

# Annual Securities Report

(The 75th Fiscal Year)  
From April 1, 2022 to March 31, 2023

**WACOAL HOLDINGS CORP.**

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

E00590

The 75th Fiscal Year (from April 1, 2022 to March 31, 2023)

---

# 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 28, 2023.

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 International Financial Reporting Standards (“IFRS”) 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. 【Sustainability Approaches and Initiatives】 ” 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 75th 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】	9
5. 【Employees】	11
II. 【Business Overview】	13
1. 【Management Policy, Business Environment and Management Issues】	13
2. 【Sustainability Approaches and Initiatives】	19
3. 【Business Risk and Other】	37
4. 【Analyses of Financial Position, Results of operation, and Cash Flows by Management】	51
5. 【Material Agreements, etc.】	57
6. 【Research and Development】	58
III. 【Property, Plants, and Equipment】	59
1. 【Summary of Capital Investment, etc.】	59
2. 【Major Property, Plants, and Equipment】	59
3. 【Plans for Capital Investment, Disposals of Property, Plants, and Equipment, etc.】	61
IV. 【Information on the Company】	62
1. 【Information on the Company's Stock, etc.】	62
2. 【Information on Acquisition etc. of Treasury Stock】	98
3. 【Dividend Policy】	100
4. 【Corporate Governance, etc.】	101
V. 【Financial Information】	144
1. 【Consolidated Financial Statements】	145
VI. 【Stock-Related Administration for the Company】	235
VII. 【Reference Information on the Company】	236
1. 【Information on the Parent Company】	236
2. 【Other Reference Information】	236
Part II 【Information on Guarantors etc. for the Company】	238

**【Cover】**

<b>【Document Filed】</b>	Annual Securities Report (“Yukashoken Hokokusho”)
<b>【Applicable Law】</b>	Paragraph 1, Article 24 of the Financial Instruments and Exchange Act
<b>【Filed to】</b>	Director, Kanto Local Finance Bureau
<b>【Filing Date】</b>	June 28, 2023
<b>【Fiscal Year】</b>	The 75th Fiscal Year (from April 1, 2022 to March 31, 2023)
<b>【Company Name】</b>	<i>KABUSHIKI KAISHA WACOAL HOLDINGS</i>
<b>【Company Name in English】</b>	WACOAL HOLDINGS CORP.
<b>【Position and Name of Representative】</b>	Masaaki Yajima, Representative Director, President & CEO
<b>【Address of Head Office】</b>	29, Nakajima-cho, Kisshoin, Minami-ku, Kyoto
<b>【Phone No.】</b>	Kyoto (075) 682-1007
<b>【Contact Person】</b>	Yuichiro Hosokawa, General Manager of Accounting Department
<b>【Contact Address】</b>	29, Nakajima-cho, Kisshoin, Minami-ku, Kyoto
<b>【Phone No.】</b>	Kyoto (075) 682-1007
<b>【Contact Person】</b>	Yuichiro Hosokawa, General Manager of Accounting Department
<b>【Place Where Available for Public Inspection】</b>	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	International Financial Reporting Standards (“IFRS”)		
	75th	74th	Transition date
Year-End	March 2023	March 2022	April 1, 2021
Revenue	188,592	172,072	—
Profit (loss) before income taxes	(699)	4,083	—
Profit (loss) attributable to owners of the parent	(1,776)	1,732	—
Comprehensive income (loss) attributable to owners of the parent	4,034	10,476	—
Equity attributable to owners of the parent	209,834	217,990	212,028
Total assets	285,296	299,177	319,215
Equity attributable to owners of the parent per share (yen)	3,617.03	3,546.96	3,396.76
Earnings per share attributable to owners of the parent: Basic (loss) (yen)	(29.66)	27.83	—
Earnings per share attributable to owners of the parent: Diluted (loss) (yen)	(29.66)	27.71	—
Ratio of equity attributable to owners of the parent to total assets (%)	73.5	72.9	66.4
Ratio of profit attributable to owners of the parent to equity attributable to owners of the parent (%)	△0.8	0.8	—
Price earnings ratio (times)	—	66.19	—
Net cash provided by operating activities	7,334	16,622	—
Net cash (used in) provided by investing activities	3,902	(3,042)	—
Net cash (used in) provided by financing activities	(22,541)	(41,007)	—
Cash and cash equivalents, end of year	26,781	37,485	63,987
Number of employees (number of persons)	19,147	19,717	19,824
[Average number of part-time employees, etc.]	[482]	[730]	[492]

- (Notes)
1. The Consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) from the 75th fiscal year.
  2. Price earnings ratio for the 75th fiscal year is not shown due to basic loss per share for the fiscal year.

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

(Note) The consolidated financial data up to the 74th fiscal year shown above have been prepared based on accounting principles generally accepted in the United States of America (U.S. GAAP). Operating income is stated instead of ordinary income.

## (2) Financial data etc. of the Company

(Millions of yen, unless otherwise stated)

Fiscal Year	75th	74th	73rd	72nd	71st
Year-End	March 2023	March 2022	March 2021	March 2020	March 2019
Operating revenue	6,772	6,196	16,429	13,346	15,715
Ordinary income	2,473	1,682	12,048	9,111	11,255
Net income	4,458	2,749	11,544	8,762	5,968
Common stock	13,260	13,260	13,260	13,260	13,260
Total number of issued and outstanding shares (thousand shares)	64,500	65,589	65,589	68,589	70,689
Net assets	130,602	138,332	140,106	130,996	134,813
Total assets	154,705	165,180	191,737	156,000	154,554
Net assets per share (yen)	2,242.19	2,241.50	2,235.07	2,090.11	2,060.13
Dividends per share (Interim dividends per share) (yen)	80.00 (40.00)	50.00 (20.00)	40.00 (20.00)	60.00 (40.00)	72.00 (36.00)
Net income per share (yen)	74.46	44.18	184.98	136.93	90.24
Diluted net income per share (yen)	74.15	43.99	184.16	136.39	89.91
Shareholders' equity ratio (%)	84.1	83.4	72.8	83.6	86.9
Return on equity (%)	3.3	2.0	8.6	6.6	4.3
Price earnings ratio (times)	33.40	41.69	13.27	17.14	30.50
Dividend payout ratio (%)	107.4	113.2	21.6	43.8	79.8
Number of employees [Average number of part- time employees, etc.] (person)	112 [—]	90 [—]	85 [—]	94 [—]	90 [—]
Total shareholders' return (%)	90.6	67.0	85.3	80.5	91.7
(Benchmark: TOPIX incl. dividends) (%)	(131.8)	(124.6)	(122.1)	(85.9)	(95.0)
Highest share price (yen)	2,596	2,612	2,537	3,115	3,485
Lowest share price (yen)	1,784	1,687	1,630	2,110	2,595

- (Notes) 1. The highest and lowest share prices shown are market prices on the Prime Market of the Tokyo Stock Exchange from April 4, 2022 and on the First Section of the Tokyo Stock Exchange before then.
2. The amount of dividends per share for the 72nd fiscal year includes the 70<sup>th</sup> 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
April 2022	Moved from the First Section of the Tokyo Stock Exchange to the Prime Market of the Tokyo Stock Exchange due to a revision of the Tokyo Stock Exchange’s market classification

### 3. 【Description of Business】

Our corporate group consists of one holding company (Wacoal Holdings Corp.), 53 subsidiaries, and 8 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 8 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 2 apparel manufacturing companies, including Wacoal Manufacturing Japan 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. and Linge Noel 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, 9 companies are located in North and Central America; 7 companies are located in Europe; and 16 companies are located in Asia/Oceania. 6 overseas affiliates are located in Asia.

Among our 9 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 Lanka Private Ltd. and Wacoal Emea Ltd.

Among our 7 overseas subsidiaries in Europe, Wacoal Emea Ltd. sells products such as innerwear, which are supplied by Wacoal Lanka Private Ltd., to end consumers through department stores and specialty retail stores mainly in the United Kingdom.

Our 2 subsidiaries and 4 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 6 subsidiaries, including Wacoal Singapore Private Ltd., Eveden Israel Ltd., and 1 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 8 remaining subsidiaries include 4 apparel manufacturing companies producing innerwear, 2 raw materials manufacturing companies, 1 company that procures materials for subsidiaries and affiliates in Asia, and 1 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 4 companies, including our domestic and overseas subsidiaries. The 1 domestic subsidiary and 3 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

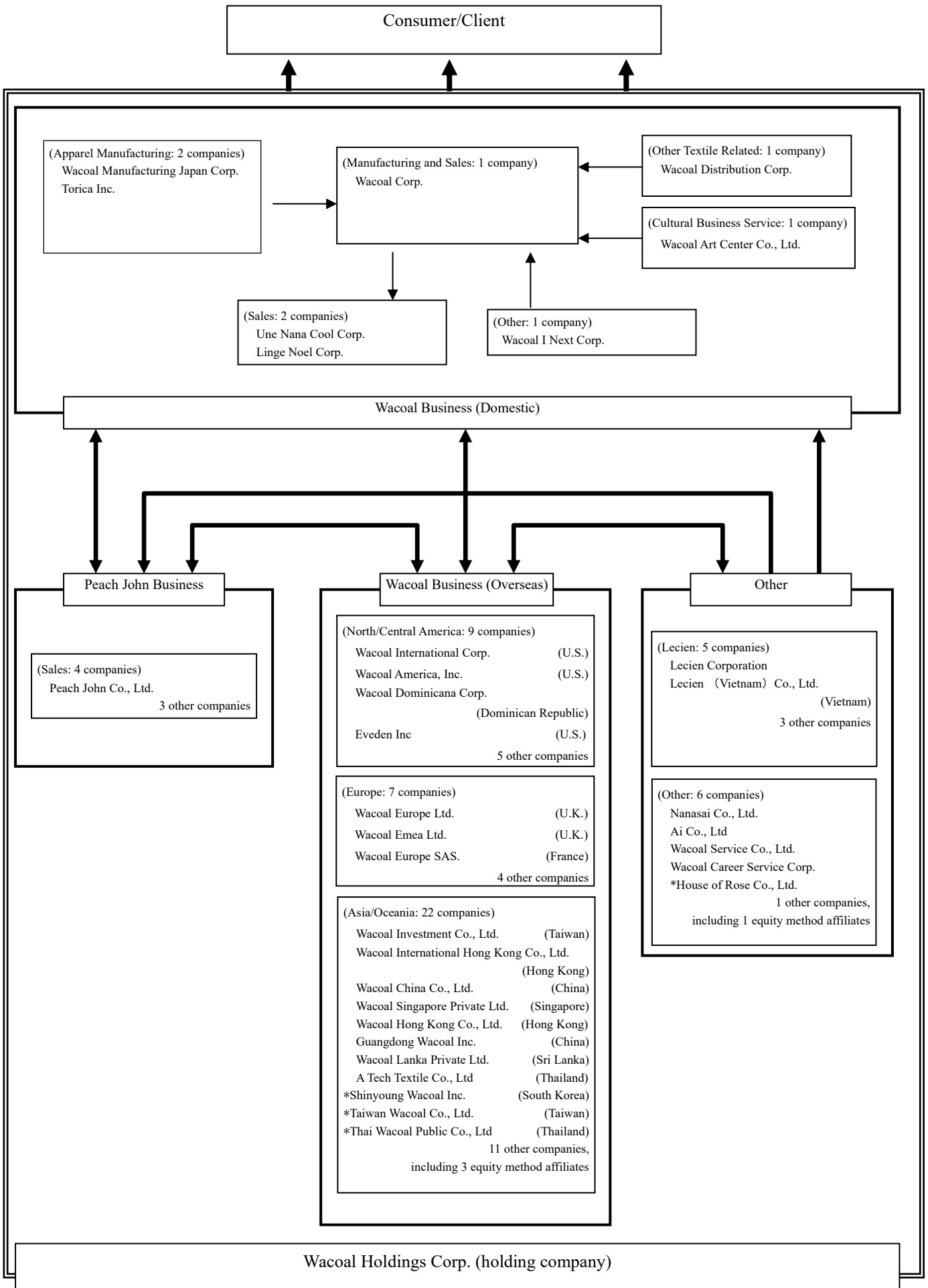
This segment is composed of a total of 11 companies, including 5 domestic subsidiaries, 4 overseas subsidiaries, 1 domestic affiliate and 1 overseas affiliate.

Among the 5 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 3 other subsidiaries which engage in sales, other textile-related business, real estate leasing business, and/or other businesses.

4 overseas subsidiaries are located in Asia.

3 of our subsidiaries in Asia are apparel manufacturing companies. The other 1 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

#### 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
Wacoal Manufacturing Japan 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)	—	—
Wacoal Dominicana Corp.	Santo Domingo, Dominican Republic	20 thousand USD	Wacoal Business (Overseas) (MTO of innerwear products)	100 (100)	—	—
Wacoal Europe Ltd.	Northamptonshi re, UK	175 thousand GBP	Wacoal Business (Overseas) (a holding company)	100	2	—
Wacoal Emea Ltd.	Northamptonshi re, 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	—
*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)	2	—
Vietnam Wacoal Corp.	Bien Hoa, Vietnam	54,604 million VND	Wacoal Business (Overseas) (MTO and sale of innerwear products)	100 (100)	1	—
Wacoal Investment Co., Ltd.	Taipei, Taiwan	59,000 thousand NT\$	Wacoal Business (Overseas) (a Taiwan holding company)	100 (100)	2	—
Guandong Wacoal Inc.	Guangzhou, China	17,730 thousand RMB	Wacoal Business (Overseas) (MTO of innerwear products)	100 (100)	1	—
*1 Wacoal China Co., Ltd.	Beijing, China	189,364 thousand RMB	Wacoal Business (Overseas) (Product planning, 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)	1	—
34 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	—	—
Taiwan Wacoal Co., Ltd.	Taoyuan, Taiwan	800 million NT\$	Same as above	50 (50)	3	—
*4 House of Rose Co., Ltd.	Minato-ku, Tokyo	934	Other (Development and sale of cosmetics and healthcare products, etc.)	21	1	—
3 other companies						

- (Notes) \*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) Revenue	93,188 million yen
	(ii) Ordinary income	2,803 million yen
	(iii) Net income	2,234 million yen
	(iv) Net assets	95,831 million yen
	(v) Total assets	125,686 million yen

## 5. 【Employees】

### (1) Employees within group

As of March 31, 2023

Name of Operating Segment	Number of Employees	
Wacoal Business (Domestic)	6,428	[259]
Wacoal Business (Overseas)	10,937	[115]
Peach John Business	396	[25]
Other	1,386	[83]
Total	19,147	[482]

- (Notes)
- 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.
  - 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, 2023

Number of Employees	Average Age	Average Years of Service	Average Annual Salary (Yen)
112	45.8	19.5	5,949,297

- (Notes)
- The number of employees is the number of individuals working within the Company.
  - The average annual salary includes bonus and extra wages.
  - 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.

### (4) Ratio of female employees in managerial positions, ratio of male employees taking child-rearing leave, and differences in wages between male and female employees

#### 1. The Company and Wacoal Corp.

Current Fiscal Year								
Name of Company	Ratio of Female Employees in Management Positions (%) (Note 1)	Ratio of Male Employees Taking Child-rearing Leave (%) (Note 2)	Differences in Wages between Male and Female Employees (%) (Note 1)					Of which, are part-time/fixed-term contract employees
			All Employees	Of which, are full-time employee status by position				
				All Full-time Employees	Management	Career-track	Sales	
The Company	17.8	100.0	57.1	60.0	88.1	87.2	—	58.1
Wacoal Corp.	29.0	33.3	52.9	53.9	91.2	79.2	*	58.1
Total	27.6	38.9	52.8	52.9	91.5	79.2	*	62.9

- (Notes)
1. The figures shown have been calculated pursuant to the provisions of the Act on the Promotion of Women’s Active Engagement in Professional Life (Act No. 64 of 2015).
  2. The figure shown is the ratio of male employees who have taken “children leave, etc.” as set forth in Paragraph 1, Article 71-4 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991) pursuant to the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures or the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).
  3. Part-time/fixed-term contract employees comprise contract employees and post-retirement rehires.
  4. An asterisk “\*” indicates that comparison cannot be made due to the absence of applicable male employees.
  5. Details of the “Differences in Wages between Male and Female Employees” are described in “II. Business Overview, 2. 【Sustainability Approaches and Initiatives】 (3) Human capital”.

## 2. Our Consolidated Subsidiaries

Current Fiscal Year					
Name of Company	Ratio of Female Employees in Managerial Positions (%) (Note 1)	Ratio of Male Employees Taking Child-rearing Leave (%) (Note 2)	Ratio of Female Employees in Managerial Positions (%) (Note 1)		
			All Employees	Of which, are full-time employees	Of which, are part-time/fixed-term contract employees
Peach John Co., Ltd	—	—	49.8	63.8	*
Wacoal Manufacturing Japan Corp.	0.0	—	77.1	75.4	98.6
Torica Inc.	16.0	—	58.6	55.7	72.8
Nanasai Co., Ltd.	13.2	—	—	—	—
Wacoal Distribution Corp.	—	—	46.9	82.5	74.0
Wacoal Career Service Corp.	31.0	*	—	—	—

- (Notes)
1. The figures shown have been calculated pursuant to the provisions of the Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64 of 2015).
  2. The figures shown are the ratio of male employees who have taken “childcare leave, etc.” as set forth in Paragraph 1, Article 71-4 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991) pursuant to the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures or the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).
  3. An asterisk “\*” indicates that there are no applicable male employees.



## II. Business Overview

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

The group's management policy, business environment and issues to be addressed are described as follows.

Any forward-looking statement contained below is based on our judgments of our group 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 “Founding Principles” 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 Promise

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

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 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"> <li>• recovery of share in the domestic market through the promotion of customer experience (CX) strategies</li> <li>• expansion of business domain in the fields of “beauty”, “comfort” and “health”</li> </ul>
	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"> <li>• acquisition of new customers by strengthening digital marketing</li> <li>• conversion of existing customers to loyal customers by strengthening customer relationship management (CRM)</li> <li>• enhancement of brand investments in the new markets</li> </ul>
	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"> <li>• redefining of quality standards, conversion of sewing factories to smart factories, and pursuit of production and transportation efficiency</li> </ul>
	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"> <li>• ROE of 10%, measures to optimize capital structure</li> </ul>

### Key indicators (fiscal year ending March 2031):

Revenue	270 billion yen (Percentage of sales from overseas operations is 40%)
(Reference) Group sales including unconsolidated joint ventures	340 billion yen
Business profit (Ratio)	27 billion yen (10%)
Operating profit (Ratio)	27 billion yen (10%)
ROE	10%

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 or coworkers 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 regarded as 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 remuneration 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 remuneration 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
- Active shareholder returns to improve capital efficiency at the same time as prioritizing investment in future growth

Guidelines for Medium-term Management Plan Period (from the fiscal year ending March 2023 to the 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 2024

During the fiscal year ending March 2024, we expect that the environment surrounding our business will continue to be unstable due to a mix of expectations of a recovery in consumer spending in hopes to put an end to COVID-19 and concerns of a slowdown in consumption following price hikes, geopolitical risks and financial anxiety. Under these circumstances, our group will continue to endeavor to address increasingly complex and diverse social issues as “an opportunity for future growth”, promote “sustainability management” to achieve both “resolution of social issues” and “sustainable growth” through our business and enhance corporate value through our initiatives in “transformation of management focused on capital efficiency”, “enhancement of governance”, and “improvement of profitability. In addition, we have decided to revise the current medium-term management plan in order to “restore our business performance” and “improve our price-to-book ratio (“PBR”)” as soon as possible by promoting the transformation to management focused on capital efficiency and increasing the effectiveness of management. We will reexamine the business strategies set forth in the medium-term management plan and the measures to strengthen the management foundation to improve profitability and capital efficiency, which we plan to disclose around November 2023.

Based on the above-described initiatives, we expect net sales of 205 billion yen, operating profit of 6 billion yen, profit before income taxes and equity in net income of affiliated companies of 7 billion yen, and net profit attributable to owners of parent of 4.8 billion yen for the consolidated business results for the fiscal year ending March 2023. We formulated our plan for the fiscal year ending March 2024 using the key exchange rates of 130.00 yen to the U.S. dollar; 160.00 yen to the Sterling pound; and 19.00 yen to the Chinese yuan.

(iv) Business Targets

<KPIs>

	Fiscal year ending March 2024 (2nd year of the medium-term management plan)	Fiscal year ending March 2025 (last year of the medium-term management plan)
Net revenue	205 billion yen	220 billion yen
Business profit	6 billion yen (2.9%)	16 billion yen (7.3%)
Operating profit	6 billion yen (2.9%)	16.5 billion yen (7.5%)
Profit before income taxes and equity in net income of affiliated companies	7 billion yen (3.4%)	18 billion yen (8.2%)
Net profit attributable to owners of parent	4.8 billion yen (2.7%)	12.5 billion yen (5.7%)
EPS	88 yen	200 yen or more
ROE	-	6%

<Financial indicators>

	Cumulative three years (from the fiscal year ending March 2023 to the fiscal year March 2025)
Reduction of cross-shareholdings	Target raised to 15 billion yen (Initial Plan: 10 billion yen)
The dividend payout ratio	100% or more
Shareholders' equity	210 billion yen (as of March 2025)

(3) Issues to be addressed

Transformation to management focused on capital efficiency:

Our market capitalization, a market valuation that takes into account future growth, has remained below our net assets, and we recognize that it is critical to address this issue to restore the stagnant price-to-book ratio (“P/B ratio”) to a level of 1x or more by quickly improving profitability and achieving a return on capital that exceed cost of capital. Accordingly, we will achieve medium- to long-term corporate value enhancement through sustainable growth, by ensuring that each operating entity and/or business division will shift to management that is more focused on profitability and capital efficiency than in the past, and formulating and executing highly effective strategies. We plan to disclose around November 2023 the results of analyzing and evaluating our capital profitability and market valuation as well as policies, goals and/or management indicators for improving P/B ratio, specific initiatives and timeframe for the execution of these initiatives.

Enhancement of governance:

In order to shift to a management that focuses on capital efficiency and to achieve a return on capital that exceeds cost of capital, we will need to further strengthen the supervisory function of our Board of Directors over execution of business and to enhance effectiveness of management. In order to steadily implement our agenda of improving profitability and capital efficiency, we have examined the skill set of our Board of Directors and decided to appoint an additional External Director with experience and knowledge in the areas of investment and financial capital markets.

Improvement of business profitability:

Although the restrictions on activities in various countries and/or regions following the spread of COVID-19 have been eased, the recovery in profit has been slow due to inadequate response to changing consumer needs and consumer behaviors from the experience of COVID-19. We will achieve renewed growth by providing new customer experience value and creating new business, while at the same time continuing to reform our cost structure and improve business efficiency.

Other issues:

The business environment surrounding the Company continues to undergo 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, environment issues such as climate change and human rights issues are becoming increasingly serious, and require appropriate response and prevention.

The Company will endeavor to achieve resolving social issues on one hand and sustainable growth on the other hand through our initiatives for “maximizing the value provided to customers”, “building an organization in which each employee can grow and be highly motivated”, “preserving the global environment for future generations”, “realizing a society in which everyone can excel at their roles” and “enhancing governance toward realization of sustainable growth”, which we have defined as our materiality (material issue) items.

## 2. 【Sustainability Approaches and Initiatives】

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

### (1) Sustainability Strategy

As environmental issues such as climate change and human rights issues are becoming more serious, there is a strong demand for actions and efforts toward a sustainable society. In addition to responding to the demands of society, our group 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, viewing our efforts to address increasingly complicated and diversified social issues as future “growth opportunities”.

It is also important to increase the number of employees who can act with a clear vision of what the company should be and the company’s mission should be in order to realize the enhancement of our group’s corporate value. By increasing the number of employees practicing our management philosophy, we will achieve personal growth for each employee, as well as corporate growth.

#### (i) Governance

Our group established the Sustainability Committee in April 2022 to promote “sustainability management” and achieve both “solving social issues” and “sustainable growth” through our business activities. We have also established 4 subcommittees under the Sustainability Committee in order to strengthen our response to important sustainability issues. The Sustainability Committee regularly holds a meeting on the same day as the meeting of the Board of Directors to formulate concrete measures to address sustainability issues, monitor progress and evaluate achievements. The Board of Directors receives reports from the Sustainability Committee and gives instructions regarding our group’s policies and initiatives to address sustainability issues. Our Representative Director, President and CEO is responsible for the Board of Directors and the Group Management Meeting, the highest decision-making body at the business execution level, and also acts as the Chair of the Sustainability Committee (as of June 28, 2023).

The number of meetings of the Sustainability Committee held during the fiscal year ended March 31, 2023 was 7 times in total. The main topics of discussion were related to “reduction of greenhouse gas emissions in the supply chain”, “promotion of adopting environmentally friendly materials”, “promotion of responsible procurement activities” and “promotion of respecting human rights in the supply chain” as well as specific activities and targets during the relevant period of our medium-term management plan.

#### Steering Committees:

##### "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.

(ii) Strategy

It is becoming increasingly difficult to predict the future due to the world’s growing population, declining birthrates, aging populations, ongoing digital revolution, globalization, worsening climate change and human rights issues.

In formulating our medium- and long-term business strategy frame “VISION 2030”, our group have taken into consideration macro trends and the requirements of various stakeholders, and have gained insight into the business challenges and social and environmental issues that are expected to be faced by 2030. We have established the following materialities (material issues) based on a materiality analysis (materiality assessment) of both “social and environmental issues to be solved” and “corporate growth”.

Materialities (material issues):

Target	Purpose	Materialities (material issues)
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

(iii) Risk Management

With respect to risks related to the overall management of our group, we have established the Corporate Ethics and Risk Management Committee (the Management Planning Department acting as an organizer), for which our Representative Director, President and CEO acts as the administrative manager and the Director in charge of Group Business Management acts as the Chair, to regularly monitor and respond to material risks. The Corporate Ethics and Risk Management Committee also reports to the Board of Directors on a regular basis regarding the status of operation of our group-wide risk management system. Risks that can be managed by each business unit or subsidiary are addressed by the relevant organization in the course of its business activities.

With respect to risks related to sustainability issues of our group, the Sustainability Committee and its subcommittees examine the impact on the entire supply chain, including direct operations and certain upstream and downstream operations, from a short-, medium-, and long-term perspective. The results are reported to the Board of



Directors, the upper decision-making body, which ultimately identifies and evaluates risks. Risks are also managed through monitoring and evaluation of achievement by the Sustainability Committee and each subcommittee.

(iv) Targets and Goals

In order to promote “sustainable management” and achieve “solving social issues” and “sustainable growth” through our business activities, we have established the following indicators for the “11 strategic materialities (material issues)”. The numerical targets are currently under consideration and are scheduled to be disclosed during the fiscal year ending March 31, 2024.

**Customers: Maximize the value provided to customers**

	Strategic Materialities (Material Issues)	Concrete efforts toward the resolution of material issues	Non-financial targets by 2030
1	Enhancement of customer experience value by pursuing personalization	Increasing of customer connections and learning from them to wow other customers  Creation of products that exceed expectations and are loved	Increase in the number of customers with connections to the Wacoal Group
			Increase in the number of people experiencing Wacoal’s unique services that enhance the customer experience
2	Endeavoring to expand business areas	Tackling challenges in new areas to support customers from every angle  Achievement of global growth to provide inspiration to customers around the world	Revitalization of the innerwear business by promoting the development of new products and services that utilize customer data
			Increase in growth and profitability in businesses other than women’s innerwear
			Creation of new business to achieve well-being
			Expansion of internal resources into new fields
3	Deepening of product quality and building of service quality	Pursuit of quality control systems and quality levels demanded by the times	Overseas business expansion
			Continuous monitoring of product quality and implementation of improvement activities
			Maintenance and improvement of the quality of digital and over-the-counter services

**Employees: Achieve growth of each of our employees and establish a highly rewarding organization**

	Strategic Materialities (Material Issues)	Concrete efforts toward the resolution of material issues	Non-financial targets by 2030
4	Growth into human resources who can expand their potential and have confidence, pride, and success	Growth into of human resources that proactively enhance self-proficiency and take on challenges with enthusiasm, regardless of generation or position	Enhancement of initiatives geared toward self-motivated career design and skill improvement
			Nurturing of human resources and creation of an environment in which employees can take on challenges with enthusiasm
5	Building of an organization that can demonstrate great results through co-creation and collaboration	Fostering an organizational culture in which people from diverse backgrounds cooperate and achieve mission	Development of a work environment in which people from diverse backgrounds can work together
			Increase in the number of employees who can act with clarity on what the Company should be and its mission
6	Continuous improvement of employees’ health and health awareness	Improvement of employees' mental and physical health	Improvement of “employees’ productivity” and “mental and physical health”
			Improve health literacy

Environment: Preserve the environment globally for future generations

	Strategic Materiality (Material Issue)	Concrete efforts toward the resolution of material issues	Non-financial targets by 2030
7	Promotion of business activities that reduce environmental impact	Fostering environmental awareness among both employees and consumers	Visualization of ecological activities in business activities
		Achievement of a decarbonized society	Realization of a decarbonized society and reduction in CO2 emissions
		Promotion of waste reduction	Reduction of product disposal rate
		Achievement of a society of recycling resources	Increase in rate of environment-friendly materials used

\*For details, please see “(2) Response to Climate Change”.

Society: Realize a society in which everyone plays an active role in their own way

	Strategic Materiality (Material Issue)	Concrete efforts toward the resolution of material issues	Non-financial targets by 2030
8	Promotion of co- creation innovation to solve social issues	Contribution to the improvement of women’s quality of life (“QOL”)	Promotion of breast care activities
			Fulfillment of needs through products and services and development of ideas that contribute to improving women’s QOL
			Contribution to women’s QOL through ongoing dialogue with stakeholders
		Promotion of diversity and inclusion	Promotion of in-house enlightenment activities to foster an understanding of diversity-related issues such as gender
			Promotion of dialogue and co-creation activities with external stakeholders to foster an understanding of diversity-related issues such as gender
		Promotion of respect for human rights and CSR procurement activities	Establishment and implementation of human rights due diligence and promotion of human rights training
Expansion of scope of CSR procurement activities			

Governance: Enhance governance toward realization of sustainable growth

	Strategic Materialities (Material Issues)	Concrete efforts toward the resolution of material issues	Non-financial targets by 2030
9	Implementation of highly-transparent management	Maintenance and establishment of an optimal corporate governance system that will improve effectiveness	Implementation of Japan's Corporate Governance Code
			Demonstration of the Board of Directors' functions and promotion of diversity
			Ongoing improvement of the system for the remuneration of officers to increase corporate value
			Establishment of fair and motivating evaluation and executive remuneration systems
10	Strengthening of the risk management system	Through compliance with laws and regulations and development of an organization with high ethical standards	Prevention of inappropriate behavior in corporate activities and enhancement of compliance awareness among all officers and employees
		Strengthening of organizational resilience by steadily responding to business risk	Review of selection methods and response policies for major risks, promotion of information security measures for digital transformation and communication technology operations, and enhancement of the business continuity plan (BCP)
11	Continuous improvement of profitability and capital efficiency	Execution of management strategies and clarification of roles and authorities	Strengthened management of key performance indicators and verification of cost-effectiveness to improve the effectiveness of medium- to long- term strategies
			Implementation of business portfolio management to realize growth
			Establishment of an executive structure for timely and appropriate decision-making

(Reference) Details of Activities of the Sustainability Committee (subcommittees)

\*Please see “(2) Response to Climate Change” for activities of the subcommittee for Carbon Neutral and the subcommittee for Resource Circulation.

Subcommittee for CSR Procurement:

Purpose and Role	Promotion of CSR Procurement Activities (promoting responsible procurement activities)
3-year Activity Policy (from the fiscal year ended March 31, 2023)	<ul style="list-style-type: none"> <li>• Accurate understanding of social requirements such as “human rights”, “labor practices”, “environment and ethics”, and continuous correction and/or improvement thereof</li> <li>• Expansion of factories that are subject to activities with effectiveness and rationality</li> </ul>
Details of Activities during the fiscal year ended March 31, 2023	<ul style="list-style-type: none"> <li>• Started CSR procurement activities at partner factories by our foreign subsidiaries</li> <li>• Revised standards items for on-site audits and supporting audits</li> <li>• Promoted activities for correction and/or improvement in response to issues that arose at the partner factories</li> </ul>

Subcommittee for Human Rights, D&I:

Purpose and Role	Promotion of respecting human rights and D&I
3-year Activity Policy (from the fiscal year ended March 31, 2023)	<ul style="list-style-type: none"> <li>• Identify human rights risks and formulate a system for conducting human rights due diligence</li> <li>• Formulate and implement policies to deal with the amended Act for Eliminating Discrimination against Persons with Disabilities and LGBTQ+ customers.</li> <li>• Formulate and disclose a roadmap for D&amp;I promotion</li> </ul>
Details of Activities during the fiscal year ended March 31, 2023	<ul style="list-style-type: none"> <li>• Conducted a simplified assessment of human rights issues in the supply chain</li> <li>• Conducted hearings with experts on the implementation of human rights due diligence, and considered and decided on specific items to be addressed over the next three years</li> <li>• Conducted hearings with experts on the promotion of D&amp;I and decided on the content of initiatives for the fiscal year ending March 31, 2024 and after</li> </ul>

(2) Response to Climate Change (Initiatives for Recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”))

We believe that climate change, which has a significant impact on the Earth and our business activities, presents both risks to our group’s management, and at the same time new business opportunities. In order to achieve a sound corporate development and a sustainable society, we are promoting initiatives to solve environmental issues and working to expand disclosure of environmental related information.

Approach to Reducing Greenhouse Gas (“GHG”) Emissions:

In order to move forward with measures to realize a carbon-free society and firmly ensure the reduction of greenhouse gas (GHG) emissions along the supply chain, we began calculating GHG emissions for the entire supply chain (Scope 3) of the Wacoal Business (Domestic) from 2021. Moreover, in addition to disclosing reduction targets for Scope 1 and Scope 2 GHG emissions from our operating bases in Japan in pursuit of our 2030 nonfinancial goals, in June 2022 we disclosed reduction targets for the aforementioned Scope 3 GHG emissions of the Wacoal Business (Domestic).

Reduction Process:

Currently, the Subcommittee for Carbon-Neutral, which operates under the Sustainability Committee, takes the lead in reviewing specific action plans for achieving GHG emissions reduction targets. In pursuit of our goal of realizing net-zero GHG emissions at all of our operating bases in Japan, we plan on installing solar power generating systems at our distribution centers as well as gradually converting to the use of renewable energy at our existing operating bases. Meanwhile, in order to reduce GHG emissions along the supply chain, it is imperative that we work in unison with our suppliers. We intend to develop an action plan and course of action for reducing GHG emissions while urging our suppliers to do their part in helping to reduce GHG emissions along the supply chain.

Response to TCFD:

In September 2021, our group announced our support for the recommendations of the TCFD. In line with the TCFD’s recommendations, our group has disclosed information on four areas of “governance”, “strategy”, “risk management” and “target and goals” at the end of June 2022.

(i) Governance

Governance related to climate change is integrated into the governance of our sustainability strategy. For details, please see “(1) Sustainability Strategy – (i) Governance”.

(ii) Strategy

Our group conducts scenario analysis to assess the impact of risks and opportunities related to climate change issues, sequentially and starting with businesses for which analyzable data is available.

Risks:

We believe that the major risks affecting our group's business, strategy, financial plans, etc. include, among

others, the intensification of extreme weather, such as storms and floods, and increases in carbon pricing.

Opportunities:

Our group is promoting environmentally friendly activities, such as building a manufacturing and sales system in which few products are discarded. In the future, we will continue to promote business activities with a low environmental impact, aiming to achieve the "Environmental Goals for 2030". As environmental awareness is growing among consumers and society, we believe that business activities like these will be an opportunity to boost sales for our group.

Scenario analysis based on recommendations of the TCFD:

In accordance with the recommendations of the TCFD, our group conducted a scenario analysis on climate change during the fiscal year ended March 31, 2023. In the scenario analysis, we examined countermeasures and identification of risks and opportunities for Wacoal Corp., which has the highest percentage of overall sales in our group, in two hypothetical scenarios in which the global temperature increased by 2°C and 4°C. The scenario analysis showed that while a rise of 2°C had some positive impacts, such as gaining support from environmentally conscious consumers, transition risks, such as the introduction of carbon taxes, could have a negative impact on business. In addition, it was found that a rise of 4°C could lead to physical risks, such as storms, floods, and other extreme weather, that could have a negative impact on business. We will expand the scope of scenario analysis will be expanded sequentially in the future, and we will continue making efforts to enable detailed risk analysis for the entire group.

Type of Risk or Opportunity			Example	Impact		Countermeasure(s)
				2°C	4°C	
Transition	Policy and Regulations	Risk	Increased expenses due to the introduction of environmental taxes	Medium	—	<ul style="list-style-type: none"> <li>Introduce renewable energy and promote energy conservation and creation to avoid or reduce cost increases</li> <li>Work with suppliers to promote reduction of CO2 emissions</li> </ul>
		Risk	Increased electricity prices due to the introduction of renewable energy	Small	Small	<ul style="list-style-type: none"> <li>Promote energy conservation and creation to lower the amount of electricity supplied and avoid or reduce cost increases</li> </ul>
	Reputation	Opportunity	Increased consumer demand for our environmentally friendly products	Medium	Small	<ul style="list-style-type: none"> <li>Promote green business activities, including raising the ratio of environmentally friendly materials used, such as recycled fabrics</li> <li>Contribute to reduced disposal of clothing by promoting high quality manufacturing, allowing consumers to use products for a long time</li> </ul>
Physical	Acute Event	Risk	Decreased number of business days for stores due to the increased frequency of extreme weather	Medium	Large	<ul style="list-style-type: none"> <li>Promote a CX strategy to reform the business model. Create a sales system that can cover for the decline in store sales through e-commerce</li> </ul>
	Chronic Event	Risk	Increased opportunities to stay home and decreased opportunities to go outside due to changes in weather patterns	Medium	Medium	<ul style="list-style-type: none"> <li>Strengthen product development to meet at-home needs, including wireless bras</li> <li>Enhance the convenience of our e-commerce to mitigate the decrease in customers' opportunities and desire to buy products</li> </ul>
		Opportunity		Medium	Medium	
		Opportunity	Increased awareness of underwear due to climate change	Medium	Medium	<ul style="list-style-type: none"> <li>Recognize changes in consumer needs due to climate change and reinforce the development of functional products to respond to them</li> </ul>

### (iii) Risk Management

Risks related to climate change are managed by including them in the risks under our sustainability strategy. For details, please see “(1) Sustainability Strategy – (iii) Risk Management”.

### (iv) Indicators and Goals

Our group has set its own environmental activity goals for 2030, the “Environmental Goals for 2030” in order to promote efforts to solve increasingly serious climate change issues and realize a carbon-free society.

#### Environmental Goals for 2030

- i. In-house Emissions (Scope 1 & 2) “Zero” <Target: Domestic offices>  
Gradually switch to renewable energy, aiming to achieve net zero in-house greenhouse gas emissions (Scope 1 & 2).
- ii. Product disposal “Zero” <Target: Wacoal Corp. >  
Aim for zero discarded products and promote efforts to reduce disposal of waste materials at plants.
- iii. Environmentally friendly materials “50%” <Target: Wacoal Corp. >  
Increase the percentage of environmentally friendly materials used to 50%, such as switching to recycled fibers and yarns.
- iv. “20% Reduction” in Supply Chain Emissions (Scope 3) <Target: Wacoal Business (Domestic) >

Promote efforts with partner companies to reduce supply chain greenhouse gas emissions (Scope 3) by 20%.

The amount of CO2 emissions of our group is as follows:

(Scope of Business Offices: Head Offices, Spiral Building, Asakusabashi Building, Kojimachi Building, Kyoto Building, Shin-Kyoto Building, Moriyama Distribution Center, Fushimi Distribution Center, Wacoal Manufacturing Japan Corp. (Nagasaki, Kumamoto, Fukuoka, Fukui, Niigata))

Scope 1 – Changes in CO2 Emissions (Unit: t-CO2)

	Fiscal Year ended March 2020	Fiscal Year ended March 2021	Fiscal Year ended March 2022	Fiscal Year ended March 2023
Japan	1,784	1,611	1,736	1,701
vs Fiscal Year ended March 2020		(10%)	(3%)	(5%)

Scope 2 – Changes in CO2 Emission (Unit: t-CO2)

	Fiscal Year ended March 2020	Fiscal Year ended March 2021	Fiscal Year ended March 2022	Fiscal Year ended March 2023
Japan	4,658	4,103	4,369	4,179
vs Fiscal Year ended March 2020		(12%)	(6%)	(10%)

\*For our overseas business, we will start by understanding our own emissions (Scope 1 & 2) and plan to disclose the targets by the fiscal year ending March 31, 2025.

\*For details on other environmental data, please visit our website.

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

(Reference) Details of Activities of the Sustainability Committee (subcommittees)

Subcommittee for Carbon Neutral:

Purpose and Role	Realization of Carbon-Free Society (promoting business activities that reduce environmental impact)
3-year Activity Policy (from the fiscal year ended March 31, 2023)	<ul style="list-style-type: none"> <li>• Domestic: Formulate and implement action plans to reduce greenhouse gas emissions</li> <li>• Overseas: Estimate greenhouse gas emissions and formulate targets for reduction</li> </ul>
Details of Activities during the fiscal year ended March 31, 2023	<ul style="list-style-type: none"> <li>• Conducted research activities to draft a plan of scenario for reduction toward zero emissions at domestic business offices, and select partner companies (formulate a concrete transition plan in fiscal year ending March 31, 2024)</li> <li>• Obtained energy data at all overseas business offices (office, warehouse and factory)</li> <li>• Conducted research activities to draft a plan of scenario for reduction of emissions for the entire supply chain and identified hot spots to be strengthened</li> </ul>

Subcommittee for Resource Circulation:

Purpose and Role	Realization of Resource Circulation Society and Promotion of Waste Reduction (Target: Wacoal Corp.)
3-year Activity Policy (from the fiscal year ended March 31, 2023)	<ul style="list-style-type: none"> <li>• Increase the percentage of use of environmentally friendly materials (to 26% from 17% during the fiscal year ended March 31, 2023)</li> <li>• Reduce production disposal: return to 1.1% level (which is the level at fiscal year ended March 31, 2020) (disposal rate for fiscal year ended March 31, 2023 was 1.1%)</li> <li>• Reduce disposal of leftover materials at plants and suppliers (Goal: reduce by approximately 30% from the level in the fiscal year ended March 31, 2021)</li> </ul>
Details of Activities during the fiscal year ended March 31, 2023)	<ul style="list-style-type: none"> <li>• Considered the definition of environmentally friendly materials (defined materials with blending ratio of 20% or more as environmentally friendly materials)</li> <li>• Formulated target value for the percentage of use of environmentally friendly materials</li> <li>• Formulated target value of reduction of product disposal and disposal of leftover materials</li> </ul>

(3) Human Capital

For our group, which has established the majority of its value chains, spanning from basic research and product planning and development to materials procurement, production and sales, using the resources within our group, the most important management resource is “human resources”, so maximizing our human capital is an important management initiative. We believe that realizing an attractive corporate culture in which each of the employees of our group can work while “being emotionally fulfilled”, “feeling fulfillment in their work”, and “maintaining motivation” will enable each employee to maximize his/her potential, produce organizational results such as improved productivity and competitiveness, and eventually lead to sustainable growth.

(i) Governance

In developing human resource strategies based on the business strategies of each operating company, the human resources department of each operating company takes the initiative in formulating and implementing specific measures to address human resource issues, monitoring progress, and evaluating and examining the status of achievement. At the same time, in order to ensure the effective functioning of governance concerning human capital of the entire group, we regularly monitor the status of initiatives at each operating company, mainly from the perspective of human rights, diversity, equity & inclusion (“DE&I”) and compliance, and provide instructions and requests as appropriate.

Wacoal Corp., our core operating company, has established the “Human Resources Development Committee”, attended by the President and other Directors, to discuss and formulate policies regarding human resource strategies.

(ii) Strategy

As the business environment is becoming increasingly uncertain, the strategies related to human resources, which will play a key role in the rapid transformation of the business model, will only increase in importance. In Japan, in particular, as the working population declines due to the aging of the population and the declining birthrate, competition for human resources is certain to intensify more than ever before, and it is therefore necessary to formulate and implement a human resources strategy to be an attractive company. In addition, in order to promote reforms without interruption, it is necessary to create an environment and/or a culture that will enable individual employees to grow further and to link their strengths to the organizational strengths.

At Wacoal Corp., in parallel with measures to quickly improve profitability, we will promote initiatives based on the three axes of (i) supporting career autonomy and providing growth opportunities (human resources development), (ii) strengthening management capabilities to maximize teamwork (organizational development), and (iii) creating systems and mechanisms that support job satisfaction, DE&I and well-being (culture development) in order to be a company that is chosen and will continue to be chosen over the medium to long term.



Human Capital Strategy (Target: Wacoal Corp.)

Basic policy	Further promote career autonomy and foster a corporate culture that allows employees to feel fulfillment in their work, and aim to become “a company that shares success with all employees” by bringing out the individuality and strengths of each employee
What we look for in our employees	<p>“Autonomous and innovative employees”</p> <p>Employees who respect and can embody our management philosophy.</p> <p>Employees who can rethink existing concepts and current frameworks and innovate with enthusiasm.</p> <p>Employees who can proactively enhance their own abilities and take on the challenges of new possibilities.</p> <p>Employees who can build good teamwork and contribute to organizational goals.</p> <p>Employees who can practice healthy and sound lifestyles.</p>
Human capital issues based on management strategies	<p>&lt;Direction.&gt;</p> <p><u>Realization of organizational management by a small group of highly skilled employees = individual growth x improvement of organizational strength x fostering an attractive culture</u></p> <p>Implementing human resource development, organizational development and culture reform for medium- and long-term growth while, at the same time, pursuing personnel plan management to improve profitability at an early stage.</p> <p>&lt;Priority issues&gt;</p> <p>(i) Recruit, train and promote employees who will be responsible for the company’s growth.</p> <ul style="list-style-type: none"> <li>• The company will recruit and develop a personnel portfolio based on the changes in the business portfolio and business model.</li> <li>• Expand opportunities and time for autonomous career development and support individual growth.</li> </ul> <p>(ii) Improve management capabilities to link individuals’ strengths to organizational results.</p> <ul style="list-style-type: none"> <li>• Strengthen appropriate appointment and placement based on the succession plan.</li> <li>• Improve management and organizational capabilities through fostering a healthy feedback culture.</li> </ul> <p>(iii) Foster an organizational culture of high engagement and psychological safety.</p> <ul style="list-style-type: none"> <li>• Promote DE&amp;I and foster a culture with a high level of psychological safety in which diverse individuals can play an active role in a fair environment.</li> <li>• Implement a personnel and remuneration system that is fair and in line with the times, and clarify the criteria and processes for promotion and appointment.</li> </ul>
Initiatives to maximize human capital	I. Acquisition of talent
	II. Support growth (training, reskilling, career development)
	III. Strengthen management capabilities
	IV. Promotion of DE&I
	V. Achievement of well-being

Initiatives to Maximize Human Capital

I. Acquisition of talent

Our group believes, just as our predecessors have built today’s corporate group without sticking to the precedents, that it would be the source of our competitiveness to continue to value a culture of boldness and daring to take on challenges, and to respect diversity which creates new value by bringing in new ideas, and we are focusing on recruitment of new graduates as well as lateral hires (including recent graduates and career recruits). At Wacoal Corp., we plan to continue to use lateral hires for approximately 30% to 50% of the total number of career-track positions, including management candidates, global, EC and DX specialists and other personnel.

Hiring Status at Wacoal Corp. (career-track positions):

Question		Fiscal Year ended March 2020	Fiscal Year ended March 2021	Fiscal Year ended March 2022	Fiscal Year ended March 2023
Lateral hires	Male	2	4	1	4
	Female	6	6	1	6
	Total	8	10	2	10
New graduates	Male	10	13	7	6
	Female	13	16	16	10
	Total	23	29	23	16
Lateral hire ratio		26%	26%	8%	38%

II. Support growth (training, reskilling, career development)

Aiming to transform into a company where individuality and strengths of each employee are fully realized, our group provides various training programs to support the growth of each employee by providing learning opportunities and career advancement support.

<Human Resources Development>

At Wacoal Corp., we believe that our development as a company is dependent upon efforts to enhance the qualifications of each employee and his/her support. Based on this belief and with the aim of fostering personnel who can put our management philosophy into practice, we support career and personal development by providing training programs that support the development of employees' careers and professional skills, as well as self-development support programs to promote employees' self-study.

In addition, we conduct human resources development based on the skills required in particular fields. For example, we provide training to maintain and enhance the quality and product competitiveness, such as basic manufacturing trainings, as well as programs aimed at promoting customer satisfaction by heightening employees' consultative capabilities. Other key initiatives include passing on our highly competitive manufacturing techniques and enhancing quality and productivity on a global basis by providing support and direction through technical experts dispatched from Japan to overseas factories.

New Personnel Development System:

With the aims of fostering autonomous, innovative personnel capable of putting its management philosophy into practice and creating a culture conducive to employees' growth as individuals, Wacoal Corp. introduced a new personnel development system, "WACOAL TERA KOYA", in April 2019. Under the new system, employees take the initiative in building their careers and continue learning by offering a wider selection of training options beyond rank-based training as well as more opportunities to volunteer as a program participant. In addition to modifying our programs to increase the focus on productivity and practical training, we are conducting joint training with other companies to expose employees to diverse viewpoints. By fostering personnel who can create new value through the implementation of our management philosophy, we will achieve sustainable growth in the changing business environment.

### Highlights of Our Human Resources Development Programs:

Name of Program	Purpose	Period/No. of hrs. of training per person	Annual number of participants		
			Fiscal Year ended March 2022	Fiscal Year ended March 2023	
Rank-Based Training Program	Helps employees understand the roles and the mindset expected of them in new ranks or positions and gives employees an opportunity to consider their career plans in the context of the company's strategies	1 to 6 days (depending on program)	811	684	
Business Skills	Enables employees to learn the skills needed by businesspeople through exchanges with personnel inside and outside the company and to acquire universal business skills usable inside and outside the company	7.5 hours	58	61	
Wacoal Academy	Shares in-house knowledge, passes on knowledge, and develops organizations through training and seminars conducted by in-house and external instructors	7 hours~	2,334	1,217	
Global Talent Development	Develops globally competent personnel who have international communication skills (the ability to execute duties, language skills, and the ability to work in and understand other cultures), underpinning the increasing globalization of the business	Overseas job training	2 years	5	4
		Overseas language training	6 months	※	※
		Global communication training	1 day	※	※
Self-Study	Supports the autonomous development and enhancement of employee capabilities by providing e-learning content that can be studied anywhere at any time	Self-study support program	—	36	160
		Distance learning/E-learning	—	253	2,138

\*Cancelled due to the impact of COVID-19 pandemic

#### <Reskilling>

At Wacoal Corp., we are working to develop human resources through reskilling (relearning) to ensure that our employees have the skills necessary for business growth and new business. During the fiscal year ending March 31, 2024, we have launched the operation of an online learning tool as a part of initiatives to raise the level of IT literacy to improve labor productivity of office work.

#### <Career Development>

At Wacoal Corp., we are working to develop human resources capable of generating innovation by expanding the “Internal Job Challenge” program, which allows employees to personally request transfers, and “Outside Career Challenge” program, which allows employees to gain experiences that are not available within the company through secondment to companies and organizations outside our group, to increase opportunities for employees to develop their careers on their own initiative. In addition, by expanding the divisions that are eligible for regular internal recruitment and by including group companies in such divisions, we have broadened the range of options and the number of eligible applicants, and introduced a system that allows both employees and organization to actively develop their careers and acquire human resources.

#### Meet My Career Program:

Wacoal Corp. has introduced the “Meet My Career Program”, which aims to have employees develop their career independently and actively by expanding the diverse systems and structures for career development and to enhance job satisfaction and revitalize organization by promoting career autonomy. In this program, in addition to conventional self-assessment, career interviews, training / self-development, and transfers, the system providing opportunities for employees to proactively open up possibilities and their careers, such as job challenges and internal recruitment, outside career challenges, long-term leave, and side-

work, is systematically demonstrated. With this, we aim to accelerate the realization of diverse career development for people by encouraging employees to actively implement a variety of ways to work, and at the same time, by providing employees with opportunities to acquire new skills, and refine them. Furthermore, starting from fiscal year ending March 31, 2024, we are implementing new initiatives such as “Meet My First Career”, an event to match new employees with departments that wish to accept them for assignment of new employees with career-track positions.

Name of Program	Purpose	Number of Applicants	
		Fiscal Year ended March 2022	Fiscal Year ended March 2023
Job Challenge, Internal Recruitment	As a part of forming self-reliance human resources: “Job Challenge” supports job rotation opportunities for those who express desires to self-transfer based on their own will and motivation, thereby revitalizing the organization as a whole; “Internal Recruitment” will strengthen the departments by acquiring the human resources that they seek, thereby revitalizing the entire internal organization.	15	18
Outside Career Challenge	In times of rapid changes, this program helps employees enhance adaptability and resilience by incorporating diverse perspectives and values, updating knowledge and reskilling through work experience outside the company.	19	38
Side-Work	1. Enhance their own skills, abilities and expertise as they engage in activities outside the company and to increase their ability to perform for their principal occupation. 2. Build external networks and acquire new knowledge and skills looking ahead to future career plans. 3. Work on their hobbies and interests and achieve a diversified lifestyle by earning additional income.	40	38
Long-term Leave Program	This program supports the continuation of employment by allowing absence for a certain period of time “for the purpose of self-enlightenment and self-development” and “if a spouse relocates or if an employee marries someone who lives in a remote area”.	3	5

### III. Strengthen management capabilities

Profitability has been declining at Wacoal Corp., our core operating company, due to sluggish sales and a cost structure with a high fixed cost ratio. We are reviewing the business strategies set forth in our medium-term management plan to return to top line growth and improve profitability. In order to enhance management effectiveness, it is an extremely important issue to strengthen management capabilities to make accurate and fast decision-makings and contribute to organizational achievements. We will, once again, work to cultivate, develop and appoint management human resources based on the succession plan. We also recognize that it is essential to foster a healthy feedback culture from the perspective of strengthening organizational capabilities. We will promote efforts to secure and develop management human resources who can realize our vision, implement our strategies, and motivate members to link individuals’ strengths to organizational results.

#### <Development of Management Personnel>

During the fiscal year ending March 31, 2024, we plan to provide new trainings for the senior management as part of measures to disseminate our group’s management philosophy, and for all management positions, to promote diversity as a source of innovation and to acquire basic knowledge of psychological safety, which is a foundation of organizational development, and unconscious bias.

#### <Review of Evaluation System>

At Wacoal Corp., while increasing the diversity of human resources, we are building a more productive organization with a small number of highly skilled employees. In addition, we are reviewing, as needed, our

systems and operations for “fair evaluation and treatment” and “appointment of leaders who can continue to enhance the attractiveness of an organization” which form the basis for such efforts. By fostering a culture of feedback and enhancing the level of acceptance of evaluation results, we aim to strengthen our organizational capabilities. Starting from fiscal year ending March 31, 2024, we have set forth the elements based on our management philosophy (VISION 2030, Action) as new evaluation items and making efforts to permeate and put into practice our management philosophy, while at the same time, we use evaluations as one of our communication tools to enhance opportunities for dialogue.

#### IV. Promotion of DE&I

Our group is building a sound corporate culture and a strong management structure by pursuing a system that enhances the job satisfaction of each employee, while at the same time by ensuring the quantitative and qualitative appropriateness of human resources. Under the management philosophy of “mutual trust”, we aim to create a work environment that is receptive to diverse human resources and values, deepens relationships of mutual trust and that allows each employee to perform to the best of his/her ability. We will continue to expand the diverse career paths and work options, and will implement initiatives related to human resources that will allow us to take advantage of the diversity of employees in organizational decision-making for a rapidly changing market, such as by promoting an introduction of a new personnel evaluation system.

##### <Empowerment of Women>

As many of our employees at Wacoal Corp. and customers are female, Wacoal Corp. considers the empowerment of women’s involvement and activities as an important management goal in order to reflect more diverse viewpoints in its management decision-making. Therefore, Wacoal Corp. has established a workplace environment that is appropriate and in line with women’s unique life stages, promotes more flexible work styles, and has instituted a system for promotion and advancement based on ability and performance, regardless of gender or age. In February 2021, Wacoal Corp. received the “Eruboshi Certification” from the Ministry of Health, Labor and Welfare of Japan, having been recognized as a company that has made effective efforts to advance women’s participation.

##### <Promotion of Women in Managerial Position>

Wacoal Corp. has formulated a general employer action plan based on the Act on the Promotion of Women’s Active Engagement in Professional Life, under which we aim to increase the percentage of women in managerial position (section manager and higher level) to 30% or higher by the end of fiscal year ending March 31, 2025. The percentage of women in managerial position (section manager and higher level) as of April 1, 2023 was 29%.

We will continue to identify human resources with a high aptitude for leadership from an early stage, regardless of gender, and further promote the provision of training opportunities to candidates for managerial positions. We will also develop talents capable of being in charge of managerial and executive positions by supporting the autonomous growth of employees, encouraging them to gain experience in a variety of businesses and positions, and continuously working to foster career awareness.

(For details, please visit our website.)

: Action Plan Based on the Act on the Promotion of Women’s Active Engagement in Professional Life

<https://www.wacoalholdings.jp/en/sustainability/resource/diversity/>

: ESG Data Book (Diversity & Inclusion etc.)

[https://www.wacoalholdings.jp/en/ir/library/esg\\_presentation/](https://www.wacoalholdings.jp/en/ir/library/esg_presentation/)

: (Website of Ministry of Health, Labor and Welfare) The Database on Promotion of Women’s Participation and Advancement in the Workplace – Wacoal Corp.

<https://positive-ryouritsu.mhlw.go.jp/positivedb/detail?id=284> (*Japanese only*)

##### <Differences in Wages between Male and Female Employees>

The differences in wages between male and female employees, one of the indicators for empowerment of women, at Wacoal Corp. is 52.9% (full-time employees 53.9%, part-time and fixed-term employees 58.1%, career-track positions 79.2% and management positions 91.2%). At Wacoal Corp., there is no wage differential between male and female employees in the same role. For this reason, the difference is due to (i) the ratio of men in the managerial positions making up approximately 70% of all managerial positions, (ii) the ratio of female employees

in career-track positions, especially in the hiring of new graduates, having been increasing year by year, resulting in a high ratio of female employees among employees who have been with the company for 10 years or less (10 years or less: 110 employees, 51.9%; over 10 years: 71 employees, 15.9%) , and (iii) the fact that a higher proportion of employees in sales related job groups compared to career-track positions.

We will increase the ratio of women in new graduates and lateral hires in career-track positions, promote women based on their abilities regardless of age and gender, and also increase the ratio of women in the managerial positions and executive positions in order to close the differences in wages between male and female employees.

#### <Promotion of Foreign Nationals to Managerial Positions>

Our group, as a corporate group operating in countries and regions around the world, appoints local personnel to the positions of representative (president) and key managerial positions in each of our overseas entities, including the U.S., Europe and China. The representatives (president) of Wacoal Hong Kong Co., Ltd., Philippine Wacoal Corp. and Intimates Online, Inc. are served by female. We will continue to hire diverse local human resources regardless of nationality and promote them to key managerial positions in order to expand our business from the customer's perspective and strengthen our competitive advantage in the overseas markets.

#### <Work-Life Balance>

Wacoal Corp. is developing workplace environments that enable employees to lead fulfilling lives and to make the best use of their skills. For example, as part of our initiatives to help employees meet work and child-rearing commitments, we are establishing programs and norms with a view to creating environments that are convenient and fulfilling to work in not only for employees with child-rearing commitments but also for coworkers who support them. Further, as a result of preparing an action plan based on Japan's Act on Advancement of Measures to Support Raising Next-Generation Children and taking measures to implement the plan, in 2018 we received "Kurumin" certification for the third time and "Platinum Kurumin" certification. We plan to create a system that allows employees to be flexible in the way they use their time so that they can increase the diversity of their individual experiences and skills and create innovation at work, by actively having connection not only with work and family, but also with society.

#### <Employment of People with Disabilities>

Our group is improving the working environment and providing work support by conducting training so that everyone is able to work proactively, and we also conduct individual interviews to listen to worker opinions. In February 2018, Wacoal I Next Corp. was founded to promote the employment of people with disabilities and to create opportunities for their active participation. In December 2018, the company was certified as a special subsidiary under the Employment Promotion Act for Persons with Disabilities.

In order to flexibly promote the development of individual skills, Wacoal I Next Corp. has adopted a variety of working styles, such as "multi-tasking" where an employee is responsible for multiple tasks without setting limitations on the scope of the work, and "work sharing" where multiple employees undertake larger tasks which are divided into small segments; we aim to create a workplace where each and every employee can have a sense of fulfillment and growth.

It is necessary for a company to follow legal employment quotas; however, we don't see those as just numerical targets. Under the mutual trust established by Wacoal, we would like to contribute to the realization of a society that takes advantage of diversity by working as a group to create a workplace where everyone can play an active role for development.

: For information on employment for people with disabilities and the reemployment system, etc., please see our website.

<https://www.wacoalholdings.jp/en/sustainability/resource/diversity/>

#### V. Achievement of well-being

In order to achieve "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" as addressed under our medium to long-term strategy framework "VISION 2030", it is essential to increase the satisfaction of our employees, who are key stakeholders, and to improve the productivity of the organization as a whole.

At Wacoal Corp., we believe that improving the job satisfaction and happiness of each employee is the driving force to achieve high productivity, and we will implement initiatives to achieve well-being to improve employee engagement.

<Promotion of Diverse Working Styles>

We are promoting initiatives at Wacoal Corp. that seek to raise awareness and change behavior on how to increase working productivity through a combination of proactive use of remote work tailored to each department, promotion of flexible hours, and operation of a limited work location system. While promoting organizational reforms which emphasize on performance and achievements, we are focusing on creating a corporate culture that respects each individual as a business partner by recognizing diverse opinions and values. While remote work has been adopted rapidly as a measure to prevent the spread of COVID-19, we will continue to utilize remote work tailored to the characteristics of each department as “a work style to maximize the achievements and performance” even after the downgrade of COVID-19 to a Class 5 disease (common infectious disease). In addition, we continue to promote reforms in the way we work, such as starting a “super flexible time” system from April 2023.

<Health Management>

Viewing the health of employees as an important asset for sustained growth, Wacoal Corp strategically promotes the health management by working together with the health insurance society and labor union as a trinity. One of the material issues set forth in VISION 2030 is the continuous improvement of employees’ health and health awareness. Our goal under the newly formulated Wacoal GENKI Project 2025 for promoting health management is to improve the physical and mental well-being of employees, leading to increased productivity and improved employee engagement. We will continue to promote health maintenance through the ongoing implementation of various countermeasures to address lifestyle diseases, cancer, and mental health while further developing a working environment that enables employees to make self-initiated efforts to improve their health, thereby encouraging changes in behavior and attitudes toward the subject of health improvement itself. We are also stepping up our efforts to address health issues that are specific to women. Furthermore, Wacoal Holdings Corp. has been selected as an Excellent Enterprise of Health & Productivity Management (White 500) for seven years in a row since 2017.

: For information on Wacoal GENKI Project 2025, please see our website.

<https://www.wacoalholdings.jp/en/sustainability/resource/wellbeing/>

(iii) Risk Management

Risks related to human resources are managed with the risks under sustainability strategy and overall management. For details, please see “(1) Sustainability Strategy – (iii) Risk Management”.

(iv) Targets and Goals

Human Capital Issues based on Management Strategies	Initiatives to Maximize Human Capital	Targets and Goals (KPI)	
		Targets	Goals
Recruit, train and promote employees who will be responsible for the company's growth	I. Acquisition of talent II. Support growth (training, reskilling, career development)	Status of lateral hires (career-track positions)	Achieve lateral hires of 30% - 50% in total hires of career-track positions
		Investment costs in development and training human resources Number of participants in programs and hours invested in learning (as to working hours)	To formulate during fiscal year ending March 31, 2024
		Number and percentage of employees reassignment through internal recruitment and Job Challenge	To formulate during fiscal year ending March 31, 2024
		Degree of achievement of proactive career development	To obtain 60% or higher positive responses for questions related to career achievement in engagement survey
Improving management capabilities to connect individuals' strengths to organizational results	III. Strengthen management capabilities	Contribution of management that leads to sustainable growth	To obtain 60% or higher positive responses for questions related to potentials and future prospects in engagement survey
Foster an organizational culture of high engagement and psychological safety		Foster a feedback culture	To obtain 60% or higher positive responses for questions related to approval and praise, fair evaluation in engagement survey
	IV. Promotion of DE&I V. Achievement of well-being	KPI achievements under Wacoal GENKI project 2025	<a href="https://www.wacoalholdings.jp/news/files/news211203.pdf">https://www.wacoalholdings.jp/news/files/news211203.pdf</a> (Japanese only)
		Employment of people with disabilities	Statutory employment rate of 2.5% for fiscal year 2024



### 3. 【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 and mitigate 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.

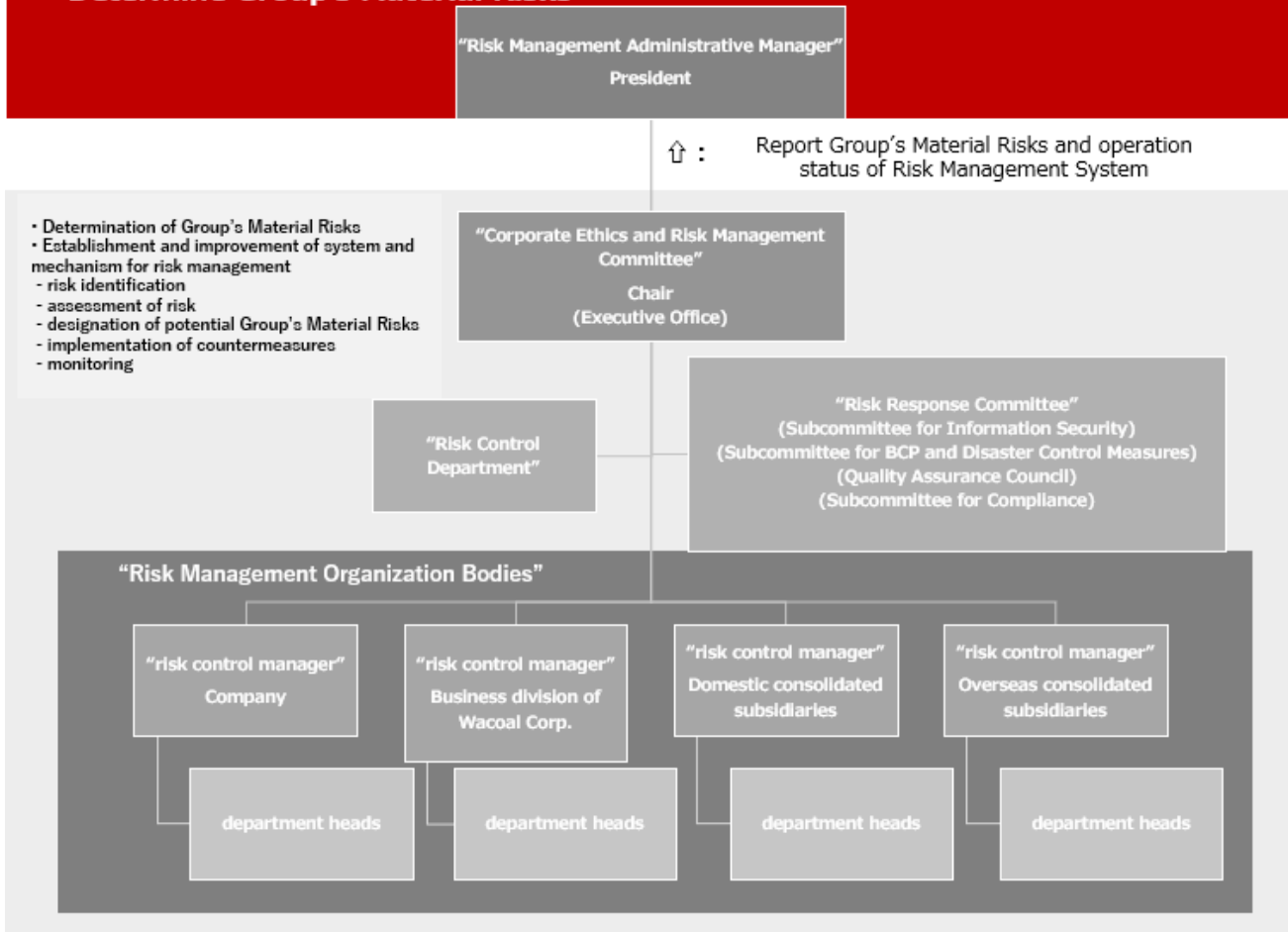
#### (1) Risk Management System

As shown in the diagram below, our group’s Risk Management System is headed by our Representative Director, President and CEO who acts as the risk management administrative manager, and is under direct control of our Representative Director, Vice President and Executive Officer and CFO who acts as the Chair of the Corporate Ethics and Risk Management Committee, which consists of members appointed by the Chair. In addition, the Corporate Ethics and Risk Management Committee has established various subgroups including the Risk Control Department and Subcommittee for Risk Response which formulate policies on activities and monitor 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 Subcommittee for Risk Response 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"

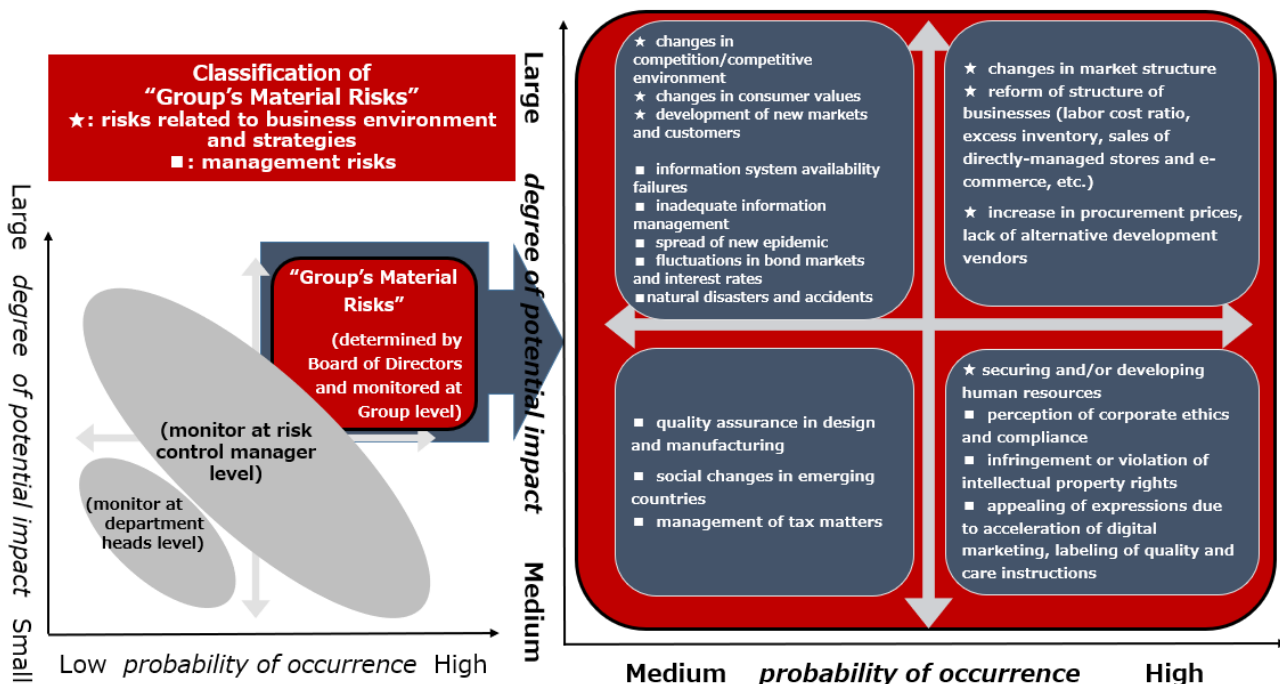
#### [Determination of Group's Material Risks]

- ▶ 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 current fiscal year.

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 “operational” 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"><li>● Risk details A decline in the number of large-scale retailers and commercial facilities, including department stores and mass merchandisers may significantly impact our group's business performance, which has a large share of sales from department stores and mass merchandisers. In addition, a decrease in consumer contact points (physical stores) may affect a decline in brand recognition and a decrease in consumer's willingness to purchase. 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.</li></ul>	
<ul style="list-style-type: none"><li>● Countermeasures The retail market is undergoing structural change (expansion of online markets such as online malls and flea market apps), and the sales share of wholesale outlets such as traditional department stores, mass merchandisers, and specialty stores is expected to gradually decline. In Japan, our group is shifting to an area-based sales and marketing system that cuts across brands and distribution channel categories to achieve centralized management of our customer data, at the same time, we are promoting our CX strategies that enhances the value of customer experience as lifetime value ("LTV") that the needs of each customer by utilizing various distribution channel categories. Going forward, we will continue to balance between the enhancement of personalized services at our physical stores with the reinforcement of stress-free coordination of personal information for our online sales. In overseas market, we aim to improve the customer experience in fitting that our competitors cannot imitate by developing unique services that involve merger of offline and online customer experience while continuing to focus our efforts on increasing our brand recognition in individual countries and regions. In the United States, we acquired Intimates Online, Inc. in order to capture millennials as customers in our group's global expansion, and create growth opportunities and strengthen our competitiveness in the e-commerce ("EC") market. We are also accelerating DX in individual countries and regions to improve the LTV of our customers and aiming to increase the ratio of EC sales to total sales to over 50% by fiscal year 2030.</li></ul>	

➤ Risks related to reform of structure of businesses (labor cost ratio, excess inventory, sales of directly managed stores and e-commerce etc.)	
<input type="checkbox"/> Probability of occurrence: High	<input type="checkbox"/> Degree of potential impact: Large
<ul style="list-style-type: none"> <li>● Risk details High labor cost ratio due to the wholesale-centered business reform still being progressed, and an increase in distribution costs and revaluation of discounts induced from an increase in inventories due to an increase in stock keeping units (“SKUs”) and failure of total inventory and total sales production management may adversely affect earnings performance. On the other hand, failure to strengthen our area-based sales capabilities and to quickly and effectively advance our growth strategies for directly managed stores and online sales may result in inability to adapt to the changes in the distribution channel structure, which may adversely affect performance.</li> </ul>	
<ul style="list-style-type: none"> <li>● 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. During the current fiscal year, we have implemented the Flexible Retirement Program at Wacoal Corp. to quickly optimize its workforce and workforce composition, enhance profitability of its domestic business, accelerate its business structure reform and support future career development of its employees. We will continue to develop a performance evaluation system that enables the visualization of the contribution of each employee to the company to create an organizational culture in which employees can realize that they are creating the future of the company. On the other hand, our previous brand strategy has been meticulously adapted to the characteristics of the distribution channel categories, and as a result, in recent years, we have developed approximately 60 brands (including sub-brands). Today, customers’ purchasing behavior (customer journey) 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 have established our “core brand strategy” that consolidates our brands into 9 core brands, with approximately 30 constituent brands under the 9 core brands. We are working on organizing for overall optimization from the customer’s perspective, for example, to ensure that there is no overlap in brands and/or products. We will build a customer-based value creation process, and will draw growth strategies and narrow down investment areas so that we can provide products and services that are "needed" and "exceed expectations" from the customer’s perspective, and also so that we can create fans, which will be the basis of our core brand strategy.</li> </ul>	

➤ Risks related to increase in procurement prices	
<input type="checkbox"/> Probability of occurrence: High	<input type="checkbox"/> Degree of potential impact: Large
<ul style="list-style-type: none"> <li>● 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.</li> </ul>	
<ul style="list-style-type: none"> <li>● Countermeasures In the procurement of materials and production of products, we are increasing our emphasis on procurement and production in Asian countries and regions, 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 has shifted 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, expand our overseas suppliers for materials, and minimize the number of products and materials that end up in landfills. On the other hand, we consolidated 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. At the same time, 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.</li> </ul>	

➤ 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"> <li>● 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 in a long-term.</li> </ul>	
<ul style="list-style-type: none"> <li>● 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. In order to improve profitability and return to a growth trajectory at Wacoal Corp., we believe it is essential to focus on strengthening our competitive advantage based on our customer-oriented strategy. We will reinforce our “customer-driven” approach by providing personalized data to customers using digital technology and by promoting the CX strategy that further deepens the relationship with each and every customer across distribution channel categories and brands. In addition, through our personalized apps of “Wacoal Carnet” and “Wacoal 3D smart &amp; try”, we provide customers with scientifically advanced and easy-to-understand information to enhance their trust in our brands and create bonds that will lead to “deeply, broadly long-lasting” relationships as loyal customers. 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.</li> </ul>	

➤ 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"> <li>● 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.</li> </ul>	
<ul style="list-style-type: none"> <li>● Countermeasures We consider all activities that create value for our customers as “marketing”, and are strengthening our efforts to draw a series of customer experience that leads to us as their inevitable choice. We have moved away from the old-fashioned orientation of product purchase, and are building a system in which customer data is integrated and linked at all points of contact with our customers, both at physical stores and online, to create a connection with our brand, providing value to the customers’ series of actions and creating long-lasting relationships and lifelong customers. In terms of brand management, 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 our customers. At the same time, we are strengthening our efforts in sustainability activities to enhance and establish our reputation with society and other stakeholders.</li> </ul>	

➤ 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"> <li>● Risk details 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.</li> </ul>	
<ul style="list-style-type: none"> <li>● Countermeasures In domestic market, we are struggling to acquire new customers due to lack of developed products and marketing measures that can stimulate purchase motivation among potential customers who have little contact with our brands. We are working to reevaluate customers' series of customer experience and purchasing behavior (customer journey), and to formulate initiatives for making us their inevitable choice. On the other hand, our efforts to strengthen retention marketing to existing loyal customers are steadily yielding results, and we are able to build ever deeper bonds with them as loyal customers. We will prioritize and further focus our efforts on maximizing LTV, which can be realized as the value offered by our group, by expanding our wardrobe assortment for our loyal customers. On the other hand, in the United States, we have continued our efforts to grow our e-commerce business entity by aggressively investing in digital marketing. By improving the convenience of a digital fitting app, "Wacoal-mybraFit", which we introduced as a part of our initiatives to strengthen our e-commerce business, we are working with an aim to increase the ratio of e-commerce sales from the current 46% to 70% in the long term. We are also strengthening the logistics infrastructure and other systems that will support our future e-commerce growth. In China, in order to accelerate recovery from the impact of COVID-19, we have strengthened our organizational structure for product development and e-commerce sales. Although we have an approximately 20% share of sales at department stores in China, our share in the overall underwear market accounts for less than 1%. Therefore, in the e-commerce market, where middle class is the main purchasing group, we will continue to focus on acquiring new customers and converting existing customers into loyal customers while working to strengthen offline and online collaboration and CRM strategies. 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.</li> </ul>	

➤ 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"> <li>● Risk details If we fail to secure and/or foster personnel especially for manufacturing (planning and technical capabilities), IT and digital, 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.</li> </ul>	
<ul style="list-style-type: none"> <li>● 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 enhances opportunities for 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, such as LTV. 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.</li> </ul>	

(2)-2 Operational Risks

➤ 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"> <li>● Risk details 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.</li> </ul>	
<ul style="list-style-type: none"> <li>● Countermeasures 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. We have established the Subcommittee for Information Security under the Corporate Ethics and Risk Management Committee to understand and improve the current management system, and collect information, investigate and analyze the current status regarding data destruction or leakage due to unauthorized access to customer information and important technical information, as well as cyber-attacks aimed at disrupting business operations due to viruses and ransomware. At the same time, we 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, we have introduced and begun operating security tools that monitor systems and devices in real time in preparation for unexpected system failures and malfunctions, while also ensuring that critical systems have appropriate hardware and network configurations, that cloud computing has been selected, and that appropriate maintenance of IT assets is being performed. In addition, we conduct periodic targeted e-mail drills for domestic consolidated subsidiaries and alert employees to information-related accidents, such as those recently reported in the media, in order to mitigate risks from both sides by raising employee awareness and establishing a framework.</li> </ul>	



➤ 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"> <li>● 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.</li> </ul>	
<ul style="list-style-type: none"> <li>● 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 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. The Subcommittee for Information Security, established under the Corporate Ethics and Risk Management Committee, is responsible for strengthening the protection and management of personal information, complying with related laws and regulations, and educating our employees, and also conducts surveys on information management status and provides guidance and advice on countermeasures for our domestic and overseas affiliated companies, in order to protect personal information from external threats.</li> </ul>	

➤ Risks related to spread of new epidemic	
<input type="checkbox"/> Probability of occurrence: Medium	<input type="checkbox"/> Degree of potential impact: Large
<ul style="list-style-type: none"> <li>● Risk details The spread of the new epidemic, 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 into the business site or closing the business site.</li> </ul>	
<ul style="list-style-type: none"> <li>● Countermeasures In response to the spread of COVID-19, our group established the COVID-19 Infection Control Committee under the Corporate Ethics and Risk Management Committee with our Representative Director, Vice President and Executive Officer and CFO acting as the General Manager, which implemented 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 and to reasonably continue our business activities. Specifically, we determined 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 allowing our back-office staff to have flexible work options (by encouraging work from home and web meetings, and restricting or allowing business trips and in-person conferences) by areas and depending on their status. In light of these responses, we are reviewing our guidelines and action plans to prepare for the spread of new epidemic. In anticipation of changes in personal consumption behavior that coexist with infectious diseases, we will strive to secure competitive advantage by enhancing services sought by customers and developing new products, such as the improvement of the convenience of our mail order services and proposing a wardrobe that expands the scope of activities while preventing infection. 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.</li> </ul>	

➤ Risks related to fluctuations in bond markets and interest rates	
<input type="checkbox"/> Probability of occurrence: Medium	<input type="checkbox"/> Degree of potential impact: Large
<ul style="list-style-type: none"> <li>● 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.</li> </ul>	
<ul style="list-style-type: none"> <li>● Countermeasures Please see “IV. Information on the Company – 4. Corporate Governance, etc. (5) 【Information on Shareholdings】 ” for information on shareholdings by the Company and Wacoal Corp., our specified wholly owned subsidiary. Under the current medium-term management plan, which started in the current fiscal year, we have decided to reduce our overall cross-shareholdings by over 15.0 billion yen by the end of the fiscal year ending March 31, 2025. 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 7 stocks that had diluted value amounting to approximately 4.0 billion yen during the current fiscal year. 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 “V. Financial Information - Notes to the consolidated financial statements 【3 Significant Accounting Policies】 and 【4 Significant Accounting Estimates And Judgments】 . ”. 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.</li> </ul>	

➤ 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"> <li>● Risk details Natural disasters such as earthquakes, fires, or explosions may cause damage to business and production sites, and our employees may suffer damages. In addition, closed traffic, energy outage, blocked communication lines, or damages to large retail stores, directly managed stores, e-commerce website or logistics networks may trigger confusion in our operation.</li> </ul>	
<ul style="list-style-type: none"> <li>● Countermeasures In preparation for large-scale accident emergencies such as “earthquake directly beneath the Tokyo metropolitan area”, the Subcommittee for BCP and Disaster Control Measures, established under the Corporate Ethics and Risk Management 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, employee safety confirmation system in the event of a disaster, and mobile work, we are also working to reduce risks by establishing operational backup systems at sales offices and decentralized arrangement of production sites in times of emergency, in line with our social responsibility. During the current fiscal year, we also conducted a drill to verify whether our BCP would reasonably function in the event of a disaster caused by an earthquake directly beneath the Tokyo metropolitan area.</li> </ul>	

➤ Risks related to perception of corporate ethics and compliance	
<input type="checkbox"/> Probability of occurrence: High	<input type="checkbox"/> Degree of potential impact: Medium
<ul style="list-style-type: none"> <li>● 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.</li> </ul>	
<ul style="list-style-type: none"> <li>● 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. We have not only established the "Corporate Ethics: Wacoal Standards of Conduct" which were distributed to our employees to ensure that they are well informed of it, but also made efforts to strengthen legal compliance by expanding measures such as compliance awareness training for employees, an internal alert system, and compliance review by external experts through the activities of the Subcommittee for Compliance, which was established under the Corporate Ethics and Risk Management Committee. In particular, we focus on labor and human rights issues in our supply chain for our group's businesses. We faced 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 Japan, it was discovered that there were unpaid overtime allowances for foreign technical intern trainees at a secondary manufacturing contractor. The "Subcommittee for CSR Procurement" which we established in April 2018 has now been transferred under the Sustainability Committee, and is proactively making efforts to conduct self-assessment and on-site audit at each of our manufacturing contractors from the perspectives of respect for human rights, harmony between environment and society, compliance with laws and regulations, labor practices and business practices, and to formulate and monitor correction and/or improvement plan. In addition, we plan to gradually expand the scope of CSR procurement activities beyond manufacturing contractors, and are disclosing a list of our suppliers.</li> </ul>	

➤ Risk related to infringement or violation of intellectual property rights	
<input type="checkbox"/> Probability of occurrence: High	<input type="checkbox"/> Degree of potential impact: Medium
<ul style="list-style-type: none"> <li>● Risk details Infringement or violation of the intellectual property rights may result in litigation or economic loss. In recent years, there has been a proliferation of "spoof advertisements that lead to fake websites" on the Internet that spoof our brand names. Failure to take appropriate measures such as alerts to customers and elimination of such spoof advertisements and fake websites could lead to a loss of trust from consumers and markets, and failure to strategically protect or utilize intellectual property rights may affect our business.</li> </ul>	
<ul style="list-style-type: none"> <li>● Countermeasures Our group recognizes that intellectual property rights are involved in all business activities and are important assets to ensure our competitive advantage. In order to protect and utilize intellectual property rights for our brands, proprietary technologies, designs and services as a source of competitiveness, while respecting and avoiding infringement of the intellectual property rights of other companies, we educate our employees by holding seminars and share information on trends of intellectual property in the industry to promote proper understanding. We are also enhancing the knowledge of the department in charge of intellectual property by strengthening cooperation with the outside experts to protect and utilize the intellectual property rights in DX and CX strategies and new businesses. In addition, we take strict measures against infringement of intellectual property rights in Japan and overseas, including counterfeit products and unauthorized use of our trademarks and patents by other companies, by asserting our rights against the infringing parties. In recent years, with regard to the deterioration of brand value due to the borderless nature of the e-commerce business, particularly the emergence of "spoof" advertising and sales that spoof our brands, mainly through social networking services ("SNS"), we are making efforts to protect our consumers and brands beyond Japan, by alerting our customers, tracking and monitoring sales channels and implementing elimination measures.</li> </ul>	

➤ Risks related to appeal to express due to acceleration of digital marketing, 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"> <li>● Risk details <p>In digital marketing, which is becoming mainstream, the content of messages on social networking services, including those involving employee participation, and appealing expressions based on concepts that go against international standards for sustainability, may cause social problems, including negative campaigns and defamation of the sender, which may adversely affect our business performance. On the other hand, 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.</p> </li> </ul>	
<ul style="list-style-type: none"> <li>● Countermeasures <p>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. We are also aware of the risk of social criticism of our transmissions and the words and actions of our participants through our aggressive digital marketing activities involving influencers and employee participation, which in recent years have spread regardless of the truth of their content.</p> <p>Through the activities of the Quality Assurance Council and the Quality Control Committee under the Corporate Ethics and Risk Management Committee, 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.</p> <p>At the same time, we have established SNS operation rules for each domestic and overseas affiliated company in light of their business environment to ensure that our employees are aware of such rules, and we are promoting trainings for our employees in marketing and communications departments to check the content of the transmissions in advance and judge whether they are appropriate or not.</p> <p>Furthermore, the Company is working to mitigate risks by formulating and revising various guidelines 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.</p> </li> </ul>	

➤ Risks related to quality assurance in design and manufacturing	
<input type="checkbox"/> Probability of occurrence: Medium	<input type="checkbox"/> Degree of potential impact: Medium
<ul style="list-style-type: none"> <li>● 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.</li> </ul>	
<ul style="list-style-type: none"> <li>● 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.</li> </ul>	

➤ 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"> <li>● 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.</li> </ul>	
<ul style="list-style-type: none"> <li>● 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 by appropriately diversifying our production bases.</li> </ul>	

➤ 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"> <li>● Risk details A large amount of taxation due to tax reform or investigation on transfer pricing may affect our group’s financial position and business performance, in addition to reputational damage.</li> </ul>	
<ul style="list-style-type: none"> <li>● 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. Starting from the current fiscal year, we have been providing regular tax training sessions for our domestic consolidated subsidiaries. At these training sessions, while confirming the appropriate responses to the current tax reform such as the invoice system, we made efforts to spread awareness of our Tax Code of Conduct. The status of application of guidelines described in the said Code is monitored by receiving reports from domestic and overseas consolidated subsidiaries at the end of each fiscal year, along with the status of the responses based on the IFRIC23 guidelines. In addition, we are working to improve our group’s tax system by tracking the trends in international taxation, including BEPS, and sharing the latest information with our overseas consolidated subsidiaries as appropriate.</li> </ul>	

#### 4. 【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.

Our group has adopted IFRS instead of the previous U.S. GAAP from the current financial year, and the results for the previous fiscal year have been reclassified to conform to IFRS.

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 2022)	Current Fiscal Year (ended March 2023)	Increased/(Decreased) from previous fiscal year	
	Amount	Amount	Amount	%
Revenue	172,072	188,592	+16,520	+9.6
Cost of sales	76,248	82,189	+5,941	+7.8
Sales profit	95,824	106,403	+10,579	+11.0
Selling, general and administrative expenses	95,330	102,301	+6,971	+7.3
Other income	3,749	5,254	+1,505	+40.1
Other expenses	952	12,846	+11,894	—
Operating (loss) profit	3,291	(3,490)	(6,781)	—
Finance income	1,930	1,517	(413)	(21.4)
Finance expense	232	795	+563	+242.7
Share of profit (loss) of investments accounted for using equity method	(906)	2,069	+2,975	—
(Loss) profit before income taxes and equity in net income of affiliated companies	4,083	(699)	(4,782)	—
Net (loss) profit attributable to owners of parent	1,732	(1,776)	(3,508)	—

The business environment surrounding our group during the current fiscal year (from April 1, 2022 to March 31, 2023) was severely affected by weak sales of our core innerwear products in major countries. In Japan, although there were signs of recovery in consumer spending as restrictions on economic activities eased, sales from our group’s domestic business has remained below our initial expectations due to the sluggish increase in the number of customers visiting our retail stores in addition to the negative impact on consumer spending arising from rising inflation. Our business environment in the United States remained weak due to the slowdown in consumer spending as well as the impact of suppliers’ restraint on purchasing. Our business in China also remained challenging due to the impact of the prolonged implementation of strict coronavirus pandemic (“COVID-19”) restrictions. On the other hand, our business in Europe maintained its growth trend due to the strong performance of our core brands, while our business in other Asian countries also recovered as relaxation of COVID-19 restrictions took place.

Under such circumstances, our group announced in June 2022 the “VISION 2030”, our medium- to long-term strategy framework, and our mid-term business plan for the next three years starting with the current fiscal year, and we are working to achieve sustainable growth and to enhance our corporate value. In our domestic business, we continued to promote our unique CX strategy including the utilization of our customers database and merger between online and offline activities to improve value of our customer experience, and strengthen our efforts to improve profitability, aiming to “transform ourselves into a resilient corporate structure”. In our overseas business, we promoted initiative for further growth by expanding our e-commerce business, in addition to expanding solid

sales in the existing areas where we conduct our business. With regard to financial strategies side, we worked to improve our return on equity by implementing initiatives to improve profitability and capital efficiency.

As a result of the above, for the current fiscal year, consolidated revenue was 188.59 billion yen (an increase of 9.6% as compared to such revenue for the previous fiscal year). We recorded a consolidated operating loss of 3.49 billion yen (as compared to a consolidated operating profit of 3.29 billion yen for the previous fiscal year) as a result of the impairment charges of 10.03 billion yen recorded on goodwill and intangible assets related to Wacoal International Corp. (U.S.) and the expenses of 0.75 billion yen incurred for the implementation of the Flexible Retirement Program at Wacoal Corp. (\*), despite a gain from sale of fixed assets (3.02 billion yen) related to the sale of our former business office building in Osaka. Consolidated loss before income taxes and equity in net profit of affiliated companies was 0.70 billion yen (as compared to a consolidated profit of 4.08 billion yen for the previous fiscal year) and consolidated net loss attributable to owners of parent was 1.78 billion yen (as compared to a consolidated net profit of 1.73 billion yen for the previous fiscal year) as a result of the operating loss despite the recording of profit from our investments accounted for using equity method.

The key exchange rates used for the current fiscal year (the previous fiscal year) were: 135.47 yen (112.38 yen) to the U.S. dollar; 163.15 yen (153.56 yen) to the Sterling pound; and 19.75 yen (17.51 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, 2022)		Current Fiscal Year (ended March 31, 2023)		Increased/(Decreased) from previous fiscal year	
	Amount	Composition Ratio (%)	Amount	Composition Ratio (%)	Amount	%
Total Revenue	172,072	100.0	188,592	100.0	+16,520	+9.6
Wacoal Business (Domestic)	88,128	51.2	96,746	51.3	+8,618	+9.8
Wacoal Business (Overseas)	59,214	34.4	66,732	35.4	+7,518	+12.7
Peach John Business	12,200	7.1	11,918	6.3	(282)	(2.3)
Other	12,530	7.3	13,196	7.0	+666	+5.3

(Millions of Yen)						
	Previous Fiscal Year (ended March 31, 2022)		Current Fiscal Year (ended March 31, 2023)		Increased/(Decreased) from previous fiscal year	
	Amount	% to Sales	Amount	% to Sales	Amount	%
Operating Profit/(Loss)	3,291	1.9	(3,490)	—	(6,781)	—
Wacoal Business (Domestic)	604	0.7	2,862	3.0	+2,258	+373.8
Wacoal Business (Overseas)	2,055	3.5	(7,397)	—	(9,452)	—
Peach John Business	1,650	13.5	915	7.7	(735)	(44.5)
Other	(1,018)	—	130	1.0	+1,148	—

(i) Wacoal Business (Domestic)

In our “Wacoal Business (Domestic)” segment, while aiming to “transform ourselves into a resilient corporate structure” set forth as a core strategy under our mid-term business plan, we promoted our unique strategy to improve value of our customer experience and undertook business structure reform to improve profitability.

During the current fiscal year, sales were significantly below our initial expectations. Despite the continued relaxation of restrictions on economic activities, the number of customers visiting our retail stores remained sluggish due to lack of high-profile products as well as the negative impact on consumer spending arising from rising inflation and suppliers’ restraint on purchasing. With regard to our CX strategy, which is our focus for achieving renewed growth, the strengthening of our retention marketing through the integration of customer data was successful, and sales from our existing member customers were in line with our plans, but sales from non-



member customers including new customers remained weak, as we could not come up with effective promotional measures which would lead to store visits and customer acquisition.

As a result of the above, revenue attributable to our “Wacoal Business (Domestic)” segment was 96.75 billion yen (an increase of 9.8% as compared to such revenue for the previous fiscal year). Operating profit was 2.86 billion yen (an increase of 373.8% as compared to such operating profit for the previous fiscal year) due to the increased revenue as well as thorough cost control and a gain from sale of fixed assets (including our former business office in Osaka), despite the impact of soaring cost of sales associated with the sharp depreciation of the Japanese yen and increased returns due to suppressed in-store sales.

Starting in the current fiscal year, we have changed the presentation of net sales from Wacoal Corp. related to transactions with department stores to be based on storefront prices, but we have not made retroactive revisions. This change in presentation has no impact on operating profit because this change resulted in increases in both revenue and selling, general and administrative expenses of the same amount (5.42 billion yen) respectively.

(ii) Wacoal Business (Overseas)

In order to “accelerate global growth” which is one of our core strategies under the mid-term business plan with respect to our “Wacoal Business (Overseas)” segment, we made efforts to acquire new customers by strengthening digital marketing and to convert existing customers to loyal customers by utilizing data and strengthening CRM.

With respect to Wacoal Europe Ltd., sales from swimwear products remained strong, and our products under “Elomi” brand achieved a high level of growth against the backdrop of the growing body-positive trend. In response, sales from department stores, specialty stores and e-commerce remained strong, maintaining the growth trend. Sales from Wacoal International Corp. (U.S.) remained sluggish, affected by the slowdown in consumer spending primarily due to the rapid inflation. Sales from Wacoal America, Inc., on a local currency basis, decreased due to sluggish sales from our physical store channel caused by weak in-store sales, our clients’ restraint on procurement and production delays of our core products. In light of the recent deterioration in the marketing environment, Intimates Online, Inc., which distributes the “LIVELY” brand, reformed its management structure in August and made efforts to improve profitability. However, as a result of significant reduction in advertising expenses, the number of customers visiting its stores fell, and as a result, sales significantly decreased. Sales from Wacoal China Co., Ltd. (“Wacoal China”) significantly decreased due to the weak e-commerce sales as well as the temporary closings of commercial facilities and a decrease in the number of customers visiting stores, resulting from the impact of strict restrictions on activities under the zero-COVID policy.

As a result of the above-described factors and the recent rapid depreciation of the Japanese yen against major currencies, sales revenues attributable to our “Wacoal Business (Overseas)” segment on a Japanese yen basis were 66.73 billion yen (an increase of 12.7% as compared to such sales revenues for the previous fiscal year). We recorded an operating loss of 7.40 billion yen (as compared to an operating profit of 2.06 billion yen for the previous fiscal year) due to the operating loss incurred at Wacoal China resulting from weak sales and an impairment charge recorded at Wacoal International Corp. (U.S.).

(iii) Peach John Business

In our Peach John Business, we aimed to achieve a high profit level by promoting product development that captures consumer needs and by developing effective marketing strategies.

During the current fiscal year, sales from our directly managed stores exceeded the sales for the previous fiscal year due to the absence of negative impact of COVID-19 seen during the previous fiscal year, as well as the strong in-store sales of our core products under “NICE BODY” series. On the other hand, our e-commerce sales fell below the previous fiscal year’s level due to ineffective efforts to increase the number of customers visiting our online stores through content marketing measures using new brand muse and products. In addition, our subsidiary in Peach John Business in China terminated its operations in December 2022.

As a result of the above, revenue attributable to our “Peach John Business” segment were 11.92 billion yen (a decrease of 2.3% as compared to such revenue for the previous fiscal year). Despite our efforts to curb advertising expenses, operating profit decreased to 0.92 billion yen (a decrease of 44.5% as compared to such operating profit for the previous fiscal year) due to the impact of decreased revenue, the depreciation of the Japanese yen leading to increase in raw materials costs and the loss incurred in connection with the termination of business activities of our subsidiary in China.

(iv) Other

In our “Other” business segment, we proceeded to build a system that can continue to steadily generate profits by actively addressing unprofitable businesses and reassessing fixed costs, in order to achieve the core strategy aiming “to transform ourselves into a resilient corporate structure” under our mid-term business plan.

During the current fiscal year, sales from Lecien Corporation decreased as a result of the weak sales of its private brand products sold by major apparel supply chain companies, despite a recovery in sales from its own brand products. Revenue from Nanasai Co., Ltd. and Ai Co., Ltd. increased on the back of a recovery in demand following the relaxation of COVID-19 restrictions.

As a result of the above, revenue and operating profit attributable to our “Other” business segment were 13.20 billion yen (an increase of 5.3% as compared to such revenue for the previous fiscal year) and 0.13 billion yen (as compared to an operating loss of 1.02 billion yen for the previous fiscal year), respectively. While sales from each company in the segment remain below the pre-pandemic level, we were able to record profit due to an improvement in profit structure resulting from a progress in reassessment of operations of each company as well as the compensation received from the vacating of a factory site by a subsidiary of Lecien Corporation.

(Reference) Net Revenue and Operating Profit/ (Loss) of Major Subsidiaries

(Millions of Yen)

Revenue	Previous Fiscal Year (ended March 31, 2022)		Current Fiscal Year (ended March 31, 2023)		Increased/(Decreased) from previous fiscal year	
	Amount	Composition Ratio (%)	Amount	Composition Ratio (%)	Amount	%
Wacoal Corp.	81,184	47.2	90,948	48.2	+9,764	+12.0
Wacoal International Corp. (U.S.)	25,282	14.7	28,014	14.9	+2,732	+10.8
Wacoal Europe Ltd.	16,305	9.5	19,184	10.2	+2,879	+17.7
Wacoal China Co., Ltd.	11,734	6.8	10,365	5.5	(1,369)	(11.7)
Peach John Co., Ltd.	12,200	7.1	11,918	6.3	(282)	(2.3)
Lecien Corporation	3,475	2.0	3,189	1.7	(286)	(8.2)
Nanasai Co., Ltd.	6,042	3.5	6,196	3.3	+154	+2.5

\*Revenue to external customers only

(Millions of Yen)

Operating Profit/(Loss)	Previous Fiscal Year (ended March 31, 2022)		Current Fiscal Year (ended March 31, 2023)		Increased/(Decreased) from previous fiscal year	
	Amount	% to Sales	Amount	% to Sales	Amount	%
Wacoal Corp.	1,733	2.1	2,753	3.0	+1,020	+58.9
Wacoal International Corp. (U.S.)	490	1.9	(9,448)	—	(9,938)	—
Wacoal Europe Ltd.	1,945	11.9	1,680	8.8	(265)	(13.6)
Wacoal China Co., Ltd.	(166)	—	(698)	—	(532)	—
Peach John Co., Ltd.	1,650	13.5	915	7.7	(735)	(44.5)
Lecien Corporation	(593)	—	111	3.5	+704	—
Nanasai Co., Ltd.	(145)	—	9	0.1	+154	—

(2) Financial Position

Our total assets as of March 31, 2023 were 285.30 billion yen, a decrease of 13.88 billion yen from the end of the previous fiscal year, mainly due to impairment charges recorded on goodwill and intangible assets, in addition to

repurchase of treasury stock and a decrease in cash and cash equivalents for repayment of borrowings.

Our liabilities were 72.18 billion yen, a decrease of 6.13 billion yen from the end of the previous fiscal year, mainly due to a decrease in borrowings and lease liabilities.

Equity attributable to owners of parent was 209.83 billion yen, a decrease of 8.16 billion yen from the end of the previous fiscal year, due to a decrease in retained earnings and an increase in treasury stock.

As a result of the above, our ratio of equity attributable to owners of parent as of March 31, 2023 was 73.5%, an increase of 0.6% 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 2023 was 26.78 billion yen, a decrease of 10.70 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 7.33 billion yen, a decrease of 9.29 billion yen as compared to the previous consolidated fiscal year, after adjustments for changes in assets and liabilities to our net loss of 1.73 billion yen plus adjustments for impairment charges.

(Cash flow provided by investing activities)

Cash flow provided by investing activities was 3.90 billion yen, as compared to cash flow used in investing activities in the amount of 3.04 billion yen for the previous consolidated fiscal year, due to sales of investment securities and property, plant and equipment.

(Cash flow used in financing activities)

Cash flow used in financing activities was 22.54 billion yen, a decrease of 18.47 billion yen as compared to the previous consolidated fiscal year, due to repurchase of treasury stock, repayment of borrowings, as well as payments made for dividends.

### (4) Production, Orders Received, and Revenue

#### (i) Production Results

Our consolidated production results by operating segment for fiscal year ended March 2023 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)	40,284	116.8
Wacoal Business (Overseas)	17,510	120.4
Total	57,794	117.8

- (Notes) 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 2023 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	4,134	106.4	188	151.6

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

(iii) Revenue Results

Our consolidated sales results by operating segment for fiscal year ended March 2023 are as follows:

Name of Operating Segment	Amount (Millions of yen)	Changes as Compared to Previous Fiscal Year (%)
Wacoal Business (Domestic)	96,746	109.8
Wacoal Business (Overseas)	66,732	112.7
Peach John Business	11,918	97.7
Other	13,196	105.3
Total	188,592	109.6

- (Notes)
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, 2023, we had credit facilities at financial institutions totaling 55.12 billion yen, and the balance of loan which established line of credit amounted to 8.08 billion yen. Of these loans, 0.5 billion yen is available to the Company, 2.8 billion yen is available to Wacoal International Corp. and 0.28 billion yen is available to Torica Inc.

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 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 35 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

The consolidated financial statements of our group are prepared in accordance with IFRS. The preparation of the consolidated financial statements requires our group to make significant estimates and assumptions.

The significant accounting policies, accounting estimates and assumptions used in making such estimates are described in "V. Financial Information – Notes to the consolidated financial statements 【3 Significant Accounting Policies】 and 【4 Significant Accounting Estimates And Judgments】".

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

## 6. 【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 June 2022, we have launched the operation of a 3D body scanner, Smart & Try Pocket, which utilizes the size determination algorithm developed and supervised by the Wacoal Human Science Research & Development Center.

During the current consolidated fiscal year, we promoted the "Body Culture Research Project" to foster the understanding of relationship between body and culture, and conducted various research studies and information sharing activities.

As a result of the above, we recorded 598 million yen for our research and development during the fiscal year ended March 2023.

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, 2023, was 5,048 million yen, mainly including expenditures for system investments made by our subsidiaries, and expenditures for the maintenance and repair of real estate owned by our group.

The amounts of capital investment made in Wacoal Business (Domestic), Wacoal Business (Overseas), Peach John Business, and Other were 3,258 million yen, 1,412 million yen, 331 million yen, and 47 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, 2023

Facility (Location)	Segment	Type of Equipment and Facilities	Book Value (Millions of yen)				Number of Employee(s)
			Buildings and Structures	Machinery and Equipment	Land (m <sup>2</sup> )	Total	
Head Office (Minami-ku, Kyoto) and other	Wacoal Business (Domestic)	Facilities for administration affairs, etc.	19,363	1,212	16,412 (268,587)	36,988	112 [ - ]

##### (2) Domestic Subsidiaries

As of March 31, 2023

Name of Company (Location)	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 <sup>2</sup> )	Total	
Wacoal Corp. Head Office (Minami-ku, Kyoto) Two other business office in Kyoto district	Wacoal Business (Domestic)	Facilities for administration affairs	43	144	—	188	1,740 [ 55 ]
Wacoal Corp. Tokyo Office (Chiyoda-ku, Tokyo) One other business office in Tokyo	Wacoal Business (Domestic)	Facilities for administration affairs	35	25	—	60	1,303 [ 29 ]
Wacoal Corp. Spiral Business Department (Minato-ku, Tokyo)	Wacoal Business (Domestic)	Sales facilities	91	25	—	117	— [ - ]
Wacoal Distribution Corp. Moriyama Distribution Center (Moriyama, Shiga)	Wacoal Business (Domestic)	Facilities for merchandise management	26	317	—	343	327 [ - ]
Wacoal Manufacturing Japan Corp., Nagasaki Plant (Unzen, Nagasaki)	Wacoal Business (Domestic)	Manufacturing facilities	—	58	—	58	288 [ - ]
Torica Inc. (Saihakugun Nanbucho, Tottori) Three other plants	Wacoal Business (Domestic)	Manufacturing facilities	444	41	180 (40,840)	665	147 [ 53 ]
Nanasai Co., Ltd. Osaka Commodity Center (Yodogawa-ku, Osaka)	Other	Manufacturing facilities	146	18	150 (2,790)	314	17 [ - ]

## (3) Overseas Subsidiaries

As of March 31, 2023

Name of Company (Location)	Segment	Type of Equipment and Facilities	Book Value (Millions of yen)				Number of Employees
			Buildings and Structures	Machinery, Vehicle, Equipment, and Fixtures	Land (m <sup>2</sup> )	Total	
Wacoal America, Inc. (New Jersey, USA)	Wacoal Business (Overseas)	Facilities for administration affairs/ merchandise management	924	728	332 (32,300)	1,974	203 [ - ]
Wacoal Dominicana Corp. (Santo Domingo, Dominican Republic)	Wacoal Business (Overseas)	Manufacturing facilities	1,339	424	225 (34,356)	1,988	2,174 [ - ]
Wacoal Singapore Private Ltd. (Singapore)	Wacoal Business (Overseas)	Facilities for administration affairs	10	16	248 (235)	274	37 [ 4 ]
Wacoal Hong Kong Co., Ltd. (Hong Kong)	Wacoal Business (Overseas)	Facilities for administration affairs	293	—	—	293	126 [ 22 ]
Wacoal China Co., Ltd. (Beijing, China)	Wacoal Business (Overseas)	Facilities for administration affairs/manufa cturing Facilities	169	20	— (—) [11,871]	189	506 [ - ]
Guandong Wacoal Inc. (Guandong, China)	Wacoal Business (Overseas)	Manufacturing facilities	89	118	— (—) [11,224]	207	421 [ - ]
Vietnam Wacoal Corp. (Bien Hoa City, Vietnam)	Wacoal Business (Overseas)	Facilities for administration affairs/manufa cturing Facilities	36	156	— (—) [25,195]	192	1,977 [ 66 ]
Dalian Wacoal Co., Ltd. (Dalian, China)	Wacoal Business (Overseas)	Manufacturing facilities	142	215	— (—) [27,543]	357	570 [ 6 ]
A Tech Textile Co., Ltd. (Kabin Buri, Thailand)	Wacoal Business (Overseas)	Manufacturing facilities	63	224	253 (48,889)	540	246 [ - ]

- (Notes) 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)	Segment	Type of Equipment and Facilities	Book Value (Millions of yen)	
			Buildings and structures	Land (m <sup>2</sup> )
Wacoal Corp. Head Office (Minami-ku, Kyoto) Two other business office in Kyoto district	Wacoal Business (Domestic)	Facilities for administration affairs	9,706	1,885 (11,208)
Wacoal Corp. Tokyo Office (Chiyoda-ku, Tokyo) One other business office in Tokyo	Wacoal Business (Domestic)	Facilities for administration affairs	992	1,945 (1,471)
Wacoal Corp. Spiral Business Department (Minato-ku, Tokyo)	Wacoal Business (Domestic)	Sales facilities	780	3,972 (1,739)
Wacoal Distribution Corp. Moriyama Distribution Center(Moriyama, Shiga)	Wacoal Business (Domestic)	Facilities for merchandise management	5,322	1,419 (38,923)
Kyushu Wacoal Manufacturing Corp., Nagasaki Plant (Unzen, Nagasaki)	Wacoal Business (Domestic)	Manufacturing facilities	210	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)	Segment	Type of Equipment and Facilities	Buildings (m <sup>2</sup> )	Land (m <sup>2</sup> )	Annual Lease Amount (Millions of yen)
Peach John Co., Ltd. Head Office (Minato-ku, Tokyo)	Peach John Business	Facilities for administration affairs	1,554	—	104

(2) Overseas Subsidiaries

Name of Company (Location)	Segment	Type of Equipment and Facilities	Buildings (m <sup>2</sup> )	Land (m <sup>2</sup> )	Annual Lease Amount (Millions of yen)
Wacoal America, Inc. (New York, USA)	Wacoal Business (Overseas)	Facilities for administration affairs	4,772	—	400

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, 2023) (shares)	Number of Shares Issued as of the Filing Date (June 28, 2023) (shares)	Names of Stock Exchanges on which the Company is listed or Names of Authorized Financial Instruments Firms Association	Description
Common stock	64,500,000	61,000,000	Prime Market of Tokyo Stock Exchange	Shareholders have unlimited standard rights. The number of shares constituting a unit is 100.
Total	64,500,000	61,000,000	—	—

(Note) Our Board of Directors adopted a resolution at a meeting held on May 12, 2023 regarding cancellation of treasury stock and 3,500,000 shares of treasury stock have been cancelled as of May 26, 2023. As a result, the number of shares issued as of the date of this report is 61,000,000 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, 2023). No change has been made as of the end of the month preceding the filing date (May 31, 2023).

(Notes) 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:

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

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, 2023). No change has been made as of the end of the month preceding the filing date (May 31, 2023).

- (Notes) 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, 2023). No change has been made as of the end of the month preceding the filing date (May 31, 2023).

- (Notes) 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)	—
Class, description and number of shares represented by stock acquisition rights	Common stock 15,500 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, 2023). No change has been made as of the end of the month preceding the filing date (May 31, 2023).

- (Notes) 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)	—
Class, description and number of shares represented by stock acquisition rights	Common stock 17,500 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, 2023). No change has been made as of the end of the month preceding the filing date (May 31, 2023).

- (Notes) 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)	3 (Note 1)
Class, description and number of shares represented by stock acquisition rights	Common stock 17,000 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 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, 2023). No change has been made as of the end of the month preceding the filing date (May 31, 2023).

- (Notes) 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)	6 (Note 1)
Class, description and number of shares represented by stock acquisition rights	Common stock 15,000 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, 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, 2023). No change has been made as of the end of the month preceding the filing date (May 31, 2023).

- (Notes) 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	25 (Note 1)	6 (Note 1)
Class, description and number of shares represented by stock acquisition rights	Common stock 12,500 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, 2023). No change has been made as of the end of the month preceding the filing date (May 31, 2023).

- (Notes) 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	32 (Note 1)	15 (Note 1)
Class, description and number of shares represented by stock acquisition rights	Common stock 16,000 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, 2023). No change has been made as of the end of the month preceding the filing date (May 31, 2023).

- (Notes) 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	20 (Note 1)	9 (Note 1)
Class, description and number of shares represented by stock acquisition rights	Common stock 10,000 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, 2023). No change has been made as of the end of the month preceding the filing date (May 31, 2023).

- (Notes) 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	126 (Note 1)	55 (Note 1)
Class, description and number of shares represented by stock acquisition rights	Common stock 12,600 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, 2023). No change has been made as of the end of the month preceding the filing date (May 31, 2023).

- (Notes) 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, 2023). No change has been made as of the end of the month preceding the filing date (May 31, 2023).

(Notes) 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, 2023). No change has been made as of the end of the month preceding the filing date (May 31, 2023).

- (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)
May 25, 2018 (Note 1)	(1,000)	70,689	—	13,260	—	29,294
May 24, 2019 (Note 1)	(2,100)	68,589	—	13,260	—	29,294
May 25, 2020 (Note 1)	(3,000)	65,589	—	13,260	—	29,294
May 25, 2022 (Note 1)	(1,089)	64,500	—	13,260	—	29,294

- (Notes)
1. The decrease was due to the cancellation of treasury stock.
  2. Our Board of Directors adopted a resolution at a meeting held on May 12, 2023 regarding cancellation of treasury stock and 3,500,000 shares of treasury stock have been cancelled as of May 26, 2023.

## (5) Status of Shareholders

As of March 31, 2023

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	1	41	26	179	180	18	16,347	16,792	—
Number of shares held (units)	10	255,725	7,040	91,259	108,342	55	181,324	643,755	124,500
Ratio (%)	0.00	39.72	1.09	14.18	16.83	0.01	28.17	100	—

- (Notes) 1. Out of the treasury stock of 6,487,185 shares, 64,871 units are included under “Individuals and Other,” and 85 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, 2023

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	5,509	9.50
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12, Harumi, Chuo-ku, Tokyo	3,720	6.41
Meiji Yasuda Life Insurance Company	2-1-1, Marunouchi, Chiyoda-ku, Tokyo	3,050	5.26
The Bank of Mitsubishi UFJ, Ltd.	2-7-1, Marunouchi, Chiyoda-ku, Tokyo	2,986	5.15
The Bank of Kyoto, Ltd.	700, Yakushimae-cho, Karasuma-dori, Matsubara-agaru, Shimogyo-ku, Kyoto	2,352	4.06
The Shiga Bank, Ltd.	1-38, Hamamachi, Otsu-shi, Shiga	1,751	3.02
Nippon Life Insurance Company	1-6-6, Marunouchi, Chiyoda-ku, Tokyo (Nippon Life Insurance Securities Services)	1,569	2.71
Mitsubishi UFJ Trust and Banking Corporation	1-4-5, Marunouchi, Chiyoda-ku, Tokyo	1,525	2.63
Asahi Kasei Corporation	1-1-2, Yurakucho, Chiyoda-ku, Tokyo	1,241	2.14
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	2.08
Total	—————	24,910	42.94

- (Notes) 1. The Company is holding 6,487 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 dated November 7, 2022, 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 October 31, 2022. However, as we were unable to confirm the actual status of the shareholdings of these shareholders as of the end of March 31, 2023, 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 Securities Co., Ltd.	1-13-1, Nihonbashi, Chuo-ku, Tokyo	33	0.05
Nomura International PLC	1 Angel Lane, London EC4R 3AB, United Kingdom	111	0.17
Nomura asset Management Co., Ltd.	2-1-1, Toyosu, Kotou-ku, Tokyo	2,588	4.01
Total		2,732	4.24

(7) Status of Voting Rights

(i) Shares Issued

As of March 31, 2023

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 6,487,100	—	Shareholders have unlimited standard rights. The number of shares constituting a unit is 100.
Shares with full voting rights – other	Common stock 57,888,400	578,884	Same as above.
Shares less than one unit	Common stock 124,500	—	Same as above.
Total number of shares issued	64,500,000	—	—
Total voting rights held by all shareholders	—	578,884	—

(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, 2023

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	6,487,100	—	6,487,100	10.06
Total	—	6,487,100	—	6,487,100	10.06

## 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 (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	3,498,900	8,033,937,600
Total number of outstanding shares resolved and total amount	2,001,100	1,966,062,400
Unexercised percentage as of the end of the current fiscal year (%)	36.4	19.7
Treasury stock acquired during the current period	—	—
Unexercised percentage as of the filing date of this report (%)	36.4	19.7

Category	Number of Shares (Shares)	Total Amount (Yen)
Status of Resolution of Board of Directors (May 12, 2023) (Period for acquisition: From May 22, 2023 to March 22, 2024)	3,800,000	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, 2023 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	288	651,750
Treasury stock acquired during the current period	127	327,550

(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, 2023 until the filing date of this report.

Acquisition pursuant to Article 155, Item 13 of the Companies Act

Category	Number of Shares (Shares)	Total Amount (Yen)
Treasury stock acquired during the current fiscal year	3,966	—
Treasury stock acquired during the current period	2,450	—

(Notes) 1. Due to the acquisition of restricted stock free of charge.  
2. The number of shares of treasury stock acquired during the current period does not include the number of shares of restricted stock acquired free of charge during the period from June 1, 2023 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	3,500,000	8,572,208,212
Acquired treasury stock that was transferred due to merger, stock swap, stock delivery, or company split	—	—	—	—
Other (exercise of stock acquisition rights)	20,600	51,043,400	—	—
Other (Restricted Stock)	37,100	94,901,800	—	—
Number of shares of treasury stock held	6,487,185	—	2,989,762	—

(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, 2023 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 40.00 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 40.00 yen per share, is 80.00 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)
November 11, 2022 Resolution of Board of Directors' meeting	2,399	40.00
May 12, 2023 Resolution of Board of Directors' meeting	2,321	40.00



#### 4 【Corporate Governance, etc.】

##### (1) 【Status of Corporate Governance】

###### (i) Fundamental Policies of 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.

Please access our website below for our Corporate Governance Guidelines, including our basic policy.  
<https://www.wacoalholdings.jp/en/group/governance/>

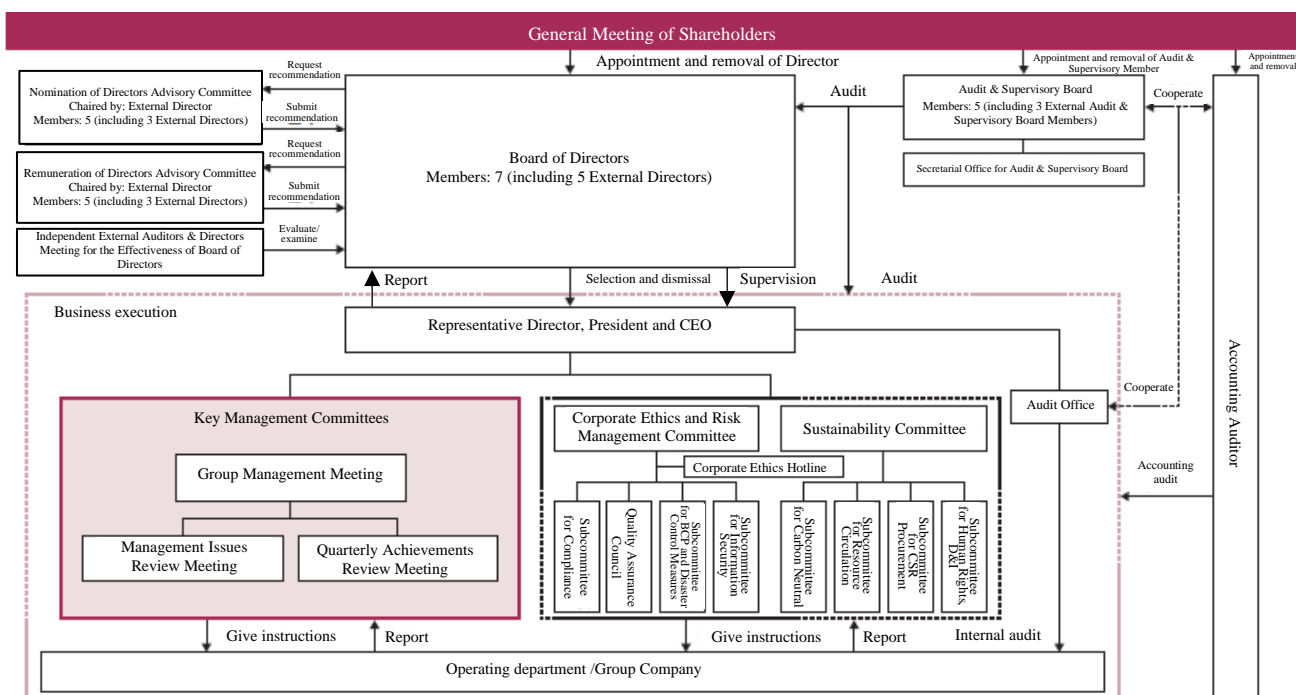
###### (ii) Outline of System of Corporate Governance and Reason for Adoption of such System

###### 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 audit the management and operation of the Company.

In addition, we have voluntarily established the Nomination of Directors Advisory Committee and Remuneration of Directors Advisory Committee, the majority of which are composed of Independent External Directors, as the advisory bodies to the Board of Directors.

The following diagram illustrates the outline of our corporate governance system (as of June 28, 2023).



The members and chairpersons of the Board of Directors, the Audit & Supervisory Board and the committees established on a voluntary basis are as follows. While the members of the Group Management Meeting, the Corporate Ethics and Risk Management Committee and the Sustainability Committee include the employees of the Company as well as the Directors and employees of our domestic and overseas group companies, only the Directors, Audit & Supervisory Board Members and Corporate Officers are shown below (as of June 28, 2023).

Title	Name	Board of Directors' Meeting	Audit & Supervisory Board Meeting	Nomination of Directors Advisory Committee	Remuneration of Directors Advisory Committee	Independent External Auditors & Directors Meeting	Group Management Meeting	Corporate Ethics and Risk Management Committee	Sustainability Committee
Representative Director, President and CEO	Masaaki Yajima	◎		○			○	☆	☆◎
Representative Director, Vice President and Executive Officer	Akira Miyagi	○		○	○	◎	◎	◎	○
External Director	Shigeru Saito	○		○	○	○			△
External Director	Tsunehiko Iwai	○		◎	◎	○			△
External Director	Chizuru Yamauchi	○		○	○	○			△
External Director	Hisae Sato	○				○			△
External Director	Koji Nitto	○				○			△
Standing Audit & Supervisory Board Member	Shinichi Kitagawa	□	◎			○	○	△	△
Standing Audit & Supervisory Board Member	Katsuhiro Okamoto	□	○			○	○	△	△
External Audit & Supervisory Board Member	Mitsuhiro Hamamoto	□	○			○			△
External Audit & Supervisory Board Member	Hitoshi Suzuki	□	○	△	△	○			△
External Audit & Supervisory Board Member	Motoko Tanaka	□	○			○			△
Corporate Officer	Katsuya Hirooka	△				○	○	○	○
Corporate Officer	Atsuko Shinoduka	△					○	○	○
Corporate Officer	Shinsuke Fukazawa	△			○	△	○	○	
Corporate Officer	Takuya Yoshitomi						●	●	
Corporate Officer	Teruo Fukumoto						○	○	

(Note) The name in the family register of Corporate Officer Ms. Atsuko Shinoduka is Ms. Atsuko Yoshimura.

(☆: supervisor, ◎ chair or chairperson, ○ member, □ Attendee, △ observer, ● non-standing member)

The outline of the Board of Directors, the Audit & Supervisory Board and the committees established on a voluntary basis is as follows:

Name	Outline	
Board of Directors	Members	<ul style="list-style-type: none"> <li>7 members (including 5 External Directors) (and 5 Audit &amp; Supervisory Board Members (including 3 External Audit &amp; Supervisory Board Members))</li> <li>Representative Director, President and CEO, Mr. Masaaki Yajima serves as the Chair of the Board of Directors.</li> </ul>
	Purpose	<ul style="list-style-type: none"> <li>Our Board of Directors is entrusted by shareholders and makes the best decisions based on fair judgment. In addition, our Board of Directors exercises its supervisory function for the execution of its business and aims to maximize corporate value.</li> <li>Our Board of Directors conducts a review of our medium- to long-term management strategy and social issues, as well as decision-making regarding material matters as stipulated in applicable laws and regulations or in our Articles of Incorporation. The Company will formulate basic policies on sustainability issues, and monitor the allocation of management resources and the implementation of business portfolio strategies to contribute to sustainable growth.</li> </ul>
	Structure	<ul style="list-style-type: none"> <li>In accordance with the number of Directors as prescribed in our Articles of Incorporation, the Board of Directors is composed of an appropriate number of Directors who are capable of performing the functions of the Board of Directors in the most effective and efficient manner, taking into account the portfolio and size of business.</li> <li>The Board of Directors consists of a diverse group of Directors, taking into account gender, international experience and background, professional experience, age and other factors, while ensuring that the Directors have the requisite balance of skills, such as knowledge, experience and expertise, each in light of management strategies.</li> <li>Independent External Directors shall include those who have management experience at other companies, and at least one-third of all Directors shall be Independent External Directors.</li> </ul>
	Frequency	<ul style="list-style-type: none"> <li>In principle, the ordinary meeting of the Board of Directors is held once a month, while extraordinary meetings are convened whenever necessary.</li> </ul>

Name	Outline	
Nomination of Directors Advisory Committee	Members	<ul style="list-style-type: none"> <li>5 members (including 3 External Directors)</li> <li>External Director Mr. Tsunehiko Iwai serves as the Chair of the Committee.</li> </ul>
	Purpose	<ul style="list-style-type: none"> <li>This Committee discusses and provides recommendations to our Board of Directors on matters related to evaluation, election, dismissal, and promotion of Directors, and on matters regarding establishment and revisions of rules and bylaws of Directors.</li> <li>Attendance and approval of all committee members is required to pass resolutions.</li> </ul>
	Structure	<ul style="list-style-type: none"> <li>This Committee is composed of the following 5 members. A majority of the members the Committee consist of Independent External Directors to enhance its independence and objectivity. Representative Director and President, Director of Supervisor of Group Business Management, and Independent External Directors (3 members)</li> <li>The Committee is also attended by 1 Independent External Director as an observer.</li> </ul>
	Frequency	<ul style="list-style-type: none"> <li>In principle, the Committee holds meetings in July, November and January when the Board of Directors' meetings are held, while extraordinary meetings are convened whenever necessary.</li> </ul>

Name	Outline	
Remuneration of Directors Advisory Committee	Members	<ul style="list-style-type: none"> <li>5 members (including 3 External Directors)</li> <li>External Director Mr. Tsunehiko Iwai serves as the Chair of the Committee.</li> </ul>
	Purpose	<ul style="list-style-type: none"> <li>This Committee discusses and provides recommendations to our Board of Directors on matters regarding performance review and remuneration of Directors, and matters regarding remuneration system of Directors.</li> <li>Attendance and approval of all committee members is required to pass resolutions.</li> </ul>
	Structure	<ul style="list-style-type: none"> <li>This Committee is composed of the following 5 members. A majority of the members the Committee consist of Independent External Directors to enhance its independence and objectivity. Director of Supervisor of Group Business Management, Director in charge of Group Personnel (or Corporate Officer), and Independent External Directors (3 members)</li> <li>The Committee is also attended by 1 Independent External Director as an observer.</li> </ul>
	Frequency	<ul style="list-style-type: none"> <li>In principle, the Committee holds meetings in April, July and February when the Board of Directors' meetings are held, while extraordinary meetings are convened whenever necessary.</li> </ul>

Name	Outline	
Independent External Auditors & Directors Meeting	Members	<ul style="list-style-type: none"> <li>12 members (including 5 External Directors and 3 External Audit &amp; Supervisory Board Members)</li> <li>Representative Director, Vice President and Executive Officer and CFO in charge of Group Business Management, Mr. Akira Miyagi serves as the Chair of the Committee.</li> </ul>
	Purpose	<ul style="list-style-type: none"> <li>The meeting attendees, mainly composed of our Independent Officers, exchange and share opinions regarding corporate governance and our Board of Directors. The meeting attendees analyze and evaluate the effectiveness of our Board of Directors, identify issues, compile improvement measures, and provide recommendations to our Board of Directors.</li> </ul>
	Structure	<ul style="list-style-type: none"> <li>This Meeting is composed of all External Officers (8 members of External Directors and External Audit &amp; Supervisory Board Members), Director of Supervisor of Group Business Management, Standing Audit &amp; Supervisory Board Members (2 members) as well as General Manager of Corporate Planning.</li> </ul>
	Frequency	<ul style="list-style-type: none"> <li>The Meeting is held at least once a year to discuss issues and measures in aim to improve the effectiveness of our Board of Directors.</li> </ul>

Name	Outline	
Audit & Supervisory Board	Members	<ul style="list-style-type: none"> <li>5 members (including 3 External Audit &amp; Supervisory Board Members)</li> <li>Standing Audit &amp; Supervisory Board Member Mr. Shinichi Kitagawa serves as the Chair of the Board.</li> </ul>
	Purpose	<ul style="list-style-type: none"> <li>The Audit &amp; Supervisory Board is entrusted by shareholders to discuss or resolve important matters relating to the audit and establish a high-quality corporate governance system that responds to social trust.</li> <li>The Board builds a system to enhance the effectiveness of audit by each Audit &amp; Supervisory Board Member.</li> </ul>
	Structure	<ul style="list-style-type: none"> <li>The Company appoints a person as an Audit &amp; Supervisor Board Member who has the appropriate experience, ability and necessary knowledge to perform the audit function. Especially, we appoint at least one Audit &amp; Supervisor Board Member who has sufficient knowledge of finance and accounting.</li> <li>A majority of the members are External Audit &amp; Supervisory Board Members.</li> </ul>
	Frequency	<ul style="list-style-type: none"> <li>In principle, the Board holds meeting every month prior to the ordinary meeting of the Board of Directors, while extraordinary meetings are convened whenever necessary.</li> </ul>

Name	Outline	
Group Management Meeting	Members	<ul style="list-style-type: none"> <li>8 members (Note: excluding the employees of the Company as well as the Directors and employees of our domestic and overseas group companies)</li> <li>Representative Director, Vice President and Executive Officer and CFO in charge of Group Business Management, Mr. Akira Miyagi serves as the Chair of the Committee.</li> </ul>
	Purpose	<ul style="list-style-type: none"> <li>The Meeting considers matters concerning the management strategy of our group and important management issues.</li> <li>The Meeting also conducts preliminary deliberations on important matters mainly related to business execution, prior to resolutions by the Board of Directors, from the viewpoint of legality, objectivity and rationality.</li> </ul>
	Structure	<ul style="list-style-type: none"> <li>This Meeting is composed of Executive Directors who are below the Representative Director, President and CEO, and the Standing Audit &amp; Supervisory Board Members, as well as the Corporate Officers who are appointed by the Chair, and the employees of the Company as well as the Directors and employees of our domestic and overseas group companies who are responsible for execution.</li> </ul>
	Frequency	<ul style="list-style-type: none"> <li>In principle, the Meeting is held twice a month (early and later in the month).</li> </ul>

Name	Outline	
Corporate Ethics and Risk Management Committee	Members	<ul style="list-style-type: none"> <li>11 members (Chair and standing committee members) (in addition, 7 non-standing committee members) (Note: including the employees of the Company as well as the Directors and employees of our domestic and overseas group companies)</li> <li>Representative Director, Vice President and Executive Officer and CFO in charge of Group Management, Mr. Akira Miyagi serves as the Chair of the Committee.</li> </ul>
	Purpose	<ul style="list-style-type: none"> <li>The Committee identifies risks related to the overall management of our group, and build and strengthen our risk management system.</li> <li>This Committee prescribes the “Risk Management Basic Rules” subject to the approval of the Board of Directors. The 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 our group.</li> <li>This Committee promotes risk-mitigation initiatives, identifies risks, monitors the implementation of countermeasures, and reports the operation status of our risk management system to the Board of Directors on a quarterly basis.</li> </ul>
	Structure	<ul style="list-style-type: none"> <li>This Committee is composed of Representative Director, President and CEO, who serves as the administrative manager, the Executive Directors, and the Corporate Officers who are appointed by the Chair, and the employees of the Company, as well as the Directors and employees of our domestic and overseas group companies.</li> </ul>
	Frequency	<ul style="list-style-type: none"> <li>In principle, the Committee holds quarterly meetings, while extraordinary meetings are convened whenever necessary.</li> </ul>

Name	Outline	
Sustainability Committee	Members	<ul style="list-style-type: none"> <li>6 members (Note: including the Directors of our group companies)</li> <li>Representative Director, President and CEO (administrative manager), Mr. Masaaki Yajima concurrently serves as the Chair of the Committee.</li> </ul>
	Purpose	<ul style="list-style-type: none"> <li>In order to accelerate our initiatives to achieve balancing “to resolve social issues” and “sustainable growth” through our business, this Committee formulates specific measures, monitors progress, and evaluates the status of achievement based on our basic policy on sustainability issues including climate change, global environmental issues and human rights issues.</li> <li>The Board of Directors monitors the allocation of management resources and the implementation of strategies related to the business portfolios to ensure that the initiatives of the Sustainable Committee contribute to sustainable growth.</li> </ul>
	Structure	<ul style="list-style-type: none"> <li>This Committee is composed of the Representative Director, President and CEO, who serves as the administrative manager, the Executive Directors, the Corporate Officers who are appointed by the Chair, and Directors of our group companies.</li> </ul>
	Frequency	<ul style="list-style-type: none"> <li>The Committee broadly categorizes issues surrounding sustainability, and holds quarterly meetings, in principle, while extraordinary meetings are convened whenever necessary.</li> </ul>

b. Reason for Adoption of such System

The Company has adopted a governance system by a “Board of Directors” composed of Directors who are experts in each business area and External Directors with diverse careers, and an “Audit & Supervisory Board” including External 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.

In addition, the Nomination of Directors Advisory Committee and the Remuneration of Directors Advisory Committee have been established as advisory bodies to the Board of Directors. The fairness, independence and objectivity are enhanced by having a majority of both of these Committees composed of Independent External Directors and by having an Independent External Director serve as the Chair of each of these Committees.

For the foregoing reason, we have adopted our current governance system.

c. Analysis and Evaluation on Effectiveness of Board of Directors

The Company conducts an annual evaluation on the effectiveness of the Board of Directors, and strives to continuously enhance the functions and effectiveness of the Board of Directors. We work on the improvement measures for issues identified by the evaluation, and confirm the status of improvement during the evaluation of the Board of Directors in the following fiscal year, while at the same time continuing to confirm the evaluation of the current issues.

(i) Evaluation Process

Starting from the previous fiscal year (ended March 31, 2022), we have changed to a method of analyzing and/or evaluating the effectiveness of the Board of Directors using a third-party evaluation design (including, among other things, preparation, analysis, and comparison with other companies of questionnaire survey, identifying issues, drafting action plans).

With the aim of further improving the effectiveness of the Board of Directors from the viewpoints of “enhancing trust from stakeholders (creating social value)” and “improving organizational performance (enhancing corporate value)”, we conduct a questionnaire survey for all Directors and Audit & Supervisory Board Members, and conduct interviews of External Directors and External Audit & Supervisory Board Members through a third-party organization to gain a deeper understanding of their responses and awareness of the issues raised in their comments. We compile improvement measures based on the analysis of such responses and issues. The improvement measures are discussed at the Independent External Auditors & Directors Meeting and recommendations are provided to the Board of Directors.

The evaluation items of the questionnaire survey are as follows:

- a. roles and/or responsibilities of the Board of Directors
- b. structure of the Board of Directors
- c. quality of discussions (agendas, content of materials, etc.)
- d. constructive dialogues with stakeholders

The analysis and/or evaluation based on the questionnaire survey and interviews using the third-party evaluation design is conducted every other year. During the interval year, we focus on initiatives to improve the issues identified from the questionnaire survey, while at the same time conducting evaluation through monitoring and sharing opinions at the Independent External Auditors & Directors Meeting.

(ii) Evaluation Results of Effectiveness and Progress on Initiatives for Improvement

As a result of the analyzing the responses to the questionnaire survey conducted during the previous fiscal year (ended March 31, 2022), each evaluation item received a score higher than the standard score and we received an evaluation from a third-party vendor to the effect that our Board of Directors is generally functioning properly and its effectiveness can be confirmed

	Evaluation Result (Issues and Concerns)	Progress/Plan of Initiatives for Improvement
Previous Fiscal Year (ended March 31, 2022)	i) Expansion of agenda (process for reviewing medium to long-term strategies, subsequent reporting of matters to be resolved)	i) We expanded the scope of delegation of decision-making related to business execution and improve the efficiency of the operation of our Board of Directors, while expand the time for confirming the progress on medium to long-term strategies and/or investment projects, understanding the management situation of our group companies, and sharing promotional initiatives. We also focused on more efficient operations by striving to provide meeting materials as early as practicable, and by sharing discussions at the Group Management Meeting.
	ii) Common recognition and equalization of roles expected from External Directors	ii) We organized the roles expected and reviewed the skills matrix, taking into account the key strategies of the new medium-term management plan, whose first year starts from the current fiscal year (ended March 31, 2023). We also promoted participation in meetings and projects relevant from the view of roles expected and utilization of skills possessed by each Director.
	iii) Clarification of roles of the Nomination of Directors Advisory Committee, and improvement in transparency in the process of considering succession and Director selection and/or dismissal	iii) We revised the committee rules and established operational guidelines for the Nomination of Directors Advisory Committee and the Remuneration of Directors Advisory Committee to clarify their roles. At the beginning of the current fiscal year, we provided recommendations to our Board of Directors on the annual activity plan including the matters to be considered and schedule, and thereafter, we reported regularly to our Board of Directors, thereby striving to improve transparency.
	iv) Improvement in input to External Directors through store visits, expanded contacts with employees, trainings, etc.	iv) We visited stores and business offices to gain the better understanding of the business and to update the current awareness as necessary. In order to increase communication and mutual understanding among the members of the Board of Directors, we also held lunch meetings on a regular basis to have open and frank conversations, while following COVID-19 guidelines.
Current Fiscal Year (ended March 31, 2023)	i) Allocation of more time to the consideration of important business matters, such as medium to long-term strategies, and at the same time, utilization of knowledge of External Directors and promotion of more active discussion at the meetings of the Board of Directors	i) We have increased the number of agenda items other than decision-making items related to business execution, such as consideration of medium- to long-term business issues, reporting and/or sharing important brand strategies or promotion strategies. We also have moved forward with advance preparation and environmental arrangement that led to active discussion.
	ii) Further improvement in the quality of deliberations based on communication with our employees and inspection of local business offices in order to understand the reality of business conditions as well as risks and opportunities	ii) We have set up an opportunity for a planned visit and/or inspection at stores, factories and business offices including overseas, as well as opportunities for communicating with the Corporate Officers and managers.  Our plan is to further strengthen the supervisory and/or advisory functions of our Board of Directors by further utilizing the knowledge of External Directors, while continuing to implement the initiatives described above.





(iii) Other Matters regarding Corporate Governance

a. Status of Internal Control System

Pursuant to the provisions of Item 6, Paragraph 4, Article 362 of the Companies Act (Authorities of Directors, etc.), we have established the following systems to ensure that the execution of duties by the Directors of the Company complies with laws and regulations and the Articles of Incorporation, and the systems required by the applicable Ordinance of Ministry of Justice to ensure that the business conduct of the business group comprised of the Company and its subsidiaries is appropriate.

We will continue to improve this internal control system and will work to build a system that is more appropriate and efficient.

System to Ensure Appropriate Business Conduct (as of March 31, 2023)

(i) 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 “Wacoal Code of Ethics” and “Corporate Ethics and Wacoal Standards of Conduct”.
- We have established a Corporate Ethics and Risk Management Committee, for which our Representative Director, President and CEO acts as the administrative manager and our Representative Director, Vice President and Executive Officer and CFO in charge of Group Business Management acts as the chairperson, in order to improve our system of compliance, to consider any compliance issues which may have a material impact on the Wacoal Group, to enhance awareness and enlightenment on corporate ethics and to effectively promote control of any management risks on the Wacoal Group.
- We have established a system under which our legal/compliance department could be promptly notified if a Director and/or employee of the Wacoal Group becomes aware of a compliance issue which may have violated the “Wacoal Code of Ethics” or the “Corporate Ethics and Wacoal Standards of Conduct”, or of any other compliance issues. The system includes an internal alert system (corporate ethics hotline to the legal/compliance department and an external law firm) in which, 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 and 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.

(ii) 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 “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 Meeting, 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 10

years. The Directors and Audit & Supervisory Board Members shall have access to these documents at all times.

(iii) 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 a Corporate Ethics and Risk Management Committee, for which our Representative Director, President and CEO acts as the administrative manager and our Representative Director, Vice President and Executive Officer and CFO in charge of Group Business Management acts as the chairperson.
- The Corporate Ethics and Risk Management Committee prescribes “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.
- In order to formulate our basic policy on issues related to sustainability surrounding the Wacoal Group, we have established a Sustainability Committee, for which our Representative Director, President and CEO acts as the administrative manager, and our Corporate Officer in charge of sustainability management acts as the chairperson.
- The Sustainability Committee meets regularly on the same day as a meeting of the Board of Directors is held, to formulate specific measures, monitor progress, and evaluate the status of achievement based on our basic policy on sustainability issues including climate change, global environmental issues and human rights issues.
- The Board of Directors oversees the implementation of strategies related to the allocation of management resources and the business portfolios to ensure that the initiatives of the Sustainability Committee contribute to sustainable growth.

(iv) System to Ensure Effective Execution of Duties by Directors

- The Board of Directors consists of a diverse group of Directors, taking into account gender, international experience and background, professional experience, age and other factors, while ensuring that the Directors have the requisite balance of skills, such as knowledge, experience and expertise, each in light of management strategies.
- Independent External Directors shall include those who have management experience at other companies, and in order to enhance appropriate decision-making by our Directors, at least one-third of all Directors shall be independent External Directors.
- In addition to decision-making on significant matters as stipulated in the applicable laws and regulations and/or our Articles of Incorporation, the Board of Directors formulates a management plan to be shared by the Directors and/or employees within the Wacoal Group based on consideration of medium- to long-term management strategies and social issues, directs courses of action and performance targets in the medium to short-term that are consistent with this plan and supervise the progress of its implementation.
- The Group Management Meeting is responsible for the group’s management strategies and other important management issues under the medium- to long-term management strategies determined by the Board of Directors.

- 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, we discuss our business plan at the Management Issues Review Meeting, and hold quarterly meetings of the Quarterly Achievements Review Meeting, in which we review and confirm the quarterly business results and the implementation of measures and policies, and consider enhancement measures as may be necessary.
  - In the specified wholly owned subsidiaries of the group, we establish appropriate and efficient system by delegating authority and clarifying responsibilities through the executive officer system.
- (v) System to Ensure Appropriate Business Conduct within Group Companies
- We have enacted our “Group Management Rules”, which prescribes 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 manages 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 audits of operations within the Wacoal Group, including audits of the establishment and/or operation of our compliance system and risk management system, and will report the results of its audits to the Board of Directors and the responsible departments and give guidance and/or advice related to the above to Group companies to ensure 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.
- (vi) 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 serve on a full-time basis. 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.
- (vii) Reporting System of Directors and Employees to the Audit & Supervisory Board Members and Other Systems related to the report to Audit & Supervisory Board Members
- Directors of the Wacoal Group shall 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 Articles of Incorporation of each company, 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 Articles of Incorporation of each company, 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 alert system  
Other significant matters

(viii) Other Systems to ensure Effective Audit by Audit & Supervisory Board Members

- The majority of the Audit & Supervisory Board Members of the Company will be independent External 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 their 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 advisors as it deems necessary.

Outline of Operation of our “System to ensure Appropriate Business Conduct”

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

- In order to specifically develop and operate our compliance system, we have established a Subcommittee for Compliance under the Corporate Ethics and Risk Management Committee. The Subcommittee for Compliance holds quarterly meetings, and discusses and reviews awareness of compliance and matters reported to us through the internal alert system.
- Our legal/compliance department continues to provide level-specific group education and e-learning programs as part of our educational activities on compliance for our employees, and has also launched periodic compliance newsletters starting from the fiscal year ended March 31, 2023. We have been making step-by-step efforts to provide compliance awareness training, carry out third-party compliance review, and expand the operation of the Corporate Ethics Hotline for our overseas subsidiaries.

(ii) 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.

(iii) Rules and Other Systems concerning Risk Management of Losses

- In accordance with the “Risk Management Basic Rules”, the Corporate Ethics and Risk Management Committee conducts a scoring evaluation of risks extracted from each risk management organization it designates from the perspective of likelihood of occurrence and degree of impact by using the “Business Risk Evaluation Sheet”. Risk items that are evaluated as having a significant potential impact on the management of the Wacoal Group are submitted to the Board of Directors on a yearly basis for decision as “Group’s Materials Risks”.

- Accordingly, the Corporate Ethics and Risk Management Committee promotes risk-mitigation initiatives, identifies risks, monitors the implementation of countermeasures, and reports to the Board of Directors on a quarterly basis and on an ad hoc basis as necessary. The Corporate Ethics and Risk Management Committee met 6 times in June, July, September, December, January and March during the fiscal year ended March 31, 2023.
- In the fiscal year ended March 31, 2023, we have established a new Sustainability Committee to accelerate our initiatives to achieve balancing “to resolve social issues” and “sustainable growth” through our business. The Sustainability Committee regularly meets on the same day as a meeting of the Board of Directors is held, monitors progress of specific initiatives with respect to issues surrounding sustainability and evaluates achievements. The Sustainability Committee met 7 times in May, August, September, November, December, February, and March during the fiscal year ended March 31, 2023.

(iv) System to ensure Effective Execution of Duties by Directors

- We engage in highly transparent decision-making by appointing 5 Independent External Directors among our 7 Directors.
- Based on the medium- to long-term management strategies of the Wacoal Group, the persons responsible for business execution (our Directors (excluding External Directors) and Executive Officers) fully deliberate important management issues through the Management Issues Review Meeting and the Group Management Meeting, which are followed by a meeting of the Board of Directors to consider and make decisions on the management plan of the Wacoal Group for the fiscal year ending March 2024.
- We hold quarterly meetings of the Quarterly Achievements Review Meeting, to confirm the business results and implementation of measures, and implement remedial measures as necessary.

(v) 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.

(vi) Matters concerning Assistants to Audit & Supervisory Board Members

- Our audit office assists 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.

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

- The Audit & Supervisory Board Members attend primary meetings and receive reports on matters that are discussed and on the management condition
- The Audit & Supervisory Board Members also receive reports, from time to time, on the results of audits on the operation by the audit office and matters reported through the internal alert system.

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

- We enhance the effectiveness of audit by appointing 3 Independent External Audit & Supervisory Board Members among the 5 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 preside at Audit & Supervisory Board Group Meetings and receive periodic reports from the Audit & Supervisory Board Members of the domestic subsidiaries.
- The Audit & Supervisory Board Members, regularly and whenever necessary, exchange information and opinions with the Accounting Auditor and the audit office.

b. Matters Concerning Limitation of Liability Agreements with External Directors and External 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 bear their liability for damages as stipulated in Paragraph 1, Article 423 of the Companies Act up to the minimum amount stipulated in Paragraph 1, Article 425 of the Companies Act.

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 to cover the insured's losses and losses incurred from disputes, etc. 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.

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 activities engaged while being aware of violations of the laws and regulations.

d. Number of Directors

Our Articles of Incorporation prescribe that the number of Directors of the Company shall be not more than 8.

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. Matters to be Resolved at the General Meeting of Shareholders that can be Resolved by the Board of Directors

(i) Acquisition of Treasury Stock

Our Articles of Incorporation prescribes that the Company may acquire treasury stock by resolution of the Board of Directors pursuant to Paragraph 2, Article 165 of the Companies Act in order to implement a flexible capital policy and return profits to the shareholders.

(ii) 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.

g. 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.

(iv) Status of Activity of Board of Directors, Nomination of Directors Advisory Committee and Remuneration of Directors Advisory Committee (Fiscal Year ended March 31, 2023)

The following table shows the members and chairpersons of the Board of Directors, the Nomination of Directors Advisory Committee and the Remuneration of Directors Advisory Committee, as well as their meetings and attendance record for the fiscal year ended March 31, 2023:

Title	Name	Board of Directors	Meeting Attendance	Nomination of Directors Advisory Committee	Meeting Attendance	Remuneration of Directors Advisory Committee	Meeting Attendance
Representative Director, President and CEO	Hironobu Yasuhara	◎	17/17 (100%)	○	8/8 (100%)		
Representative Director, Vice President and Executive Officer	Akira Miyagi	○	17/17 (100%)	○	8/8 (100%)	○	7/7 (100%)
Director, Executive Corporate Officer	Masaaki Yajima	○	13/13 (100%)				
External Director	Madoka Mayuzumi	○	16/17 (94%)	○	7/8 (88%)	○	5/7 (71%)
External Director	Shigeru Saito	○	17/17 (100%)	○	6/8 (75%)	○	5/7 (71%)
External Director	Tsunehiko Iwai	○	17/17 (100%)	◎	8/8 (100%)	◎	7/7 (100%)
Standing Audit & Supervisory Board Member	Shinichi Kitagawa	□	17/17 (100%)				
Standing Audit & Supervisory Board Member	Katsuhiro Okamoto	□	17/17 (100%)				
External Standing Audit & Supervisory Board Member	Hiroshi Shirai	□	17/17 (100%)				
External Standing Audit & Supervisory Board Member	Mitsuhiro Hamamoto	□	17/17 (100%)				
External Standing Audit & Supervisory Board Member	Minoru Shimada	□	17/17 (100%)	△		△	
Corporate Officer	Katsuya Hirooka	△					
Corporate Officer	Takahiko Hasegawa	△				○	7/7 (100%)
Corporate Officer	Yasuo Kamoshita	△					
Corporate Officer	Kazuhiro Shibahara	△					
Corporate Officer	Hiroshi Imai						
Corporate Officer	Shuji Morimoto						
Corporate Officer	Atsuko Shinoduka						

(◎ chair or chairperson, ○ member, □ Attendee, △ observer)

a. Activities of Board of Directors

Name	Matters to be Discussed and Considered	Number of Meetings Held
Board of Directors	<ul style="list-style-type: none"> <li>• In addition to the matters as prescribed by laws and regulations and the Articles of Incorporation, all important matters related to our business are discussed.</li> <li>• The following matters were mainly discussed and considered during the fiscal year ended March 31, 2023.               <ul style="list-style-type: none"> <li>i) Corporate Governance                   <p>In order to clarify the roles of the Nomination of Directors Advisory Committee and the Remuneration of Directors Advisory Committee, which is one of the issues that we have raised to improve the effectiveness of the Board of Directors, we discussed the details of revision of the Committee rules and establishment of operational guidelines which were submitted by these Committees. We will oversee the proper operation of the Board of Directors in accordance with the annual activity plan, including the structure of the Board of Directors and formulation of skills matrix established in the operational guidelines for the Nomination of Directors Advisory Committee.</p> </li> <li>ii) Sustainability                   <p>We received reports from the Sustainability Committee on business risks and opportunities related to climate change (response to TCFD), issues related to sustainability such as CSR procurement and ensuring diversity including promotion of activities by women, as well as a plan for initiatives by our group. At the same time, we also received and confirmed updates on progress on a regular basis. We will continue to oversee the allocation of management resources and implementation of strategies related to business portfolio in order to achieve specific performance goals.</p> </li> <li>iii) Corporate Ethics and Risk Management                   <p>The Corporate Ethics and Risk Management Committee conducts a scoring evaluation of potential risks related to business environment and/or business strategies, and operational risks from the perspective of their likelihood of occurrence and impact of such risks. The risk items that are evaluated as having a significant potential impact on the management of our group, are annually reviewed based on the recommendations of the Corporate Ethics and Risk Management Committee and determined as the Group's Material Risk. Subsequently, we received reports on a regular basis to ensure that the initiatives to mitigate risks are being appropriately implemented, including responses to incidents of operational risk that occurred unexpectedly during the fiscal year ended March 31, 2023, and monitored measures to prevent recurrence.</p> </li> <li>iv) Medium- to Long-Term Business Strategies                   <p>We discussed whether the business strategies, including strategies and plans for entering new business, directions for achieving discontinuous growth in our domestic and overseas businesses, brand strategies for our core brand products, and responses to social issues, are appropriately formulated and/or implemented based on the business environment and competitive advantages. We will continue to aim to maximize our corporate value, and confirm the effectiveness of our strategies and status of progress of our plans. We will also deepen our discussions on fundamental initiatives to achieve sustainable growth.</p> </li> <li>v) Capital Efficiency                   <p>In order to reevaluate our business portfolios and achieve an appropriate reallocation of management resources, we have made decisions to reorganize our domestic business office and to withdraw from our underperforming business in China. We will continue to look into the issues related to improvement of capital profitability.</p> </li> </ul> </li> <li>• In addition to the above, reports are made from the Director and Corporate Officer monthly on the status of execution and deliberations at the Group Management Meeting.</li> </ul>	17



b. Activities of Nomination of Directors Advisory Committee

Name	Matters to be Discussed and Considered	Number of Meetings Held
Nomination of Directors Advisory Committee	<ul style="list-style-type: none"> <li>• We held a meeting to discuss the roles expected from the Directors, formulated skills matrix based on such roles, and confirmed personnel requirements, the details of which were reported at a meeting of the Board of Directors held in May 2022.</li> <li>• We have revised the bylaws of Directors as well as the rules of this Committee, established the operational guidelines of this Committee, the details of which were reported at a meeting of the Board of Directors held in May 2022. We also reported on our annual activity plan (initial draft and considerations on whether to continue) in May 2022.</li> <li>• We held a meeting to discuss the annual activity plan of this Committee, looking ahead to June 2023, the details of which was reported at a meeting of the Board of Directors held in August 2022.</li> <li>• We held multiple meetings to discuss on evaluation system for our Directors, the details of which were reported at a meeting of the Board of Directors held in November 2022.</li> <li>• We held a meeting to discuss the change and business assignments of Directors, the details of which were reported at a meeting of the Board of Directors held in November 2022.</li> <li>• We held multiple meetings to discuss the structure for the Board of Directors after June 2023, considering the appropriateness of skills balance using matrix, ensuring diversity, career summary of candidates and reason for nomination, the details of which were reported at a meeting of the Board of Directors held in February 2023.</li> <li>• We held a meeting to discuss the review of bylaws of Directors, the details of which were reported at a meeting of the Board of Directors held in March 2023.</li> </ul>	8

c. Activities of Remuneration of Directors Advisory Committee

Name	Matters to be Discussed and Considered	Number of Meetings Held
Remuneration of Directors Advisory Committee	<ul style="list-style-type: none"> <li>• The amount of performance-based bonus payable based on the business performance of the previous fiscal year (ended March 31, 2022) was reported at a meeting of the Board of Directors held in May 2022. In addition, this Committee held a meeting to discuss the current issues and direction of the review of the remuneration system for Directors, the details of which were reported in May 2022.</li> <li>• We have revised the rules of this Committee and established the operational guidelines of this Committee, the details of which were reported at a meeting of the Board of Directors held in May. We also reported on our annual activity plan (initial draft and considerations on whether to continue) in May 2022.</li> <li>• We held a meeting to discuss the annual activity plan of this Committee, looking ahead to June 2023, the details of which was reported at a meeting of the Board of Directors held in August 2022.</li> <li>• We exchanged opinions and ongoing discussions about the current issues and improvements related to the remuneration system for Directors. We deliberated a proposal for remuneration for the fiscal year ending March 31, 2024 which is linked to the restructuring of the evaluation system for the Directors, the details of which were reported at the meeting of Board of Directors held in November 2022.</li> <li>• We confirmed the direction of the amount of performance-based bonus payable based on the projected performance for the current fiscal year (ended March 31, 2023).</li> </ul>	7

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

(i) List of Officers

Male: 9 persons

Female: 3 persons (which accounted for 25.0% 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 CEO	Masaaki Yajima	Sep. 30,1960	Mar. 1984	Joined the Company	Note 1	81
			Jun. 2004	Director and President, Wacoal International Hong Kong Co., Ltd.		
			Apr. 2007	Head of Sales Group, International Operations Division, 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 Head of Technology & Manufacturing Division, Wacoal Corp.		
			Apr. 2016	Director, Corporate Officer and Head of Technology & Manufacturing Division, Wacoal Corp.		
			Apr. 2018	Director, Executive Corporate Officer and Head of Wholesale Division, Wacoal Corp.		
			Apr. 2021	Director, Executive Corporate Officer and Head of Global Operations Division, Wacoal Corp.		
			Apr. 2022	Director and Executive Corporate Officer, Wacoal Corp.		
			Jun. 2022	Head of Global Operations Division of the Company		
			Apr. 2023	Director and Executive Corporate Officer, and Head of Global Operations Division of the Company		
			Apr. 2023	Director, Executive Corporate Officer of the Company		
			May 2023	Director, Executive Corporate Officer and Head of Global Operations Division of the Company		
			Jun. 2023	Representative Director, President and CEO of the Company (current position)		
Representative Director, Vice President and Executive Officer	Akira Miyagi	Oct. 18,1960	Mar. 1984	Joined the Company	Note 1	109
			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	Executive Director and General Manager of Corporate Planning of the Company		
			Apr. 2020	Director, Executive Corporate and Officer in charge of Group Finance of the Company		
			Jun. 2021	Director, Executive Corporate and Officer in charge of Group Business Management of the Company		
			Jun. 2022	Director, Vice President, Executive Officer and CFO in charge of Group Business Management of the Company		
			Dec. 2022	Representative Director, Vice President and Executive Officer and CFO in charge of Group Business Management (current position)		

Title	Name	Date of Birth	Business Experience and Position(s) and Office(s)		Office Term	Number of Shares Owned (Hundreds of shares)
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 Chairperson, and CEO of TOSE CO., LTD. (current position) Director of the Company (current position)	Note 1	22
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 (current position)	Note 1	—
Director	Chizuru Yamauchi	Feb. 25, 1957	Apr. 1975 Mar. 2009 Mar. 2014 Mar. 2015 Mar. 2019 Jul. 2019 May 2021 Mar. 2022 Jun. 2023	Joined Nippon Life Insurance Company Head of Kagayaki Promotion Office, Nippon Life Insurance Company General Manager, Service Planning Dept., Nippon Life Insurance Company Executive Officer, General Manager, CSR Promotion Dept., Nippon Life Insurance Company Managing Executive Officer, Health & Productivity Management Promotion Division Manager, Nippon Life Insurance Company Director and Managing Executive Officer, Health & Productivity Management Promotion Division Manager, Olympic & Paralympic Games Promotion Dept., Public Affairs Dept., CSR Promotion Dept., Health Management Dept., Nippon Life Insurance Company Chair, Diversity and Inclusion Sub Committee, Labor Policy Committee, Kansai Economic Federation Director, Nippon Life Insurance Company Director of the Company (current position)	Note 1	—

Title	Name	Date of Birth	Business Experience and Position(s) and Office(s)		Office Term	Number of Shares Owned (Hundreds of shares)
Director	Hisae Sato	Oct. 16, 1961	Apr. 1985 Sep. 1997 Feb. 2004 Sep. 2005 Apr. 2008 Jun. 2016 Jun. 2017 Apr. 2021 Feb. 2022 Jun. 2023	Joined the Hokkaido Takushoku Bank, Limited Joined Watson Wyatt K.K. (current Towers Watson Investment Services K.K.) Joined AIG Global Investment Corp., Japan (current PineBridge Investments Japan Co., Ltd.) as Deputy General Manager of Institutional Business Development Division Joined Nissan Motor Co., Ltd. as Shukan, Chief Investment Officer, Treasury Department Member of the Investment Committee, the Government Pension Investment Fund of Japan Councilor, International Christian University (current position) Trustee, International Christian University (current position) Member of Working Group for Investment Policy of The University Endowment Fund, Council for Science, Technology and Innovation, Cabinet Office Member of Expert Committee of Council for Science, Technology and Innovation, Cabinet Office Director of the Company (current position)	Note 1	—
Director	Koji Nitto	Feb. 1, 1961	Apr. 1983 Jun. 2011 Apr. 2013 Apr. 2014 Jun. 2014 Apr. 2017 Apr. 2023 Jun. 2023	Joined Tateisi Electric Manufacturing Co., (current “OMRON Corporation”) Executive Officer, Senior General Manager, Global Resource Management HQ, OMRON Corporation Managing Executive Officer, Senior General Manager, Global SCM and IT Innovation HQ, OMRON Corporation Senior Managing Executive Officer, Global Strategy HQ, OMRON Corporation Director, Senior Managing Executive Officer, Global Strategy HQ, OMRON Corporation Director, Senior Managing Executive Officer, Chief Financial Officer (CFO), Global Strategy HQ, OMRON Corporation Director, OMRON Corporation Director of the Company (current position)	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. Head of IR/Public Relations Officer of the Company. General Manager of Accounting Department of the Company Audit & Supervisory Board Member of the Company (current position) Audit & Supervisory Board Member of Wacoal Corp. (current position)	Note 3	15

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 Jun. 2021	Joined the Company General Manager of Materials Control, Technology & Manufacturing 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. (current position) Audit & Supervisory Board Member of the Company (current position)	Note 4	4
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 (current position) Managing Partner of Hamamoto Law Office (current position)	Note 4	45
Audit & Supervisory Board Member	Hitoshi Suzuki	Jan. 8, 1954	Apr. 1977 May 2002 Jun. 2005 Jun. 2008 May 2011 Jun. 2012 Jun. 2014 Jun. 2016 Jun. 2017 Jul. 2017 Jun. 2023	Joined The Mitsubishi Bank, Ltd. (current "MUFG Bank, Ltd.") General Manager, Treasury Planning Office, The Bank of Tokyo-Mitsubishi, Ltd. (BTM) (current "MUFG Bank, Ltd.") Executive Officer and General Manager, Treasury Planning Office and Treasury IT Planning Office, BTM Managing Director, Chief Executive, Global Markets Unit, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU) (current "MUFG Bank, Ltd.") Senior Managing Director, Chief Executive, Global Markets Unit, BTMU Deputy President, BTMU Corporate Auditor, BTMU Director, Audit and Supervisory Committee Member, BTMU Advisor, BTMU Member of the Policy Board, Bank of Japan Audit & Supervisory Board Member of the Company (current position)	Note 5	—
Audit & Supervisory Board Member	Motoko Tanaka	Dec. 13, 1959	Oct. 1989 Mar. 1993 Oct. 1995 Jul. 2003 Jul. 2020 Jun. 2023	Joined Tohmatsu Awoki & Sanwa (current "Deloitte Touche Tohmatsu LLC") Registered as Certified Public Accountant Deloitte & Touche LLP, New York Partner of Deloitte Touch Tohmatsu LLC Managing Partner of Tanaka CPA Office (current position) Audit & Supervisory Board Member of the Company (current position)	Note 5	—
Total						276

- (Notes)
1. The term of office of a Director is one year from the conclusion of the Ordinary General Meeting of Shareholders held on June 28, 2023.
  2. Directors Mr. Shigeru Saito, Mr. Tsunehiko Iwai, Ms. Chizuru Yamauchi, Ms. Hisae Sato and Mr. Koji Nitto are External Directors.
  3. The term of office of an Audit & Supervisory Board Member is 4 years from the conclusion of the Ordinary General Meeting of Shareholders to be held on June 26, 2020.
  4. The term of office of an Audit & Supervisory Board Member is 4 years from the conclusion of the Ordinary General Meeting of Shareholders to be held on June 29, 2021.
  5. The term of office of an Audit & Supervisory Board Member is 4 years from the conclusion of the Ordinary General Meeting of Shareholders to be held on June 28, 2023.
  6. Audit & Supervisory Board Members Mr. Mitsuhiro Hamamoto, Mr. Hitoshi Suzuki and Ms. Motoko Tanaka are External Audit & Supervisory Board Members.
  7. 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 and Director and Corporate Officer	Katsuya Hirooka
Corporate Officer	In charge of Group Digital Transformation (DX) Marketing and Director and Corporate Officer	Atsuko Shinozuka
Corporate Officer	In charge of Group Personnel	Shinsuke Fukazawa
Corporate Officer	In charge of Group IT Promotion	Takuya Yoshidomi
Corporate Officer	In charge of Group Technology and Manufacturing	Teruo Fukumoto

(ii) Status of External Officers

We have 5 External Directors and 3 External Audit & Supervisory Board Members.

We have elected those persons having extensive knowledge and experience as executives and persons having insight into investment and financial capital markets, to our External 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 industry extensive knowledge from his experience as a member of the Policy Board of the Bank of Japan, independent attorneys at law or independent certified public accountants having a considerable degree of finance and accounting knowledge, to our External Audit & Supervisory Board Members. Each External 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 External Officers (that ensures independence)" for appointing an External Director and an External Audit & Supervisory Board Member.

Upon the appointment or removal of an External Director Board Member, the "Nomination of Directors 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 External 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 External Director and an External 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 External 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 External 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 External officer under the Companies Act, and if the Company deems it appropriate for such candidate to be appointed as an External officer, may exceptionally become a candidate for an External officer by describing the reasons of the Company for making such judgment.

For our External 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 External Audit & Supervisory Board Member, Standing Audit & Supervisory Board Member does it.

One of our External Director and one of our External Audit & Supervisory Board Members hold 2,200 and 4,500 shares of common stock of the Company, respectively. Other than the foregoing, there are no special interests between our External Directors or External Audit & Supervisory Board Members and the Company.

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

External Directors

Name	Status of significant concurrent positions	Reasons for Election
Shigeru Saito	Representative Director and Chairman, CEO of TOSE Co., Ltd.;	<p>Mr. Saito is currently the Representative Director and Chairman of a software development firm which operates globally and External Director of another company. His extensive knowledge and insight as a company manager enable him to contribute to the management of the Company. Ms. Saito also has expertise in the IT area and gives valuable opinions and advice regarding the digital transformation strategies of the Company. We expect that he will provide advice that will contribute to enhance our corporate value and strengthen oversight over the Company.</p> <p>Also, because he meets the eligibility requirements which the Company prescribes under “Criteria for Appointment of External 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	External Director of Cross Plus Inc.	<p>Mr. Iwai served as the Representative Director of a cosmetics manufacturer and distributor which operated globally. Mr. Iwai’s extensive knowledge and insight as a company manager, as well as his expertise on research &amp; development, production and technology enable him to contribute to the management of the Company. He also provides valuable opinions and advice based on his knowledge on compliance or sustainable management and knowledge acquired at a company which “pursues beauty” like our Company. He also serves as the Chair of both the Nomination of Directors Advisory Committee and Remuneration of Directors Advisory Committee. We expect that he will provide advice that will contribute to enhance our corporate value and strengthen oversight over the Company.</p> <p>Also, because he meets the eligibility requirements which the Company prescribes under “Criteria for Appointment of External 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>
Chizuru Yamauchi	Advisor of Nippon Life Insurance Company	<p>Ms. Yamauchi has extensive knowledge and experience as an executive, as well as expertise in diversity and inclusion. We expect that she will provide advice on human resources strategies, such as women’s empowerment and human resource development, as well as advice that will contribute to enhancing corporate value, and supervise the management of the Company.</p> <p>Also, because she meets the eligibility requirements which the Company prescribes under “Criteria for Appointment of External 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> <p>Ms. Yamauchi is the Advisor of Nippon Life Insurance Company, which is one of our major shareholders, however, the shareholding ratio is 2.7% on a voting right basis and there is no concern with respect to her independence.</p>
Hisae Sato	Councilor of International Christian University; Member of Fund Management Committee of Local Public Service Mutual Aid Associations; Member of Fund Management Committee of Pension Fund Association for Local Government Officials; Member of Japan Science and Technology Agency; Member of Pension Actuarial Subcommittee of the Social Security Council, Ministry of Health, Labor and Welfare	<p>Ms. Sato has experience as an asset management consultant at a foreign-affiliated organization/personnel asset management consulting firm, and as a chief investment officer overseeing pension assets on a global level for a global automobile manufacturing and sales company. Ms. Sato also has a wealth of knowledge and insight, particularly in the areas of investment and financial capital markets, having served as a member of various investment-related committees for public pension funds and government agencies in Japan. We expect that she will utilize her experience and expertise to improve the Company’s corporate value, and contribute strengthening the supervisory function of the Board of Directors. We therefore request that Ms. Sato be elected as an External Director. Although Ms. Sato has never been involved in corporate management other than serving as an External officer, we believe that she will be able to appropriately fulfill her role as an External Director for the above reasons and her experience of being involved in management of an incorporated educational institution as a trustee and a councilor.</p> <p>Also, because she meets the eligibility requirements which the Company prescribes under “Criteria for Appointment of External Officers (to ensure independence)” and</p>



		because there are no concerns that any conflict of interest with general shareholders may arise, we have designated her as an independent officer.
--	--	--

Name	Status of significant concurrent positions	Reasons for Election
Koji Nitto	Director of CiRA Foundation	<p>Mr. Nitto has extensive experience as a manager who can incorporate finance into management strategies, serving as a CFO and Senior Management Executive Officer of the Global Strategy Division of an electronic equipment manufacturing and sales company that operates control equipment and healthcare businesses globally. In particular, we believe his knowledge and insight based on his experience leading return on invested capital (ROIC) management at the said company with multiple business portfolios will contribute to improving our profitability and capital efficiency. We expect that he will utilize his experience and expertise to improve the Company's corporate value and contribute to strengthening the supervisory function of the Board of Directors.</p> <p>Also, because he meets the eligibility requirements which the Company prescribes under "Criteria for Appointment of External 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>

#### External Audit & Supervisory Board Members

Name	Status of significant concurrent positions	Reasons for Election
Mitsuhiro Hamamoto	Managing Partner of Hamamoto Law Office; External Director of TVE Co., Ltd.; External Auditor of Osaka-Hyogo Ready-Mixed Concrete Industrial Association	<p>We believe that Mr. Hamamoto is qualified to be our External Audit &amp; Supervisory Board Member, as he has legal knowledge and great store of experience of business and commercial issues as an attorney at law.</p> <p>Also, because he meets the eligibility requirements which the Company prescribes under "Criteria for Appointment of External 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>
Hitoshi Suzuki	Advisor of Mitsubishi UFJ Research and Consulting Co., Ltd.	<p>After Mr. Suzuki fulfilled his duties at a major financial institution in overseas location and in the market sector, Mr. Suzuki has gained experience in deliberating monetary policy as a member of the Policy Board, which is the highest decision-making body of the Bank of Japan. We believe that he will contribute to the improvement of the Company's audit system through his knowledge and experience.</p> <p>Also, because he meets the eligibility requirements which the Company prescribes under "Criteria for Appointment of External 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> <p>Until June 2014, Mr. Suzuki 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 9 years since he has retired from the said bank as an executive and accordingly, there is no concern with respect to his independence. He already has retired as an advisor of MUFG Bank, Ltd.</p>
Motoko Tanaka	Managing Partner of Tanaka CPA Office; External Director and Audit & Supervisory Committee Member of TOWA Corporation	<p>Ms. Tanaka has extensive experience working at a major audit firm as a certified public accountant and U.S. certified public accountant and has a high level of expertise in finance and accounting. We hope that she will contribute to the improvement of the Company's audit system through her knowledge and experience, and therefore request that Ms. Tanaka be elected as an External Audit &amp; Supervisory Board Member.</p> <p>Although Ms. Tanaka has never been directly involved in corporate management other than serving as an External officer, we believe that she will be able to appropriately fulfill her role as an External Audit &amp; Supervisory Board Member for above reasons.</p> <p>Also, because she meets the eligibility requirements which the Company prescribes under "Criteria for Appointment of External 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> <p>Until June 2020, Ms. Tanaka held a position at Deloitte Touche Tohmatsu LLC, our accounting auditor, but Ms. Tanaka has never engaged in audits of the Company during the said period and there is no concern with respect to her independence.</p>

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

External 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 “Nomination of Directors Advisory Committee” and/or “Remuneration of Directors Advisory Committee”. External Directors also contribute to the implementation and/or maintenance of the internal control system by receiving various reports from the Audit office.

External 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 External 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, External 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, External Directors and External 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 & Supervisory Board members and audit system as of the date of this report are as follows:

Our Audit & Supervisor Board are composed of 5 members, who are 2 Standing Audit & Supervisory Board Members and 3 External Audit & Supervisory Board Members with female members accounting for 20% of Audit & Supervisor Board. 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, who has had experience as the General Manager of Accounting Department of the Company, and External Audit & Supervisory Board Member Ms. Motoko Tanaka, who is a certified public accountant, have a considerable degree of finance and accounting knowledge. Standing Audit & Supervisory Board Member Mr. Katsuhiro Okamoto provides audit and advice based on his extensive knowledge and experience at Wacoal Corp., our core operating entity, as well as our overseas subsidiaries. External Audit & Supervisory Board Member Mr. Mitsuhiro Hamamoto provides audit and advice based on his legal knowledge as a lawyer and experience in business law, which is his area of specialization. External Audit & Supervisory Board Member Mr. Hitoshi Suzuki provides audit and advice based on his services in financial industry and extensive knowledge from his experience as a member of the Policy Board of the Bank of Japan. Each member is expected to conduct audit and provide advice accordingly, and by responding to these expectations, the effectiveness of audit by the Audit & Supervisory Board Members is enhanced. 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 18 meetings during the current fiscal year. The time required for reporting and deliberation per meeting was approximately 80 minutes. 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	18/18 (100%)
Standing Audit & Supervisory Board Member	Katsuhiro Okamoto	18/18 (100%)
External Audit & Supervisory Board Member	Hiroshi Shirai	18/18 (100%)
External Audit & Supervisory Board Member	Mitsuhiro Hamamoto	18/18 (100%)
External Audit & Supervisory Board Member	Minoru Shimada	18/18 (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 remuneration, 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 including the proceedings of the important meetings attended by the Standing Audit & Supervisory Board members, exchanges opinions with the Representative Director, 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.

The key matters reported by and discussed with the Accounting Auditor on the audit of the financial statements etc. for the current fiscal year were as follows.

Key Matters Reported and Discussed	Month												
	4	5	6	7	8	9	10	11	12	1	2	3	
Explanation of audit plan (including policies and fees)				◆	◆							◆	
Report on results of audit pursuant to Companies Act		◆											
Report on quarterly review					◆			◆				◆	
Report on results of audit pursuant to Financial Instruments and Exchange Act and Internal Control Audit			◆										
Other information exchanges				◆ * 1	◆ * 1		◆ * 2	◆ * 1 * 3		◆ * 2	◆ * 1 * 2	◆ * 2	

\* 1 : Consideration regarding Key Audit Matters

\* 2 : Procedures for prior approval for provision of non-assurance services by the Accounting Auditor

\* 3 : Discussion on fraud risks

#### 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. 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 on topics related to internal audit from Audit Office and share the information with External 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 External Audit & Supervisory Board Members as much as possible in order to understand the management condition through hearings from the management. In addition, Standing Audit & Supervisory Board Members receive monthly reports regarding the management conditions of the major overseas subsidiaries from Global division.

The following is a summary of priority audit items and the results of major audit activities corresponding to these priority audit items.

Priority Audit Items	Status of Major Audit Activities
Improvement of corporate governance by improving effectiveness of the Board of Directors	<ul style="list-style-type: none"> <li>• All Audit &amp; Supervisory Board Members attended the meetings of the Board of Directors based on the prior confirmation of the agenda items to be submitted.</li> <li>• One of the External Audit &amp; Supervisory Board Members attended the meetings of the voluntary Advisory Committees (Nomination and Remuneration) as an observer on behalf of others, and provided feedback on the deliberative process to the Audit &amp; Supervisory Board.</li> <li>• All Audit &amp; Supervisory Board Members reviewed the results of the “Evaluation on Effectiveness of Board of Directors” provided by the “Independent External Auditors &amp; Directors Meeting” and monitored the improvement activities for improvement by the Secretarial Office for the Board of Directors.</li> </ul>
Building and operating internal control system of the business group	<ul style="list-style-type: none"> <li>• All Audit &amp; Supervisory Board Members received reports from the “Corporate Ethics and Risk Management Committee”, and confirmed that changes in business environment during the current fiscal year were reasonably affected in the reassessment of “business risks” presented to said Committee.</li> <li>• Standing Audit &amp; Supervisory Board Members received reports, as appropriate, from Audit Office with respect to the matters discovered through J-SOX audit and thematic audit, and provided feedback on the contents of the reports to the Audit &amp; Supervisory Board.</li> <li>• Standing Audit &amp; Supervisory Board Members monitored, through inspection or observation, the initiatives of the Company, including gathering the voices of employees regarding request for improvement on business operations and new compliance trainings, and provided feedback on the details to the Audit &amp; Supervisory Board.</li> </ul>
Status of progress on medium- to long-term strategy frame and medium-term management plan	<ul style="list-style-type: none"> <li>• All Audit &amp; Supervisory Board Members conducted hearings with the Executive Directors and the Directors of Wacoal Corp., our major subsidiary, with respect to the execution of duties, and achievement of KPI. Standing Audit &amp; Supervisory Board Members conducted hearing with the Corporate Officers of the Company and Wacoal Corp. and provided feedback on the details to the Audit &amp; Supervisory Board.</li> <li>• All Audit &amp; Supervisory Board Members attended the meetings of Board of Directors and the Standing Audit &amp; Supervisory Board Members attended other important meetings to confirm that the decisions were made in accordance with the relevant policies, and that efforts were made to achieve the goals.</li> <li>• All Audit &amp; Supervisory Board Member attended the meetings of the “Sustainability Committee” and the Standing Audit &amp; Supervisory Board Members attended the meetings of its Subcommittees to confirm that internal and external interests were being coordinated and that issues were being resolved in accordance with the relevant policies.</li> </ul>

(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. During the current fiscal year, as part of internal control activities related to financial reporting, we audited 9 divisions for their group-wide systems and initiatives, 46 sites for daily administrative operations, and 6 divisions for purchasing activities as part of the operational audit.

In addition, for the purpose of ensuring that internal control over financial reporting functions effectively and that the relevant departments proactively improve and promote internal control, we have appointed a person in charge of promoting internal control, hold semi-annual meetings, and have established a system for sharing information on internal control.

The number of staff of our internal audit department (Audit Office) was 7 as of March 31, 2023.

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, and plans and achievements by our Audit Office. 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.

The reporting line of the internal audit department (Audit Office) not only reports semi-annually to the Representative Director and President and Director in charge of Group Business Management pursuant to the “Internal Audit Regulations” mentioned above, but also to the Board of Directors, the Audit & Supervisory Board Members, and the Audit & Supervisory Board. Specifically, the internal audit department (Audit Office) reported the audit results on internal control to the Board of Directors and the Audit & Supervisory Board at their meetings held in April 2023.

(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

55 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:

15 certified public accountants, 10 persons who passed the certified public accountant examination and 24 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 27, 2022, 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 compensation for audit.

(iv) Audit Fees

a. Fees to Certified Public Accountants

Category	Fiscal Year Ended March 31, 2022		Fiscal Year Ended March 31, 2023	
	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	220	35	166	18
Consolidated subsidiaries	13	—	13	—
Total	233	35	179	18

For both fiscal years ended March 31, 2022 and 2023, 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, 2022		Fiscal Year Ended March 31, 2023	
	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	—	15	—	32
Consolidated subsidiaries	107	47	137	45
Total	107	62	137	77

For both fiscal years ended March 31, 2022 and 2023, the Company paid fees for nonaudit services to the accounting auditor or certified public accountants as compensation for the advice and guidance regarding tax.

For both fiscal years ended March 31, 2022 and 2023, 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.

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 remuneration payable to each Director (this “Policy”). The remunerations paid to Directors under our remuneration system for officers consists of “Basic Remuneration,” 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 External Directors and Audit & Supervisory Board Members who shall be in the position independent from the management, only “Basic Remuneration” is paid because any remuneration linked to business results are not appropriate in such case.

<Basic Remuneration>

The basic remuneration is based on the so-called single rate remuneration system, in which the same remuneration is paid for the same position. 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 remuneration amount for Directors are determined by the Board of Directors based on the reports prepared by the Remuneration of Directors Advisory Committee, which is composed by members, majority of which are Independent External Directors. The basic remuneration amount for Audit & Supervisory Board Members is determined after discussion within the Audit & Supervisory Board.

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

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 Remuneration of Directors Advisory Committee, which is composed of members, half of which are Independent Directors.

< Restricted Stock (non-monetary remuneration)>

The restricted stock are determined in consideration of the monthly amount of basic remuneration and the fair value of stock, which in turn are determined pursuant to the recommendations of the Remuneration of Directors Advisory Committee, which is composed of members, majority of which are Independent External 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 of Shareholders. 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 Remuneration of Directors Advisory Committee held discussions and deliberations, including with respect to the consistency of the draft with this Policy, upon determination of the remuneration 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 7 and 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. Totaling 7 directors jointed to the resolution upon the close of the 73rd Ordinary General Meeting of Shareholders.

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

basic remuneration 60 ~ 68%; performance-based bonuses 18%; and restricted stock 14 ~ 22%.

(If the performance-based bonus is used as the reference value, the ratio of basic remuneration will decrease as the position becomes higher )

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 Remuneration of Directors Advisory Committee>

As an advisory body to Board of Directors, the Remuneration of Directors Advisory Committee discusses and resolves matters related to officers' remuneration and system from an independent and objective perspective. A majority of the members of the Remuneration of Directors Advisory Committee, chaired by Independent External Director Mr. Tsunehiko Iwai, are Independent External Directors. The Remuneration of Directors Advisory Committee is also attended by the External 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:

August 10, 2022	: Review of remuneration system
September 29, 2022	: Method of Calculating of executive bonus
February 24, 2023	: Remuneration (monthly remuneration) for the 76th
March 29, 2023	: Performance-based Bonus for the 75th
April 28, 2023	: Performance-based Bonus for the 75th

#### <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 Remuneration of Directors 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:

May 12, 2022	: Review of total amount of restricted stock
May 12, 2023	: Performance-linked bonus for the 75th
May 31, 2023	: Remuneration (monthly remuneration) for the 76th

The Remuneration of Directors Advisory Committee continues to work on restructuring the whole remuneration system including the following:

- Composition of basic remuneration, 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 partially reviewed the composition of basic remuneration, performance-based bonus and restricted stock. The ratio of basic remuneration to restricted stock was 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 remuneration	
Directors (Excluding External Directors)	216	172	—	44	44	5
Audit & Supervisory Board Members (Excluding External Audit & Supervisory Board Members)	40	40	—	—	—	2
External Officers	50	50	—	—	—	6

- (Notes)
1. The number of Directors, Audit & Supervisory Board Members and External Officers was 3, 2 and 6, respectively. The number of Directors and Audit & Supervisory Board Members in the table above includes one (1) Director who resigned upon the close of the 74th Ordinary General Meeting of Shareholders held on June 29, 2022 and 1 Director who resigned on November 30, 2022.
  2. The total amount of remuneration for directors (excluding external directors) includes remuneration from consolidated subsidiaries.
  3. Non-monetary remuneration to Directors (excluding External Directors) comprises stock options in the amount of 44 million yen.

(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 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	26	1,305
Shares Other than Unlisted Stock of Shares	33	42,687

(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	7	4,116

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 2023	Fiscal Year 2022	Purpose of Holding, Overview of business alliances, etc, 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
	6,223	6,089		
Aeon Co., Ltd.	1,545,985	1,545,427	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
	3,966	4,032		
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
	3,562	3,049		

Issuer Name	Fiscal Year 2023	Fiscal Year 2022	Purpose of Holding, Overview of business alliances, etc, 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
	3,071	3,068		
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
	2,530	2,684		
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)
	2,446	2,194		
Tokio Marine Holdings, Inc. (Note 4)	822,000	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)
	2,093	1,953		
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
	2,044	1,791		
Shimadzu Corporation	453,300	520,200	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
	1,876	2,203		
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
	1,819	1,541		

Issuer Name	Fiscal Year 2023	Fiscal Year 2022	Purpose of Holding, Overview of business alliances, etc, 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)		
Kokuyo Co., Ltd.	754,700	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
	1,417	2,437		
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
	1,376	965		
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
	1,135	922		
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
	1,066	879		
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
	1,053	981		
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
	1,022	1,101		
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
	925	900		

Issuer Name	Fiscal Year 2023	Fiscal Year 2022	Purpose of Holding, Overview of business alliances, etc, 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)		
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
	848	836		
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
	728	749		
Fukuyama Transporting Co., Ltd.	187,500	187,500	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
	673	684		
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
	554	635		
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
	363	293		
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
	340	329		

Issuer Name	Fiscal Year 2023	Fiscal Year 2022	Purpose of Holding, Overview of business alliances, etc, 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)		
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
	306	340		
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
	244	255		
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
	226	157		
Chuo Warehouse Co., Ltd.	190,700	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
	206	377		
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
	143	146		
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
	108	144		
Odakyu Electric Railway Co., Ltd.	58,200	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
	100	402		



Issuer Name	Fiscal Year 2023	Fiscal Year 2022	Purpose of Holding, Overview of business alliances, etc, 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)		
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
	84	90		
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
	75	63		
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
	51	49		
Nippon Shinyaku Co., Ltd.	—	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.	No
	—	1,457		
Yomeishu Seizo Co., Ltd.	—	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		
Seino Holdings Co., Ltd.	—	214,000	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.	No
	—	238		

- (Notes) 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.
  4. Tokio Marine Holdings, Inc. has conducted a three-for-one stock split of its common stock as of October 1, 2022.

Stocks deemed to be held:

Issuer Name	Fiscal Year 2023	Fiscal Year 2022	Purpose of Holding, Overview of business alliances, etc, 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	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
	10,412	10,189		
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)
	2,853	2,558		

- (Notes) 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 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	—	—
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

## V. 【Financial Information】

### 1. Preparation of consolidated financial statements and non-consolidated financial statements

(1) The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”), pursuant to the provisions of Article 93 of the “Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements” (Ministry of Finance Order No. 28 of 1976, the “Regulation on Consolidated Financial Statements”).

(2) The non-consolidated financial statements of the Company have been prepared based on the “Regulation on Terminology, Forms, and Preparation Methods of Financial Statements” (Ministry of Finance Order No. 59 of 1963, the “Regulation on Financial Statements”).

The Company falls under the category of special companies submitting financial statements and has prepared the nonconsolidated financial statements pursuant to the provisions of Article 127 of the Regulation on Financial Statements.

### 2. Audit certification

Pursuant to the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan, the consolidated and non-consolidated financial statements for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023) have been audited by Deloitte Touche Tohmatsu LLC.

### 3. Special efforts to ensure fair presentation of consolidated financial statements and other public filings as well as internal system to appropriately prepare consolidated financial statements and other public filings in accordance with IFRS

The Company has taken special measures to ensure the fair presentation of the consolidated financial statements and other public filings and has developed an internal system to appropriately prepare the consolidated financial statements and other public filings in accordance with IFRS as follows:

(1) In order to have an appropriate understanding about the contents of the accounting standards and other principles and to develop a system so that the Company can properly respond to the changes in the accounting standards and other principles, the Company has become a member of the Financial Accounting Standards Foundation and participates in seminars held by organizations and bodies with expertise.

(2) In order to apply IFRS appropriately, the Company keeps itself updated about the latest IFRS by obtaining press releases and standards disclosed by the International Accounting Standards Board. In addition, in order to prepare consolidated financial statements appropriately in accordance with IFRS, the Company has developed group accounting policies that comply with IFRS and prepared the consolidated financial statements based on the policies.

1. 【Consolidated Financial Statements】

(1) 【Consolidated Financial Statements】

① 【Consolidated Statement of Financial Position】

(Millions of yen)

Accounts	Note	Date of Transition As of April 1, 2021	Previous Consolidated Fiscal Year as of March 31, 2022	Current Consolidated Fiscal Year as of March 31, 2023
<b>Assets</b>				
<b>Current assets:</b>				
Cash and cash equivalents	7	63,987	37,485	26,781
Trade and other receivables	8,34	18,657	20,706	20,215
Other financial assets	9,34	2,238	1,795	1,804
Inventories	10	43,402	45,926	53,720
Other current assets	11	7,067	2,923	3,100
Total current assets		135,351	108,835	105,620
<b>Non-current assets:</b>				
Property, plant and equipment	12	44,973	48,602	46,702
Right-of-use assets	18	12,967	13,986	12,260
Goodwill	13	21,169	22,945	16,256
Intangible assets	13	15,343	15,666	13,043
Investment property	14	3,126	2,725	2,957
Investments accounted for using equity method	15	17,898	18,239	20,499
Other financial assets	9,34	56,334	52,249	50,195
Retirement benefit assets	21	9,434	13,280	13,978
Deferred income taxes	16	1,641	1,680	2,953
Other non-current assets	11	979	970	833
Total non-current assets		183,864	190,342	179,676
<b>Total assets</b>		319,215	299,177	285,296

(Millions of yen)

Accounts	Note	Date of Transition As of April 1, 2021	Previous Consolidated Fiscal Year as of March 31, 2022	Current Consolidated Fiscal Year (March 31, 2023)
Liabilities and Equity				
Liabilities				
Current liabilities:				
Borrowings	17,34	40,707	10,227	5,000
Lease liabilities	18,34	3,657	5,197	4,661
Trade and other payables	19,34	15,058	16,738	17,535
Other financial liabilities	20,34	2,365	1,661	1,172
Income taxes payable		879	1,363	1,683
Other current liabilities	23	14,132	14,080	13,791
Total current liabilities		76,798	49,266	43,842
Non-current liabilities				
Borrowings	17,34	1,498	1,626	3,084
Lease liabilities	18,34	8,676	8,254	7,670
Other financial liabilities	20,34	1,639	820	—
Retirement benefit liability	21	2,089	3,466	2,470
Deferred income taxes	16	12,065	13,607	13,886
Other non-current liabilities	22,23	1,516	1,270	1,225
Total non-current liabilities		27,483	29,043	28,335
Total liabilities		104,281	78,309	72,177
Equity				
Common stock	24	13,260	13,260	13,260
Additional paid-in capital	24	29,120	29,077	29,029
Retained earnings	24	156,143	158,940	151,418
Other components of equity	24	22,381	27,571	32,021
Treasury stock, at cost	24	(8,876)	(10,858)	(15,894)
Total equity attributable to owners of parent		212,028	217,990	209,834
Noncontrolling interests		2,906	2,878	3,285
Total equity		214,934	220,868	213,119
Total liabilities and equity		319,215	299,177	285,296

② 【Consolidated Statements of Profit or Loss and Consolidated Statements of Comprehensive Income】

【Consolidated Statement of Profit or Loss】

(Millions of yen)

Accounts	Note	Previous Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)	Current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)
Revenue	26	172,072	188,592
Cost of sales		(76,248)	(82,189)
Selling, general and administrative expenses	27	(95,330)	(102,301)
Other income	28	3,749	5,254
Other expenses	28	(952)	(12,846)
Operating (loss) profit		3,291	(3,490)
Finance income	29	1,930	1,517
Finance costs	29	(232)	(795)
Share of profit (loss) of investments accounted for using equity method	15	579	2,223
Impairment charges of investments accounted for using equity method	15	(1,485)	(154)
(Loss) profit before tax		4,083	(699)
Income tax expense	16	(2,498)	(1,035)
(Loss) profit		1,585	(1,734)
(Loss) profit attributable to:			
Owners of parent		1,732	(1,776)
Noncontrolling interests		(147)	42
(Loss) profit		1,585	(1,734)
Earnings per share:	31		
Basic (loss) earnings per share (yen)		27.83	(29.66)
Diluted (loss) earnings per share (yen)		27.71	(29.66)

【Consolidated Statement of Comprehensive Income】

(Millions of yen)

Accounts	Note	Previous Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)	Current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)
(Loss) profit		1,585	(1,734)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Financial assets measured at fair value through other comprehensive income	30	(538)	1,826
Remeasurement of defined benefit plans	30	2,769	(251)
Share of other comprehensive income of investments accounted for using equity method	15,30	297	430
Total		2,528	2,005
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	30	5,811	3,553
Share of other comprehensive income of investments accounted for using equity method	15,30	494	309
Total		6,305	3,862
Total other comprehensive income		8,833	5,867
Comprehensive income		10,418	4,133
Comprehensive income attributable to:			
Owners of parent		10,476	4,034
Noncontrolling interests		(58)	99
Comprehensive income		10,418	4,133



③ 【Consolidated statement of changes in equity】

Previous Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)

(Millions of yen)

Item	Note	Equity attributable to owners of parent						Noncontrolling interests	Total equity
		Share capital	Capital surplus	Retained earnings	Other components of equity	Treasury stock	Total		
Balance at April 1, 2021		13,260	29,120	156,143	22,381	(8,876)	212,028	2,906	214,934
Profit (Loss)				1,732			1,732	(147)	1,585
Other comprehensive income	30				8,744		8,744	89	8,833
Total comprehensive income		—	—	1,732	8,744	—	10,476	(58)	10,418
Repurchase of treasury stock	24					(2,089)	(2,089)		(2,089)
Disposal of treasury stock	24		(0)			1	1		1
Share-based payment transactions	33		(43)			106	63		63
Dividends	25			(2,498)			(2,498)	(82)	(2,580)
Equity transactions with noncontrolling interests							—	112	112
Transfer from other components of equity to retained earnings	24			3,554	(3,554)		—		—
Other				9			9		9
Total transactions with owners		—	(43)	1,065	(3,554)	(1,982)	(4,514)	30	(4,484)
Balance at March 31, 2022		13,260	29,077	158,940	27,571	(10,858)	217,990	2,878	220,868

Current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)

(Millions of yen)

Item	Note	Equity attributable to owners of parent						Noncontrolling interests	Total equity
		Share capital	Capital surplus	Retained earnings	Other components of equity	Treasury stock	Total		
Balance at April 1, 2022		13,260	29,077	158,940	27,571	(10,858)	217,990	2,878	220,868
Profit (Loss)				(1,776)			(1,776)	42	(1,734)
Other comprehensive income	30				5,810		5,810	57	5,867
Total comprehensive income		—	—	(1,776)	5,810	—	4,034	99	4,133
Repurchase of treasury stock	24					(8,035)	(8,035)		(8,035)
Cancellation of treasury stock	24			(2,863)		2,863	—		—
Share-based payment transactions	33		(48)			136	88		88
Dividends	25			(4,243)			(4,243)	(95)	(4,338)
Equity transactions with noncontrolling interests							—	403	403
Transfer from other components of equity to retained earnings	24			1,360	(1,360)		—		—
Total transactions with owners		—	(48)	(5,746)	(1,360)	(5,036)	(12,190)	308	(11,882)
Balance at March 31, 2023		13,260	29,029	151,418	32,021	(15,894)	209,834	3,285	213,119

## ④ 【Consolidated statement of cash flows】

(Millions of yen)

Accounts	Note	Previous Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)	Current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)
Operating activities			
(Loss) profit		1,585	(1,734)
Depreciation and amortization		10,689	12,364
Impairment charges		211	10,136
Finance income		(1,930)	(1,517)
Finance costs		232	795
Share of (profit) loss of investments accounted for using equity method		(579)	(2,223)
Impairment charges of investments accounted for using equity method		1,485	154
Income tax expense		2,498	1,035
Gain on sale of fixed assets		(1,960)	(2,650)
Increase (decrease) in trade and other receivables		(1,035)	1,053
Increase in inventories		(644)	(6,692)
Decrease (increase) in other assets		(194)	185
Increase in trade and other payables		1,499	480
Increase (decrease) in retirement benefit asset or liability		721	(1,714)
Increase in other liabilities		(1,673)	(1,255)
Other		1,466	(1,018)
Subtotal		12,371	7,399
Interest received		62	115
Dividends received		1,489	1,932
Interest paid		(226)	(270)
Income taxes (paid) received		2,926	(1,842)
Net cash provided by operating activities		16,622	7,334
Investing activities			
Proceeds from withdrawal of time deposits		531	289
Payments into time deposits		(361)	(178)
Purchase of property, plant and equipment		(6,621)	(2,879)
Proceeds from sale of property, plant and equipment		2,799	4,468
Purchase of intangible assets		(3,172)	(2,169)
Proceeds from collection of loans		321	3
Purchase of other financial assets		(4)	(135)
Proceeds from sale or amortization of other financial assets		3,410	4,372
Other		55	131
Net cash used in investing activities		(3,042)	3,902
Financing activities			
Net decrease in short-term bank loans with original maturities of three months or less	32	(30,460)	(5,230)
Proceeds from long-term borrowings	32	—	1,355
Repayments of long-term borrowings	32	(35)	—
Repayments of lease obligations	32	(4,658)	(5,981)
Capital contribution from noncontrolling interests		112	403
Payments for purchase of treasury stock		(2,089)	(8,035)
Proceeds from disposal of treasury stock		1	0
Dividends paid to owners of parent	25	(2,498)	(4,243)
Dividends paid to noncontrolling interests		(82)	(95)
Contingent consideration payment		(1,298)	(715)

Net cash used in financing activities		(41,007)	(22,541)
Effect of exchange rate changes on cash and cash equivalents		925	601
Net decrease in cash and cash equivalents		(26,502)	(10,704)
Cash and cash equivalents at beginning of period	7	63,987	37,485
Cash and cash equivalents at end of period	7	37,485	26,781

**【Notes to the consolidated financial statements】**

1. Reporting entity

Wacoal Holdings Corp. (the “Company”) is an entity located in Japan. The locations of the registered headquarters and principal offices of the Company are disclosed at the website (URL <https://www.wacoalholdings.jp/>).

The Company's consolidated financial statements for the year ended March 31, 2023 consist of financial statements for the Company and its subsidiaries (hereinafter collectively the “Group”) and its interests in the Company’s associates and joint ventures.

The Group focuses on sales of innerwear (women's foundation garments and lingerie and nightwear), sportswear, and other textile products and related products ("Products"), and the customers include retail and wholesale distributors and consumers in Japan and overseas. See Note 6 segment information for detail information.

2. Basis of preparation of consolidated financial statements

(1) Matters on compliance with IFRS and first-time adoption

The consolidated financial statements of the Group meet the requirements of “Specified Company Complying with Designated International Accounting Standards” set forth in Article 1-2 of the Regulation on Consolidated Financial Statements (the “Regulation”) and have been prepared in compliance with IFRS as stipulated in Article 93 of the Regulation.

The Group has adopted IFRS for the first time since the current fiscal year (from April 1, 2022 to March 31, 2023) and the date of transition (the “transition date”) to IFRS is April 1, 2021. Effects of the transition to IFRS on the Group’s financial position, operating results and cash flows on the transition date and comparative year are described in Note “38 First-time adoption.”

The Group’s accounting policy complies with IFRS effective as of March 31, 2023, excluding IFRS not adopted earlier and exemption rules following IFRS 1.

Applied exemption rules are described in Note “38. First-time adoption.”

(2) Basis of measurement

The Group’s consolidated financial statements are prepared by using a historical cost basis except for the items note “3. Significant accounting policy”.

(3) Functional currency and presentation currency

The consolidated financial statements are presented in Japanese yen, which is the Group’s functional currency. Amounts are rounded to the nearest million yen.

### 3. Significant Accounting Policies

#### (1) Basis of Consolidation

##### ① Subsidiaries

A subsidiary is an entity that is controlled by the Group. The Group considers that it has control over an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

As a general rule, financial statements of the subsidiaries are included in the Company's consolidated financial statements from the date on which the Group obtained control of the subsidiaries until the date on which the Group loses its control.

In cases where the accounting policies applied by a subsidiary are different from those applied by the Group, adjustments are made to the subsidiary's financial statements, if necessary. All intragroup balances of receivables and payables and transactions as well as unrealized gains or losses arising from intragroup transactions are eliminated in preparation of the consolidated financial statements.

Comprehensive income of subsidiaries is attributed to owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. Any difference between the adjustment to the noncontrolling interests and the fair value of the consideration is recognized directly in equity attributable to owners of parent.

If the Company loses control over a subsidiary, any resulting gains or losses shall be recognized in profit or loss.

Subsidiaries whose fiscal year-end is different from the Company's fiscal year-end are consolidated based on their provisional financial statements as of the consolidated fiscal year-end.

##### ② Associates and joint ventures

Associates are entities over which the Group has a significant influence over the decisions on financial and operating policy decisions but does not have control or joint control of those policies. If the Group directly or indirectly holds 20% or more and less than 50% of the voting rights of the entity, it is presumed that the Company has significant influence over the entity unless it can be clearly demonstrated that this is not the case.

Joint ventures are joint arrangements whereby the parties, including the Group, that have joint control of the arrangements have rights to the net assets of the arrangements. Joint arrangements are arrangements in which two or more parties have joint control, and joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Investments in associates and joint ventures are accounted for using the equity method from the date when the investees are determined as associates or joint ventures until the date that they cease to be classified as associates or joint ventures. When an entity no longer meets the criteria for an associate or joint venture and the application of the equity method is discontinued, the investment retained after the discontinuation of the equity method is re-measured at fair value, and any gains or losses arising from such re-measurement are recognized in profit or loss, unless the entity meets the criteria for a subsidiary.

If there is any objective evidence of impairment on investments in associates or joint ventures, the Company conducts impairment tests on those investments as one asset group.

#### (2) Foreign currency transactions

##### ① Foreign currency transactions

Foreign currency transactions are translated into the functional currencies of each entity of the Group at the exchange rates on the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated into the functional currencies at the exchange rates at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies to be measured at fair value are translated into the functional currencies at the exchange rates on the date when the fair value is measured.

Exchange differences arising from translation or settlement are recognized in profit or loss. However, exchange differences arising from the translation of financial assets measured at fair value through other comprehensive income hedges are recognized in other comprehensive income.

##### ② Financial statements of foreign operations

Assets and liabilities of foreign operations are translated into Japanese yen using the exchange rates at the end of the reporting period, whereas income and expenses are translated using the average exchange rate during the period unless there are significant fluctuations in the exchange rates. Exchange differences arising from the translation of financial statements of foreign operations are recognized in other comprehensive income. When the Group disposes a foreign operation, the cumulative amount of the exchange differences is recognized in profit or loss on disposal.

The Group has elected to deem the cumulative amount of exchange differences on translation of foreign operations as of the transition date to be zero. This exemption is in compliance with IFRS 1 and is applied to all of the foreign operations.

(3) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits and highly liquid short-term investments with original maturities of three months or less that are readily convertible to cash and are subject to insignificant risk of changes in value.

(4) Inventories

The cost of the inventories includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present locations and conditions.

Inventories are stated at the lower of cost or market cost. The cost is determined on a first-in, first-out basis for raw materials and on an average cost basis for work in process and finished products. 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 the sale.

(5) Property, plant and equipment

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located and borrowing cost which satisfies the conditions of asset capitalization.

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. 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 vehicles, Tools, furniture and fixtures 2 to 20 years (Mainly 5 years)

The depreciation method, the estimated useful life and the residual value are reviewed at the end of each fiscal year. If there are any changes, they are applied prospectively as changes in accounting estimates.

Gains or losses incurred from derecognition of property, plant and equipment are included in profit or loss at the time of derecognition of such asset.

(6) Leases

The Group initially measures right-of-use assets at the lease commencement date. The cost of right-of-use assets comprises the total amount of the initial measurement of the lease liability, any lease payments made at or before the lease commencement date less any lease incentives received, any initial direct costs incurred, and an estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset. The right-of-use asset is depreciated on a straight-line basis over the useful life or lease term, whichever is shorter.

The Group measures the lease liability at present value of the future lease payments that will be paid over the lease term after the lease commencement date. The lease payments comprise of fixed lease payments and variable lease payments that are not paid at the lease commencement date. In calculating the present value, the interest rate implicit in the lease is used as the discount rate if such rate can be readily determined. If such rate cannot be readily determined, the lessee's incremental borrowing rate is used.

The lessee's incremental borrowing rate has been affected by borrowing period, currency, lease commencement date. When the risk-free rate based on government bond, adjustment of country risk, adjustment of credit risk based on corporate bond's yield, and corporate risk profile are different from the Group's risk profile, the incremental borrowing rate are determined by various input, which includes the Group's specific adjustment.

Subsequent to initial recognition, right-of-use assets are measured at cost less accumulated depreciation and impairment losses. Remeasurement of lease liabilities also has been included in the measurement of right-of-lease assets. Depreciation for right-of-use assets has been classified as Cost of sales or Selling, general and administrative expenses in the Consolidated Statement of Profit or Loss.

Right-of -use assets are depreciated using the straight-line method over the estimated useful life when it is certain that the lease transfers ownership of the underlying asset, or over the shorter of the lease term or estimated useful life of the underlying asset when it is not certain that the lease transfers ownership of the underlying asset. The estimated useful life of a right-of-use asset is determined in the same manner as property, plant and equipment.

Lease liabilities has been increased by interest which are related to lease liabilities and decreased by lease payment. Moreover, Lease liabilities has been remeasured when the underlying condition is modified.

The Group does not recognize right-of-use assets and lease liabilities for either short-term leases with a lease term of 12 months or less, or leases for which the underlying assets are of low value. The total lease

payments of these leases are recognized as expense under the straight-line basis or another systematic basis over the lease terms.

As for transactions as the Lessor, the Group has classified the lease transactions as either a finance lease or an operating lease based on the degree of transfer of risks and rewards.

The Group recognizes assets held under a finance lease and presents them as a receivable at an amount equal to the net investment in the lease. The Group recognizes operating lease assets in the Consolidated Statements of Financial Position and recognizes lease income by using the straight-line method over the period in Consolidated Statement of Profit or Loss.

## (7) Goodwill and Intangible assets

### ① Goodwill

Goodwill is measured at the fair value of the considerations transferred, including the recognized amount of any non-controlling interests in the acquiree at the date of acquisition, less the net recognized amount of the identifiable assets acquired and the liabilities assumed at the acquisition date (ordinarily measured at fair value).

Goodwill is not amortized and is tested for impairment at least annually, or whenever there is an indication of impairment.

Impairment loss on goodwill is recognized in the consolidated statement of profit or loss and no subsequent reversal is made.

Goodwill is stated at cost less any accumulated impairment loss.

### ② Intangible assets

Intangible assets acquired separately are measured at cost on initial recognition. Intangible assets acquired in a business combination and recognized separately from goodwill are measured at the fair value as of the acquisition date.

For measurement of intangible assets, the cost model is adopted, and they are carried at cost less any accumulated depreciation and any accumulated impairment losses.

For internally generated intangible assets, the entire amount of the expenditure is recorded as an expense in the period in which it arises, except for development expenses that meet the requirements for capitalization.

Intangible assets with finite useful lives are amortized over their estimated useful lives using the straight-line method.

The estimated useful lives of main intangible assets are as follows:

- Brands 20 and 25 years (mainly 25 years)
- Software 5 years

The estimated useful lives, residual value and amortization method for an intangible asset with a finite useful life is reviewed at the end of each reporting period, and any changes are applied prospectively as a change in accounting estimate.

The Group considers that trademark right and paintings have indefinite useful lives because they can be used continuously as the Group continues its business.

For measurement of intangible assets with indefinite useful lives, the cost model is adopted, and they are carried at cost less any accumulated impairment losses.

Intangible assets with indefinite useful lives are not amortized and tested for impairment annually or when there is an indication that they may be impaired, either individually or at the cash-generating units (hereinafter "CGU").

## (8) Investment Property

Investment properties are properties held to earn rental income and/or for capital appreciation.

Investment properties are measured by using the cost model and are initially stated at cost less accumulated depreciation and accumulated impairment losses.

When it is practically difficult to distinguish between investment property and owner-occupied property, and the portion of owner-occupied part is insignificant, the Group regard the whole property as an investment property.

Investment properties other than land are amortized over their estimated useful lives using the straight-line method.

The estimated useful life, residual value and amortization method for an intangible asset with a finite useful life is reviewed at the end of each reporting period, and any changes are applied prospectively as a change in accounting estimate.

Investment property is derecognized at the time of disposal or when the investment property is no longer permanently used and no future economic benefits from the disposal are expected. Any gain or

loss arising from derecognition of the investment property, which is calculated as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss at the time of derecognition.

(9) Financial instruments

① Financial assets

(i) Initial recognition and measurement

The Group classifies financial assets into financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income or financial assets measured at amortized cost. The classification is determined at the time of initial recognition.

The Group recognizes these financial instruments on the transaction date when it becomes a party to the contractual provisions of the financial assets.

All financial assets are measured at fair value plus transaction costs, unless the assets are classified as financial assets measured at fair value through profit or loss.

Financial assets that are classified as financial assets measured at amortized cost if both of the following conditions are met:

- The asset is held based on the Group's business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Other than the financial assets that are classified as financial assets measured at amortized cost are classified as financial asset measured at fair value.

Equity financial assets measured at fair value, except for those held for trading that must be measured at fair value through profit or loss, are designated measured at fair value through other comprehensive income or fair value through profit or loss at initial recognition. Such designations are made for each equity financial asset and applied consistently.

(ii) Subsequent measurement

After initial recognition, financial assets are measured based on the classification as follows:

(a) Financial assets measured at amortized cost

Financial assets measured at amortized cost are measured at amortized cost using the effective interest method.

(b) Financial assets measured at fair value

Changes in fair value of financial assets measured at fair value are recognized in profit or loss.

However, changes in fair value of equity financial assets designated as measured at fair value through other comprehensive income are recognized in other comprehensive income. Dividends from such financial assets are recognized as part of investing income in profit or loss for the current fiscal year.

(iii) Derecognition of financial assets

The Group derecognizes financial assets when the contractual rights to the cash flows from the financial assets expire, or when the Group transfers the financial assets and substantially all the risks and rewards of ownership. If the Group maintains control of the transferred financial asset, it recognizes the asset and associated liabilities to the extent of its continuing involvement.

(iv) Impairment of financial assets

For financial assets measured at amortized cost, the Group recognizes an allowance for doubtful accounts for expected credit losses.

The Group assesses at the end of the reporting period whether the credit risk on each financial asset has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the amount equal to expected credit losses for 12 months is recognized as allowance for doubtful accounts. On the other hand, if the credit risk has increased significantly since initial recognition, the amount equal to lifetime expected credit losses is recognized as allowance for doubtful accounts.

When contractual payments are more than 30 days past due, the Group determines in principle that there has been a significant increase in credit risk. However, reasonable and supportable information (internal rating, external rating and others) is taken into consideration in assessing whether there is a significant increase in credit risk.

When the collection of all or a portion of a receivable is considered impossible or extremely difficult, the receivable is deemed to be in default.

However, for trade receivables and contract assets that do not contain a significant financing component, the allowance for doubtful accounts is always recognized at the amount equal to lifetime expected credit losses, regardless of whether or not the credit risk has increased significantly since initial recognition.

Expected credit losses are measured at the present value of the difference between the contractual cash flows that are due to the Group under the contract and all the cash flows that the Group expects to receive.

The expected credit losses of financial assets are estimated in a way that reflects the following:

- An unbiased and probability-weighted amount determined by evaluating a range of possible



outcomes

- Reasonable and supportable information about past events, current conditions and forecasts of economic conditions that is available without undue cost or effort at the reporting date.

If there are significant economic fluctuations, additional adjustment is made in expected loss.

The Group directly writes off an asset by reducing the total carrying amount in cases where collection of contractual cashflow is not reasonably expected, entirely or partially.

An allowance for doubtful accounts for financial assets is recognized in profit or loss. If an event occurs that reduces the allowance for doubtful accounts, the reversal of the allowance for doubtful accounts is recognized in profit or loss.

② Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are either classified as financial liabilities measured at fair value through profit or loss or financial liabilities measured at amortized cost, and this classification is determined at the time of initial recognition.

The Group initially recognizes debt securities issued by the Group as of such issuance date. All the other financial liabilities are recognized as of the transaction date in which the Group becomes a contracting party of such financial instruments.

All financial liabilities are initially measured at fair value, but financial liabilities measured at amortized cost are measured using the amount obtained after deducting directly attributable transaction costs.

(ii) Subsequent measurement

After initial recognition, financial liabilities are measured based on the classification as follows:

(a) Financial liabilities measured at fair value

For measurements made after the initial recognition of a financial liability, any financial liabilities measured at fair value through profit or loss include financial liabilities held for trading purposes and financial liabilities specified at the time of initial recognition are measured at fair value through profit or loss.

Changes in fair value of financial liabilities measured at fair value are recognized in profit or loss.

(b) Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost are measured using the effective interest method after initial recognition.

Amortization under the effective interest method and gains or losses on derecognition are recognized as part of finance expenses in profit or loss for the current fiscal year.

(iii) Derecognition of financial liabilities

The Group derecognizes financial liabilities when they are extinguished, (i.e., when the obligations specified in the contract are discharged or cancelled or expired.)

③ Presentation of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is presented in the consolidated statement of financial position only when the Group currently has a legally enforceable right to set off the recognized amounts, and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

④ Derivatives and hedge accounting

The Group uses derivatives such as foreign currency forward exchange contracts and interest rate swap contracts to hedge currency risks and interest rate risks. These derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into, and after initial recognition, they are remeasured at fair value.

Changes in fair value of derivatives measured at fair value are recognized in profit or loss.

The hedge accounting was not applied to derivatives.

(10) Employee benefits

For short-term employee benefits, no discount calculation is made, and expenses are recorded when employees provide related services.

For bonuses and paid leave expenses, the Group has legal or presumptive obligations to pay them and recognizes as liabilities the amount estimated to be paid based on those plans if reliable estimates are possible.

Long-term employee benefits other than post-employment benefits are determined by discounting to the present value the future benefits that employees have earned in return of their services rendered in the current and prior fiscal years.

The Group has adopted defined benefit plans and defined contribution plans as post-employment benefit plans.

The present value of the defined benefit obligations is calculated by using the projected unit credit method.

The liabilities or assets of the defined benefit plan are recognized at an amount representing the present value of the defined benefit obligations less the fair value of the plan assets.

Remeasurement of the net defined benefit liabilities or assets is recognized as other comprehensive income at the time of occurrence and is immediately reclassified to retained earnings. Past service cost and any gain or loss on settlement are recognized as profit or loss.

Expenses related to post-employment benefits of the defined contribution pension plan are recognized as expenses at the time an employee provides the relevant service.

#### (11) Income Tax

Income tax is composed of current tax and deferred tax.

Current tax is determined with the amount expected to be paid to or refunded from the tax authorities. The determination of the tax amount is based on the tax rate and tax laws that are enacted, or are substantively enacted, by the closing date of the reporting period.

Current tax is recognized as a profit or loss excluding items relating to items recognized as other comprehensive income or direct equity.

Deferred tax assets and liabilities are recognized in respect of temporary differences between the accounting carrying amount and the tax amount of assets and liabilities. Deferred tax assets are recognized to the extent that it is expected that taxable profits will be available against which deductible temporary differences, unused tax credits carried forward and tax losses carried forward can be utilized. In principle, deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets or liabilities are not recognized for the following cases:

- Taxable temporary differences arising from the initial recognition of goodwill
- Temporary differences on the initial recognition of assets or liabilities arising from a transaction other than a business combination that affects neither accounting profit nor taxable profit
- Deductible temporary differences associated with investments in subsidiaries and associates when it is probable that the temporary difference will not reverse in the foreseeable future, or when it is not probable that there will be sufficient taxable profits against which the deductible temporary differences can be utilized.
- Taxable temporary differences associated with investments in subsidiaries and associates when the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured by estimating the statutory effective tax rate expected to be applied in the period in which the assets are generated or liabilities are settled, based on the tax rate enacted or substantially enacted at end of the fiscal year.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities, and deferred tax assets and liabilities are related to income taxes levied on the same taxable entity by the same tax authority.

If an uncertain tax position of income tax being incurred is highly possible, a reasonable estimated amount is recognized as an asset or liability.

The Group adopts the exceptions to the "International Tax Reform - Pillar 2 Model Rules (amendments of IAS 12)".

#### (12) Provisions

Provisions are recognized if the Group has a present legal or constructive obligation as a result of past events, if it is likely that an outflow of economic resources will be required to settle the obligation, and if the amount can be reliably estimated. When the time value of money is material, provisions are measured at the present value by discounting the expected future cash flows at a pretax rate that reflects the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance expense.

#### (13) Revenue Recognition

The Group recognizes revenue under the following five-step approach for contracts with customers, excluding interest and dividend income under IFRS 9 "Financial Instruments" and lease income under IFRS 16 "Leases" ("IFRS 16").

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Measure the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies performance obligations

The Group recognizes revenue when control of promised products is transferred to customers and performance obligations are satisfied. The 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 revenue.

(14) Government Grants

Government grants are recognized at fair value when the conditions attached to them are met and there is reasonable assurance that the grants will be received.

Government grants related to assets are subtracted when calculating the carrying amount for the assets.

Government grants related to expenses are recognized in profit or loss on a periodical basis over the periods in which the related costs that are intended to be compensated by the grants are recognized as expenses.

There are no unfulfilled conditions or contingencies related to these grants.

(15) Shared-Based Compensation

The Company adopted an equity-settled stock option plan. Due to the introduction of a restricted stock compensation plan, the stock option plan was abolished except for the options already granted.

The Company has adopted an equity-settled restricted stock compensation plan from the fiscal year ended March 31, 2022. The consideration for services received is measured at fair value of the Company's shares at the grant date and is recognized as expense in profit or loss together with a corresponding increase in equity.

(16) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, excluding inventories and deferred tax assets, are reviewed to determine whether there is any indication of impairment at each reporting date. If there is any indication of impairment, the recoverable amount for the asset is estimated.

The recoverable amount for an asset or CGU is the higher of value-in-use and fair value less costs of disposal. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset. Assets that are not individually tested in impairment testing are integrated into the smallest CGU that generates cash inflows largely independent of cash inflows from other assets or asset groups. The CGU for goodwill tested in impairment testing is determined based on the aggregated unit by which the goodwill is monitored for internal management purposes. Goodwill acquired in business combinations is allocated to each CGU that is expected to benefit from synergies of the business combinations.

Because the corporate assets do not generate independent cash inflows, if there is an indication that corporate assets may be impaired, the recoverable amount is determined for the CGU to which the corporate assets belong.

If the carrying amount of an asset or a CGU exceeds the recoverable amount, an impairment loss is recognized in profit or loss for the period. Impairment losses recognized in relation to a CGU are first allocated to reduce the carrying amount of any goodwill allocated to the CGU and then allocated to the other assets of the CGU pro rata on the basis of their carrying amounts.

An impairment loss related to goodwill cannot be reversed in future periods. Previously recognized impairment losses on assets other than goodwill are reviewed at each reporting date to determine whether there is any indication that a loss has decreased or no longer exists. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

(17) Earnings Per Share

Basic earnings per share are calculated by dividing profit attributable to ordinary equity holders of the parent by the weighted average number of shares of common stock outstanding during the period, adjusted for shares of treasury stock held. Diluted earnings per share are calculated by adjusting for the effects of all dilutive potential common stocks.

(18) Business Combination

The acquiree's identifiable assets acquired and liabilities assumed are recognized, in principle, at their fair values at the acquisition date.

Goodwill is recognized as the excess of the sum of the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree, over the net of the amounts of the identifiable assets and liabilities at the acquisition date. Conversely, any bargain purchase is immediately recognized in profit or loss. The consideration transferred is measured as the sum of the fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree, the equity interests issued by the acquirer, and fair value of asset and liability resulting from a contingent consideration arrangement. Acquisition related costs incurred for business combinations are expensed as incurred. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the

acquiree's identifiable net assets.

(19) Segment Information

An operating segment is a component of business activities from which the group earns sales and incur expenses, including transactions with other operating segments. The operating results of all operating segments for which separate financial information is available are regularly reviewed by the Group's Board of Directors in order to decide the allocation of management resources to each segment and to assess its performance.

(20) Assets Held For Sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell and are not depreciated or amortized after their classification.

(21) Treasury shares

The Group's own equity instruments, which are reacquired, are recognized at cost and deducted from equity. No gain or loss is recognized on the purchase, disposal or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration given is recognized in other capital reserves.

#### 4. Significant Accounting Estimates And Judgments

The preparation of consolidated financial statements 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.

These estimates and underlying assumptions are reviewed on an ongoing basis. The impact of a revision is recognized in the accounting period in which the review was conducted and in future accounting periods.

The following are accounting estimates that may have a material effect on the consolidated financial statements.

The Group developed future business plans based on assumptions and used them for the estimates of impairment charges on property, plant and equipment, goodwill and other intangible assets.

##### (1) Valuation of goodwill

(Millions of yen)

	Previous Consolidated Fiscal Year (March 31, 2022)	Current Consolidated Fiscal Year (March 31, 2023)
Goodwill allocated to Wacoal Europe Ltd. Group	9,932	10,221
Goodwill allocated to Wacoal International Corp. Group	13,013	6,035

Impairment tests on goodwill are performed by comparing the carrying amount and the recoverable amount of the CGU. If the carrying amount of a CGU exceeds the recoverable amount, an impairment loss is recognized in profit or loss for the period. The recoverable amount for a CGU is the higher of value-in-use and fair value less costs of disposal.

The recoverable amount includes the assumptions such as useful lives of asset, future cash flows, risk-adjusted discount rates and growth 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 13. Goodwill and Intangible Asset for further information about measurement of recoverable amount.

#### 5. Unapplied Issued Standards and Interpretations

Among new or revised standards and interpretations issued by the date of approval of the consolidated financial statements, the following is the main standard which has not been early adopted by the Group. The impact of the adoption of this new IFRS on the Group is under consideration.

Standards	Standards name	Mandatory application period (Fiscal year starting after)	Application period for the Group	Overview of new and revised standards
IAS 12	Income Taxes	January 1, 2023	Fiscal year ended March 31, 2024	To clarify the accounting treatment of deferred taxes on leases and decommissioning obligations

## 6. Segment Information

### (1) Overview of reportable segments

The Group has three reportable segments: "Wacoal Business (Domestic)," "Wacoal Business (Overseas)," and "Peach John Business". 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 Group's resources and in assessing their performance.

The main production manufactured and sold by each reportable segment are as follows:

Reportable segments	Mainly production
Wacoal Business (Domestic)	innerwear (consisting of foundation, lingerie, nightwear and children's innerwear), outerwear, sportswear and Others
Wacoal Business (Overseas)	innerwear (consisting of foundation, lingerie, nightwear and children's innerwear), outerwear, sportswear and other textile-related products
Peach John	innerwear (consisting of foundation, lingerie and nightwear), outerwear and other textile-related products

### (2) Information on reportable segment

The accounting policies used for these reportable segments are the same as those described in the summary of significant accounting policies in Note 3.

Date of Transition (April 1, 2021)

(Millions of yen)

	Reportable segments				Other (Note 1)	Adjustments (Note 3)	Consolidat ed
	Wacoal Business (Domestic)	Wacoal Business (Overseas)	Peach John Business	Total			
Segment assets	281,969	87,453	10,872	380,294	15,833	(76,912)	319,215

Previous Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Reportable segments				Other (Note 1)	Adjustments (Note 3)	Consolidate d
	Wacoal Business (Domestic)	Wacoal Business (Overseas)	Peach John Business	Total			
Revenue							
External customers (Note 2)	88,128	59,214	12,200	159,542	12,530	—	172,072
Intersegment	844	8,425	363	9,632	3,694	(13,326)	—
Total	88,972	67,639	12,563	169,174	16,224	(13,326)	172,072
Segment profit(loss) (Note 4)	604	2,055	1,650	4,309	(1,018)	—	3,291
Segment assets	255,053	96,293	11,360	362,706	14,457	(77,986)	299,177
Other items							
Depreciation and amortization	5,808	3,767	881	10,456	233	—	10,689
Impairment losses	211	—	—	211	—	—	211
Impairment losses of Investments accounted for using the equity method	1,485	—	—	1,485	—	—	1,485
Capital expenditures	7,409	2,053	255	9,717	76	—	9,793

Current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Reportable segments				Other (Note 1)	Adjustment s (Note 3)	Consolidate d
	Wacoal Business (Domestic)	Wacoal Business (Overseas)	Peach John Business	Total			
Revenue							
External customers (Note 2)	96,746	66,732	11,918	175,396	13,196	—	188,592
Intersegment	1,048	13,725	248	15,021	4,434	(19,455)	—
Total	97,794	80,457	12,166	190,417	17,630	(19,455)	188,592
Segment profit(loss) (Note 4)	2,862	(7,397)	915	(3,620)	130	—	(3,490)
Segment assets	244,528	91,944	11,948	348,420	15,316	(78,440)	285,296
Other items							
Depreciation and amortization	6,457	4,341	1,187	11,985	379	—	12,364
Impairment losses	103	10,033	—	10,136	—	—	10,136
Impairment losses of Investments accounted for using the equity method	154	—	—	154	—	—	154
Capital expenditures	3,258	1,412	331	5,001	47	—	5,048

- (Notes) 1 . The “Other” category consists of business segments not included in the reportable segments and mainly include Lecien business and Nanasai business. The main revenue consists of innerwear (foundation, lingerie), other textile-related products, mannequins, and construction of stores and interior design.
- 2 . 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.
- 3 . Adjustments include intersegment elimination.
- 4 . The aggregated amounts of operating profit and loss are equal to those presented in the consolidated statement of profit or loss. Refer to the consolidated statement of profit or loss for the reconciliation of operating profit to profit before income taxes.
- 5 . Intersegment sales and transfers are accounted at cost plus a markup.

(3) Information on products and services

The external sales by products and services are as follows:

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)	Current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)
Innerwear:		
Foundation and lingerie	139,462	151,715
Nightwear	6,688	6,833
Children's underwear	789	931
Subtotal	146,939	159,479
Outerwear/sportswear and others	10,777	12,815
Hosiery	974	1,366
Other textile goods and related products	5,359	6,530
Others	8,023	8,402
Total	172,072	188,592



(4) Information on geographical areas

Sales to customers and non-current assets by region are following:

Sales from external customers

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)	Current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)
Japan	111,623	120,712
Asia and Oceania	20,295	22,316
Americas and Europe	40,154	45,564
Total	172,072	188,592

(Notes) 1. Sales are attributed to countries or areas based on the location where sold.

2. In the region of “Americas and Europe”, sales at United States for the previous and current fiscal years were ¥30,113 million and ¥33,046 million, respectively.

Non-current assets

(Millions of yen)

	Date of Transition (April 1, 2021)	Previous Consolidated Fiscal Year (March 31, 2022)	Current Consolidated Fiscal Year (March 31, 2023)
Japan	56,882	60,106	56,425
Asia and Oceania	5,968	6,410	5,501
Americas and Europe	35,707	38,378	30,125
Total	98,557	104,894	92,051

(Notes) 1. Noncurrent assets are classified by region based on locations of the assets and do not include financial instruments, deferred tax assets, nor net defined benefit assets.

2. In the region of “Americas and Europe”, noncurrent assets at United States for the transition date, fiscal years ended March 31, 2022 and 2023 were ¥19,778 million, ¥ 21,773 million and ¥12,059 million, respectively and noncurrent assets at United Kingdom for the transition date, fiscal years ended March 31, 2022 and 2023 were ¥14,245 million, ¥ 14,684 million and ¥14,757 million, respectively

(5) Information on major customers

This information is omitted because none of the external customers account for 10% or more of the revenue presented in the consolidated statement of profit or loss.

7. Cash and cash equivalents

Cash and cash equivalents are composed of the following:

(Millions of yen)

	Date of Transition (April 1, 2021)	Previous Consolidated Fiscal Year (March 31, 2022)	Current Consolidated Fiscal Year (March 31, 2023)
Cash and deposits	63,955	37,219	26,774
Short-term investments	32	266	7
Total	63,987	37,485	26,781

The balance on the consolidated statement of financial position is equal to the balance on the consolidated statement of cash flows.

8. Trade and other receivables

Trade and other receivables are composed of the following:

(Millions of yen)

	Date of Transition (April 1, 2021)	Previous Consolidated Fiscal Year (March 31, 2022)	Current Consolidated Fiscal Year (March 31, 2023)
Trade notes receivables	1,148	943	955
Accounts receivable-trade	16,903	18,804	18,458
Accounts receivable-other	941	1,241	1,009
Allowance for doubtful accounts	(335)	(282)	(207)
Total	18,657	20,706	20,215

Trade and other receivables are classified as financial assets measured at amortized cost.

9. Other financial assets

(1) Breakdown of other financial assets

Other financial assets are composed of the following:

(Millions of yen)

	Date of Transition (April 1, 2021)	Previous Consolidated Fiscal Year (March 31, 2022)	Current Consolidated Fiscal Year (March 31, 2023)
Financial assets measured at amortized cost			
Time deposits	1,462	1,341	1,247
Debt securities	222	—	96
Security deposits	4,091	4,132	4,025
Others	1,015	548	762
Financial assets measured at fair value through profit or loss			
Mutual funds	122	137	175
Equity securities	1,865	2,032	1,616
Derivatives	42	97	7
Financial assets measured at fair value through other comprehensive income			
Equity securities	49,647	45,575	44,040
Others	106	182	31
Total	58,572	54,044	51,999
Current assets	2,238	1,795	1,804
Noncurrent assets	56,334	52,249	50,195
Total	58,572	54,044	51,999

(2) Financial assets measured at fair value through other comprehensive income

The fair value of equity financial assets measured at fair value through other comprehensive income by issue is as follows:

(Millions of yen)

Issue	Date of Transition (April 1, 2021)	Previous Consolidated Fiscal Year (March 31, 2022)	Current Consolidated Fiscal Year (March 31, 2023)
KDDI Corporation	5,162	6,090	6,223
Aeon Co., Ltd.	5,097	4,033	3,967
Bank of Kyoto, Ltd.	3,882	3,049	3,562
Kyocera Corporation	3,132	3,069	3,071
SCREEN Holdings Co., Ltd.	2,115	2,684	2,530

The Group holds equity financial assets mainly for the purpose of maintaining and enhancing business relationships and has elected to classify them as equity financial assets measured at fair value through other comprehensive income.

(3) Derecognition of financial assets measured at fair value through other comprehensive income

The Group derecognizes some of financial assets measured at fair value through other comprehensive income by selling them for the purposes of increasing asset efficiency, reviewing business relationships, and so forth.

The following are the fair values of financial assets measured at fair value through other comprehensive income when they were sold and the associated accumulated gains or losses that have been recognized as other comprehensive income during each fiscal year:

(Millions of yen)

Previous Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)		Current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)	
Fair value	Accumulated gains (losses)	Fair value	Accumulated gains (losses)
3,185	1,020	4,131	2,640

When financial assets measured at fair value through other comprehensive income are derecognized or when their fair value decreases significantly, accumulated gains or losses that have been recognized as other comprehensive income are transferred to retained earnings. Accumulated gains or losses of other comprehensive income (net of tax) that transferred to retained earnings amounted to ¥708 million gain and ¥1,472 million gain for the previous and current fiscal year, respectively.

The following is the breakdown of dividend income recognized from equity financial instruments.

(Millions of yen)

Previous Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)		Current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)	
Investments derecognized during the year	Investments held at end of the year	Investments derecognized during the year	Investments held at end of the year
33	930	61	1,104

#### 10. Inventories

Inventories are composed of the following:

(Millions of yen)

	Date of Transition (April 1, 2021)	Previous Consolidated Fiscal Year (March 31, 2022)	Current Consolidated Fiscal Year (March 31, 2023)
Finished products	37,274	38,159	45,711
Work in process	3,859	4,177	4,638
Raw materials	2,269	3,590	3,371
Total	43,402	45,926	53,720

Inventories recognized as expenses for the previous and current fiscal years amounted to ¥75,014million and ¥80,845 million, respectively.

Write-downs of inventories recognized as expenses for the previous and current fiscal years were ¥1,642 million and ¥2,231 million, respectively.

#### 11. Other assets

Other assets are composed of the following:

(Millions of yen)

	Date of Transition (April 1, 2021)	Previous Consolidated Fiscal Year (March 31, 2022)	Current Consolidated Fiscal Year (March 31, 2023)
Other current assets			
Income taxes receivable	4,672	401	174
Return assets	605	658	708
Others	1,790	1,864	2,218
Total	7,067	2,923	3,100
Other noncurrent assets			
Capitalized supplies	139	152	119
Others	840	818	714
Total	979	970	833

12. Property, plant and equipment

(1) Change in property, plant and equipment

Increase / (decrease) in acquisition costs, accumulated depreciation and impairment of property, plant and equipment are as follows:

Acquisition Costs

(Millions of yen)

	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
April 1,2021	71,045	10,147	8,856	17,647	1,264	108,959
Acquisition	597	429	211	133	5,316	6,686
Sales or disposal	(744)	(240)	(290)	(289)	—	(1,563)
Transfers between accounts	4,476	133	351	98	(5,395)	(337)
Foreign currency translation adjustments	1,042	638	371	86	82	2,219
Others	—	(17)	(3)	80	—	60
March 31,2022	76,416	11,090	9,496	17,755	1,267	116,024
Acquisition	575	427	314	—	1,693	3,009
Sales or disposal	(3,395)	(464)	(477)	(985)	—	(5,321)
Transfers between accounts	1,065	651	445	(239)	(2,542)	(619)
Foreign currency translation adjustments	670	418	311	92	15	1,506
Others	67	—	—	1	—	67
March 31,2023	75,398	12,122	10,089	16,624	433	114,666

Accumulated Depreciation and Accumulated Impairment Losses

(Millions of yen)

	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
April 1,2021	(47,913)	(8,558)	(7,444)	(71)	—	(63,986)
Depreciation	(1,880)	(473)	(599)	—	—	(2,952)
Impairment losses	(188)	—	(15)	—	—	(203)
Sales or disposal	689	220	285	8	—	1,202
Foreign currency translation adjustments	(675)	(534)	(297)	—	—	(1,506)
Others	7	16	—	—	—	23
March 31,2022	(49,960)	(9,329)	(8,070)	(63)	—	(67,422)
Depreciation	(1,993)	(542)	(607)	—	—	(3,142)
Impairment losses	(76)	—	(11)	—	—	(87)
Sales or disposal	2,890	373	444	—	—	3,707
Foreign currency translation adjustments	(353)	(345)	(252)	—	—	(950)
Others	(69)	(1)	—	—	—	(70)
March 31,2023	(49,561)	(9,844)	(8,496)	(63)	—	(67,964)

(Note) The depreciation expense for property, plant, and equipment is included in cost of sales as well as in selling, general, and administrative expenses in the consolidated statement of profit or loss.

Balances of Carrying Amount

(Millions of yen)

	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
April 1, 2021	23,132	1,589	1,412	17,576	1,264	44,973
March 31, 2022	26,456	1,761	1,426	17,692	1,267	48,602
March 31, 2023	25,837	2,278	1,593	16,561	433	46,702

(2) Impairment losses

Property, plant and equipment are classified into asset groups based on cash-generating units, which are the smallest identifiable groups of assets generating cash flows that are largely independent of cash inflows from other assets or groups of assets.

Impairment losses are included in other expenses in the consolidated statement of profit or loss.

Major impairment losses recognized in the year ended March 31, 2022 were as follows.

The carrying amount of the buildings and structures under the Wacoal Business (Domestic) were written down to their fair values less costs of disposal, resulting in the recognition of an impairment charge of ¥24 million. The Company performed an impairment test for fixed assets due to making a decision to close a subsidiary and determined that the fair value less costs of disposal was lower than the carrying amount. To measure the fair values, the Company used appraisals prepared by independent third-party appraisers based on recent transactions involving sales of similar assets and the fair value hierarchy is level 3.

The carrying amount of Wacoal Corp.'s buildings and structures, machinery and equipment and right-of-use assets under the Wacoal Business (Domestic) were fully written off, resulting in an impairment charge of ¥164 million, ¥15 million, and ¥8 million, respectively. The impairment was mainly caused by a downturn in sales. The recoverable amount was measured at the value in use and the amount was assessed at zero given that the future cash flows were expected to be negative.

Major impairment losses recognized in the year ended March 31, 2023 were as follows.

The carrying amount of Wacoal Corp.'s buildings and structures, machinery and equipment and right-of-use assets under the Wacoal Business (Domestic) were fully written off, resulting in an impairment charge of ¥76 million, ¥11 million, and ¥16 million, respectively. The impairment was mainly caused by a downturn in sales.

The recoverable amount was measured at the value in use and the amount was assessed at zero given that the future cash flows were expected to be negative.



13. Goodwill and Intangible assets

(1) Change in goodwill and intangible assets

Increase / (decrease) in acquisition costs, accumulated depreciation and impairment of goodwill and intangible asset are as follows:

Acquisition Costs

(Millions of yen)

	Goodwill	Intangible assets				
		Software	Brands	Trademarks	Others	Total
April 1, 2021	35,743	17,221	7,479	5,316	2,199	32,215
Acquisition	—	3,181	—	—	1	3,182
Sales and disposal	—	(1,173)	—	—	(31)	(1,204)
Foreign currency translation adjustments	1,960	256	479	—	113	848
Others	—	(96)	—	—	—	(96)
March 31, 2022	37,703	19,389	7,958	5,316	2,282	34,945
Acquisition	—	1,963	—	—	4	1,967
Sales and disposal	—	(1,920)	—	—	(20)	(1,940)
Foreign currency translation adjustments	1,592	169	309	—	91	569
Others	—	(17)	—	—	(67)	(84)
March 31, 2023	39,295	19,584	8,267	5,316	2,290	35,457

Accumulated Depreciation and Accumulated Impairment Losses

(Millions of yen)

	Goodwill	Intangible assets				
		Software	Brands	Trademarks	Others	Total
April 1, 2021	(14,574)	(8,747)	(2,748)	(4,827)	(550)	(16,872)
Amortization	—	(2,509)	(401)	—	(171)	(3,081)
Impairment losses	—	—	—	—	—	—
Sales and disposal	—	1,092	—	—	2	1,094
Foreign currency translation adjustments	(184)	(214)	(190)	—	(69)	(473)
Others	—	52	—	—	1	53
March 31, 2022	(14,758)	(10,326)	(3,339)	(4,827)	(787)	(19,279)
Amortization	—	(2,869)	(408)	—	(158)	(3,435)
Impairment losses	(8,281)	—	(901)	—	(326)	(1,227)
Sales and disposal	—	1,732	—	—	13	1,745
Foreign currency translation adjustments	—	(129)	(107)	—	(44)	(280)
Others	—	(2)	—	—	64	62
March 31, 2023	(23,039)	(11,594)	(4,755)	(4,827)	(1,238)	(22,414)

(Note) The depreciation expense for intangible asset is included in cost of sales as well as in selling, general, and administrative expenses in the consolidated statement of profit or loss.

Balances of Carrying Amount

(Millions of yen)

	Goodwill	Intangible assets				
		Software	Brands	Trademarks	Others	Total
April 1, 2021	21,169	8,474	4,731	489	1,649	15,343
March 31, 2022	22,945	9,063	4,619	489	1,495	15,666
March 31, 2023	16,256	7,990	3,512	489	1,052	13,043

The expenditures for the research and development activities expensed during the previous year and current year were ¥449 million and ¥598 million, respectively, which are included in cost of sales as well as in selling, general, and administrative expenses in the consolidated statement of profit or loss.

(2) Intangible assets with indefinite useful lives

The amount of intangible assets with indefinite useful lives for the transition date, fiscal years ended March 31, 2022 and 2023 were ¥1,568 million, ¥1,539 million and ¥1,532 million, respectively. These mainly consist of the trademark of Peach John recognized when the Company purchased the Peach John Business. The Company considers that trademark right have indefinite useful lives because they can be used continuously as they Company continues its business.

(3) Impairment of goodwill and intangible assets with indefinite useful lives

Goodwill acquired in business combinations is allocated to each of CGU that is expected to benefit from the business combinations.

Carrying amounts of the goodwill allocated to a CGU are the following:

(Millions of yen)

Reportable segments	Cash-generating units	Goodwill		
		Date of Transition (April 1, 2021)	Previous Consolidated Fiscal Year (March 31, 2022)	Current Consolidated Fiscal Year (March 31, 2023)
Wacoal Business (Overseas)	Wacoal Europe Ltd. Group	9,398	9,932	10,221
	Wacoal International Corp. Group	11,771	13,013	6,035
Total		21,169	22,945	16,256

Carrying amounts of the intangible assets with indefinite useful lives allocated to a CGU are the following:

(Millions of yen)

Reportable segments	Cash-generating units	Intangible assets with indefinite useful lives		
		Date of Transition (April 1, 2021)	Previous Consolidated Fiscal Year (March 31, 2022)	Current Consolidated Fiscal Year (March 31, 2023)
Peach John Business	Peach John Co., Ltd. Group	489	489	489
Total		489	489	489

The goodwill and intangible assets with indefinite useful lives are tested for impairment at least annually, as well as whenever there is any indication of impairment.

Impairment losses are included in other expenses in the consolidated statement of profit or loss.

Present value of future cash flows used to calculate the recoverable amount were based on a five year business plan approved by management reflecting the average long term growth rate in the relevant market and a pretax discount rate of 16.0~22.3%, 18.2~20.2% and 18.8~19.6% for the transition date, fiscal years ended March 31, 2022 and 2023 respectively.

The plan includes significant assumptions such as the possibility of achievement of expected sales volumes and market growth rate in the regions where the Group operates. In calculating the terminal value in excess of the business plan, the long-term average growth rate in the industry or country to which the CGU belongs is taken into consideration. The long-term average growth rate were 2.0~3.0%, 2.0~3.0% and 2.0~3.0% as of date of transition, for the fiscal years ended March 31, 2022 and 2023, respectively, and all of them were within a range of the industry or country.

The recoverable amount of the Wacoal Europe Ltd. Group was calculated by measuring value in use. If the pretax discount rate were to increase by approximately 6.0% (approximately 3.9% in the previous fiscal year) or the sales were to decrease by approximately 4.1% (approximately 2.7% in the previous fiscal year), the recoverable amount could be equal to the carrying amount.

The recoverable amount of the Wacoal International Corp. Group was calculated by measuring the fair value less costs of disposal and measured at Level 3 fair value. As a result of the impairment test as of the end of March 31, 2023, goodwill, brand, other assets and right-of-use assets were written down to their recoverable amount resulting in an impairment charge of ¥10,033 million (¥8,281 million, ¥901 million, ¥326 million, ¥525 million, respectively). The impairment was caused by the revision to the business plan made to reflect the changes in the external environment, including the stricter data privacy regulations on digital marketing and the recent slowdown in consumer spending.

Other than the above CGU groups, since the recoverable amount is well above the carrying amount, the Group has concluded that even if the discount rate and the sales used for calculating the recoverable amount moved within a reasonable range of values, it would not be probable that a material impairment would be recorded.

14. Investment property

(1) Change in investment property

Increase / (decrease) in acquisition costs, accumulated depreciation of investment property are as follows:

Acquisition Costs

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)	Current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)
Balance at the beginning of the year	6,573	5,678
Sales and disposal	(895)	—
Transfers between accounts	—	239
Balance at the ending of the year	5,678	5,917

Accumulated Depreciation and Accumulated Impairment Losses

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)	Current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)
Balance at the beginning of the year	(3,447)	(2,953)
Depreciation	(7)	(7)
Sales and disposal	501	—
Balance at the ending of the year	(2,953)	(2,960)

Carrying amounts and fair value of the investment property are following:

(Millions of yen)

	Date of Transition (April 1, 2021)		Previous Consolidated Fiscal Year (March 31, 2022)		Current Consolidated Fiscal Year (March 31, 2023)	
	Carrying Amount	Fair value	Carrying Amount	Fair value	Carrying Amount	Fair value
Investment Property	3,126	9,309	2,725	6,906	2,957	7,779

The fair value of investment property is determined based on a valuation conducted by an external real estate appraiser. The valuation is made in accordance with the appraisal standards of the country where the investment property is located and based on market evidence of transaction prices for similar assets.

The fair value hierarchy of investment property is classified as level 3 since unobservable inputs are included. See Note 34 Financial Instrument for detail information of fair value hierarchy.

(2) Incomes and expenses from investment property

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)	Current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)
Rent income	213	215
Direct operating expenses	(46)	(51)

Rent income and direct operating expenses incurred from investment property is included in other income and other expenses in the consolidated statement of profit or loss respectively.

The direct operating expenses arising from the investment property that does not generate rental income are immaterial.

15. Investments accounted for using equity method

(1) Investments in associates

The carrying amount of investments in individually immaterial associates is as follows:

(Millions of yen)

	Date of Transition (April 1, 2021)	Previous Consolidated Fiscal Year (March 31, 2022)	Current Consolidated Fiscal Year (March 31, 2023)
Carrying amount	4,857	5,241	6,034

Equity share in comprehensive income of individually immaterial associates is as follows:

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)	Current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)
Profit	110	870
Other comprehensive income	331	128
Comprehensive income	441	998

In the current fiscal year, the Group reduced the carrying amount of its investments accounted for using the equity method to their recoverable amount because the Group considered that there was objective evidence of impairment due to a decline in the share price of certain investments included in the Wacoal Business (Domestic). Such recoverable amount is measured at Level 1 fair value. As a result, an impairment loss of ¥154 million was recognized.

(2) Investments in joint ventures

The carrying amount of investments in individually immaterial joint ventures is as follows:

(Millions of yen)

	Date of Transition (April 1, 2021)	Previous Consolidated Fiscal Year (March 31, 2022)	Current Consolidated Fiscal Year (March 31, 2023)
Carrying amount	13,041	12,998	14,465

Equity share in comprehensive income of individually immaterial joint ventures is as follows:

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)	Current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)
Profit	469	1,353
Other comprehensive income	460	611
Comprehensive income	929	1,964

In the previous fiscal year, the Group reduced the carrying amount of its investments accounted for using the equity method to their recoverable amount because the Company considered that there was objective evidence of impairment due to a decline in the share price of certain investments included in the Wacoal Business (Overseas). Such recoverable amount is measured at Level 1 fair value. As a result, an impairment loss of ¥1,485 million was recognized.

No individually material associates or joint ventures exist in the Group.

16. Income taxes

(1) Deferred tax assets and deferred tax liabilities

The breakdown of major factors for deferred tax assets and deferred tax liabilities and changes in these assets and liabilities are as follows:

Previous Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)

(Millions of yen)

	April 1,2021	Amounts recognized through profit or loss	Amounts recognized through other comprehensive income	Others	March 31,2022
Deferred tax assets					
Accrued bonuses	702	(134)	—	—	568
Accrued payables	575	(57)	—	—	518
Inventory valuation	1,183	190	—	—	1,373
Refund liabilities	598	(61)	—	—	537
Accrued vacation	774	(109)	—	—	665
Retirement benefit liabilities	421	262	(11)	—	672
Excess depreciation and impairment charge	1,654	(23)	—	—	1,631
Tax loss carryforwards	416	137	—	—	553
Others	1,363	(296)	—	—	1,067
Total	7,686	(91)	(11)	—	7,584
Deferred tax liabilities					
Undistributed earnings of associated companies	2,559	(10)	207	—	2,765
Other financial assets	9,548	51	(198)	(312)	9,089
Reserve for advanced depreciation of non-current assets	1,979	410	—	—	2,389
Intangible assets	1,213	164	—	—	1,377
Retirement benefit assets	2,151	9	1,211	—	3,371
Others	660	(131)	—	—	529
Total	18,110	493	1,220	(312)	19,511

## Current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)

(Millions of yen)

	April 1,2022	Amounts recognized through profit or loss	Amounts recognized through other comprehensiv e income	Others	March 31,2023
Deferred tax assets					
Accrued bonuses	568	93	—	—	661
Accrued payables	518	(42)	—	—	476
Inventory valuation	1,373	(14)	—	—	1,359
Refund liabilities	537	(102)	—	—	435
Accrued vacation	665	10	—	—	675
Retirement benefit liabilities	672	(273)	4	—	403
Excess depreciation and impairment charge	1,631	(39)	—	—	1,592
Tax loss carryforwards	553	268	—	—	821
Investments in subsidiaries	—	858	87	—	945
Others	1,067	22	—	—	1,089
Total	7,584	781	91	—	8,456
Deferred tax liabilities					
Undistributed earnings of associated companies	2,756	23	136	—	2,915
Other financial assets	9,089	(4)	605	(650)	9,040
Reserve for advanced depreciation of non-current assets	2,389	(184)	—	—	2,205
Intangible assets	1,377	(340)	—	—	1,037
Retirement benefit assets	3,371	311	(99)	—	3,583
Others	529	80	—	—	609
Total	19,511	(114)	642	(650)	19,389

(Note) The difference between deferred income tax expenses and the amounts recognized through profit or loss is due to the fluctuation of exchange rate changes.



Deductible temporary differences, carryforward of unused tax losses, and carryforward of unused tax credit for which deferred tax assets are not recognized are followings:

(Millions of yen)

	Date of Transition (April 1, 2021)	Previous Consolidated Fiscal Year (March 31, 2022)	Current Consolidated Fiscal Year (March 31, 2023)
Deductible temporary differences	26,362	27,026	23,161
Tax loss carryforwards	8,645	10,738	11,969
Total	35,007	37,764	35,130

Carryforward of unused tax losses for which deferred tax assets are not recognized will expire as follows:

(Millions of yen)

	Date of Transition (April 1, 2021)	Previous Consolidated Fiscal Year (March 31, 2022)	Current Consolidated Fiscal Year (March 31, 2023)
1 year	396	562	408
2 years	540	374	816
3 years	361	1,000	1,171
4 years	737	1,464	1,085
Over 5 years	6,611	7,338	8,489
Total	8,645	10,738	11,969

The aggregate amounts of temporary differences relating to investments in associates for which deferred tax liabilities are not recognized for the transition date, fiscal years ended March 31, 2022 and 2023 were ¥15,318million, ¥14,967 million, and ¥16,483 million, respectively. The above deferred tax liabilities are not recognized since it is possible for the Group to control the timing of the reversal of the temporary differences, and it is probable that the temporary differences will not be reversed in foreseeable periods.

Deferred tax assets attributable to tax entities that have incurred losses in the Group amounted to ¥1,012 million, ¥1,291 million and ¥1,856 million for the transition date, the previous and current fiscal years, respectively. This is based on the consideration that the factors giving rise to the losses are transitory and not expected to recur, and that it is probable that the tax benefits will be realized based on the estimated amount of future taxable income based on the business plan approved by the Board of Directors.

(2) Income tax expenses

The breakdown of income tax expenses for the previous and current fiscal years is as follows:

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)	Current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)
Current tax expenses	1,834	1,916
Deferred tax expenses	664	(881)
Total	2,498	1,035

The amount used for reducing deferred tax expense in tax losses, tax credits, and benefits arising from temporary differences in prior periods that were previously unrecognized for tax effect was ¥863 million in the current fiscal year. There was no such amount in the previous fiscal year. These are included in deferred tax expenses.

A reconciliation of the Japanese statutory tax rates and the average effective tax rates is as follows:

(Unit : %)

	Previous Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)	Current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)
Effective statutory tax rate	30.6	30.6
Permanently nondeductible expenses	1.7	(10.6)
Changes in unrecognized deferred tax assets	30.4	52.4
Undistributed earnings of associated companies	(0.1)	(3.3)
Difference in statutory tax rates of foreign subsidiaries	(6.2)	(74.1)
Tax credit	(2.6)	17.4
Profit (loss) of investments accounted for using equity method	(5.7)	81.1
Impairment loss on goodwill	—	(248.8)
Others	13.1	7.2
Average effective tax rate	61.2	(148.1)

The Company and domestic affiliates are subject to the Japanese corporate tax, an inhabitant tax, and business tax. The aggregated combined statutory income tax rates for the years ended March 31, 2022 and 2023, were both 30.6 %. Subsidiaries located in foreign countries are subject to those local taxes.

17. Borrowings

(1) Break down of Borrowings

(Millions of yen)

	Date of Transition (April 1, 2021)	Previous Consolidated Fiscal Year (March 31, 2022)	Current Consolidated Fiscal Year (March 31, 2023)	Noncurrent liabilities (%)	Noncurrent liabilities
Short-term borrowings	40,672	10,227	5,000	0.12	
Current portion of long-term loans payable	35	—	—	—	
Long-term borrowings	1,498	1,626	3,084	2.91	Year2024 ~ year2025
Total	42,205	11,853	8,084	—	—
Current liabilities	40,707	10,227	5,000	—	—
Noncurrent liabilities	1,498	1,626	3,084	—	—
Total	42,205	11,853	8,084	—	—

(Notes) 1 . The average interest rates are the weighted average interest rates on the outstanding liabilities.

2 . Borrowings are classified as financial liabilities measured at amortized cost.

(2) Assets Pledged as Collateral

The following table presents assets pledged as collateral:

(Millions of yen)

	Date of Transition (April 1, 2021)	Previous Consolidated Fiscal Year (March 31, 2022)	Current Consolidated Fiscal Year (March 31, 2023)
Lands	150	—	—
Buildings and structures	124	—	—
Total	274	—	—

The corresponding liabilities are as follows:

(Millions of yen)

	Date of Transition (April 1, 2021)	Previous Consolidated Fiscal Year (March 31, 2022)	Current Consolidated Fiscal Year (March 31, 2023)
Current portion of long-term loans payable	15	—	—
Long-term borrowings	—	—	—
Total	15	—	—

18. Lease

(1) Lessee Accounting

The Group determines whether a contract is, or contains a lease at the inception of the contract. The Group has leases for assets such as retail stores, warehouses, offices, corporate housing, vehicles, machinery, and equipment. Options to extend or terminate the lease contracts are included in certain contracts. The Group takes such options into account in order to determine the lease term when it is probable that these options will be exercised.

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 generally accounted for separately. By electing the practical expedient, the Group did not separate lease components from non-lease components for leases for which underlying assets are machinery and vehicles and tools, furniture, and fixtures.

The profit and loss related to leases were as follows:

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)	Current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)
Depreciation charges for the right-of-use assets		
Buildings and building improvements	4,563	5,798
Land	55	63
Others	122	164
Total	4,740	6,025
Interest expenses on lease liabilities	164	176
Expenses relating to short-term assets	1,353	162
Expenses relating to leases of low-value assets	14	23
Variable lease payments (*1)	794	1,134

(\*1) Variable lease payments were not included in the lease liabilities calculation. Some of lease contracts includes variable lease payments. Most of the variable lease payments were calculated based on store sales and the Group recognized expenses when incurred.

The book value of Right-of-use assets were as follows:

(Millions of yen)

	Date of Transition (April 1, 2021)	Previous Consolidated Fiscal Year (March 31, 2022)	Current Consolidated Fiscal Year (March 31, 2023)
Right-of-use assets			
Buildings and building improvements	11,879	12,860	11,195
Land	905	889	854
Others	183	237	211
Total	12,967	13,986	12,260

The total cash outflow related to leases were ¥6,041 million, and ¥6,138 million for the fiscal year ended March 31, 2022 and March 31, 2023, respectively.

See Note 32 Cash flow information for detail information of increase of the right-of-use assets.

See Note 34 Financial Instrument (4)Liquidity risk management for detail information of a maturity analysis for lease liabilities

(2) Lessor Accounting

The Group recognized revenue mainly from contracts consisting of leasing mannequins, display furniture and real estate owned by the Group 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 Group 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 lease contracts do not contain any variable consideration or purchase options for their customers. Certain 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. Material residual value guarantees do not exist in the contracts.

Lease income were as follows:

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)	Current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)
Finance income on the net investment in the lease	1,865	1,893

Future lease income based on operating leases (before discount) were as follows. Note that lease payments related to mannequins and display furniture, which were material to the Companies' lease income, were not included in the below table because the contracts terms were extremely short.

(Millions of yen)

	Previous Consolidated Fiscal Year (March 31, 2022)	Current Consolidated Fiscal Year (March 31, 2023)
Within 1 year	236	221
Between 1 and 2 years	188	156
Between 2 and 3 years	128	109
Between 3 and 4 years	86	100
Between 4 and 5 years	76	100
Later than 5 years	1,076	1,000
Total	1,790	1,686

19. Trade and other payables

Trade and other payables are composed of the following:

(Millions of yen)

	Date of Transition (April 1, 2021)	Previous Consolidated Fiscal Year (March 31, 2022)	Current Consolidated Fiscal Year (March 31, 2023)
Trade notes payable	712	558	774
Trade accounts payable	8,791	10,079	10,297
Other payables	5,555	6,101	6,464
Total	15,058	16,738	17,535

Trade and other payables are classified as financial liabilities measured at amortized cost.

20. Other financial liabilities

Other financial liabilities are composed of the following:

(Millions of yen)

	Date of Transition (April 1, 2021)	Previous Consolidated Fiscal Year (March 31, 2022)	Current Consolidated Fiscal Year (March 31, 2023)
Financial liabilities measured at amortized cost:			
Deposits received	779	800	818
Others	315	188	336
Financial liabilities measured at fair value through profit or loss:			
Contingent consideration	2,901	1,493	—
Derivatives	9	—	18
Total	4,004	2,481	1,172
Current liabilities	2,365	1,661	1,172
Non-current liabilities	1,639	820	—
Total	4,004	2,481	1,172

## 21. Employee benefits

The Company and certain consolidated subsidiaries have adopted funded and non-funded defined benefit plans and defined contribution plans to fund post-employment benefits for employees, and almost all employees are eligible for these plans. 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.

A pension fund that is legally separate from the Group manages funded defined benefit plans. The board and trustee of the pension fund are required by law to act in the best interest of plan participants and are responsible for managing plan assets based on a prescribed policy.

These pension plans are exposed to general investment risk, interest rate risk, inflation risk and other risks, but the employers deem these risks to be insignificant.

### (1) Defined benefit plans

#### ① Reconciliations of defined benefit obligations and plan assets

Defined benefit obligations and plan assets as well as the net defined benefit liability and asset recognized in the consolidated statement of financial position are as follows:

(Millions of yen)

	Date of Transition (April 1, 2021)	Previous Consolidated Fiscal Year (March 31, 2022)	Current Consolidated Fiscal Year (March 31, 2023)
Present value of defined benefit obligation	35,771	35,115	31,802
Fair value of plan assets	(43,215)	(45,060)	(43,748)
Effect of asset ceiling	99	131	438
Net defined benefit asset	(7,345)	(9,814)	(11,508)
Amount recognized in the consolidated statement of financial position:			
Retirement benefit liabilities	2,089	3,466	2,470
Retirement benefit assets	(9,434)	(13,280)	(13,978)
Net of assets recorded in the consolidated statement of financial position	(7,345)	(9,814)	(11,508)

② Reconciliations of the present value of defined benefit obligations  
Changes in the present value of defined benefit obligations are as follows:

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)	Current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)
Beginning balance of present value of defined benefit obligations	35,771	35,115
Service costs	1,129	973
Interest costs	193	226
Remeasurement of defined benefit obligation:		
Actuarial gains and losses arising from changes in demographic assumptions	(510)	(43)
Actuarial gains and losses arising from changes in financial assumptions	(436)	(1,152)
Actuarial gains and losses arising from experience adjustments	(9)	1,384
Past service costs	1,432	(1,780)
Benefit payments	(2,487)	(3,002)
Exchange differences on translation of foreign operations	32	32
Other changes	—	49
Ending balance of present value of defined benefit obligations	35,115	31,802

The weighted average duration of defined benefit obligations as of transition date, March 31, 2022 and March 31, 2023 was 9.9 years 9.6 years and 9.7 years, respectively.



③ Reconciliations of the fair value of plan assets  
Changes in the fair value of plan assets are as follows:

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)	Current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)
Beginning balance of fair value of plan assets	43,215	45,060
Interest income	248	315
Remeasurements		
Return on plan assets	3,022	141
Contributions by employers	597	563
Participants' contributions	58	57
Benefit payments	(2,079)	(2,401)
Exchange differences on translation of foreign operations	11	13
Other changes	(12)	—
Ending balance of fair value of plan assets	45,060	43,748

The Group plans to make contributions of ¥556 million in the next fiscal year ending March 31, 2024.

④ Breakdown of plan assets by class

The breakdown of plan assets by major class is as follows:

(Millions of yen)

	Date of Transition (April 1, 2021)			Previous Consolidated Fiscal Year (March 31, 2022)			Current Consolidated Fiscal Year (March 31, 2023)		
	With market prices in active markets	No market prices in active markets	Total	With market prices in active markets	No market prices in active markets	Total	With market prices in active markets	No market prices in active markets	Total
Equity instruments	10,934	7,084	18,018	13,122	5,031	18,153	13,692	4,345	18,037
Japanese equity securities	10,934	—	10,934	13,122	—	13,122	13,692	—	13,692
Pooled funds (Japanese equity securities)	—	3,577	3,577	—	1,692	1,692	—	1,457	1,457
Pooled funds (Foreign equity securities)	—	3,507	3,507	—	3,339	3,339	—	2,888	2,888
Debt instruments	193	7,526	7,719	217	7,496	7,713	180	5,690	5,870
Foreign debt securities	193	—	193	217	—	217	180	—	180
Pooled funds (Japanese debt securities)	—	30	30	—	33	33	—	398	398
Pooled funds (Foreign debt securities)	—	7,496	7,496	—	7,463	7,463	—	5,292	5,292
General accounts of insurance companies	—	3,255	3,255	—	2,200	2,200	—	1,658	1,658
Hedge funds	—	3,671	3,671	—	3,512	3,512	—	3,383	3,383
Other short-term investments	—	10,552	10,552	—	13,482	13,482	—	14,800	14,800
<b>Total</b>	<b>11,127</b>	<b>32,088</b>	<b>43,215</b>	<b>13,339</b>	<b>31,721</b>	<b>45,060</b>	<b>13,782</b>	<b>29,876</b>	<b>43,748</b>

The Group's policy for managing plan assets is to ensure stable returns in the medium and long-term so as to ensure payments of defined benefit obligations over future years in accordance with provisions. More specifically, the Group manages plan assets by regularly setting a target rate of return and a target asset allocation by investment asset within defined permissible risk parameters while maintaining the asset allocation. When revising the asset allocation, the Group reviews the asset allocation and plan assets to invest in to ensure that the plan assets are better aligned with changes in the defined benefit obligations.

The Group also regularly reviews the amounts of contributions, for example, by recalculating the amount once every five years to balance the future financial position of the pension plan in compliance with the Defined-Benefit Corporate Pension Law.

⑤ Reconciliations of the effect of asset ceiling

The following table presents a reconciliation of the effect of the asset ceiling:

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)	Current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)
Beginning balance of effect of asset ceiling	99	131
Remeasurements		
Changes of the effect of asset ceiling	24	299
Exchange differences on translation of foreign operations	8	8
Ending balance of effect of asset ceiling	131	438

⑥ Significant actuarial assumptions

Significant actuarial assumptions used are as follows:

(Unit : %)

	Date of Transition (April 1, 2021)	Previous Consolidated Fiscal Year (March 31, 2022)	Current Consolidated Fiscal Year (March 31, 2023)
Discount rate	0.6	0.7	1.1

⑦ Sensitivity analysis

The following table shows the impact on the present value of the defined benefit obligations when the discount rate used for actuarial assumptions changes by 0.5 percentage point. This sensitivity analysis was performed based on the assumption that all other variables were constant. However, changes in other assumptions may affect the sensitivity analysis.

(Millions of yen)

	Date of Transition (April 1, 2021)	Previous Consolidated Fiscal Year (March 31, 2022)	Current Consolidated Fiscal Year (March 31, 2023)
If the discount rate increases by 0.5%	(1,652)	(1,507)	(1,207)
If the discount rate decreases by 0.5%	1,803	1,416	1,256

(2) Defined contribution plans

The amounts of required contributions for the defined contribution plans made for March 31, 2022 and March 31, 2023 was ¥435 million and ¥463 million, respectively.

(3) Employee Benefit Expenses

Employee benefit expenses included in cost of sales and selling, general, and administrative expenses in the consolidated statement of profit or loss for March 31, 2022 and March 31, 2023 was ¥57,863 million and ¥58,897 million, respectively.

22. Provisions

The breakdown of provisions and changes in them are as follows:  
(Millions of yen)

	Asset retirement obligation
April 1, 2022	833
Additions	54
Interest expense during the discounting period	1
Utilized	(66)
Reversal	—
Exchange differences on translation of foreign operations	6
March 31, 2023	828

The breakdown of provisions in the consolidated statement of financial position is as follows:

(Millions of yen)

	Date of Transition (April 1, 2021)	Previous Consolidated Fiscal Year (March 31, 2022)	Current Consolidated Fiscal Year (March 31, 2023)
Current liabilities	—	—	—
Non-current liabilities	828	833	828
Total	828	833	828

Asset retirement obligations is the amount expected to be paid in the future based on historical restoration track records, quotations, and others in preparation for the obligations to restore to their original condition of the rented offices, buildings, and so forth used by the Group. These expenses expected to be paid after the lapsing of an estimated period of use measured based on the useful life of interior fixtures are affected by future business plans.

23. Other liabilities

Other liabilities are composed of the following:

(Millions of yen)

	Date of Transition (April 1, 2021)	Previous Consolidated Fiscal Year (March 31, 2022)	Current Consolidated Fiscal Year (March 31, 2023)
<b>Other current liabilities</b>			
Accrued consumption taxes	838	1,245	969
Accrued payroll and bonuses	6,815	6,259	6,390
Accrued expenses	2,826	3,136	2,916
Refund liabilities	2,274	1,996	2,136
Contract liabilities	1,379	1,444	1,380
<b>Total</b>	<b>14,132</b>	<b>14,080</b>	<b>13,791</b>
<b>Other non-current liabilities</b>			
Other employee benefits	210	214	203
Others	1,306	1,056	1,022
<b>Total</b>	<b>1,516</b>	<b>1,270</b>	<b>1,225</b>

24. Equity and other components of equity

(1) The number of shares authorized and the total number of shares issued

Changes in the number of shares authorized and the total number of shares issued are as follows:

(Shares)

	Previous Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)	Current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)
Number of Shares Authorized		
Common stock	250,000,000	250,000,000
Total number of shares issued		
Balance at the beginning of the year	65,589,042	65,589,042
Changes during the period (Note 2)	—	(1,089,042)
Balance at the end of the year	65,589,042	64,500,000

(Notes) 1. All of the Company's shares issued are no-par value common stock without restriction on rights, and all of the shares issued are fully paid in.

2. The decrease was due to the cancellation of treasury stock.

(2) Treasury stock

The number of treasury shares and its amount are as follows:

	Number of shares (Shares)	Amount (Millions of yen)
April 1, 2021	3,168,353	8,876
Changes during the period	962,420	1,982
March 31, 2022	4,130,773	10,858
Changes during the period	2,356,412	5,036
March 31, 2023	6,487,185	15,894

(Notes) 1. The changes during the previous fiscal year were mainly due to the purchase of treasury stock.

2. The changes during the current fiscal year were mainly due to the purchase of treasury stock and cancellation of treasury stock.

(3) Capital surplus

The Companies Act of Japan (hereinafter "the Companies Act") requires that at least half of paid-in capital be appropriated as share capital and the rest be appropriated as legal capital reserve. In addition, under the Companies Act, legal capital reserve can be transferred to share capital upon approval at the General Meeting of Shareholders.

(4) Retained earnings

The Companies Act provides that an amount equal to 10% of cash dividends from retained earnings should be appropriated as a capital reserve or a legal reserve until the aggregated amount of capital reserve and legal reserve equals 25% of share capital. The legal reserve may be used to compensate for deficits or may be reversed with the approval of the General Meeting of Shareholders.

(5) Other components of equity

The breakdown of other components of equity is as follows:

(Millions of yen)

	Exchange differences on translation of foreign operations	Financial assets measured at fair value through other comprehensive income	Remeasurement of defined benefit plans	Share of other comprehensive (loss) income of investments accounted for using equity method	Total
April 1, 2021	—	22,381	—	—	22,381
Changes during the period	5,730	(546)	2,769	791	8,744
Transfer to retained earnings	—	(708)	(2,769)	(77)	(3,554)
March 31, 2022	5,730	21,127	—	714	27,571
Changes during the period	3,511	1,811	(251)	739	5,810
Transfer to retained earnings	—	(1,472)	251	(139)	(1,360)
March 31, 2023	9,241	21,466	—	1,314	32,021

25. Dividends

(1) Dividends paid are as follows.

Previous Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Meeting of the Board of Directors on May 14, 2021	Common stock	1,248	20.00	March 31, 2021	June 4, 2021
Meeting of the Board of Directors on October 29, 2021	Common stock	1,249	20.00	September 30, 2021	December 2, 2021

Current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Meeting of the Board of Directors on May 13, 2022	Common stock	1,844	30.00	March 31, 2022	June 6, 2022
Meeting of the Board of Directors on November 11, 2022	Common stock	2,399	40.00	September 30, 2022	December 9, 2022

(2) Dividends whose record date is before the end of the reporting period and whose effective date is after the end of the reporting period.

Previous Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Meeting of the Board of Directors on May 13, 2022	Common stock	1,844	30.00	March 31, 2022	June 6, 2022

Current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Meeting of the Board of Directors on May 12, 2023	Common stock	2,321	40.00	March 31, 2023	June 5, 2023



26. Revenue

(1) Breakdown of revenue

Breakdown of main product revenue and reportable segment are as follows:

Previous Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Reportable Segment			Other	Total
	Wacoal Business (Domestic)	Wacoal Business (Overseas)	Peach John Business		
Innerwear:					
Foundation and lingerie	71,260	53,534	10,721	3,947	139,462
Nightwear	5,744	446	453	45	6,688
Children's underwear	712	65	—	12	789
Subtotal	77,716	54,045	11,174	4,004	146,939
Outerwear/sportswear and others	6,187	3,569	84	937	10,777
Hosiery	946	—	—	28	974
Other textile goods and related products	2,138	1,561	942	718	5,359
Others	1,141	39	—	6,843	8,023
Total	88,128	59,214	12,200	12,530	172,072

Current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Reportable Segment			Other Wacoal Business (Domestic)	Total Wacoal Business (Overseas)
	Wacoal Business (Domestic)	Wacoal Business (Overseas)	Peach John Business		
Innerwear:					
Foundation and lingerie	77,288	59,946	10,626	3,855	151,715
Nightwear	6,027	422	332	52	6,833
Children's underwear	821	96	—	14	931
Subtotal	84,136	60,464	10,958	3,921	159,479
Outerwear/sportswear and others	7,322	3,795	46	1,652	12,815
Hosiery	1,333	—	—	33	1,366
Other textile goods and related products	2,569	2,423	914	624	6,530
Others	1,386	50	—	6,966	8,402
Total	96,746	66,732	11,918	13,196	188,592

The Group 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 the customers include retail and wholesale distributors and consumers in Japan and overseas.

Revenue from sales of our Products is recognized when performance obligations are satisfied, which is upon delivery of the Products.

The Group invoices when it satisfies the performance obligation and receive cash payment shortly thereafter. The Group's revenue is recognized for transactions, net of any trade discounts or rebates given. The Group 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.

Because the period from fulfillment of the performance obligations to receipt of consideration is normally within one year, the receivables are not adjusted as material financial elements using the convention method.

(2) Contract balances

The breakdown of receivables from contracts with customers and contract liabilities is as follows.

Receivables from contracts with customers are Trade notes receivables and Accounts receivable-trade included in Trade and other receivables (see Note 8). The amount of contract assets is not material.

(Millions of yen)

	Date of Transition (April 1, 2021)	Previous Consolidated Fiscal Year (March 31, 2022)	Current Consolidated Fiscal Year (March 31, 2023)
Contract liabilities	1,379	1,444	1,380

The revenue recognized in the reporting period that was included in the contract liabilities balance at the beginning of the period during March 31, 2022 and 2023 was ¥1,066 million and ¥1,069 million respectively. There is no significant revenue recognized from performance obligations that were satisfied in previous periods.

Contract liabilities from contracts with customers consists mainly of customer loyalty points.

Certain 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 each fiscal year 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 is mainly related to innerwear products in the Wacoal Business (Domestic) segment.

(3) Transaction price allocated to the remaining performance obligations

In the Group, there are no significant transactions for which the individual forecast contract period exceeds one year. Therefore, the practical short-cut method is used, and information related to remaining performance obligations is omitted. In addition, there is no significant consideration from contracts with customers that is not included in transaction prices.

(4) Contract Costs

The Group has adopted a practical expedient described in paragraph 94 of IFRS 15 "Revenue from Contracts with Customers", and recognizes the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the Group otherwise would have recognized is one year or less.

27. Selling, general and administrative expenses

Selling, general and administrative expenses are composed of the following:

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)	Current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)
Employee benefits	42,940	41,566
Depreciation and amortization	9,244	11,020
Transportation and storage costs	5,322	5,550
Advertising expenses	15,460	16,141
Lease amounts	2,922	2,107
Payment fees	9,667	16,120
Others	9,775	9,797
Total	95,330	102,301

28. Other income and expenses

Other income are composed of the following:

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)	Current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)
Government grant	438	178
Gain on sale of property, plant and Equipment	2,105	3,117
Rent receipt	296	310
Foreign exchange gains	175	307
Others	735	1,342
Total	3,749	5,254

Other expenses are composed of the following:

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)	Current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)
Loss on sale and disposal of property, plant and Equipment	145	467
Impairment charges	211	10,136
Additional retirement benefits	—	688
Others	596	1,555
Total	952	12,846

29. Finance income and costs

Finance income are composed of the following:

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)	Current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)
Interest income:		
Financial assets measured at amortized cost	62	115
Dividend income:		
Financial assets measured at fair value through other comprehensive income	963	1,165
Financial assets measured at fair value through profit or loss	349	82
Gain (Loss) on change in fair value		
Financial assets measured at fair value through profit or loss	169	—
Foreign exchange gains	323	—
Others	64	155
Total	1,930	1,517

Finance costs are composed of the following:

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)	Current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)
Interest expenses:		
Financial liabilities measured at amortized cost	62	104
lease liabilities	164	176
Gain (Loss) on change in fair value		
Financial assets measured at fair value through profit or loss	—	422
Foreign exchange loss	—	20
Others	6	73
Total	232	795

30. Other comprehensive income

The following are amounts arising during the year by item of other comprehensive income, reclassification adjustments to profit or loss, and impact of tax effects:

Previous Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Amount arising during the year	Reclassification adjustment	Before tax effects	Tax effects	Net of tax effects
Items that will not be reclassified to profit or loss					
Financial assets measured at fair value through other comprehensive income	(736)	—	(736)	198	(538)
Remeasurement of defined benefit plans	3,991	—	3,991	(1,222)	2,769
Share of other comprehensive income of investments accounted for using equity method	297	—	297	—	297
Total of items that will not be reclassified to profit or loss	3,552	—	3,552	(1,024)	2,528
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations	6,010	8	6,018	(207)	5,811
Share of other comprehensive income of investments accounted for using equity method	494	—	494	—	494
Total of items that may be reclassified subsequently to profit or loss	6,504	8	6,512	(207)	6,305
Total	10,056	8	10,064	(1,231)	8,833

Current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Amount arising during the year	Reclassification adjustment	Before tax effects	Tax effects	Net of tax effects
Items that will not be reclassified to profit or loss					
Financial assets measured at fair value through other comprehensive income	2,431	—	2,431	(605)	1,826
Remeasurement of defined benefit plans	(354)	—	(354)	103	(251)
Share of other comprehensive income of investments accounted for using equity method	430	—	430	—	430
Total of items that will not be reclassified to profit or loss	2,507	—	2,507	(502)	2,005
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations	3,623	(21)	3,602	(49)	3,553
Share of other comprehensive income of investments accounted for using equity method	309	—	309	—	309
Total of items that may be reclassified subsequently to profit or loss	3,932	(21)	3,911	(49)	3,862
Total	6,439	(21)	6,418	(551)	5,867

31. Earnings per share

The Company implemented the restricted stock compensation plan, where 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 equity instruments from common shares. A holder of participating equity instruments has the same rights as a holder of common shares to net income attribute to Wacoal Holdings Corp.

(1) Basis of calculation for basic earnings per share

	Previous Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)	Current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)
(Loss) profit attributable to owners of the parent (Millions of yen)	1,732	(1,776)
(Loss) profit attributable to participating equity instruments (Millions of yen)	1	(1)
(Loss) profit used to calculate Basic earnings per share (Millions of yen)	1,731	(1,775)
Weighted-average number of common shares issued (Thousands of shares)	62,235	59,871
Weighted-average number of participating equity instruments (Thousands of shares)	19	43
Weighted-average number of common shares (Thousands of shares)	62,216	59,828
Basic (loss) earnings per share (Yen)	27.83	(29.66)

(2) Basis of calculation for diluted earnings per share

	Previous Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)	Current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)
(Loss) profit used to calculate Basic earnings per share (Millions of yen)	1,731	(1,775)
Adjustment to profit (loss) (Thousands of shares)	—	—
Adjustment to (loss) profit used calculate diluted earnings per share (Millions of yen)	1,731	(1,775)
Weighted-average number of common shares outstanding (Thousands of shares)	62,216	59,828
Increase of common shares		
Stock acquisition rights (Thousands of shares)	264	—
Weighted-average number of diluted common shares (Thousands of shares)	62,480	59,828
Diluted (loss) earnings per share (Yen)	27.71	(29.66)

(Note) The potential common stocks were not dilutive in the current fiscal year because the exercise of stock acquisition rights would reduce loss per share.

32. Cash flow information

(1) Change in liabilities arising from financing activities

Change in liabilities arising from financing activities are as follows:

Previous Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)

(Millions of yen)

	April 1, 2021	Changes arising from cash flows	Non-cash changes		March 31, 2022
			Exchange rate differences on foreign currencies	New lease contracts	
Short-term borrowings	40,672	(30,460)	15	—	10,227
Long-term borrowings	1,533	(35)	128	—	1,626
Lease liabilities	12,333	(4,658)	646	5,130	13,451
Total	54,538	(35,153)	789	5,130	25,304

Current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)

(Millions of yen)

	April 1, 2022	Changes arising from cash flows	Non-cash changes		March 31, 2023
			Exchange rate differences on foreign currencies	New lease contracts	
Short-term borrowings	10,227	(5,230)	3	—	5,000
Long-term borrowings (*1)	1,626	1,355	103	—	3,084
Lease liabilities	13,451	(5,981)	276	4,585	12,331
Total	25,304	(9,856)	382	4,585	20,415

(Note) Current portion of long-term loans payable is included.

(2) Non-cash Transaction

Non-cash transaction is composed of the following:

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)	Current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)
Acquisition of right-of-use assets under lease transaction	5,130	4,585
Cancellation of treasury stock	—	2,863



### 33. Shared-Based Compensation

#### (1) Equity-settled stock option plan

Until the 73rd ordinary general meeting of shareholders held on June 29, 2021, the Company was adopting an annual stock option. 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. 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.

The plan was an equity-settled stock option.

The breakdown of the shared-based compensation stock options is following:

	Number of shares	Grant date	Expiry	Exercise price (Yen)	Fair value of grant date (Yen)
1st / 2 <sup>nd</sup>	28,500	September 1, 2008	September 1, 2028	1	2,274
3rd / 4 <sup>th</sup>	24,500	September 1, 2009	September 1, 2029	1	2,168
5th / 6 <sup>th</sup>	23,000	September 1, 2010	September 1, 2030	1	2,162
7th / 8 <sup>th</sup>	34,500	September 1, 2011	September 1, 2031	1	1,756
9th / 10 <sup>th</sup>	33,500	September 3, 2012	September 3, 2032	1	1,598
11th / 12 <sup>th</sup>	38,500	September 2, 2013	September 2, 2033	1	1,836
13th / 14 <sup>th</sup>	31,500	September 1, 2014	September 1, 2034	1	1,874
15th / 16 <sup>th</sup>	24,500	September 1, 2015	September 1, 2035	1	2,838
17th / 18 <sup>th</sup>	34,500	September 1, 2016	September 1, 2036	1	2,088
19th / 20 <sup>th</sup>	23,000	September 1, 2017	September 1, 2037	1	2,918
21st / 22 <sup>nd</sup>	20,900	August 17, 2018	August 17, 2038	1	3,005
23rd / 24 <sup>th</sup>	28,500	July 22, 2019	July 22, 2039	1	2,516
25th / 26 <sup>th</sup>	35,700	July 17, 2020	July 17, 2040	1	1,768

(Notes) The Company has reflected the share consolidation pursuant to which two (2) shares were consolidated into one (1) share because the Company 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 number and weighted-average exercise prices of stock options

	Previous Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)		Current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)	
	Number of shares (Shares)	Weighted average exercise price (Yen)	Number of shares (Shares)	Weighted average exercise price (Yen)
Outstanding at beginning of the year	273,100	1	261,900	1
Exercised	11,200	1	20,600	1
Forfeited	—	—	—	—
Expires	—	—	—	—
Outstanding at end of the year	261,900	1	241,300	1
Exercisable at end of the year	30,800	1	158,200	1

(Notes) 1. The weighted-average share price at exercise of stock options during the previous and current year was ¥2,433 and ¥2,360 respectively.

2. The weighted-average remaining life of the outstanding stock options for the end of previous year and current year was 12.2 years and 7.5 years, respectively.

(2) Restricted stock compensation plan

The Company had newly introduced the restricted stock compensation plan, where 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 the of price fluctuation risk with our shareholders and increasing incentives to contribute to the improvement of share price and corporate value.

The Company has replaced the previous plan (annual stock option plan) with restricted stock compensation plan, which 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.

The fair value of grant date is calculated based on the closing price of common stock on the Tokyo Stock Exchange on the business day preceding the date of board directors' resolution.

	Previous Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)	Current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)
Grant date	16 July 2021	20 July 2022
The number of shares granted during the year	26,800	37,100
The weighted-average fair value per share	2,572	2,169

(3) Share-based compensation

Share-based compensation included in cost of sales and selling, general, and administrative expenses in the consolidated statement of profit or loss is as follows:

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)	Current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)
Annual stock option	11	—
Restricted stock compensation	52	73

#### 34. Financial instruments

##### (1) Capital management

The Group performs capital management in order to maximize corporate value through sustainable growth. The Group primarily uses the ratio of equity attributable to owners of parent to total assets as indicator for capital management. The indicator is regularly monitored and reported to management.

The Group's ratio of equity attributable to owners of parent to total assets is as follows:

	Previous Consolidated Fiscal Year (March 31, 2022)	Current Consolidated Fiscal Year (March 31, 2023)
Ratio of equity attributable to owners of parent to total assets (%)	0.8	(0.8)

The Group is not subject to any significant regulatory capital requirements.

##### (2) Financial risk management

In the course of the business activities, the Group is exposed to financial risks (credit risk, liquidity risk, foreign exchange risk, market price fluctuation risk) and the Group conducts risk management in accordance with certain policies in order to mitigate these financial risks. The Group uses derivative transactions in order to mitigate foreign exchange risk, and not for speculative purposes.

##### (3) Credit risk management

Credit risk is the risk that a counterparty to a financial asset will cause the Group a financial loss by failing to discharge a contractual obligation. Pursuant to its Credit Control Rules, the Group regularly assesses the credit status of each major customer while managing due dates and balances of receivables from them.

The impact of derivative transactions that the Group has entered into on credit risk is limited because such transactions involve only highly creditworthy financial institutions. The Group has no credit risk excessively concentrated on a specific counterparty or a group to which the counterparty belongs.

The carrying amount of financial assets presented in the consolidated financial statements represents the maximum exposure to credit risk of financial assets held by the Group.

When a delinquency of a debtor is caused not by a temporary funding requirement but primarily by significant financial difficulty of the debtor, and the collectability of receivables is considered to be of particular concern, such financial assets are deemed to be credit impaired.

For trade receivables that do not contain a significant financing component, the allowance for doubtful accounts is always recognized at the amount equal to lifetime expected credit losses.

Change in trade receivables for which an allowance for doubtful accounts are as follows:

(Millions of yen)

	Financial assets for which an allowance for doubtful accounts is always measured at an amount equal to the lifetime expected credit losses	Credit impaired financial assets	Total
Balance at April 1, 2021	335	79	414
Increase	28	97	125
Decrease (intended use)	—	(1)	(1)
Decrease (reversal)	(103)	(12)	(115)
Other changes	22	1	23
Balance at March 31, 2022	282	164	446
Increase	96	—	96
Decrease (intended use)	—	—	—
Decrease (reversal)	(180)	(7)	(187)
Other changes	9	8	17
Balance at March 31, 2023	207	165	372

Of the financial assets that are written off, there are no financial assets for which collecting activities continue in the current consolidated fiscal year.

Credit risk exposure for trade receivables are as follows:

(Millions of yen)

	Financial assets for which an allowance for doubtful accounts is always measured at an amount equal to the lifetime expected credit losses	Credit impaired financial assets	Total
Date of Transition (April 1, 2021)	18,992	79	19,071
Previous Consolidated Fiscal Year (March 31, 2022)	20,988	164	21,152
Current Consolidated Fiscal Year (March 31, 2023)	20,422	165	20,587

(4) Liquidity risk management

Liquidity risk is the risk that the Group becomes unable to repay financial liabilities for debts on the due date. The Group manages liquidity risk by preparing repayment funds in a timely manner, securing readily available lines of credit from financial institutions and continuously monitoring its cash flow plan and results.

Balances of financial liabilities (including derivative instruments) classified by due dates are as follows:

Date of Transition (April 1, 2021)

(Millions of yen)

	Carrying amount	Contractual cash flows	Within 1 year	From 1 to 5 years	More than 5 years
Non-derivative financial liabilities					
Borrowings	42,205	42,205	40,707	1,498	—
Other financial liabilities	15,058	15,058	15,058	—	—
Lease liabilities	12,333	13,107	3,716	6,777	2,614
Others	3,995	3,995	2,356	1,639	—
Derivative financial liabilities					
Cross-currency swap	9	9	9	—	—
Total	73,600	74,374	61,846	9,914	2,614

Previous Consolidated Fiscal Year (March 31, 2022)

(Millions of yen)

	Carrying amount	Contractual cash flows	Within 1 year	From 1 to 5 years	More than 5 years
Non-derivative financial liabilities					
Borrowings	11,853	11,853	10,227	1,626	—
Other financial liabilities	16,738	16,738	16,738	—	—
Lease liabilities	13,451	13,966	5,350	7,217	1,399
Others	2,481	2,481	1,661	820	—
Total	44,523	45,038	33,976	9,663	1,399

## Current Consolidated Fiscal Year (March 31, 2023)

(Millions of yen)

	Carrying amount	Contractual cash flows	Within 1 year	From 1 to 5 years	More than 5 years
Non-derivative financial liabilities					
Borrowings	8,084	8,084	5,000	3,084	—
Other financial liabilities	17,535	17,535	17,535	—	—
Lease liabilities	12,331	12,785	4,747	7,033	1,005
Others	1,154	1,154	1,154	—	—
Derivative financial liabilities					
Foreign exchange contracts	18	18	18	—	—
Total	39,122	39,576	28,454	10,117	1,005

(5) Market risk management

① Currency risk management

Trade receivables and payables dominated in foreign currencies, which arise from the Group's global business activities, are exposed to the risk of foreign exchange fluctuations and the Group uses derivative transactions in order to manage its risk.

The Group manages all derivative in accordance with group management policies and the Group does not possess derivative for speculative purposes. The Group concludes the credit risk for derivative is almost remote because such transactions involve only highly creditworthy financial institutions.

Sensitivity analysis of currency

As of the end of each fiscal year, if the Japanese Yen appreciated by 1%, the effects on profit before tax in the consolidated financial statement of profit or loss would be as follows.

This analysis is based on the assumption that other factors, such as balance and interest rate are constant.

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)	Current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)
Profit before tax		
U.S. dollar	(56)	(53)

② Interest rate risk management

The Group pays interest on funds that are procured for working capital, capital expenditures and other requirements in order to conduct business operations. The Group considers the impact of interest payment on the Group is small and the interest rate risk to be immaterial and has not performed sensitivity analysis.

③ Price risks management

The Group possess marketable securities ¥44,814 million for previous consolidated fiscal year and ¥43,223 million for current consolidated fiscal year and they are exposed to equity price risks. The Group periodically reviews the fair value of these instruments as well as the financial condition of investees and reviews the list of marketable securities periodically. These marketable securities are designated as financial assets measured at fair value through other comprehensive income and the fluctuation of price risks do not impact on profit or loss.

(6) Offsetting of financial assets and financial liabilities

The Group does not possess material financial assets and liabilities which should be offsetting.



(7) Fair value of financial instruments

1. Measurement of fair value

The Group measures the fair value of financial assets and financial liabilities as follows. The fair value of financial instruments is estimated using available market prices, or is measured by appropriate valuation techniques when market prices are not available.

(Cash and cash equivalents, trade and other receivables, trade and other payables, short-term borrowings)  
The book value approximates fair value as these are settled within a short-term period.

(Securities)

The fair value of listed shares is measured based on market prices. The fair value of unlisted shares is measured using comparable multiple valuation method or other appropriate valuation techniques.

(Derivatives)

The fair value of derivatives is measured based on fair value provided by financial institutions.

(Long-term borrowings)

The fair value of long-term borrowings is measured by discounting the principal and interest at an interest rate that would be applied to a new similar borrowing. The fair value is measured based on Level 2.

(Contingent consideration)

Contingent consideration is measured by the Monte Carlo simulation using unobservable inputs.

2. Financial instruments measured at amortized cost

The book value and fair value of financial instruments measured at amortized cost are as follows. Financial instruments whose book value approximates the fair value are not included.

(Millions of yen)

	Date of Transition (April 1, 2021)		Previous Consolidated Fiscal Year (March 31, 2022)		Current Consolidated Fiscal Year (March 31, 2023)	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Financial assets measured at amortized cost:						
Bonds	222	224	—	—	96	95
Total	222	224	—	—	96	95
Financial liabilities						
Financial liabilities measured at amortized cost:						
Long-term borrowings (including current portions)	1,533	1,532	1,626	1,570	3,084	2,986
Total	1,533	1,532	1,626	1,570	3,084	2,986

### 3. Financial instruments measured at fair value

The table below shows analytical results on financial instruments measured at fair value. Each level is defined as follows.

Level 1: Fair value measured at quoted prices in active markets for identical assets or liabilities

Level 2: Fair value determined, either directly or indirectly, by using observable inputs other than Level 1

Level 3: Fair value determined using valuation techniques based on unobservable inputs

Fair value hierarchy for financial instruments measured at fair value are as follows:

Date of Transition (April 1, 2021)

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at fair value through profit or loss:				
Derivatives	—	42	—	42
Equity securities	—	—	1,865	1,865
Mutual funds	122	—	—	122
Financial assets measured at fair value through other comprehensive income:				
Equity securities	48,920	—	727	49,647
Others	—	—	106	106
Total	49,042	42	2,698	51,782
Financial liabilities:				
Financial liabilities measured at fair value through profit or loss:				
Derivatives	—	9	—	9
Contingent consideration	—	—	2,901	2,901
Total	—	9	2,901	2,910

Previous Consolidated Fiscal Year (March 31, 2022)

(Millions of yen)

	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>				
Financial assets measured at fair value through profit or loss:				
Derivatives	—	97	—	97
Equity securities	—	—	2,032	2,032
Mutual funds	137	—	—	137
Financial assets measured at fair value through other comprehensive income:				
Equity securities	44,814	—	761	45,575
Others	—	—	182	182
<b>Total</b>	<b>44,951</b>	<b>97</b>	<b>2,975</b>	<b>48,023</b>
<b>Financial liabilities:</b>				
Financial liabilities measured at fair value through profit or loss:				
Contingent consideration	—	—	1,493	1,493
<b>Total</b>	<b>—</b>	<b>—</b>	<b>1,493</b>	<b>1,493</b>

Current Consolidated Fiscal Year (March 31, 2023)

(Millions of yen)

	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>				
Financial assets measured at fair value through profit or loss:				
Derivatives	—	7	—	7
Equity securities	—	—	1,616	1,616
Mutual funds	175	—	—	175
Financial assets measured at fair value through other comprehensive income:				
Equity securities	43,223	—	817	44,040
Others	—	—	31	31
<b>Total</b>	<b>43,398</b>	<b>7</b>	<b>2,464</b>	<b>45,869</b>
<b>Financial liabilities:</b>				
Financial liabilities measured at fair value through profit or loss:				
Derivatives	—	18	—	18
<b>Total</b>	<b>—</b>	<b>18</b>	<b>—</b>	<b>18</b>

The Company recognizes transfers between the levels of the fair value hierarchy at the date when the event or the change in circumstances resulting in the transfer occurred. There was no significant reclassification between Level 1 and Level 2 in previous consolidated fiscal year and current consolidated fiscal year.

Valuation process

The valuation process involved in Level 3 measurements for applicable financial assets and liabilities is

governed by the valuation policies and procedures, including evaluation method for fair value measurements, pre-approved by the Companies.

Quantitative information for financial instruments classified as Level 3

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.

Unobservable input for contingent consideration classified as Level 3 are discount rate and volatility. Discount rate is 4.5% and volatility is 20% as of date of transition. Discount rate is 2.7% and volatility is 10% for Previous Consolidated Fiscal Year. When the discount rate and volatility are decreased, it may increase liabilities.

Reconciliation for financial instruments classified as level 3

The reconciliation from the operating balances to the closing balances of financial instruments classified as level 3 in fair value measurements is as follows:

Previous Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)

	Equity securities	Others	Contingent consideration
Balance as of the beginning of the year	2,592	106	2,901
Gains or losses			
Profit or loss *1	167	—	(276)
Other comprehensive income *2	35	76	—
Purchases	—	—	—
Sales and Settlements	(1)	—	(1,298)
Others	—	—	166
Balance as of the ending of the year	2,793	182	1,493
Unrealized gain or loss which are recognized in net profit or loss *1	167	—	(276)

(Millions of yen)

Current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Equity securities	Others	Contingent consideration
Balance as of the beginning of the year	2,793	182	1,493
Gains or losses			
Profit or loss *1	(416)	—	(938)
Other comprehensive income *2	56	—	—
Purchases	—	4	—
Sales and Settlements	0	(155)	(715)
Others	—	—	160
Balance as of the ending of the year	2,433	31	—
Unrealized gain or loss which are recognized in net profit or loss *1	(14)	—	—

\*1 Gains or losses are recognized as Selling, general and administrative expenses, finance income or finance costs in the Consolidated Statement of Profit or Loss.

\*2 Gains or losses after consideration of tax effects are recognized as Net change in fair value of financial assets measured at fair value through other comprehensive income in the Consolidated Statement of Comprehensive Income

35. Significant subsidiaries

The Company's major subsidiaries are stated in 1. Overview of the Company, 4. Information on Affiliates. There were no subsidiaries with individually significant noncontrolling interests in the previous and current fiscal years.

36. Related parties

(1) Transactions with related parties

The information of transactions with related parties is omitted as it was immaterial.

(2) Remuneration of Key management personnel

Remuneration of directors and external directors who are key management personnel is as follows:

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)	Current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)
Basic compensation and bonuses	306	201
Share-based payment	44	44
Total	350	245

### 37. Significant subsequent events

#### Capital reserve reduction

The Board of Directors adopted a resolution at a meeting held on May 12, 2023 to propose reduction of the amount of the capital reserve and transfer to other capital surplus at the 75th annual general meeting of shareholders to be held on June 28, 2023.

##### 1. Purpose of Capital Reserve Reduction

In order to prepare for flexible capital policies in the future and to ensure flexibility and elasticity in financial strategies, the Company will reduce the amount of legal capital surplus and transfer the same amount to other capital surplus in accordance with Article 448, Paragraph 1 of the Companies Act.

##### 2. Details of Capital Reserve Reduction

The capital reserve of 29,294,142,292 yen will be deducted, and the same amount will be transferred to other capital surplus.

##### 3. Schedule of Capital Reserve Reduction

(1) Date of Board of Directors' resolution	May 12, 2023
(2) Date of General Meeting of Shareholders resolution	June 28, 2023
(3) Date of public notice for making objections by creditors	July 10, 2023 (planned)
(4) Final date for making objections by creditors	August 10, 2023 (planned)
(5) Effective date	August 31, 2023 (planned)

#### Purchase of treasury stock

The Board of Directors adopted a resolution at a meeting held on May 12, 2023 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 capital to shareholders in addition to promoting capital efficiency and agile capital policy in view of the business environment.

##### 2. Details of Purchase

- (1) Type of shares to be purchased  
Common Stock of the Company
- (2) Total number of shares to be purchased  
3,800,000 shares (at maximum)
- (3) Aggregate purchase price  
10 billion yen (at maximum)
- (4) Purchase period  
From May 22, 2023 through March 22, 2024

#### Cancellation of treasury stock

The Board of Directors adopted a resolution at a meeting held on May 12, 2023 regarding matters related to cancellation of treasury stock pursuant to the provisions of Article 178 of the Companies Act. as described below,

- (1) Type of shares to be cancelled  
Common Stock of the Company
- (2) Number of shares to be cancelled  
3,500,000 shares
- (3) Date of cancellation  
May 26, 2023

### 38. First-time Adoption

Starting from the current consolidated fiscal year, the Group began preparing our consolidated financial statements in accordance with IFRS. Previously, the Group prepared the financial consolidated statements for the fiscal year ended March 31, 2022 in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP.”) The date of transition to IFRS is April 1, 2021.

#### (1) IFRS 1 – Exemptions

In principle, IFRS requires companies that adopt IFRS for the first time (a “first-time adopter”) to apply IFRS standards retrospectively. IFRS 1 “First-time Adoption of International Financial Reporting Standards” (“IFRS 1”), however, outlines certain mandatory and discretionary exemptions from retrospective application of IFRS standards. The effect of the application of these exceptions and exemptions is adjusted in retained earnings and/or other components of equity at the date of transition to IFRS. The exemptions adopted by the Group upon transition from U.S. GAAP to IFRS are as follows:

- Business combinations

A first-time adopter may choose not to apply “IFRS 3 Business Combinations” (“IFRS 3”) retrospectively to business combinations for which the acquisition date occurs prior to the date of transition to IFRS. The Group has applied such exemption and has chosen not to apply the pronouncement retrospectively to business combinations that occurred prior to the date of transition. As a result, the amount of goodwill arising from business combinations prior to the date of transition is based on the carrying amount as of the transition date in accordance with U.S. GAAP.

Goodwill is tested for impairment as of the transition date, regardless of whether there is any indication of impairment.

- Deemed cost

IFRS 1 permits the use of fair value as of the date of transition to IFRS for property, plant and equipment, investment property and intangible assets as deemed cost as of that date. The Group uses fair value as of the date of transition for certain intangible assets as deemed cost under IFRS.

- Exchange differences on translation of foreign operations

IFRS 1 permits a first-time adopter to choose to deem the cumulative amount of the exchange differences on translation of foreign operations to be zero as of the date of transition to IFRS. The Group has chosen to deem the cumulative amount of the exchange differences on translation of foreign operations to be zero as of the date of transition to IFRS.

- Leases

Under IFRS 1, a first-time adopter may determine whether an arrangement contains a lease as of the date of transition to IFRS based on the facts and circumstances at the date of transition. It also permits to measure the lease liability at the present value of the remaining lease payments discounted at the lessee’s additional borrowing rate as of the date of transition, and the right-of use asset at the same amount as the lease liability. Leases ending within 12 months from the date of transition and leases with small underlying assets may be recognized as expenses.

The Group has applied such exemption, and has recognized and measured leases accordingly.

- Designation of previously recognized financial instruments

IFRS 1 permits classification in IFRS 9 Financial Instruments (“IFRS 9”) to be based on facts and circumstances as of the date of transition, rather than on facts and circumstances existing at the time of recognition. In addition, it is permitted to designate equity financial assets as financial assets at fair value through other comprehensive income based on facts and circumstances existing as of the date of transition.

The Company has chosen the classification in IFRS 9 based on facts and circumstances existing as of the date of transition, and has designated certain equity financial assets as financial assets at fair value through other comprehensive income based on facts and circumstances existing as of the date of transition.

- Fair value measurement of financial instruments at initial recognition

The Group has elected to apply prospectively the provisions of IFRS 9 on fair value measurement and recognition of gains or losses on initial recognition of financial assets and liabilities.



(2) IFRS 1 – Mandatory Exceptions

IFRS 1 prohibits retrospective application regarding “estimates”, “derecognition of financial assets and financial liabilities”, “hedge accounting”, “noncontrolling interests” and “classification and measurement of financial instruments”. The Group has applied prospectively these items from the date of transition.

(3) Reconciliations

The reconciliations required to be disclosed under IFRS upon first-time adoption are as follows.

The reconciliations include items which may not impact the retained earnings and comprehensive income under “reclassification”, and items which may impact the retained earnings and comprehensive income under “recognition and measurement differences”.

Reconciliations to Equity as at the date of transition to IFRS (April 1, 2021)

(Millions of yen)

Presentation under U.S. GAAP	U.S. GAAP	Reclassification	Recognition and measurement differences	IFRS	Note	Presentation under IFRS
(Assets)						Assets
Current Assets						Current Assets
Cash and cash equivalents	63,557	—	430	63,987		Cash and cash equivalents
Time deposits	1,443	(1,443)	—	—		
Marketable securities	253	(253)	—	—		
Notes and accounts receivable	17,571	490	596	18,657		Trade and other receivables
Allowance for doubtful receivables	(346)	346	—	—		
	—	2,213	25	2,238	A	Other financial assets
Inventories	43,250	2	150	43,402		Inventories
Return assets	600	(600)	—	—		
Other current assets	7,794	(603)	(124)	7,067		Other current assets
Total current assets	134,122	152	1,077	135,351		Total current assets
Property, Plant and Equipment						Non-current Assets
Land	20,569	—	—	—		
Buildings and building improvements	72,978	—	—	—		
Machinery and equipment	19,356	—	—	—		
Construction in progress	1,264	—	—	—		
	114,167	—	—	—		
Accumulated depreciation	(64,409)	—	—	—		
Net property, plant and equipment	49,758	(4,390)	(395)	44,973	b	Property, plant and equipment
Other assets						
Operating leases right-of-use assets	12,729	870	(632)	12,967	D, E, j	Right-of-use assets
Investments	51,603	(51,603)	—	—		
Goodwill	21,169	—	—	21,169		Goodwill
Other intangible assets	15,220	394	(271)	15,343	C, c	Intangible assets
	—	3,126	—	3,126	B	Investment property
Investments in affiliated companies	21,207	—	(3,309)	17,898	d	Investments accounted for using equity method
	—	56,374	(40)	56,334		Investments accounted for using equity method
Prepaid pension expense	9,533	—	(99)	9,434		Retirement benefit assets
Deferred income taxes	1,649	—	(8)	1,641	k	Deferred income taxes
Other	5,771	(4,900)	108	979		Other non-current assets
Total other assets	138,881	—	—	—		
	—	—	—	183,864		Total non-current assets
Total Assets	322,761	23	(3,569)	319,215		Total Assets

(Millions of yen)

Presentation under U.S. GAAP	U.S. GAAP	Reclassification	Recognition and measurement differences	IFRS	Note	Presentation under IFRS
(Liabilities)						Liabilities and Equity
Current Liabilities						Liabilities
Short-term bank loans	40,672	35	—	40,707		Current Liabilities
Notes and accounts payable	—	4,411	(754)	3,657	D, j	Borrowings
Trade notes payable	—	14,330	728	15,058	h	Lease liabilities
Trade accounts payable	712	(712)	—	—		Trade and other payables
Other payables	8,734	(8,734)	—	—		
	6,610	(6,610)	—	—		
	—	2,372	(7)	2,365	G	Other financial liabilities
Accrued payroll and bonuses	6,822	(6,822)	—	—		
Income taxes payable	1,025	(134)	(12)	879		Income taxes payable
Refund liabilities	2,266	(2,266)	—	—		
Short-term operating lease liabilities	4,411	(4,411)	—	—		
Other current liabilities	4,819	9,202	111	14,132	F, i	Other current liabilities
Total current liabilities	76,071	661	66	76,798		Total current liabilities
Long-term liabilities						Non-current liabilities
Long-term debt	1,498	—	—	1,498		Borrowings
	—	8,520	156	8,676	D, j	Lease liabilities
	—	1,639	—	1,639	G	Other financial liabilities
Liabilities for termination and retirement benefit	1,942	143	4	2,089		Retirement benefit liability
Deferred income taxes	12,292	—	(227)	12,065	k	Deferred income taxes
Long-term operating lease liabilities	8,520	(8,520)	—	—		
Contingent consideration (long-term)	1,639	(1,639)	—	—		
Other long-term liabilities	2,183	(781)	114	1,516	i	Other non-current liabilities
Total long-term liabilities	28,074	(638)	47	27,483		Total non-current liabilities
Total liabilities	104,145	23	113	104,281		Total liabilities
(Equity)						Equity
Common stock	13,260	—	—	13,260		Common stock
Additional paid-in capital	29,120	—	—	29,120		Additional paid-in capital
Retained earnings	181,346	—	(25,203)	156,143	l	Retained earnings
Accumulated other comprehensive income (loss)	—	762	21,619	22,381	f, g	Other components of equity
Foreign currency translation adjustments	1,770	(1,770)	—	—		
Pension liability adjustments	(1,008)	1,008	—	—		
Treasury stock, at cost	(8,876)	—	—	(8,876)		Treasury stock, at cost

Presentation under U.S. GAAP	U.S. GAAP	Reclassification	Recognition and measurement differences	IFRS	Note	Presentation under IFRS
Total Wacoal Holdings Corp. shareholders' equity	215,612	—	(3,584)	212,028		Total equity attributable to owners of parent
Noncontrolling interests	3,004	—	(98)	2,906		Noncontrolling interests
Total equity	218,616	—	(3,682)	214,934		Total equity
Total liabilities and equity	322,761	23	(3,569)	319,215		Total liabilities and equity

Reconciliation of Equity as at previous consolidated fiscal year (March 31, 2022)

(Millions of yen)

Presentation under U.S. GAAP	U.S. GAAP	Reclassification	Recognition and measurement differences	IFRS	Note	Presentation under IFRS
(Assets)						Assets
Current Assets						Current Assets
Cash and cash equivalents	37,982	—	(497)	37,485		Cash and cash equivalents
Time deposits	1,387	(1,387)	—	—		
Notes and accounts receivable	19,414	876	416	20,706		Trade and other receivables
Allowance for doubtful receivables	(282)	282	—	—		
	—	1,802	(7)	1,795	A	Other financial assets
Inventories	45,268	—	658	45,926		Inventories
Return assets	655	(655)	—	—		
Other current assets	4,004	(800)	(281)	2,923		Other current assets
Total current assets	108,428	118	289	108,835		Total current assets
Property, Plant and Equipment						Non-current Assets
Land	20,358	—	—	—		
Buildings and building improvements	77,641	—	—	—		
Machinery and equipment	20,829	—	—	—		
Construction in progress	1,289	—	—	—		
	120,117	—	—	—		
Accumulated depreciation	(67,156)	—	—	—		
Net property, plant and equipment	52,961	(3,984)	(375)	48,602	b	Property, plant and equipment
Other assets						
Operating leases right-of-use assets	12,356	886	744	13,986	D, E, j	Right-of-use assets
Investments	47,926	(47,926)	—	—		
Goodwill	22,945	—	—	22,945		Goodwill
Other intangible assets	15,408	373	(115)	15,666	C, c	Intangible assets
	—	2,725	—	2,725	B	Investment property
Investments in affiliated companies	22,835	—	(4,596)	18,239	d	Investments accounted for using equity method
	—	52,250	(1)	52,249		Other financial assets
Prepaid pension expense	13,411	—	(131)	13,280		Retirement benefit assets
Deferred income taxes	1,554	—	126	1,680	k	Deferred income taxes
Other	5,421	(4,442)	(9)	970		Other non-current assets
Total other assets	141,856	—	—	—		
	—	—	—	190,342		Total non-current assets
Total Assets	303,245	—	(4,068)	299,177		Total Assets

(Millions of yen)

Presentation under U.S. GAAP	U.S. GAAP	Reclassification	Recognition and measurement differences	IFRS	Note	Presentation under IFRS
(Liabilities)						Liabilities and Equity
Current Liabilities						Liabilities
Short-term bank loans	10,227	—	—	10,227		Current Liabilities
Notes and accounts payable	—	4,549	648	5,197	D, j	Borrowings
Trade notes payable	—	16,164	574	16,738	h	Lease liabilities
Trade accounts payable	558	(558)	—	—		Trade and other payables
Other payables	10,067	(10,067)	—	—		
	7,006	(7,006)	—	—		
	—	1,661	—	1,661	G	Other financial liabilities
Accrued payroll and bonuses	6,319	(6,319)	—	—		
Income taxes payable	1,408	(70)	25	1,363		Income taxes payable
Refund liabilities	1,991	(1,991)	—	—		
Short-term operating lease liabilities	4,549	(4,549)	—	—		
Other current liabilities	5,178	8,883	19	14,080	F, i	Other current liabilities
Total current liabilities	47,303	697	1,266	49,266		Total current liabilities
Long-term liabilities						Non-current liabilities
Long-term debt	1,626	—	—	1,626		Borrowings
	—	8,150	104	8,254	D, j	Lease liabilities
	—	820	—	820	G	Other financial liabilities
Liabilities for termination and retirement benefit	3,345	103	18	3,466		Retirement benefit liability
Deferred income taxes	14,095	—	(488)	13,607	k	Deferred income taxes
Long-term operating lease liabilities	8,150	(8,150)	—	—		
Contingent consideration (long-term)	820	(820)	—	—		
Other long-term liabilities	1,854	(800)	216	1,270	i	Other non-current liabilities
Total long-term liabilities	29,890	(697)	(150)	29,043		Total non-current liabilities
Total liabilities	77,193	—	1,116	78,309		Total liabilities
(Equity)						Equity
Common stock	13,260	—	—	13,260		Common stock
Additional paid-in capital	29,077	—	—	29,077		Additional paid-in capital
Retained earnings	183,456	—	(24,516)	158,940	l	Retained earnings
Accumulated other comprehensive income (loss)	—	8,070	19,501	27,571	f, g	Other components of equity
Foreign currency translation adjustments	7,714	(7,714)	—	—		
Pension liability adjustments	356	(356)	—	—		
Treasury stock, at cost	(10,858)	—	—	(10,858)		Treasury stock, at cost

Presentation under U.S. GAAP	U.S. GAAP	Reclassification	Recognition and measurement differences	IFRS	Note	Presentation under IFRS
Total Wacoal Holdings Corp. shareholders' equity	223,005	—	(5,015)	217,990		Total equity attributable to owners of parent
Noncontrolling interests	3,047	—	(169)	2,878		Noncontrolling interests
Total equity	226,052	—	(5,184)	220,868		Total equity
Total liabilities and equity	303,245	—	(4,068)	299,177		Total liabilities and equity

Reconciliation of Statement of Profit and Loss and Statement of Comprehensive Income for the previous Consolidated cumulative fiscal Year (From April 1, 2021 to March 31, 2022)

(Millions of yen)

Presentation under U.S. GAAP	U.S. GAAP	Reclassification	Recognition and measurement differences	IFRS	Note	Presentation under IFRS
Net sales	172,860	13	(801)	172,072		Revenue
Operating expenses						
Cost of sales	(76,607)	(31)	390	(76,248)	f , i	Cost of sales
Selling, general and administrative expenses	(93,010)	(756)	(1,564)	(95,330)	f , i	Selling, general and administrative expenses
Gain on sales or disposal of property, plant and equipment-net	1,981	(1,981)	—	—		
Impairment charges on goodwill and other intangible assets	(211)	211	—	—		
	—	3,760	(11)	3,749	H	Other income
	—	(920)	(32)	(952)	H	Other expenses
Operating income	5,013	296	(2,018)	3,291		Operating profit
Other income (expenses)						
Interest income	53	(53)	—	—		
Interest expense	(62)	62	—	—		
Dividend income	1,312	(1,312)	—	—		
Valuation loss on marketable securities and investments – net	(641)	(169)	810	—		
Other – net	1,571	(789)	(782)	—		
	—	1,887	43	1,930	H	Finance income
	—	(55)	(177)	(232)	H	Finance costs
	—	—	(1,485)	(1,485)	d	Impairment charges of investments accounted for using equity method
	—	792	(123)	579		Share of profit (loss) of investments accounted for using equity method
Income before income taxes and equity in net income of affiliated companies	7,246	659	(3,822)	4,083		Profit before tax
Income taxes	(3,497)	133	866	(2,498)	k	Income tax expense
Income before equity in net income of affiliated companies	3,749	—	—	—		
Equity in net income of affiliated companies	792	(792)	—	—		
Net income	4,541	—	(2,956)	1,585		Profit
Net income attributable to Wacoal Holdings Corp.	4,608	—	(2,876)	1,732		Profit attributable to: Owners of parent
Net income attributable to noncontrolling interests	(67)	—	(80)	(147)		Noncontrolling interests

(Millions of yen)

Presentation under U.S. GAAP	U.S. GAAP	Reclassification	Recognition and measurement differences	IFRS	Note	Presentation under IFRS
Net income	4,541	—	(2,956)	1,585		Profit



Presentation under U.S. GAAP	U.S. GAAP	Reclassification	Recognition and measurement differences	IFRS	Note	Presentation under IFRS
Other comprehensive income (net of tax)						Other comprehensive income
						Items that will not be reclassified to profit or loss
						Financial assets measured at fair value through other comprehensive income
Pension liability adjustments	—	—	(538)	(538)	a	Remeasurement of defined benefit plans
	1,364	—	1,405	2,769	f	Share of other comprehensive income of investments accounted for using equity method
	—	—	297	297		Items that may be reclassified to profit or loss
Foreign currency translation adjustments	6,024	(325)	112	5,811		Exchange differences on translation of foreign operations
	—	325	169	494		Share of other comprehensive income of investments accounted for using equity method
Total of other comprehensive income	7,388	—	1,445	8,833		Total other comprehensive income
Comprehensive income	11,929	—	(1,511)	10,418		Comprehensive income
Comprehensive income attributable to Wacoal Holdings Corp.	11,916	—	(1,440)	10,476		Comprehensive income attributable to:
Comprehensive income attributable to noncontrolling interests	13	—	(71)	(58)		Owners of parent
						Noncontrolling interests

## Notes to the Reconciliations

### ① Reclassification

- A. Certain financial instruments included in “time deposits” and “marketable securities” as well as “other current assets” that were separately presented under U.S. GAAP have been reclassified and presented as “other financial assets” under IFRS.
- B. “Investment property”, which was included in “Property, plant and equipment” under U.S. GAAP is presented separately under IFRS.
- C. “Painting”, which was included in “Property, plant and equipment” under U.S. GAAP has been reclassified and presented in “intangible assets” under IFRS as an asset with an indefinite useful life.
- D. Items presented as “operating lease right-of-use assets”, “short-term operating lease liabilities” and “long-term operating lease liabilities” under U.S. GAAP are presented as “right-of-use assets” and “lease liabilities” under current liabilities and non-current liabilities, respectively, under IFRS.
- E. “Leasehold rights”, which were included in “Other intangible assets” under U.S. GAAP have been reclassified and presented as “Right-of-use assets” under IFRS.
- F. “Accrued payroll and bonuses” and “Refund liability”, which were separately presented under U.S. GAAP have been reclassified and presented as “Other current liabilities” under IFRS.
- G. “Contingent consideration (short-term)” included in “Notes and accounts payable – Other payables” under Current Liabilities and “Contingent consideration (long-term)”, which was separated presented under “Long-term liabilities” under U.S. GAAP have been reclassified and presented as Current Liabilities and as “other financial liabilities” under Non-current Liabilities”, respectively, under IFRS.
- H. Items presented in “Operating costs and expenses”, “Other income (expenses)” under U.S. GAAP are recorded as “Finance income” and “Finance costs” for financial related gains and losses, while other items are presented as “Other income” and “other expenses” under IFRS.

### ② Recognition and measurement differences

The following adjustments are prorated to the related noncontrolling interests.

#### a. Fair value measurement of equity instruments

Valuation gains (losses), gains (losses) on sales, and impairment charges with respect to equity instruments are recognized in net income or loss under U.S. GAAP, whereas changes in fair value are recognized in other comprehensive income under IFRS except for certain issues.

#### b. Adjustment of recorded amount of property, plant and equipment

Under U.S. GAAP, an impairment charge is recognized only when there is an indication that the total undiscounted future cash flows expected from the use or eventual disposition of an asset (group) are less than its carrying amount. On the other hand, under IFRS, if there is an indication of impairment, an impairment charge is recognized when the recoverable amount of an asset (group) is less than its carrying amount. The fair value of equipment, plant and equipment of certain consolidated subsidiaries with indications of impairment included our Wacoal Business (Overseas) was measured as at the transition date and recognized an impairment charge of ¥419 million, which was adjusted to retained earnings as of the date of transition.

#### c. Adjustment of recorded amount of intangible assets

For certain intangible assets, the fair value of the transition date is used as deemed cost. The fair value of such

intangible assets at the transition date was ¥175 million, a decrease of ¥136 million compared to U.S. GAAP. In addition, a write-down of 2 million yen was recorded as a result of measuring the fair value of intangible assets of certain consolidated subsidiaries as of the date of transition, both of which were adjusted to retained earnings as of the transition date.

#### d. Adjustment of recorded amount of investments accounted for using equity method

Under U.S. GAAP, a loss is recognized when a series of losses or elements of the investee’s investment that indicate an other-than-temporary decrease in the value of the investment have occurred. On the other hand, under IFRS, an impairment charge is recognized if there is objective evidence of impairment after the application of the equity method. Under U.S. GAAP, we did not experience a series of losses or other factors indicating an other-than-temporary decrease in the value of its investments. However, under IFRS, we identified objective evidence of impairment for certain investments included in our Wacoal Business (Overseas) and reduced the carrying amount of its investments accounted for using equity method to their recoverable amount. Such recoverable amount is measured at Level 1 fair value. As a result, an impairment charge of ¥4,069 million was recognized and adjusted to retained earnings at the

date of transition, and an impairment charge of ¥1,485 million on investments accounted for using equity method was recorded in the previous fiscal year.

e . Uniformity of reporting periods

Certain consolidated subsidiaries and equity method affiliates that have a different fiscal year-end from that of the Group have been unified in their reporting periods to match the Group's fiscal year-end as of the date of transition.

f . Adjustment related to retirement benefit accounting

Under U.S. GAAP, actuarial gains and losses and prior service cost are recognized in other comprehensive income when incurred and amortized in subsequent periods. On the other hand, under IFRS, actuarial gains and losses (remeasurement of defined benefit plans) are recognized in other comprehensive income when incurred and immediately transferred to retained earnings. In addition, past service costs are recognized immediately as part of retirement benefit expenses.

g . Transfer of exchange differences on translation of foreign operations

Upon first-time adoption, we elected the exemptions provided in IFRS 1 and transferred all cumulative translation differences at the date of transition to retained earnings.

h . Adjustment related to recognition of levies

Items corresponding to property tax levies that the Group and certain consolidated subsidiaries are obligated to pay were recognized over the fiscal year in which they were paid under U.S. GAAP, but are recognized in IFRS on the date the event giving rise to the obligation occurs. The amount required as of the transition date is recognized as liability in "Trade and other payables" and adjusted to retained earnings as of the date of transition.

i . Adjustment for recognition of other long-term employee benefit obligations

For long-term employee benefit plans adopted by certain consolidated subsidiaries, which were not recognized under U.S. GAAP, the present value of the projected payments as of the date of transition is included in "Other current liabilities" and "Other non-current liabilities" as a liability and adjusted to retained earnings on the date of transition. The net change in such liabilities is recognized as "Selling, general and administrative expenses" and "Cost of sales" under IFRS.

j . Recognition of right-of-use assets and lease liability, adjustment of recorded amount of right-of-use assets

Leases accounted for as "operating leases" under U.S. GAAP were remeasured in accordance with IFRS 16 as of the date of transition and adjusted to retained earnings on the date of transition. The fair value of the right-of-use assets of certain consolidated subsidiaries as of the date of transition was measured at fair value, resulting in a write-down of ¥118 million, which was adjusted to retained earnings as of the date of transition.

k . Tax effect adjustments

Changes in deferred tax assets (deferred tax liabilities) occurred due to temporary differences arising (or eliminated) as a result of IFRS adjustments, etc. In addition, with respect to the tax effects of unrealized intragroup transactions, deferred tax assets are recognized under IFRS at the tax rate of the seller, whereas under U.S. GAAP, the tax expense was recognized at the source of sale.

1 . Adjustment to retained earnings

(Millions of yen)

	Date of Transition (April 1, 2021)	Previous Consolidated Fiscal Year as of March 31, 2022
a. Fair value measurement of equity instruments	(22,381)	(21,347)
b. Adjustment of recorded amount of property, plant and equipment	(419)	(395)
c. Adjustment of recorded amount of intangible assets	(138)	(138)
d. Adjustment of recorded amount of investments accounted for using equity method	(3,886)	(5,546)
e. Uniformity of reporting periods	285	(386)
f. Adjustment related to retirement benefit accounting	(941)	704
g. Transfer of exchange differences on translation of foreign operations	2,930	2,930
h. Adjustment related to recognition of levies	(665)	(669)
i. Adjustment for recognition of other long-term employee benefit obligations	(294)	(283)
j. Recognition of right-of-use assets and lease liabilities, adjustment of recorded amount of right-of-use assets	79	(31)
Other	(90)	(155)
Subtotal	(25,520)	(25,316)
k. Tax effect adjustments	219	597
Adjustment related to noncontrolling interests	98	203
Total	(25,203)	(24,516)

Reconciliation of Consolidated Statement of Cash Flows for the previous consolidated fiscal year (From April 1, 2021 to March 31, 2022)

There are no material differences between the consolidated statement of cash flows disclosed in accordance with U.S. GAAP and the consolidated statement of cash flows disclosed in accordance with IFRS.

39. Approval of Consolidated financial statements

These consolidated financial statements were approved by Masaaki Yajima, President and Representative Director, and Akira Miyagi CFO, as of June 28 2023.

## (2) 【Others】

## Quarterly financial information for the year ended March 31, 2023

(Cumulative period)	First Quarter	Second Quarter	Third Quarter	Year ended March 31, 2023
Revenue (Millions of yen)	49,027	97,506	143,903	188,592
(Loss) profit before tax (Millions of yen)	3,580	5,881	252	(699)
(Loss) profit attributable to owners of the parent (Millions of yen)	2,404	4,201	(2,431)	(1,776)
Basic (loss) earnings per share (yen)	39.17	68.91	(40.27)	(29.66)

(Fiscal period)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Basic (loss) earnings per share (yen)	39.17	29.67	(112.08)	11.22

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"> <li>- 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.</li> <li>- To shareholders holding 1,500 shares or more: Wacoal Essence Check worth JPY5,000 shall be presented twice a year.</li> <li>- To shareholders holding shares for three years or more: Wacoal Essence Check worth JPY1,000 shall be added to above.</li> </ul> (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"> <li>- 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.</li> </ul>

(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 (74th Fiscal Year)	From April 1, 2021 to March 31, 2022	Filed with the Director of the Kanto Local Finance Bureau on June 29, 2022
(2) Internal Control Report and the attachments thereto			Filed with the Director of the Kanto Local Finance Bureau on June 29, 2022
(3) Quarterly Report and Confirmation Letter	(First quarter of 75th Fiscal Year)	From April 1, 2022 to June 30, 2022	Filed with the Director of the Kanto Local Finance Bureau on August 15, 2022
	(Second quarter of 75th Fiscal Year)	From July 1, 2022 to September 30, 2022	Filed with the Director of the Kanto Local Finance Bureau on November 14, 2022
	(Third quarter of 75th Fiscal Year)	From October 1, 2022 to December 31, 2022	Filed with the Director of the Kanto Local Finance Bureau on February 14, 2023
(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, 2022
	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 February 10, 2023
	Extraordinary Report on the Change in Specified Subsidiary pursuant to Item 3, 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 April 7, 2023
(5) Share Repurchase Report	Reporting Period	From June 1, 2021 to June 30, 2021	Filed with the Director of the Kanto Local Finance Bureau on July 7, 2022
	Reporting Period	From July 1, 2022 to July 31, 2022	Filed with the Director of the Kanto Local Finance Bureau on August 9, 2022
	Reporting Period	From August 1, 2022 to August 31, 2022	Filed with the Director of the Kanto Local Finance Bureau on September 7, 2022
	Reporting Period	From September 1, 2022 to September 30, 2022	Filed with the Director of the Kanto Local Finance Bureau on October 7, 2022
	Reporting Period	From October 1, 2022 to October 31, 2022	Filed with the Director of the Kanto Local Finance Bureau on November 8, 2022
	Reporting Period	From November 1, 2022 to November 30, 2022	Filed with the Director of the Kanto Local Finance Bureau on December 9, 2022
	Reporting Period	From December 1, 2022 to December 31, 2022	Filed with the Director of the Kanto Local Finance Bureau on January 13, 2023



	Reporting Period	From January 1, 2023 to January 31, 2023	Filed with the Director of the Kanto Local Finance Bureau on February 7, 2023
	Reporting Period	From February 1, 2023 to February 28, 2023	Filed with the Director of the Kanto Local Finance Bureau on March 9, 2023
	Reporting Period	From March 1, 2023 to March 31, 2023	Filed with the Director of the Kanto Local Finance Bureau on April 7, 2023
	Reporting Period	From May 1, 2023 to May 31, 2023	Filed with the Director of the Kanto Local Finance Bureau on June 12, 2023
(6)	Securities Registration Statement and the attachments thereto		Filed with the Director of the Kanto Local Finance Bureau on June 29, 2022
(7)	Amendment to the securities registration statement	Amendment to the securities registration statement filed on 29 June 2022.	Filed with the Director of the Kanto Local Finance Bureau on June 30, 2022

Part II **【Information on Guarantors etc. for the Company】**  
Not applicable.

**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.

(TRANSLATION)

**INDEPENDENT AUDITOR'S REPORT**

June 28, 2023

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 statement of financial position as of March 31, 2023, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the fiscal year from April 1, 2022 to March 31, 2023, and notes to the consolidated financial statements.

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, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards pursuant to the provisions of Article 93 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.

Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
<p>Valuation of goodwill</p> <p>As of March 31, 2023, the goodwill of ¥16,256 million recorded on the consolidated statement of financial position included goodwill allocated to WACOAL INTERNATIONAL CORP. and WACOAL EUROPE LTD in the amount of ¥6,035 million, or 2.1% of total assets and ¥10,221 million, or 3.6% of total assets, respectively.</p> <p>The Group has applied International Financial Reporting Standards and as described in Note 3. Significant Accounting Policies (7) Goodwill and Intangible assets, and (16) Impairment of non-financial assets, impairment tests at the cash-generating unit level, which includes goodwill, at each period and whenever an indication of impairment exists. If the carrying amount of a cash-generating unit exceeds the recoverable amount as a result of the impairment test, the carrying amount is reduced to the recoverable amount and the reduction in the carrying amount is recognized as an impairment loss.</p> <p>When conducting the impairment test, the Group calculates the recoverable amount as the higher of the value in use or the fair value less disposal costs.</p> <p>The Group uses an expected present value method to calculate the recoverable amount in performing the impairment test. Future cash flows used to calculate the recoverable amount are based on a five-year business plans approved by management with the terminal value reflecting the average long-term growth rate in the relevant market. The business plans include significant assumptions such as the feasibility of sales volumes expansion measures and market growth rates in the regions where they operate. Although these significant assumptions are determined using the best estimates and judgments based on the business plans approved by management as well as their actual results, they may be affected by changes in the market environment and involves uncertainty. Therefore, estimates and judgments made by management have a significant impact on the estimated recoverable amount. In addition, the discount rate used to calculate the recoverable amount requires a high degree of expertise in valuation for selecting the calculation method and the input data of significant assumptions.</p> <p>As a result of the impairment test, for goodwill related to WACOAL INTERNATIONAL CORP., as described in Note 13. Goodwill and Intangible assets (3) Impairment of goodwill and intangible assets with indefinite useful lives, an impairment loss on goodwill of ¥8,281 million was recorded because the carrying amount exceeded the recoverable amount as a result of the revision to the business plan made to reflect the changes in the external environment, including the stricter data privacy regulations on digital marketing and the recent slowdown in consumer spending. No impairment loss was recognized for goodwill related to WACOAL EUROPE LTD., as the recoverable amount exceeded the carrying amount.</p> <p>Based on the above, we identified the valuation of goodwill as a key audit matter.</p>	<p>Our audit procedures related to the reasonableness of the estimate of the recoverable amount included the following, among others:</p> <ol style="list-style-type: none"> <li>1. Evaluate internal control</li> </ol> <p>We evaluated the design and operating effectiveness of the controls over the calculation of the recoverable amount, including significant assumptions.</p> <ol style="list-style-type: none"> <li>2. Evaluate the reasonableness of the estimate of the recoverable amount</li> </ol> <p>We read the report related to impairment tests of goodwill prepared by management. We determined its consistency with significant assumptions used in the business plans approved by management. In addition, we inquired of management regarding the estimate of the recoverable amount to obtain an understanding of the significant assumptions and evaluated the reasonableness of the estimate of the recoverable amount by performing the following procedures:</p> <ul style="list-style-type: none"> <li>● We obtained an understanding on various measures to expand the sales volume through inquiries of management, compared business plans prepared in prior years with actual results, and evaluated management's ability to accurately estimate the feasibility of increased sales volume.</li> <li>● We evaluated management's estimates of market growth rates in the regions where they operated by comparing them with our own growth rate forecasts developed using the retail industry data published by external organizations with the assistance of our valuation specialists.</li> <li>● We performed sensitivity analyses to assess the impact of the discount rates on the recoverable amount. In addition, we evaluated the reasonableness of the method of calculating the discount rate and compared it with discount rates independently developed using market data and our own assumptions with the assistance of our valuation specialists.</li> </ul>

#### 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 International Financial Reporting Standards, 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 International Financial Reporting Standards.

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 International Financial Reporting Standards, 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, 2023.

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, 2023, 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.

### *Responsibilities 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】**

<b>【Document Filed】</b>	Internal Control Report (“Naibutosei Hokokusho”)
<b>【Applicable Law】</b>	Paragraph 1, Article 24-4-4 of the Financial Instruments and Exchange Act
<b>【Filed to】</b>	Director, Kanto Local Finance Bureau
<b>【Filing Date】</b>	June 28, 2023
<b>【Company Name】</b>	<i>KABUSHIKI KAISHA WACOAL HOLDINGS</i>
<b>【Company Name in English】</b>	WACOAL HOLDINGS CORP.
<b>【Position and Name of Representative】</b>	Masaaki Yajima, Representative Director, President and Corporate Officer of the Company
<b>【Position and Name of Chief Financial Officer】</b>	Akira Miyagi, Representative Director and Vice President Corporate Officer
<b>【Address of Head Office】</b>	29, Nakajima-cho, Kisshoin, Minami-ku, Kyoto
<b>【Place Where Available for Public Inspection】</b>	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**

Following is an English translation of management's report on internal control over financial reporting ("ICFR") filed under the Financial Instruments and Exchange Act of Japan. This report is presented merely as supplemental information.

There are differences between management's 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 management's assessment of ICFR under FIEA, there is detailed guidance on the scope of management's assessment of ICFR, such as quantitative guidance on business unit selection and/or account selection. In management's 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 of the scope of the 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 management's assessment of the process-level controls.

#### **1. 【Matters Relating to the Basic Framework for Internal Control over Financial Reporting】**

Masaaki Yajima, President and Representative Director, and Akira Miyagi, Representative Director and Vice President Corporate Officer, are responsible for designing and operating effective ICFR of Wacoal Holdings Corp. (the "Company"), and have designed and operated ICFR in accordance with the basic framework for internal control set forth in "On the Revision of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)" published by the Business Accounting Council.

The internal control is designed to achieve its 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 ICFR.

#### **2. 【Matters Relating to Scope of Assessment, the Assessment Date, and Assessment Procedures】**

The assessment of ICFR was performed as of March 31, 2023. The assessment was performed in accordance with assessment standards for ICFR 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 the internal controls.

We determined the required scope of the assessment of ICFR 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. We determined the materiality that may affect the reliability of the financial reporting 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 the 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 selected business units for testing as "significant business units," whose combined sales were at least two-thirds of total consolidated sales for the prior year on a consolidated basis.

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 the following as business processes with 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 with high-risk transactions.

### **3. [Matters Relating to the Results of Assessment]**

As a result of the assessment above, we concluded that our ICFR was effective as of March 31, 2023.

### **4. [Supplementary Matters]**

Not applicable.

### **5. [Special Information]**

Not applicable.