximately 89% of foreign government bonds and 11% of corporate bonds investments as of March 31, 2021.
- (d) This class consists of hedge funds that invest in both securities and equity securities as of March 31, 2022 and 2021.
- (e) This class includes approximately 17% corporate bonds, 1% common stock of Japanese companies, 30% common stock of foreign companies, 27% real estate and 25% other short-term investments as of March 31, 2022. This class includes approximately 22% corporate bonds, 1% common stock of Japanese companies, 24% common stock of foreign companies, 32% real estate and 21% other short-term investments as of March 31, 2021.

Equity securities and debt securities presented in Level 1 are primarily valued using a market approach based on the quoted market prices of identical instruments. Life insurance company general accounts categorized in Level 2 include contracts with insurance companies with guaranteed rates of return and capital, and those values are based on the sum of principal amount and return. Pooled funds are valued using the net asset value per share provided by the administrator of the fund.

The funding policy for the funded plans of certain subsidiaries of the Company is to contribute amounts computed in accordance with actuarial methods accepted by Japanese tax law. Certain subsidiaries of the Company expect to contribute ¥582 million to their plans in the year ending March 31, 2023.

The following benefit payments, which reflect expected future services, are expected to be paid:

<u>Year Ending March 31</u>	<u>Millions of Yen</u>
2023	¥ 2,478
2024	2,159
2025	2,248
2026	2,265
2027	2,234
Thereafter	10,978

Defined Contribution Plan – Certain subsidiaries of the Company have defined contribution plans. The amounts of cost recognized for their contributions to the plan were ¥435 million, ¥327 million and ¥407 million for the years ended March 31, 2022, 2021 and 2020, respectively.

Termination Plan for Directors – The Company previously had, and certain subsidiaries of the Company currently have, termination plans for directors. Payment of termination benefits to directors is made in a lump sum upon termination and requires the approval of the shareholders before payment. In June 2005, the Company rescinded its termination plan for directors upon the approval of its shareholders. The amount of benefits for each individual was fixed as of June 29, 2005 and will remain frozen until the retirement of each respective director. Outstanding liabilities of ¥337 million and ¥346 million as of March 31, 2022 and 2021, respectively, were recorded in other payables as of March 31, 2022 and in other long-term liabilities as of March 2021. A certain subsidiary has plans for its directors and recorded a liability for termination benefits for directors at the amount that would be needed if all directors were to resign at each balance sheet date in accordance with the guidance for determination of vested benefit obligations for a defined benefit pension plan.

12. COMMITMENT AND CONTINGENT LIABILITIES

The Company entered into a construction supervision and construction contract in the amount of ¥4,290 million on March 16, 2020, in connection with a new logistics center that will be built next to the Moriyama Distribution Center in Moriyama, Shiga.

The Company had contractual obligations of ¥3,390 million as of March 31, 2021. The Company omitted the balance of the contractual obligations as of March 31, 2022 because the outstanding of the contractual obligations related to the new logistics center in Moriyama will be paid within one year.

13. SHARE-BASED COMPENSATION

Annual stock option plan

The Company had been adopted an annual stock option until the 73rd ordinary general meeting of shareholders held on June 29, 2021. Under the stock option plan, the Company granted shares of its common stock to directors of the Company, excluding outside directors and directors of the Company's wholly-owned subsidiary, Wacoal Corp., in the years ended March 31, 2021 and 2020. The Company believes that such awards better align the interests of its directors with those of its shareholders by sharing both risk and return from fluctuations in stock prices and giving motivation to enhance corporate value. Each stock option is exercisable to acquire 100 shares of the Company's common stock at ¥1 per share (for stock option granted prior to September 1, 2017, it is exercisable to acquire 500 shares of the Company's common stock). The compensation cost is measured at fair value on the grant date. Options vest over one year in proportion to the services rendered by the directors, and are exercisable from the day after the date of retirement up to (i) 20 years from the grant date or (ii) 5 years from the day after the date of retirement, whichever is earlier.

The fair value of the options granted in the year ended March 31, 2021 was estimated by using the Black-Scholes option-pricing model with the following assumptions.

Expected dividend yield is based on the actual payout of dividends in the last fiscal year and the closing price of the Company's common stock on the grant date. Expected volatility is based on the historical volatility of the Company's share price over the most recent period commensurate with the expected term of the Company's stock options. The risk-free interest rate is based on the Japanese government bond yield curve in effect at the time of grant for a period commensurate with the expected term of the Company's share options. The expected term of options granted is based on the average remaining service period of directors, assuming that those who are granted options will render service until the stated retirement and they will exercise options immediately after their retirement.

	<u>2021</u>	<u>2020</u>
Expected dividend yield	3.0%	2.6%
Expected volatility	23.6%	25.0%
Risk-free interest rate	(0.2)%	(0.2)%
Expected term	3.6 years	4.0 years

A summary of stock option activities under the plan for the years ended March 31, 2022 and 2021 was as follows:

	Shares	Yen Weighted- Average Exercise Price	Years Weighted- Average Remaining Contractual Term	Millions of Yen Aggregate Intrinsic Value
Outstanding as of April 1, 2021	273,100	¥1		
Granted				
Exercised	<u>11,200</u>	1		
Outstanding as of March 31, 2022	<u>261,900</u>	1	12.21 years	¥482
Exercisable as of March 31, 2022	<u>30,800</u>	1	3.84 years	57

	Shares	Yen Weighted- Average Exercise Price	Years Weighted- Average Remaining Contractual Term	Millions of Yen Aggregate Intrinsic Value
Outstanding as of April 1, 2020	255,900	¥1		
Granted	35,700	1		
Exercised	<u>18,500</u>	1		
Outstanding as of March 31, 2021	<u>273,100</u>	1	13.61 years	¥670
Exercisable as of March 31, 2021	<u>18,300</u>	1	2.84 years	45

The total intrinsic value of options exercised was ¥27 million, ¥41 million and ¥62 million as of the years ended March 31, 2022, 2021 and 2020, respectively.

The total compensation costs recognized for the years ended March 31, 2022, 2021 and 2020 were ¥11 million, ¥63 million and ¥71 million, respectively. The total recognized tax benefits related thereto for the years ended March 31, 2022, 2021 and 2020 were ¥3 million, ¥19 million and ¥22 million, respectively.

The weighted-average grant date fair values of options granted for the years ended March 31, 2021 and 2020 were, ¥1,768 and ¥2,516, respectively.

Restricted stock compensation plan

The Company has newly introduced the restricted stock compensation plan, which the Company granted shares of its common stock to Directors (excluding Outside Directors) of the Company, and Directors of the Company's wholly-owned subsidiary, Wacoal Corp.(hereinafter referred to as "Eligible Directors"). The Company believes that such awards better align the interests of the Eligible Directors with those of its shareholders by sharing of price fluctuation risk with our shareholders and increasing incentives to contribute to the improvement of share price and corporate value.

This plan has adopted instead of the previous plan, annual stock option plan, and the Company annually grants shares of its common stock to the Eligible Directors. The amount of compensation claims is determined with the comprehensive consideration of various factors including each Eligible Director's degree of contribution to the Company. With regard to the allotted restricted stocks (hereinafter referred to as "Allotted Shares"), the Company entered into the restricted stock allotment agreement with the Eligible Directors and the agreement says that each Eligible Directors is prohibited to transfer Allotted Shares to a third party, pledge them, mortgage them, or use any arrangement to dispose them, and that the Company can acquire Allotted Shares without any compensation on certain conditions and so on during the period from the date the Allotted Shares are granted until the date such Eligible Director retires from the position of Director, Auditor or executive officer of the Company or any of its subsidiaries as designated by the Board of Directors of the Company.

A summary of restricted stock under the plan for the year ended March 31, 2022 was as follows:

	<u>Number of Shares</u>	<u>The Weighted-Average Grant Date Fair Values</u>
Outstanding as of April 1, 2021		
Granted	26,800	2,572
Removed		
Purchased	<u> </u>	<u> </u>
Outstanding as of March 31, 2022	<u>26,800</u>	<u>2,572</u>

(Note) Fair value is measured based on the closing price of the Company's common stock on the Tokyo Stock Exchange as of the previous business day of the resolution date of the Board of Directors.

The total compensation costs and deferred tax recognized as selling, general and administrative expenses for the year ended March 31, 2022 was ¥52 million and ¥16 million, respectively.

14. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. Additionally, for companies that meet certain criteria including (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit and Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Company meets all the above criteria and, accordingly, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year.

The Companies Act permits companies to distribute dividends-in-kind (noncash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the companies so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus), depending on the equity account charged upon the payment of such dividends, until the total of the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury Stock

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula.

15. OTHER COMPREHENSIVE (LOSS) INCOME

Changes in the components of accumulated other comprehensive income, including amounts attributable to noncontrolling interests were as follows:

	Millions of Yen					
	2022		2021		2020	
	Foreign Currency Translation Adjustments	Pension Liability Adjustments	Foreign Currency Translation Adjustments	Pension Liability Adjustments	Foreign Currency Translation Adjustments	Pension Liability Adjustments
Balance at the beginning of the year (after-tax)	¥ 1,770	¥ (1,008)	¥ (1,033)	¥ (4,594)	¥ 1,551	¥ (5,679)
Amount arising during the year:						
Pre-tax amount	6,204	1,717	2,685	4,067	(2,529)	265
Tax credit	(172)	(527)	(37)	(1,229)	(3)	(140)
Net amount	<u>6,032</u>	<u>1,190</u>	<u>2,648</u>	<u>2,838</u>	<u>(2,532)</u>	<u>125</u>
Reclassification adjustments:						
Pre-tax amount	(8)	225		(1,056)		1,357
Tax credit		(51)		(303)		(397)
Net amount	<u>(8)</u>	<u>174</u>		<u>753</u>		<u>960</u>
Other comprehensive (income) loss attributable to noncontrolling interests (after-tax)	<u>(80)</u>		<u>155</u>	<u>(5)</u>	<u>(52)</u>	
Balance at the end of the year (after-tax)	<u>¥ 7,714</u>	<u>¥ 356</u>	<u>¥ 1,770</u>	<u>¥ (1,008)</u>	<u>¥ (1,033)</u>	<u>¥ (4,594)</u>

Reclassification adjustments (pre-tax) of foreign currency translation adjustments are included in "Other – net" in the consolidated statements of income as the net periodic benefit costs.

Reclassification adjustments (pre-tax) of pension liability adjustments are included in "Other – net" in the consolidated statements of income as the net periodic benefit costs.

16. INCOME TAXES

The Companies are subject to a number of different taxes based on income. The effective income tax rates differed from the normal effective statutory tax rates for the following reasons for the years ended March 31, 2022, 2021 and 2020:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Normal Japanese effective statutory tax rates	30.6%	30.6%	30.6%
Increase (decrease) in taxes resulting from:			
Permanently nondeductible expenses	3.2	2.4	7.3
Change in valuation allowance	10.2	(1.8)	10.3
Undistributed earnings of associated companies	0.4	(0.2)	2.3
Differences in foreign subsidiaries' tax rate	(3.9)	0.1	(7.2)
Tax exemption	(0.4)	(0.7)	(2.0)
Unrecognized tax benefits	0.1	(0.6)	(1.0)
Impairment losses on goodwill		7.4	1.3
Changes in income tax rates	2.8	(0.2)	(0.1)
Other – net	<u>5.3</u>	<u>0.8</u>	<u>(8.2)</u>
Effective tax rates	<u>48.3%</u>	<u>37.8%</u>	<u>33.3%</u>

The approximate effect of temporary differences and tax loss carryforwards that gave rise to deferred tax balances as of March 31, 2022 and 2021 were as follows:

	Millions of Yen			
	2022		2021	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
Refund liabilities	¥ 537		¥ 598	
Allowance for doubtful receivables	47		26	
Accruals not currently deductible	383		167	
Inventory valuation	1,402		1,176	
Accrued bonuses	668		790	
Advanced depreciation on property, plant and equipment		¥ 2,418		¥ 1,842
Undistributed earnings of associated companies		2,699		2,496
Net unrealized gain on marketable securities and investments		9,039		8,841
Net realized gain on exchange of investments		416		416
Capitalized supplies	95		94	
Enterprise taxes	177		62	
Accrued vacation	663		774	
Operating leases right-of-use assets		3,327		4,069
Operating lease liabilities	3,413		4,159	
Asset retirement obligation	226		257	
Prepaid pension expense		3,371		2,140
Liability for termination and retirement benefit	908		646	
Return assets		199		184
Property, plant and equipment	1,665		1,517	
Tax loss carryforwards	3,169		3,025	
Intangible assets		1,377		1,213
Other temporary differences	911	367	677	463
Total	14,264	23,213	13,968	21,664
Valuation allowance	(3,592)		(2,947)	
Total	¥ 10,672	¥ 23,213	¥ 11,021	¥ 21,664

The valuation allowance increased by ¥645 million and ¥89 million for the years ended March 31, 2022 and 2021, respectively.

The Companies also utilized ¥628 million and ¥413 million of tax loss carryforwards, and recognized tax benefits of ¥24 million and ¥77 million for the years ended March 31, 2022 and 2021, respectively.

As of March 31, 2022, certain subsidiaries had tax loss carryforwards which are available to offset future taxable income of such subsidiaries and expire as follows:

<u>Year Ending March 31</u>	<u>Millions of Yen</u>
2023	¥ 569
2024	374
2025	1,006
2026	1,522
2027	1,826
2028	132
2029	1,212
2030	425
2031	1,033
2032	1,388
Thereafter	<u>3,238</u>
Total	<u>¥ 12,725</u>

There was no portion of undistributed earnings of foreign subsidiaries and foreign corporate joint ventures which was deemed to be permanently reinvested as of March 31, 2022 and 2021.

A reconciliation of beginning and ending amounts of unrecognized tax benefits is as follows:

	<u>Millions of Yen</u>		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Balance at the beginning of the year	¥ 3	¥ 2	¥ 101
Additions based on tax positions related to the current year	1	1	1
Addition based on tax position related to the previous years	6		
Reductions for tax positions of prior years	—	—	<u>(100)</u>
Balance at the end of the year	<u>¥ 10</u>	<u>¥ 3</u>	<u>¥ 2</u>

The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate is ¥10 million, ¥3 million and ¥2 million as of March 31, 2022, 2021 and 2020, respectively.

The Companies recognize interest and penalties accrued related to unrecognized tax benefits in income taxes in the consolidated statements of income. Total amounts of interest and penalties recognized in the consolidated statements of income for the years ended March 31, 2022, 2021 and 2020 were not material.

The Companies file income tax returns in Japan and various foreign tax jurisdictions. In Japan, the Companies are no longer subject to regular income tax examinations by the tax authorities for years before 2017, with few exceptions. For other countries, the Companies are no longer subject to regular income tax examinations by the tax authorities for years before 2010, with few exceptions. For certain subsidiaries in Japan, the United States, and Asia, the transfer pricing examinations for the fiscal years ended March 31, 2007, 2010 and 2016 were completed respectively.

17. REVENUE

The Companies focuses on sales of innerwear (women's foundation garments and lingerie, nightwear and children's underwear), sportswear, and other textile products and related products ("Products"), and our customers include retail and wholesale distributors and consumers in Japan and overseas. See Note 22 for revenue information for each segment, by each product and service, and by geographic area.

Revenue from sales of our products is recognized when performance obligations are satisfied, which is upon delivery of the products. We invoice when we satisfy the performance obligation and receive cash payment shortly thereafter. The amount of consideration does not include a significant financing component.

The Companies' revenue is recognized for transactions, net of any trade discounts or rebates given. We generally provide a right of return to our customers. In order to estimate the transaction price, provision for expected returns is deducted from revenue based on historical returns.

Contract liabilities from contracts with customers consists mainly of customer loyalty points. Some of subsidiaries have customer loyalty programs as part of the promotion and provide loyalty points to customers when they purchase the products. The points provided to customers are identified as performance obligations, which are satisfied when the points are redeemed for the products. The points are expected to be used or expire over the next two years. The unredeemed points as of the end of years are recorded as contract liabilities, which are estimated based on actual redemption amounts from previous fiscal year. Contract liability is included in other current liabilities, and the amount of contract liabilities as of March 31, 2022 and 2021 are as follows:

	Millions of Yen	
	<u>2022</u>	<u>2021</u>
Contract liabilities	¥1,321	¥1,275

Contract liabilities mainly occurred from innerwear products in Wacoal Business (Domestic) segment.

Revenue recognized for the years ended March 31, 2022 and 2021, which had been included in the contract liabilities balance at beginning of year were ¥998 million and ¥661 million.

The Companies omitted the disclosure about remaining performance obligations because the Companies have no significant transactions with individual expected contractual terms exceeding one year except for the above.

18. EARNINGS PER SHARE

The Company has introduced the restricted stock compensation plan, which the Company granted shares of its common stock to directors of the Company, excluding outside directors and directors of the Company's wholly-owned subsidiary, Wacoal Corp. (hereinafter referred to as "Eligible Directors"), Among the shares under the restricted stock compensation plan, those transfer restrictions which have not been cancelled are distinguished as participating securities from common shares. A holder of participating securities has the same rights as a holder of common shares to net income attribute to Wacoal Holdings Corp.

A reconciliation of the basic earnings per share computation was as follows:

	Millions of Yen		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Net income attribute to Wacoal Holdings Corp.	¥ 4,608	¥ 7,025	¥ 3,472
Net income available to participating securities	1		
Net income available to common shareholders	4,607	7,025	3,472

	Number of shares		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Weighted-average number of common shares outstanding	62,234,734	62,406,826	63,989,561
Weighted-average number of participating securities	19,017		
Weighted-average number of common shares	62,215,717	62,406,826	63,989,561

Dividing net income attributable to Wacoal Holdings Corp. per share assumes the dilution that would occur if share-based options to issue common stock were exercised.

	Millions of Yen		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Net income attribute to Wacoal Holdings Corp.	¥ 4,608	¥ 7,025	¥ 3,472
Net income available to participating securities	1		
Net income available to common shareholders	4,607	7,025	3,472

	Number of shares		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Weighted-average number of common shares outstanding	62,234,734	62,406,826	63,989,561
Dilution of exercising share-based options	264,021	263,933	252,683
Weighted-average number of participating securities	19,017		
Weighted-average number of common shares	62,479,738	62,670,759	64,242,244

19. FINANCIAL INSTRUMENTS AND CONCENTRATION OF CREDIT RISK

Fair Value of Financial Instruments

The carrying amounts and fair values of financial instruments as of March 31, 2022 and 2021 were as follows:

	Millions of Yen			
	<u>2022</u>		<u>2021</u>	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets:				
Marketable securities			¥ 253	¥ 255
Investments	¥ 47,926	¥ 47,926	51,603	51,603
Total assets	<u>¥ 47,926</u>	<u>¥ 47,926</u>	<u>¥ 51,856</u>	<u>¥ 51,858</u>
Liabilities:				
Long-term debt including current portion	¥ 1,626	¥ 1,570	¥ 1,533	¥ 1,532
Total liabilities	<u>¥ 1,626</u>	<u>¥ 1,570</u>	<u>¥ 1,533</u>	<u>¥ 1,532</u>

The carrying amounts of all other financial instruments approximate their estimated fair values because of the short maturity of those instruments. For information about fair values of foreign exchange contracts and currency swaps, see Note 20.

Marketable Securities and Investments – The fair value of these held-to-maturity debt securities are based on Level 1 inputs. For all other investments included in marketable securities and investments, see Notes 3 and 20.

Long-Term Debt – The fair values for long-term debt are estimated by discounted cash flow analysis, using rates currently available for similar types of borrowings with similar terms and remaining maturities. The estimated fair value is based on Level 2 inputs.

Limitations – Fair value estimates are made at a specific point in time based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Concentration of Credit Risk – The Companies' business consists primarily of sales of women's intimate apparel to a large number of diverse customers in the Japanese retail industry, which include well-established department stores, general merchandise stores and other general retailers and specialty stores.

20. FAIR VALUE MEASUREMENTS

The guidance for fair value measurements defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The guidance establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value as follows:

- Level 1 Inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 Inputs are quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable, and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 Inputs are unobservable.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Assets and liabilities measured at fair value on a recurring basis as of March 31, 2022 and 2021 were as follows:

<u>2022</u>	Millions of Yen			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Investments:				
Equity securities	¥ 44,814		¥ 2,793	¥ 47,607
Mutual funds	137			137
Others			182	182
Total	<u>44,951</u>		<u>2,975</u>	<u>47,926</u>
Derivative instruments:				
Foreign exchange contracts		¥ 96		96
Total assets	<u>¥ 44,951</u>	<u>¥ 96</u>	<u>¥ 2,975</u>	<u>¥ 48,022</u>
Liabilities:				
Contingent consideration			¥ 1,493	¥ 1,493
Total liabilities			<u>¥ 1,493</u>	<u>¥ 1,493</u>

<u>2021</u>	Millions of Yen			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Marketable securities				
Mutual funds	¥ 31	—	—	¥ 31
Investments:				
Equity securities	48,920	—	¥ 2,592	51,512
Mutual funds	91	—	—	91
Total	<u>49,011</u>	—	<u>2,592</u>	<u>51,603</u>
Derivative instruments:				
Foreign exchange contracts	—	¥ 53	—	53
Total assets	<u>¥ 49,042</u>	<u>¥ 53</u>	<u>¥ 2,592</u>	<u>¥ 51,687</u>
Liabilities:				
Derivative instruments:				
Foreign exchange contracts	—	¥ 23	—	¥ 23
Currency swap	—	—	—	—
Total	—	—	—	—
Contingent consideration	—	—	¥ 2,901	¥ 2,901
Total liabilities	—	<u>¥ 23</u>	<u>¥ 2,901</u>	<u>¥ 2,924</u>

Investments presented in Level 1 are valued using unadjusted quoted market prices in active markets with sufficient volume and frequency of transactions. As discussed in Note 3, the Companies record impairment charges on debt securities if a decline in fair value of debt securities is determined to be other than temporary.

Foreign exchange contracts and currency swaps presented in Level 2 are valued by financial institutions based on market data in both active and inactive markets. As discussed in Note 21, foreign exchange contracts and currency swaps are not designated as a hedge and the changes in fair value of such derivative instruments are recorded in earnings immediately.

Equity securities in Level 3 are non-marketable equity securities and are valued by the comparable multiple valuation method using financial indicators as inputs or other appropriate valuation methods. If unobservable inputs were changed to reflect reasonably possible alternative assumptions, fair values would not change significantly. Contingent consideration is valued by the Monte Carlo simulation using unobservable inputs. If discount rates or volatility fall, the debt will increase. Out of the contingent consideration, ¥673 million, ¥1,262 million and ¥1,088 million in consideration that has been fixed is included in the other payables on the consolidated balance sheet as of March 31, 2022, 2021 and 2020, respectively.

The tables below show the change in assets presented in Level 3 that are continuously assessed at fair value as of March 31, 2022 and 2021:

	Millions of Yen	
	2022	
	<u>Investment</u>	<u>Contingent Consideration</u>
Balance at the beginning of the year	¥ 2,592	¥ 2,901
Sell/payment	(1)	(1,298)
Total gains or losses for the period:		
(Loss) gain on sale, exchange and valuation of marketable securities and investments – net	281	
Selling, general and administrative expenses		(276)
Total comprehensive income or loss for the period		
Foreign currency translation adjustments		166
Others	<u>103</u>	<u> </u>
Balance at the end of the year	<u>¥ 2,975</u>	<u>¥ 1,493</u>
Unrealized (loss) gain included in earnings for assets and liabilities still held as of March 31, 2022	<u>¥ 281</u>	<u>¥ (276)</u>
	Millions of Yen	
	2021	
	<u>Investment</u>	<u>Contingent Consideration</u>
Balance at the beginning of the year	¥ 2,561	¥ 3,874
Sell/payment	(18)	(1,061)
Total gains or losses for the period:		
(Loss) gain on sale, exchange and valuation of marketable securities and investments – net	49	
Selling, general and administrative expenses		64
Total comprehensive income or loss for the period		
Foreign currency translation adjustments	<u> </u>	<u>24</u>
Balance at the end of the year	<u>¥ 2,592</u>	<u>¥ 2,901</u>
Unrealized (loss) gain included in earnings for assets and liabilities still held as of March 31, 2021	<u>¥ 49</u>	<u>¥ 64</u>

Information about valuation techniques and significant unobservable inputs used for Level 3 assets continuously measured at fair value for the years ended March 31, 2022 and 2021 is as follows:

	Millions of Yen			
<u>March 31, 2022</u>	<u>Fair Value</u>	<u>Valuation Technique</u>	<u>Principal Unobservable Input</u>	<u>Range</u>
Contingent consideration	¥1,493	Monte Carlo simulation	Discount rate	2.7%
			Volatility	10.0%
	Millions of Yen			
<u>March 31, 2021</u>	<u>Fair Value</u>	<u>Valuation Technique</u>	<u>Principal Unobservable Input</u>	<u>Range</u>
Contingent consideration	¥2,901	Monte Carlo simulation	Discount rate	4.5%
			Volatility	20.0%

Assets Measured at Fair Value on a Nonrecurring Basis

Assets measured at fair value on a nonrecurring basis as of March 31, 2022 and 2021 were as follows:

<u>2022</u>	Millions of Yen				Impairment Losses
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	
Buildings and structures			¥ 3	¥ 3	¥ (196)
Machinery and equipment					(15)
					<u>¥ (211)</u>

<u>2021</u>	Millions of Yen				Impairment Losses
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	
Land			¥ 172	¥ 172	¥ (526)
Buildings and structures			38	38	(559)
Machinery and equipment					(51)
Goodwill			9,398	9,398	(2,673)
Software					(12)
					<u>¥ (3,821)</u>

As of the end of March 31, 2021, the carrying amount of the Company's land, buildings and structures under the Wacoal Business (Domestic) were written down to their fair values, resulting in the recognition of an impairment charge of ¥526 million and ¥99 million, respectively. This is due to the fact that, as a result of determining the necessity of impairment of fixed assets due to a change in the purpose of ownership of some asset groups owned, it was determined that the fair value was lower than the carrying amount. To measure the fair values of the Company's reporting units, the Company used appraisals prepared by independent third party appraisers based on recent transactions involving sales of similar assets.

As of the end of March 31, 2021, the carrying amount of Wacoal Corp.'s buildings and structures, machinery and equipment, subsidiaries' buildings and structures, machinery and equipment under the Wacoal Business (Domestic) were fully written off, resulting in an impairment charge of ¥394 million, ¥29 million, ¥41 million and ¥21 million, respectively. The impairment is due to the decline in their fair value, which was caused by a downturn in sales. To measure the fair values of Wacoal Corp. and subsidiaries' reporting units, the Companies used discounted cash flows method and incorporated relevant unobservable inputs, such as management's internal assumptions about future cash flows and appropriately risk-adjusted discount rates, which reflected management's estimate of assumptions that market participants would use in pricing the asset in an arm's length transaction as of the measurement date.

As of the end of March 31, 2021, the carrying amount of Wacoal Europe Ltd.'s goodwill under the Wacoal Business (Overseas) was written off, in light of the impact of COVID-19 and the customs clearance expenses incurred in connection with Brexit in the United Kingdom, we reassessed the fair value of goodwill based on our outlook of our business, and recorded the impairment charges of ¥2,673 million. To measure the fair values of Wacoal Europe Ltd.'s reporting units, the Companies used discounted cash flows method and incorporated relevant unobservable inputs, such as management's internal assumptions about future cash flows and appropriately risk-adjusted discount rates, which reflected management's estimate of assumptions that market participants would use in pricing the asset in an arm's length transaction as of the measurement date. Future cash flows were based on the management's cash flow projections for the future five years, and after five years, future cash flows were estimated using the perpetuity growth rate of 2.0%.

As of the end of March 31, 2022, the carrying amount of the Company's buildings and structures under the Wacoal Business (Domestic) were written down to their fair values, resulting in the recognition of an impairment charge of ¥24 million. This is due to the fact that, as a result of determining the necessity of impairment of fixed assets due to a change in the purpose of ownership of some asset groups owned, it was determined that the fair value was lower than the carrying amount. To measure the fair values of the Company's reporting units, the Company used appraisals prepared by independent third party appraisers based on recent transactions involving sales of similar assets.

As of the end of March 31, 2022, the carrying amount of Wacoal Corp.'s buildings and structures, machinery and equipment, subsidiaries' buildings and structures, machinery and equipment under the Wacoal Business (Domestic) were fully written off, resulting in an impairment charge of ¥169 million, ¥13 million, ¥3 million and ¥2 million, respectively. The impairment is due to the decline in their fair value, which was caused by a downturn in sales. To measure the fair values of Wacoal Corp. and subsidiaries' reporting units, the Companies used discounted cash flows method and incorporated relevant unobservable inputs, such as management's internal assumptions about future cash flows and appropriately risk-adjusted discount rates, which reflected management's estimate of assumptions that market participants would use in pricing the asset in an arm's length transaction as of the measurement date.

Valuation process:

The valuation process involved in Level 3 measurements for applicable assets and liabilities is governed by the valuation policies and procedures, including evaluation method for fair value measurements, pre-approved by the Companies. Based on the policies and procedures, either personnel from the accounting division or personnel in charge of valuation determine the valuation model to be utilized to measure each asset and liability at fair value. We engage independent external valuation experts to assist us in the valuation process for certain assets over a specific amount, and the results of their valuations are reviewed by the responsible personnel. All the valuations, including those performed by the external experts, are reviewed and approved by management of the Company before being recorded in the general ledger.

21. DERIVATIVE INSTRUMENTS

Risk Management Policy – The Companies are exposed to the risk of changes in foreign currency exchange rates. Derivative instruments are used to manage such risk. Derivative instruments are used based on the Companies' policy and administrative provisions. There were no derivative instruments used for the purpose of speculative trading. The Companies consider the related credit risk to be low since these derivative instruments are provided by financial institutions with international credibility.

Foreign Exchange Risk – Assets and liabilities denominated in foreign currencies, which are primarily related to international business, are exposed to the risk of changes in foreign currency exchange rates. Foreign exchange contracts and currency swaps are used to mitigate such risk.

Derivative Instruments Not Designated as a Hedge – Foreign exchange contracts and currency swaps are classified as derivative instruments, which are not designated as a hedge since these derivative instruments do not qualify for hedge accounting. These derivative instruments are used to mitigate the risk of changes in foreign currency exchange rates, and the changes in fair value of such derivative instruments are recorded in earnings immediately.

Notional contract amounts of derivative instruments that are not designated as hedges as of March 31, 2022 and 2021 were as follows:

	Millions of Yen	
	<u>2022</u>	<u>2021</u>
Foreign currency exchange	¥ 1,632	¥713
Currency swaps		332

The amounts of derivative instruments at fair value in the consolidated balance sheets in consolidated balance sheets as of March 31, 2022 and 2021 were as follows:

	<u>Balance Sheets Location</u>	<u>Millions of Yen</u>	
		<u>2022</u>	<u>2021</u>
Assets:			
Foreign currency exchange	Other current assets	¥96	¥53
Liabilities:			
Currency swaps	Other current liabilities		¥23

The effect of derivative instruments in consolidated statements of income for the years ended March 31, 2022, 2021 and 2020 were as follows:

	<u>Statements of Income Location</u>	<u>Millions of Yen</u>		
		<u>2022</u>	<u>2021</u>	<u>2020</u>
Foreign currency exchange	Other – net	¥ 103	¥ 61	¥ 57
Currency swaps	Other – net	23	20	(36)

22. SEGMENT INFORMATION

Operating Segment Information

The Companies have three reportable segments: "Wacoal Business (Domestic)," "Wacoal Business (Overseas)," and "Peach John Business," which are based on their locations and brands. These segments represent components of the Companies for which separate financial information is available and for which operating income (loss) is reviewed regularly by the chief operating decision-maker in deciding how to allocate the Companies' resources and in assessing their performance. The accounting policies used for these reportable segments are the same as those described in the summary of significant accounting policies in Note 1.

The "Wacoal Business (Domestic)" segment primarily produces and sells innerwear (consisting of foundation, lingerie, nightwear and children's innerwear), outerwear, sportswear and hosiery. The "Wacoal Business (Overseas)" segment produces and sells innerwear (consisting of foundation, lingerie, nightwear and children's innerwear), outerwear, sportswear, and other textile-related products. The "Peach John Business" segment produces and sells innerwear (consisting of foundation, lingerie, nightwear), outerwear, and other textile-related products, which are sold under the "Peach John" brand. The "Other" produces and sells innerwear (consisting of foundation, lingerie, nightwear and children's innerwear), outerwear, other textile-related products, and mannequins and also engages in construction of stores and interior design.

	Millions of Yen					Consolidated
	Wacoal Business (Domestic)	Wacoal Business (Overseas)	Peach John Business	Other	Elimination	
<u>2020</u>						
Net sales:						
External customers	¥ 106,112	¥ 49,808	¥ 11,224	¥ 19,616		¥ 186,760
Intersegment	1,107	10,570	214	5,110	¥ (17,001)	
Total	107,219	60,378	11,438	24,726	(17,001)	186,760
Operating costs and expenses:						
Operating costs and expenses	97,561	55,912	11,215	25,170	(17,001)	172,857
Depreciation and amortization	3,575	1,922	383	149		6,029
Impairment charges on property, plant and equipment		769				769
Impairment charges on goodwill		217				217
Impairment charges on other intangible assets		65	191			256
Total	101,136	58,885	11,789	25,319	(17,001)	180,128
Operating income (loss)	6,083	1,493	(351)	(593)		6,632
Total assets and capital expenditures:						
Total assets	237,394	86,292	9,751	18,435	(74,184)	277,688
Capital expenditures	4,594	2,106	129	152		6,981

Net sales to external customers consist of revenue from contracts with customers and the other revenue which is mainly composed of operating lease income as lessor described in the summary of leases in Note 9.

The sum of the operating (loss) income of the reportable segments agrees to the operating income on the consolidated statements of income. For a reconciliation from operating (loss) income to income before income taxes and equity in net income of affiliated companies, see other income (expenses) on the consolidated statements of income.

The Companies account for intersegment sales and transfers at cost plus a markup. Operating (loss) income is calculated by deducting operating costs and expenses from net sales.

Products and Services Information

Net sales information by product and service for the years ended March 31, 2022, 2021 and 2020 is as follows:

	Millions of Yen				Total
	Wacoal Business (Domestic)	Wacoal Business (Overseas)	Peach John Business	Other	
<u>2022</u>					
Innerwear:					
Foundation and lingerie	¥ 71,260	¥ 54,019	¥ 11,007	¥ 3,947	¥ 140,233
Nightwear	5,744	468	466	45	6,723
Children's underwear	712	65		12	789
Subtotal	77,716	54,552	11,473	4,004	147,745
Outerwear/sportswear and others	6,187	3,578	87	937	10,789
Hosiery	946			28	974
Other textile goods and related products	2,138	1,509	968	727	5,342
Others	1,141	39		6,830	8,010
Total	¥ 88,128	¥ 59,678	¥ 12,528	¥ 12,526	¥ 172,860

2021	Millions of Yen				Total
	Wacoal Business (Domestic)	Wacoal Business (Overseas)	Peach John Business	Other	
Innerwear:					
Foundation and lingerie	¥ 69,619	¥ 37,404	¥ 10,757	¥ 4,996	¥ 122,776
Nightwear	5,702	306	494	20	6,522
Children's underwear	694	48		7	749
Subtotal	<u>76,015</u>	<u>37,758</u>	<u>11,251</u>	<u>5,023</u>	<u>130,047</u>
Outerwear/sportswear and others	5,904	2,090	129	713	8,836
Hosiery	900			18	918
Other textile goods and related products	2,268	1,475	820	791	5,354
Others	1,046	32		5,971	7,049
Total	<u>¥ 86,133</u>	<u>¥ 41,355</u>	<u>¥ 12,200</u>	<u>¥ 12,516</u>	<u>¥ 152,204</u>

2020	Millions of Yen			
	Wacoal Business (Domestic)	Wacoal Business (Overseas)	Peach John Business	Other
Innerwear:				
Foundation and lingerie	¥ 144,933			
Nightwear	7,459			
Children's underwear	1,014			
Subtotal	<u>153,406</u>			
Outerwear/sportswear and others	¥ 12,746			
Hosiery	1,563			
Other textile goods and related products	7,545			
Others	11,500			
Total	<u>¥ 186,760</u>			

Geographic Information

Information by major geographic area as of and for the years ended March 31, 2022, 2021 and 2020 is as follows:

	Millions of Yen		
	2022	2021	2020
Net sales:			
Japan	¥ 111,610	¥ 109,464	¥ 135,273
Asia and Oceania	21,068	16,301	20,596
Americas and Europe	<u>40,182</u>	<u>26,439</u>	<u>30,891</u>
Consolidated	<u>¥ 172,860</u>	<u>¥ 152,204</u>	<u>¥ 186,760</u>
Long-lived assets:			
Japan	¥ 42,646	¥ 41,918	¥ 44,014
Asia and Oceania	4,787	3,536	4,034
Americas and Europe	<u>5,528</u>	<u>4,304</u>	<u>4,035</u>
Consolidated	<u>¥ 52,961</u>	<u>¥ 49,758</u>	<u>¥ 52,083</u>

Countries or areas are classified according to their geographical proximity.

Asia and Oceania includes East Asia, Southeast Asia, West Asia and Australia.

Net sales are attributed to countries or areas based on the location where sold.

Long-lived assets represent property, plant and equipment.

23. SUBSEQUENT EVENTS

(Purchase of Treasury Stock)

The Board of Directors adopted a resolution at a meeting held on May 13, 2022 regarding matters related to purchase of treasury stock pursuant to the provisions of Paragraph 1, Article 459 of the Companies Act.

1. Reason for Purchase of Treasury Stock

To return profits to the shareholders, improve capital efficiency and implement our capital policy with increased flexibility tailored to the business environment.

2. Details of Purchase

- | | |
|--|--|
| (i) Type of shares to be purchased: | Common stock of the Company |
| (ii) Total number of shares to be purchased: | 5,500,000 shares (at maximum) |
| (iii) Aggregate purchase amount: | ¥10,000 million (at maximum) |
| (iv) Purchase period: | From June 4, 2022 through March 24, 2023 |

(Cancellation of Treasury Stock)

The Board of Directors adopted a resolution at a meeting held on May 13, 2022 regarding matters related to cancellation of treasury stock pursuant to the provisions of Article 178 of the Companies Act.

- | | |
|--|-----------------------------|
| (i) Type of shares to be cancelled: | Common stock of the Company |
| (ii) Number of shares to be cancelled: | 1,089,042 shares |
| (iii) Date of cancellation: | May 23, 2022 |

(Dividend Declaration)

On May 13, 2022, the Board of Directors resolved to pay a cash dividend of ¥150 per 5 shares of common stock to holders of record as of March 31, 2022 (aggregate amount of ¥1,844 million).

* * * * *

VI. 【Stock-Related Administration for the Company】

Fiscal year	From April 1 to March 31
Ordinary General Meeting of Shareholders	To be held in June
Record date	March 31
Record date for distribution of surplus	September 30 March 31
Number of shares constituting one unit	100 shares
Purchase and sale of shares less than one unit	(Special Account) Osaka Securities Transfer Section Mitsubishi UFJ Trust and Banking Corporation 6-3, Fushimi 3-chome, Chuo-ku, Osaka
Office for handling business	(Special Account) Mitsubishi UFJ Trust and Banking Corporation 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Transfer agent	-----
Forwarding office	-----
Handling charge for purchase and Sale	Free of charge
Method of public notice	Public notice of the Company shall be in electronic form; provided that, public notice cannot be provided electronically due to an accident or unavoidable event, it shall be published in <i>Nihon Keizai Shimbun</i> .
Special benefit for shareholders	(i) Wacoal Essence Check (coupon for goods) shall be presented to the shareholders as follows (with the date of determination of the shareholders entitled thereto being the end of March and September): <ul style="list-style-type: none"> - To shareholders holding 500 shares or more, but less than 1,500 shares: Wacoal Essence Check worth JPY3,000 shall be presented twice a year. - To shareholders holding 1,500 shares or more: Wacoal Essence Check worth JPY5,000 shall be presented twice a year. - To shareholders holding shares for three years or more: Wacoal Essence Check worth JPY 1,000 shall be added to above. (ii) Shareholder special discount shall be made for Wacoal products by means of catalogue sales and internet sales as follows: <ul style="list-style-type: none"> - To shareholders holding 100 shares or more: 20% discount shall be made for the purchase of our products listed in catalogues issued by Wacoal or internet sales; provided, however, that the total purchase price applicable for the discount shall be 1,000,000 yen (before discount) per year.

(Notes) Our Articles of Incorporation prescribe that the shareholders holding shares constituting less than one unit of the Company may not exercise any rights, except for the rights as prescribed under each item in Paragraph 2, Article 189 of the Companies Act, the claim rights pursuant to the provisions of Paragraph 1, Article 166 of the same law, the right to receive an allocation of share offerings and stock acquisition rights in proportion to the number of shares held, and the right to request the sale of additional shares not constituting one unit.

VII. 【Reference Information on the Company】

1. 【Information on the Parent Company】

The Company does not have the parent company set out in Paragraph 1, Article 24-7 of the Financial Instruments and Exchange Act.

2. 【Other Reference Information】

The Company filed the following documents during the period from the commencing date of the current fiscal year, to the filing date of the Annual Securities Report.

(1) Annual Securities Report and the attachments thereto, and Confirmation Letter	Fiscal Year (73rd Fiscal Year)	From April 1, 2020 to March 31, 2021	Filed with the Director of the Kanto Local Finance Bureau on June 29, 2021
(2) Internal Control Report and the attachments thereto			Filed with the Director of the Kanto Local Finance Bureau on June 29, 2021
(3) Quarterly Report and Confirmation Letter	(First quarter of 74th Fiscal Year)	From April 1, 2021 to June 30, 2021	Filed with the Director of the Kanto Local Finance Bureau on August 12, 2021
	(Second quarter of 74th Fiscal Year)	From July 1, 2021 to September 30, 2021	Filed with the Director of the Kanto Local Finance Bureau on November 12, 2021
	(Third quarter of 74th Fiscal Year)	From October 1, 2021 to December 31, 2021	Filed with the Director of the Kanto Local Finance Bureau on February 10, 2022
(4) Extraordinary Report	Extraordinary Report on the Results of the Exercise of Voting Rights at General Meeting of Shareholders pursuant to Item 9-2, Paragraph 2, Article 19 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.		Filed with the Director of the Kanto Local Finance Bureau on June 30, 2021
(5) Share Repurchase Report	Reporting Period	From December 1, 2021 to December 31, 2021	Filed with the Director of the Kanto Local Finance Bureau on January 7, 2022
	Reporting Period	From January 1, 2022 to January 31, 2022	Filed with the Director of the Kanto Local Finance Bureau on February 7, 2022
	Reporting Period	From February 1, 2022 to February 28, 2022	Filed with the Director of the Kanto Local Finance Bureau on March 4, 2022
	Reporting Period	From March 1, 2022 to March 28, 2022	Filed with the Director of the Kanto Local Finance Bureau on April 7, 2022
	Reporting Period	From April 1, 2022 to April 30, 2022	Filed with the Director of the Kanto Local Finance Bureau on June 6, 2022

Part II 【Information on Guarantors etc. for the Company】

Not applicable.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Wacoal Holdings Corp.:

Opinion

We have audited the consolidated financial statements of Wacoal Holdings Corp. and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 31, 2022, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America pursuant to the provisions of Article 95 of the Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 2 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Valuation of goodwill allocated to Wacoal Europe Ltd.	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
<p>As of March 31, 2022, the goodwill in the amount of ¥22,945 million recorded on the consolidated balance sheet includes goodwill of ¥9,932 million, or 3.3% of total assets, allocated to Wacoal Europe Ltd. Based on Accounting Standard Codification 350, "Intangibles—Goodwill and Other," goodwill of a reporting unit shall be tested for impairment on an annual basis and between annual tests in certain circumstances. The Group used an expected present value method to calculate fair value and performed an impairment test. Future cash flows used to calculate fair value were based on a five-year business plan with the terminal value reflecting the average long-term growth rate in the relevant market. The plan was approved by management and includes significant assumptions such as the possibility of achievement of expected sales volumes and market growth rate in the regions where Wacoal Europe Ltd. operates. These significant assumptions involve high uncertainty, and the business plan based on these assumptions involves significant judgment by management.</p> <p>Based on the above, we identified the valuation of goodwill allocated to Wacoal Europe Ltd. as a key audit matter.</p>	<p>Our audit procedures related to key assumptions used by management in the business plan included the following, among others:</p> <ul style="list-style-type: none">• We read the report related to impairment tests of goodwill prepared by management. We examined the consistency of assumptions with the business plan approved by management. In addition, we inquired of management regarding the business plan, obtained an understanding on the significant assumptions, performed the following procedures and evaluated the rationality of the business plan.• We obtained an understanding on various measures to expand the sales volume through inquiries of management, compared business plans prepared in the prior years with actual results in the corresponding years, and evaluated management's ability to accurately estimate the possibility of achievement of expected sales volumes.• We evaluated management's expected growth rates in the regions where Wacoal Europe Ltd. operates by comparing them with our own growth forecasts derived from the retail industry data published by external organizations with the assistance of our valuation specialists.

Other Information

Management is responsible for the other information. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Annual Securities Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in United States of America, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in United States of America and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in United States of America, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

DELOITTE TOUCHE TOHMATSU LLC

Kyoto Japan

June 29, 2022

NOTE TO READERS:

Following is an English translation of the Independent Auditors' Report filed under the Financial Instruments and Exchange Act of Japan. This report is presented merely as supplemental information.

There are differences between an audit of internal control over financial reporting ("ICFR") under the Financial Instruments and Exchange Act ("ICFR under FIEA") and one conducted under attestation standards established by the American Institute of Certified Public Accountants ("AICPA").

In an audit of ICFR under FIEA, the auditors express an opinion on management's report on ICFR, and do not express an opinion on the Company's ICFR directly. In an audit of ICFR under attestation standards established by the AICPA, the auditors express an opinion on the Company's ICFR directly. Also, in an audit of ICFR under FIEA, there is detailed guidance on the scope of an audit of ICFR, such as quantitative guidance on business units selection and/or account selection. In an audit of ICFR under attestation standards established by the AICPA, there is no such detailed guidance. Accordingly, based on the quantitative guidance which provides an approximate measure for the scope of assessment of internal control over business process, we used a measure of approximately two-thirds of total consolidated revenues for the selection of significant business units.

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

June 29, 2022

To the Board of Directors of
Wacoal Holdings Corp.:

Deloitte Touche Tohmatsu LLC
Kyoto office

Designated Engagement Partner,
Certified Public Accountant:

Koichiro Tsukuda

Designated Engagement Partner,
Certified Public Accountant:

Tomomi Tsuji

Audit of Financial Statements

Opinion

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements of Wacoal Holdings Corp. and its consolidated subsidiaries (the "Group") included in the Financial Section, namely, the consolidated balance sheet as of March 31, 2022, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of equity and consolidated statement of cash flows for the fiscal year from April 1, 2021 to March 31, 2022, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2022, and its consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America pursuant to the provisions of Article 95 of the Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Valuation of goodwill allocated to Wacoal Europe Ltd.	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
<p>As of March 31, 2022, the goodwill in the amount of ¥22,945 million recorded on the consolidated balance sheet includes goodwill of ¥9,932 million, or 3.3% of total assets, allocated to Wacoal Europe Ltd. Based on Accounting Standard Codification 350, "Intangibles—Goodwill and Other," goodwill of a reporting unit shall be tested for impairment on an annual basis and between annual tests in certain circumstances. The Group used an expected present value method to calculate fair value and performed an impairment test. Future cash flows used to calculate fair value were based on a five-year business plan with the terminal value reflecting the average long-term growth rate in the relevant market. The plan was approved by management and includes significant assumptions such as the possibility of achievement of expected sales volumes and market growth rate in the regions where Wacoal Europe Ltd. operates. These significant assumptions involve high uncertainty, and the business plan based on these assumptions involves significant judgment by management.</p> <p>Based on the above, we identified the valuation of goodwill allocated to Wacoal Europe Ltd. as a key audit matter.</p>	<p>Our audit procedures related to key assumptions used by management in the business plan included the following, among others:</p> <ul style="list-style-type: none">• We read the report related to impairment tests of goodwill prepared by management. We examined the consistency of assumptions with the business plan approved by management. In addition, we inquired of management regarding the business plan, obtained an understanding on the significant assumptions, performed the following procedures and evaluated the rationality of the business plan.• We obtained an understanding on various measures to expand the sales volume through inquiries of management, compared business plans prepared in the prior years with actual results in the corresponding years, and evaluated management's ability to accurately estimate the possibility of achievement of expected sales volumes.• We evaluated management's expected growth rates in the regions where Wacoal Europe Ltd. operates by comparing them with our own growth forecasts derived from the retail industry data published by external organizations with the assistance of our valuation specialists.

Other Information

Management is responsible for the other information. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Annual Securities Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in the United States of America.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in the United States of America, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Audit of Internal Control

Opinion

Pursuant to the second paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited management's report on internal control over financial reporting of Wacoal Holdings Corp. as of March 31, 2022.

In our opinion, management's report on internal control over financial reporting referred to above, which represents that the internal control over financial reporting of Wacoal Holdings Corp. as of March 31, 2022, is effectively maintained, presents fairly, in all material respects, the results of the assessment of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis for Opinion

We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Internal Control Audit section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of Management and Audit & Supervisory Board for Report on Internal Control

Management is responsible for designing and operating effective internal control over financial reporting and for the preparation and fair presentation of its report on internal control in accordance with assessment standards for internal control over financial reporting generally accepted in Japan. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing and verifying the design and operating effectiveness of internal control over financial reporting. There is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

Auditor's Responsibilities for the Internal Control Audit

Our objectives are to obtain reasonable assurance about whether management's report on internal control over financial reporting is free from material misstatement and to issue an auditor's report that includes our opinion.

As part of an audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Perform audit procedures to obtain audit evidence regarding the results of the assessment of internal control over financial reporting in management's report on internal control. The procedures selected depend on the auditor's judgment, including the significance of effects on reliability of financial reporting.
- Examine representations on the scope, procedures and results of the assessment of internal control over financial reporting made by management, as well as evaluating the overall presentation of management's report on internal control.
- Obtain sufficient appropriate audit evidence regarding the results of the assessment of internal control over financial reporting. We are responsible for the direction, supervision and performance of the internal control audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the internal control audit, result of the internal control audit, including any identified material weakness which should be disclosed and the result of remediation.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Financial Instruments and Exchange Act of Japan for the conveniences of the reader.

【Cover】

【Document Filed】	Internal Control Report (“Naibutosei Hokokusho”)
【Applicable Law】	Paragraph 1, Article 24-4-4 of the Financial Instruments and Exchange Act
【Filed to】	Director, Kanto Local Finance Bureau
【Filing Date】	June 29, 2022
【Company Name】	<i>KABUSHIKI KAISHA WACOAL HOLDINGS</i>
【Company Name in English】	WACOAL HOLDINGS CORP.
【Position and Name of Representative】	Hironobu Yasuhara, Representative Director, President and Corporate Officer of the Company
【Position and Name of Chief Financial Officer】	Akira Miyagi, Director and Vice President Corporate Officer
【Address of Head Office】	29, Nakajima-cho, Kisshoin, Minami-ku, Kyoto
【Place Where Available for Public Inspection】	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo)

MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING (TRANSLATION)

NOTE TO READERS

The following is an English translation of management's report on internal control over financial ("ICFR") filed under the Financial Instruments and Exchange Act of Japan. This report is presented merely as supplemental information.

There are differences between the management assessment of ICFR under the Financial Instruments and Exchange Act ("ICFR under FIEA") and one conducted under the attestation standards established by the American Institute of Certified Public Accountants ("AICPA").

In the management assessment of ICFR under FIEA, there is detailed guidance on the scope of management's assessment of ICFR, such as quantitative guidance on business units selection and/or account selection. In the management assessment of ICFR under the attestation standards established by the AICPA, there is no such detailed guidance. Accordingly, based on the quantitative guidance which provides an approximate measure for the scope of assessment of internal control over business processes, we designated the business units that accounted for approximately two-thirds of the aggregated sales for the previous fiscal year on a consolidated basis as "significant business units" which should be subject to the process-level controls.

1. [Matters Relating to the Basic Framework for Internal Control over Financial Reporting]

Hironobu Yasuhara, Representative Director, President and Corporate Officer, and Akira Miyagi, Director and Vice President Corporate Officer, are responsible for the designing and operating effective internal control over financial reporting of Wacoal Holdings Corp. (the "Company"), and have designed and operated internal control over financial reporting in accordance with the basic framework for internal control set forth in "The Standards and Practice Standards for Management Assessment and Audit of Internal Control Over Financial Reporting" published by the Business Accounting Council.

The internal control is designed to achieve certain objectives to the extent reasonable through the effective function and combination of its basic elements. Therefore, there is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

2. [Matters Relating to Scope of Assessment, the Assessment Date, and Assessment Procedures]

The assessment of internal control over financial reporting was performed as of March 31, 2022. The assessment was performed in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

In conducting this assessment, we evaluated internal controls which may have a material effect on the entire financial reporting in a consolidation ("company-level controls") and, based on the result of this assessment, we appropriately selected business processes to be evaluated, analyzed these selected business processes, identified key controls that may have a material impact on the reliability of our financial reporting, and assessed the design and operation of these key controls. These procedures have allowed us to evaluate the effectiveness of its internal controls.

We determined the required scope of the assessment of internal control over financial reporting for the Company, as well as its consolidated subsidiaries and equity method affiliated companies, from the perspective of the materiality that may affect the reliability of our financial reporting. The materiality that may affect the reliability of our financial reporting is determined taking into account the materiality of quantitative and qualitative impacts. We confirmed that we had reasonably determined the scope of assessment of internal controls over business processes in light of the results of assessment of company-level controls conducted for the Company, its consolidated subsidiaries and equity method affiliated companies. We did not include those consolidated subsidiaries and equity method affiliated companies which do not have any quantitatively or qualitatively material impact on the consolidated financial statements in the scope of the assessment of company-level controls.

Regarding the scope of assessment of internal control over business processes, we designated the business locations that accounted for approximately two-thirds of the aggregated sales for the previous fiscal year on a consolidated basis as "significant business locations" which should be subject to process-level controls.

At the selected significant business units, we included, in the scope of our assessment, those business processes leading to sales or accounts receivable and inventories, as significant accounts that may have a material impact on our business objectives. Further, not only at selected significant business units, but also at other business units, we added to the scope assessment, as business processes having greater materiality considering their impact on financial reporting, (1) those business processes relating to greater likelihood of material misstatements and significant accounts involving estimates and management's judgment, and (2) those business processes relating to businesses or operations dealing high risk transactions.

3. [Matters Relating to the Results of Assessment]

As a result of the assessment above, we concluded that our internal control over financial reporting was effective as of March 31, 2022.

4. [Supplementary Matters]

Not applicable.

5. [Special Information]

Not applicable.