

[Translation]

**Consolidated Business Results for the First Quarter of the Fiscal Year Ending March 31, 2020**  
**[U.S. GAAP]**

July 30, 2019

Listed Company: Wacoal Holdings Corp.

Stock Exchange: Tokyo

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

Representative: Position: Representative Director and President

Name: Hironobu Yasuhara

For Inquiries: Position: Managing Director, General Manager of Corporate Planning

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Scheduled quarterly report submission date: August 9, 2019

Scheduled dividend payment start date: -

Supplementary materials regarding quarterly business results: None

Explanatory meeting regarding quarterly business results: None

(Amounts less than 1 million yen have been rounded)

1. First Quarter of the Fiscal Year Ending March 31, 2020 (April 1, 2019 – June 30, 2019)

(1) Consolidated Business Results

(% indicates increase (decrease) from the corresponding period of the previous fiscal year)

	Net Sales		Operating Income		Income Before Income Taxes and Equity in Net Income of Affiliated Companies		Net Income Attributable to Wacoal Holdings Corp.	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
First Quarter ended June 30, 2019	47,313	(4.2)	3,644	(17.1)	1,520	(83.0)	1,192	(81.0)
First Quarter ended June 30, 2018	49,373	1.4	4,397	(0.7)	8,921	58.1	6,289	59.6

(Note) Quarterly comprehensive income: (495) million yen (-%) for the first quarter ended  
June 30, 2019  
5,573 million yen ((23.8) %) for the first quarter ended  
June 30, 2018

	Net Income Attributable to Wacoal Holdings Corp. Per Share	Diluted Net Income Attributable to Wacoal Holdings Corp. Per Share
	Yen	Yen
First Quarter ended June 30, 2019	18.33	18.26
First Quarter ended June 30, 2018	93.51	93.17

(2) Consolidated Financial Condition

	Total Assets	Total Equity (Net Assets)	Total Shareholders' Equity	Total Shareholders' Equity Ratio	Shareholders' Equity Per Share
	Millions of Yen	Millions of Yen	Millions of Yen	%	Yen
As of June 30, 2019	291,142	216,331	211,679	72.7	3,272.82
As of the end of Fiscal Year (March 31, 2019)	281,767	221,144	216,494	76.8	3,321.57

2. Status of Dividends

	Annual Dividend				
	End of First Quarter	End of Second Quarter	End of Third Quarter	Year-End	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal Year Ended March 31, 2019	–	36.00	–	36.00	72.00
Fiscal Year Ending March 31, 2020	–				
Fiscal Year Ending March 31, 2020 (Estimates)		40.00	–	40.00	80.00

(Note) Revision of estimated dividends announced during the latest quarter: None

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

Ordinary dividend: 36.00 yen

Special anniversary dividend: 4.00 yen

Breakdown of the year-end cash dividend per share for the fiscal year ending March 31, 2020 (Estimates):

Ordinary dividend: 36.00 yen

Special anniversary dividend: 4.00 yen

3. Forecast of Consolidated Business Results for the Fiscal Year Ending March 31, 2020 (April 1, 2019 - March 31, 2020)

(% indicates increase (decrease) from the previous fiscal year)

	Net Sales		Operating Income		Income Before Income Taxes and Equity in Net Income of Affiliated Companies		Net Income Attributable to Wacoal Holdings Corp.		Net Income Attributable to Wacoal Holdings Corp. Per Share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Annual	200,000	3.0	11,000	125.5	12,000	444.7	9,000	-	138.41

(Note) Revision of forecast of consolidated business results announced during the latest quarter: None

Notes

- (1) Changes in significant subsidiaries in the consolidated cumulative first quarter of the current fiscal year (i.e. changes in specified subsidiaries (*tokutei kogaisha*) which involve change in scope of consolidation): None
- (2) Application of simplified accounting methods and specific accounting methods: None
- (3) Changes in accounting principles:
- (i) Changes due to modifications in accounting standards, etc.: Yes
- (ii) Changes other than (i) above: None
- (Note) For details, please see “2. Consolidated Quarterly Financial Statements and Accompanying Notes (5) Notes to Consolidated Quarterly Financial Statements (Changes in Accounting Policy).”
- (4) Number of Issued Shares (Common Stock)

	First Quarter ended June 30, 2019	Fiscal Year ended March 31, 2019
(i) Number of issued shares (including treasury stock) as of the end of:	68,589,042 shares	70,689,042 shares
(ii) Number of shares held as treasury stock as of the end of:	3,911,253 shares	5,510,891 shares
(iii) Average number of shares during consolidated first quarter (first quarter ended June 30):	65,025,473 shares	67,254,020 shares

\*These quarterly financial statements are exempt from the review procedures.

\*Cautionary Statement regarding Forecast of Business Results

(Cautionary note on forward-looking statements)

The forecast of business results is based on reasonable information we obtained as of the date hereof and, due to various risks, uncertainties and other factors arising in the future, actual results in the future may differ largely from the estimates set out in this document.

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# 1. Qualitative Information regarding Consolidated Performance during the First Quarter

## (1) Qualitative Information regarding Consolidated Business Results

### (i) Performance Overview of the Three Months ended June 30, 2019

	(Millions of Yen)			
	Previous First Quarter (ended June 30, 2018)	Current First Quarter (ended June 30, 2019)	Increased/(Decreased) from previous first quarter	
	Amount	Amount	Amount	%
<b>Net sales</b>	<b>49,373</b>	<b>47,313</b>	<b>(2,060)</b>	<b>(4.2)</b>
Cost of sales	21,878	20,406	(1,472)	(6.7)
<b>Sales profit</b>	<b>27,495</b>	<b>26,907</b>	<b>(588)</b>	<b>(2.1)</b>
Selling, general and administrative expenses	23,098	23,263	+165	+0.7
<b>Operating income</b>	<b>4,397</b>	<b>3,644</b>	<b>(753)</b>	<b>(17.1)</b>
Other income (expenses)	1,363	814	(549)	(40.3)
A: Valuation gain (loss) on marketable securities and investments – net	3,161	(2,938)	(6,099)	-
<b>Income before income taxes and equity in net income of affiliated companies</b>	<b>8,921</b>	<b>1,520</b>	<b>(7,401)</b>	<b>(83.0)</b>
<b>Net income attributable to Wacoal Holdings Corp.</b>	<b>6,289</b>	<b>1,192</b>	<b>(5,097)</b>	<b>(81.0)</b>
Reference figure: Income before income taxes and equity in net income of affiliated companies not taking into account A	5,760	4,458	(1,302)	(22.6)

Our group has formulated a new mid-term business plan, with the first year starting fiscal year ending March 31, 2020.

For details, please see our website [https://www.wacoalholdings.jp/ir/library/plan\\_summary.html](https://www.wacoalholdings.jp/ir/library/plan_summary.html).

Consolidated sales for the three months ended June 30, 2019 (April 1, 2019 – June 30, 2019) decreased by 4% from such sales for the corresponding period of the previous fiscal year, a result that was generally consistent with our plan. Sales from our domestic business remained at about the same level as such sales for the corresponding period of the previous fiscal year due to an increase in revenue from Wacoal Corp.; revenue from our overseas business decreased by 8% as compared to such revenue for the corresponding period of the previous fiscal year due to weak sales in the United States and Europe; and each revenue from both Peach John business and other business segments decreased as compared to such revenue for the corresponding period of the previous fiscal year.

Consolidated operating income decreased by 17% from such operating income for the corresponding period of the previous fiscal year. In our domestic business, we recorded a 6% decrease in profit as a result of an increase in selling, general and administrative expenses incurred at Wacoal Corp. In our overseas business, we also recorded a decrease in profit due to decreased revenue. In addition, we recorded an operating loss for both our Peach John business and other business segments due to decreased revenue. The actual operating income, however, exceeded the budgeted operating income predicted for the subject period.

Consolidated income before income taxes and equity in net income of affiliated companies fell by 83% from such consolidated income for the corresponding period of the previous fiscal year. This was impacted by the recognition of valuation loss on marketable securities and investments of 2.94 billion yen for the current first quarter, while we recorded valuation gain of 3.16 billion yen on marketable unrealized securities and investments for the corresponding period of the previous fiscal year (under A in the table above: 6.10 billion yen decreased from previous first quarter).

The key exchange rates used for the current consolidated first quarter (previous first quarter) were: 109.90 yen (109.07 yen) to the U.S. dollar, 141.16 yen (148.55 yen) to the Sterling pound, and 16.33 yen (17.05 yen) to the Chinese yuan.

## (ii) Business Overview of Our Operating Segments

(Millions of Yen)

	Previous First Quarter (ended June 30, 2018)		Current First Quarter (ended June 30, 2019)		Increased/(Decreased) from previous first quarter	
	Amount	Distribution Ratio (%)	Amount	Distribution Ratio (%)	Amount	%
<b>Total Net Sales</b>	<b>49,373</b>	<b>100.0</b>	<b>47,313</b>	<b>100.0</b>	<b>(2,060)</b>	<b>(4.2)</b>
Wacoal Business (Domestic)	27,478	55.7	27,401	57.9	(77)	(0.3)
Wacoal Business (Overseas)	14,728	29.8	13,597	28.7	(1,131)	(7.7)
Peach John Business	2,707	5.5	2,587	5.5	(120)	(4.4)
Other	4,460	9.0	3,728	7.9	(732)	(16.4)

	Previous First Quarter (ended June 30, 2018)		Current First Quarter (ended June 30, 2019)		Increased/(Decreased) from previous first quarter	
	Amount	% to Sales	Amount	% to Sales	Amount	%
<b>Operating Income/(Loss)</b>	<b>4,397</b>	<b>8.9</b>	<b>3,644</b>	<b>7.7</b>	<b>(753)</b>	<b>(17.1)</b>
Wacoal Business (Domestic)	1,994	7.3	1,881	6.9	(113)	(5.7)
Wacoal Business (Overseas)	2,345	15.9	1,862	13.7	(483)	(20.6)
Peach John Business	55	2.0	(42)	-	(97)	-
Other	3	0.1	(57)	-	(60)	-

## a. Wacoal Business (Domestic)

Sales attributable to our “Wacoal Business (Domestic)” segment remained at about the same level as such sales for the corresponding period of the previous fiscal year. In our wholesale business of Wacoal Corp., sales of “Synchro Bra” products sold at general merchandise stores under the Wing brand were strong. However, revenue from our wholesale business decreased due to weak sales of prestige lineup products, maternity innerwear and junior’s innerwear handled at department stores, as well as weak sales of functionality tights under the “CW-X” brand. In our retail business, sales of our brassieres with better design “Gram-Rich” were strong. In addition, revenue from our retail business increased as a result of an increase in the number of shop visitors, helped by the Golden Week holidays and reward points campaign. In our website business, we recorded an increase in revenue as a result of sales expansion of our “BRAGENIC” and “Gram-Rich” products sold on our e-commerce website. On the other hand, sales from Ai Co., Ltd. decreased by 10% as compared to such sales for the corresponding period of the previous fiscal year due to a decrease in sales from our swimwear business, which was impacted by our management decision to focus on profitability and refrain from expanding seasonal shops.

Operating income decreased by 6% as compared to such operating income for the corresponding period of the previous fiscal year. Wacoal Corp. recorded a decrease in operating profit due to increases in IT-related expenses incurred for the implementation of our omni-channel strategies. On the other hand, operating loss recorded at Ai Co., Ltd. significantly improved, helped by the improved gross profit rate resulting from the reform of its business structure and reduction in selling, general and administrative expenses as a result of our revised strategies for shop openings.

## b. Wacoal Business (Overseas)

Overall sales attributable to our “Wacoal Business (Overseas)” segment on a Japanese yen basis decreased by 8% as compared to such sales for the corresponding period of the previous fiscal year. Revenue from Wacoal International Corp. (the United States), Wacoal Europe and Wacoal China Co., Ltd. all decreased (due to the impact of exchange fluctuations for Wacoal China) as compared to such corresponding revenue for the corresponding period of the previous fiscal year. In the United States, sales were affected by weak over-the-counter sales at department stores (physical stores) and earlier purchases of seasonal products for this spring (delivered during the fourth quarter of the previous fiscal year) by stores handling Wacoal brand products. In Europe, sales in the United Kingdom significantly decreased due to certain department stores whose business conditions deteriorated. In China, we maintained a high growth rate while enhancing our alliance with third-party e-commerce websites. In order to further gain support from the young adult segment, we began selling our brassieres “AMPHI” through such third-party e-commerce websites.

Operating income on a Japanese yen basis decreased by 21% as compared to such operating income for the corresponding period of the previous fiscal year. Operating income from our business in the United States and Europe both decreased due to the impact of decreased revenue. In addition, operating income from our business in China also decreased due to a higher percentage of discounted sales and a lower gross profit rate resulting from the recognition of valuation loss incurred for inventory in preparation of brand classification.

c. Peach John Business

Overall sales attributable to our “Peach John Business” segment fell by 4% as compared to such sales for the corresponding period of the previous fiscal year. While sales of regular-price products in our domestic business remained at about the same level as such sales for the corresponding period of the previous fiscal year, revenue from our own e-commerce website and retail stores both decreased as a result of reducing the amount of sales subject to discounts. In Taiwan, sales were strong as a result of shop openings in Taichung, while the growth rate of sales from our own e-commerce was weak.

We recorded an operating loss due to decreased revenue from our domestic business and weak growth from our Chinese business.

d. Other

Overall sales attributable to our “Other” segment decreased by 16% from such sales for the corresponding period of the previous fiscal year. While a decrease in sales of our private products of Lecien Corporation (“Lecien”) handled at core general merchandise stores seemed to have bottomed out, Lecien recorded a 11% decrease in revenue as compared to such revenue for the corresponding period of the previous fiscal year following reassessment of its business of clothing fabrics and laces to emphasize profitability. Nanasai Co., Ltd. recorded a 24% decrease in revenue as compared to such sales for the corresponding period of the previous fiscal year due to the absence of the one-time increase in revenue (large-scale construction for renovation of department store) in the corresponding period of the previous fiscal year.

We recorded an operating loss for our “Other” segment in total due to the impact of decreased revenue.

(2) Qualitative Information regarding Consolidated Financial Condition

(i) Assets, Liabilities and Total Shareholders’ Equity

Our total assets as of the end of the current consolidated first quarter were 291,142 million yen, an increase of 9,375 million yen from the end of the previous fiscal year, mainly due to the recognition of operating leases right-of-use assets following the changes in the current accounting policy.

Our total liabilities were 74,811 million yen, an increase of 14,188 million yen from the end of the previous fiscal year, mainly due to similar factor as the assets section, the recognition of operating lease liabilities following the changes in the current accounting policy, as well as increases in refund liability and other current liabilities.

Total Wacoal Holdings Corp. shareholders’ equity was 211,679 million yen, a decrease of 4,815 million yen from the end of the previous fiscal year, due to a decrease in retained earnings as a result of cash dividend payments.

As a result of the above, our total shareholders’ equity ratio as of the end of the current consolidated first quarter was 72.7%, a decrease of 4.1% from the end of the previous fiscal year.

(ii) Cash Flows

Cash and cash equivalents as of the end of the consolidated first quarter of the current fiscal year were 29,144 million yen, a decrease of 989 million yen from the end of the previous fiscal year.

(Cash Flow Provided by Operating Activities)

Cash flow provided by operating activities was 1,763 million yen, a decrease of 1,127 million yen as compared to the corresponding period of the previous fiscal year, after adjustments for changes in assets and liabilities to our net income of 1,230 million yen plus adjustments for depreciation, amortization and deferred income taxes.

(Cash Flow Used in Investing Activities)

Cash flow used in investing activities was 308 million yen, a decrease of 38 million yen as compared to the corresponding period of the previous fiscal year, due to capital expenditures and payments to acquire tangible and intangible assets which were more than offset a decrease in time deposits.

(Cash Flow Used in Financing Activities)

Cash flow used in financing activities was 1,882 million yen, as compared to 1,370 million yen of cash inflow for the corresponding period of the previous fiscal year, due to cash dividend payments and repurchase of treasury stock.

(3) Qualitative Information regarding Forecast of Consolidated Business Results

We have not revised our forecast of consolidated business results for the fiscal year ending March 31, 2020 since our announcement on May 15, 2019. Also, the impact of any change in valuation gain or loss on equity securities has not been reflected in our forecast of consolidated business results.

## 2. Consolidated Quarterly Financial Statements and Accompanying Notes

### (1) Consolidated Quarterly Balance Sheets

Accounts	Previous Fiscal Year as of March 31, 2019	Current Consolidated First Quarter as of June 30, 2019	Increase/(Decrease)
(Assets)	Millions of Yen	Millions of Yen	Millions of Yen
<b>I. Current assets:</b>			
Cash and cash equivalents	30,133	29,144	(989)
Time deposits	4,004	2,892	(1,112)
Marketable securities	446	325	(121)
Notes and accounts receivable	24,989	23,862	(1,127)
Allowance for doubtful receivables	(229)	(223)	6
Inventories	42,508	44,109	1,601
Return assets	1,180	1,180	0
Other current assets	4,985	7,046	2,061
<b>Total current assets</b>	<b>108,016</b>	<b>108,335</b>	<b>319</b>
<b>II. Property, plant and equipment:</b>			
Land	21,549	21,535	(14)
Buildings and structures	74,033	74,017	(16)
Machinery and equipment	18,914	18,477	(437)
Construction in progress	<u>478</u>	<u>690</u>	<u>212</u>
	114,974	114,719	(255)
Accumulated depreciation	(61,704)	(61,726)	(22)
<b>Net property, plant and equipment</b>	<b>53,270</b>	<b>52,993</b>	<b>(277)</b>
<b>III. Other assets:</b>			
Operating leases right-of-use assets	-	13,703	13,703
Investments in affiliated companies	21,859	21,459	(400)
Investments	63,372	60,235	(3,137)
Goodwill	11,954	11,278	(676)
Other intangible assets	12,297	12,135	(162)
Prepaid pension expense	3,990	4,007	17
Deferred income taxes	1,362	1,365	3
Other	5,647	5,632	(15)
<b>Total other assets</b>	<b>120,481</b>	<b>129,814</b>	<b>9,333</b>
<b>Total assets</b>	<b>281,767</b>	<b>291,142</b>	<b>9,375</b>

Accounts	Previous Fiscal Year as of March 31, 2019	Current Consolidated First Quarter as of June 30, 2019	Increase/(Decrease)
(Liabilities)	Millions of Yen	Millions of Yen	Millions of Yen
I. Current liabilities:			
Short-term bank loans	8,116	9,974	1,858
Notes and accounts payable:			
Trade notes payable	1,155	1,647	492
Trade accounts payable	10,638	10,029	(609)
Other payables	<u>6,548</u>	<u>4,999</u>	<u>(1,549)</u>
	18,341	16,675	(1,666)
Accrued payroll and bonuses	7,209	5,440	(1,769)
Income taxes payable	2,759	1,205	(1,554)
Refund liability	3,482	3,595	113
Short-term operating lease liabilities	-	4,431	4,431
Other current liabilities	3,955	7,520	3,565
Total current liabilities	43,862	48,840	4,978
II. Long-term liabilities:			
Liability for termination and retirement benefits	1,828	1,812	(16)
Deferred income taxes	12,567	12,451	(116)
Long-term operating lease liabilities	-	9,332	9,332
Other long-term liabilities	2,366	2,376	10
Total long-term liabilities	16,761	25,971	9,210
Total liabilities	60,623	74,811	14,188
(Equity)			
I. Common stock	13,260	13,260	-
II. Additional paid-in capital	29,807	29,807	(0)
III. Retained earnings	193,139	185,532	(7,607)
IV. Accumulated other comprehensive (loss) income:			
Foreign currency translation adjustments	1,551	(412)	(1,963)
Pension liability adjustments	(5,679)	(5,473)	206
V. Treasury stock, at cost	(15,584)	(11,035)	4,549
Total Wacoal Holdings Corp. shareholders' equity	216,494	211,679	(4,815)
VI. Noncontrolling interests	4,650	4,652	2
Total equity	221,144	216,331	(4,813)
Total liabilities and equity	281,767	291,142	9,375

## (2) Consolidated Quarterly Statements of Income

Accounts	Previous Consolidated Cumulative First Quarter (From April 1, 2018 to June 30, 2018)		Current Consolidated Cumulative First Quarter (From April 1, 2019 to June 30, 2019)		Increase/ (Decrease) Millions of Yen
	Millions of Yen	%	Millions of Yen	%	
I. Net Sales	49,373	100.0	47,313	100.0	(2,060)
II. Operating costs and expenses:					
Cost of sales	21,878	44.3	20,406	43.1	(1,472)
Selling, general and administrative expenses	23,098	46.8	23,263	49.2	165
Total operating costs and expenses	44,976	91.1	43,669	92.3	(1,307)
Operating income	4,397	8.9	3,644	7.7	(753)
III. Other income (expenses):					
Interest income	60		87		27
Interest expense	(8)		(6)		2
Dividend income	761		810		49
Gain or loss on sales or exchange of marketable securities and investments - net	140		-		(140)
Valuation loss on marketable securities and investments - net	3,161		(2,938)		(6,099)
Other - net	410		(77)		(487)
Total other (expenses) income	4,524	9.2	(2,124)	(4.5)	(6,648)
Income before income taxes and equity in net income of affiliated companies	8,921	18.1	1,520	3.2	(7,401)
Income taxes	2,834	5.8	469	1.0	(2,365)
Income before equity in net income of affiliated companies	6,087	12.3	1,051	2.2	(5,036)
Equity in net income of affiliated companies	248	0.5	179	0.4	(69)
Net income	6,335	12.8	1,230	2.6	(5,105)
Net income attributable to noncontrolling interests	(46)	(0.1)	(38)	(0.1)	8
Net income attributable to Wacoal Holdings Corp.	6,289	12.7	1,192	2.5	(5,097)

## (3) Consolidated Quarterly Statements of Comprehensive Income

Accounts	Previous Consolidated Cumulative First Quarter (From April 1, 2018 to June 30, 2018)	Current Consolidated Cumulative First Quarter (From April 1, 2019 to June 30, 2019)	Increase/(Decrease) Millions of Yen
	Millions of Yen	Millions of Yen	
I. Net income	6,335	1,230	(5,105)
II. Other comprehensive income (loss) - net of tax:			
Foreign currency translation adjustments	(659)	(1,931)	(1,272)
Unrealized loss on securities	(104)	-	104
Pension liability adjustments	1	206	205
Other comprehensive loss	(762)	(1,725)	(963)
Comprehensive (loss) income	5,573	(495)	(6,068)
Comprehensive (income) loss attributable to noncontrolling interests	28	(70)	(98)
Comprehensive (loss) income attributable to Wacoal Holdings Corp.	5,601	(565)	(6,166)

## (4) Consolidated Quarterly Statements of Cash Flows

Accounts	Previous Consolidated Cumulative First Quarter (From April 1, 2018 to June 30, 2018)	Current Consolidated Cumulative First Quarter (From April 1, 2019 to June 30, 2019)
	Millions of Yen	Millions of Yen
<b>I. Operating activities</b>		
1. Net income	6,335	1,230
2. Adjustments to reconcile net income to net cash provided by operating activities		
(1) Depreciation and amortization	1,384	1,384
(2) Allowance for returns and doubtful receivables - net	(2,274)	31
(3) Deferred income taxes	1,220	(658)
(4) Loss (gain) on sales or disposal of property, plant and equipment - net	(1)	22
(5) Gain on sales or exchange of marketable securities and investments - net	(140)	-
(6) Valuation loss (gain) on marketable securities and investments - net	(3,161)	2,938
(7) Equity in net income of affiliated companies, less dividends received	234	341
(8) Changes in assets and liabilities		
Decrease in notes and receivable	898	953
Increase in inventories	(822)	(1,984)
Increase in return assets	(1,182)	(0)
Increase in other current assets	(2,470)	(2,091)
Decrease in notes and accounts payable	(2,077)	(1,176)
Increase in refund liability	3,565	113
Increase (decrease) in liability for termination and retirement benefits	(165)	264
Increase in other liabilities	1,758	335
(9) Other	(212)	61
Net cash provided by operating activities	2,890	1,763
<b>II. Investing activities</b>		
1. Increase in time deposits	(1,091)	(122)
2. Decrease in time deposits	1,167	1,156
3. Proceeds from sales and redemption of equity securities	596	-
4. Payments to acquire equity securities	(7)	(53)
5. Proceeds from redemption of debt securities	109	330
6. Proceeds from sales of property, plant and equipment	8	11
7. Capital expenditures	(475)	(775)
8. Payments to acquire intangible assets	(653)	(864)
9. Other	0	9
Net cash used in investing activities	(346)	(308)
<b>III. Financing activities</b>		
1. Net increase in short-term bank loans with original maturities of three months or less	5,361	1,945
2. Repayment of long-term debt	(13)	(13)
3. Repurchase of treasury stock	(1,362)	(1,400)
4. Dividends paid on common stock	(2,425)	(2,346)
5. Dividends paid to noncontrolling interests	(191)	(184)
6. Proceeds from stock issuance to noncontrolling interests	-	116
Net cash used in financing activities	1,370	(1,882)
<b>IV. Effect of exchange rate changes on cash and cash equivalents</b>	378	(562)
<b>V. Net decrease in cash and cash equivalents</b>	4,292	(989)
<b>VI. Cash and cash equivalents, beginning of period</b>	29,487	30,133
<b>VII. Cash and cash equivalents, end of period</b>	33,779	29,144

## Additional Cash Flow Information

Cash paid for:		
Interest	8	6
Income taxes	3,494	3,689
Noncash investing activities		
Acquisition of fixed assets by assuming payment obligation	395	571

(5) Notes to Consolidated Quarterly Financial Statements

(Notes on Going Concern)

Not applicable.

(Notes on Significant Changes in the Amount of Total Shareholders' Equity)

Not applicable.

(Changes in Accounting Policy)

Leases

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

(Segment Information)

(i) Operating Segment Information

Previous Consolidated Cumulative First Quarter (From April 1, 2018 to June 30, 2018)

(Millions of Yen)

	Wacoal business (Domestic)	Wacoal business (Overseas)	Peach John business	Other	Total	Elimination	Consolidated
Net sales							
(1) External customers	27,478	14,728	2,707	4,460	49,373	-	49,373
(2) Intersegment	224	2,760	271	1,338	4,593	(4,593)	-
Total	27,702	17,488	2,978	5,798	53,966	(4,593)	49,373
Operating income	1,994	2,345	55	3	4,397	-	4,397

Current Consolidated Cumulative First Quarter (From April 1, 2019 to June 30, 2019)

(Millions of Yen)

	Wacoal business (Domestic)	Wacoal business (Overseas)	Peach John business	Other	Total	Elimination	Consolidated
Net sales							
(1) External customers	27,401	13,597	2,587	3,728	47,313	-	47,313
(2) Intersegment	208	2,907	194	1,331	4,640	(4,640)	-
Total	27,609	16,504	2,781	5,059	51,953	(4,640)	47,313
Operating income (loss)	1,881	1,862	(42)	(57)	3,644	-	3,644

(Note) Core products of respective businesses:

- Wacoal business (Domestic): innerwear (foundation, lingerie, nightwear and children's innerwear), outerwear, sportswear, hosiery, etc.
- Wacoal business (Overseas): innerwear (foundation, lingerie, nightwear and children's innerwear), outerwear, sportswear, other textile-related products, etc.
- Peach John business: innerwear (foundation, lingerie, and nightwear), outerwear, and other textile-related products, etc.
- Other: innerwear (foundation, lingerie, nightwear and children's innerwear), outerwear, other textile-related products, mannequins, construction of stores and interior design, etc.

(ii) Segment Information by Region

Previous Consolidated Cumulative First Quarter (From April 1, 2018 to June 30, 2018)

(Millions of Yen)

	Japan	Asia/Oceania	Europe/N.A.	Consolidated
Net sales				
External customers	34,477	5,837	9,059	49,373
Distribution ratio	69.8%	11.8%	18.4%	100.0%
Operating income	2,116	679	1,602	4,397

Current Consolidated Cumulative First Quarter (From April 1, 2019 to June 30, 2019)

(Millions of Yen)

	Japan	Asia/Oceania	Europe/N.A.	Consolidated
Net sales				
External customers	33,420	5,630	8,263	47,313
Distribution ratio	70.6%	11.9%	17.5%	100.0%
Operating income	1,858	669	1,117	3,644

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

## (6) Status of Sales

Type of product		Previous Consolidated Cumulative First Quarter (From April 1, 2018 to June 30, 2018)		Current Consolidated Cumulative First Quarter (From April 1, 2019 to June 30, 2019)		Increase/(Decrease)	
		Amount	Distribution Ratio	Amount	Distribution Ratio	Amount	Ratio
Innerwear	Foundation and lingerie	Millions of Yen 37,156	% 75.3	Millions of Yen 36,786	% 77.8	Millions of Yen (370)	% (1.0)
	Nightwear	2,288	4.6	1,993	4.2	(295)	(12.9)
	Children's underwear	370	0.7	347	0.7	(23)	(6.2)
	Subtotal	39,814	80.6	39,126	82.7	(688)	(1.7)
Outerwear/Sportswear		3,631	7.4	3,185	6.7	(446)	(12.3)
Hosiery		493	1.0	485	1.0	(8)	(1.6)
Other textile goods and related products		2,271	4.6	1,935	4.1	(336)	(14.8)
Other		3,164	6.4	2,582	5.5	(582)	(18.4)
Total		49,373	100.0	47,313	100.0	(2,060)	(4.2)