

[Translation]

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

October 31, 2019

Listed Company: Wacoal Holdings Corp.

Stock Exchange: Tokyo

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

Representative: Position: Representative Director and President

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

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Scheduled quarterly report submission date: November 12, 2019

Scheduled dividend payment start date: December 3, 2019

Supplementary materials regarding quarterly business results: Yes

Explanatory meeting regarding quarterly business results: Yes

(Amounts less than 1 million yen have been rounded)

1. Second Quarter of the Fiscal Year Ending March 31, 2020 (April 1, 2019 – September 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	%
Second Quarter ended September 30, 2019	101,450	(0.4)	9,495	5.6	9,326	(42.8)	6,668	(41.5)
Second Quarter ended September 30, 2018	101,815	(0.2)	8,994	(5.4)	16,311	48.2	11,391	53.2

(Note) Quarterly comprehensive income: 3,979 million yen ((66.2) %) for the second quarter ended September 30, 2019  
11,759 million yen ((7.1) %) for the second quarter ended September 30, 2018

	Net Income Attributable to Wacoal Holdings Corp. Per Share	Diluted Net Income Attributable to Wacoal Holdings Corp. Per Share
	Yen	Yen
Second Quarter ended September 30, 2019	103.07	102.67
Second Quarter ended September 30, 2018	170.35	169.73

(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 September 30, 2019	296,674	219,128	214,454	72.3	3,350.39
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	–	40.00			
Fiscal Year Ending March 31, 2020 (Estimates)			–	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:

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	-	139.12

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

## Notes

- (1) Changes in significant subsidiaries in the consolidated cumulative second 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)

	Second Quarter ended September 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:	4,580,395 shares	5,510,891 shares
(iii) Average number of shares during consolidated second quarter (second quarter ended September 30):	64,694,162 shares	66,866,299 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 Second Quarter

## (1) Qualitative Information regarding Consolidated Business Results

### (i) Performance Overview of the Six Months ended September 30, 2019

	(Millions of Yen)			
	Previous Cumulative Second Quarter (From April 1, 2018 to September, 2018)	Current Cumulative Second Quarter (From April 1, 2019 to September 30, 2019)	Increased/(Decreased) from previous cumulative second quarter	
	Amount	Amount	Amount	%
<b>Net sales</b>	<b>101,815</b>	<b>101,450</b>	<b>(365)</b>	<b>(0.4)</b>
Cost of sales	46,330	44,992	(1,338)	(2.9)
<b>Sales profit</b>	<b>55,485</b>	<b>56,458</b>	<b>+973</b>	<b>+1.8</b>
Selling, general and administrative expenses	46,491	46,963	+472	+1.0
<b>Operating income</b>	<b>8,994</b>	<b>9,495</b>	<b>+501</b>	<b>+5.6</b>
Other income (expenses)	1,657	789	(868)	(52.4)
A: Valuation gain (loss) on marketable securities and investments – net	5,660	(958)	(6,618)	-
<b>Income before income taxes and equity in net income of affiliated companies</b>	<b>16,311</b>	<b>9,326</b>	<b>(6,985)</b>	<b>(42.8)</b>
<b>Net income attributable to Wacoal Holdings Corp.</b>	<b>11,391</b>	<b>6,668</b>	<b>(4,723)</b>	<b>(41.5)</b>
Reference figure: Income before income taxes and equity in net income of affiliated companies not taking into account A	10,651	10,284	(367)	(3.4)

Our group entered the first year of our mid-term business plan. In order for our business to return to growth, Wacoal Corp. has focused on rebuilding relationships with customers through innovation, including opening of innerwear shops for the next generation that have introduced 3D body scanning and AI (artificial intelligence), and on further improving profitability. In the overseas markets, we have made efforts to create growth opportunities and to strengthen our competitiveness in e-commerce in each country. As a part of such initiative, we acquired all of the issued and outstanding shares of Intimates Online, Inc. (“Intimates Online”), a women’s innerwear design and sales company in the U.S. under its LIVELY brand, at the end of July 2019, making Intimates Online our wholly-owned subsidiary. On the other hand, our domestic subsidiaries have shifted toward a business framework that can generate stable earnings by being selective about and concentrating its businesses.

The operating results of our acquired subsidiary, Intimates Online, have been included in our consolidated results from the current second quarter and are disclosed along with Wacoal International Corp. (the United States) under the “Wacoal Business (Overseas)” segment.

Consolidated sales for the six months ended September 30, 2019 (April 1, 2019 – September 30, 2019) remained at about the same level as such sales for the corresponding period of the previous fiscal year. Revenue from our domestic business increased due to positive factors including the last-minute demand before the consumption tax increase. Despite the positive impact of the consolidation of Intimates Online results, revenue from our overseas business decreased due to the negative impact of exchange rate fluctuation, in addition to the weak sales from our existing business in the United States and our raw materials factory in Thailand. Revenue from Peach John business remained at about the same level as such revenue for the corresponding period of the previous fiscal year, while revenue from our other business segment decreased.

Consolidated operating income increased by 6% from such operating income for the corresponding period of the previous fiscal year. In our domestic business, we recorded an increase in profit due to increased revenue. Our overseas business saw a profit decrease due to the impact of the inclusion of operating loss for Intimates Online, and the recognition of non-recurring expenses incurred for the acquisition, in addition to decreased revenue from our existing business in the United States. While we recorded a decrease in revenue for Peach John business due to weak sales from our business in China, revenue from our other business segment increased as a result of reduction in the amount of operating loss at Lecien Corporation.

Consolidated income before income taxes and equity in net income of affiliated companies fell by 43% 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 0.96 billion yen for the current second quarter, while we

recorded valuation gain of 5.66 billion yen on marketable securities and investments for the corresponding period of the previous fiscal year (under A in the table above: 6.62 billion yen decreased from previous second quarter). (We have been using U.S. accounting standards, under which the equity securities held by the Company and consolidated subsidiaries are measured at fair value, and any change from the beginning of the period are recognized in other income (expenses).)

The key exchange rates used for the current consolidated second quarter (previous second quarter) were: 108.63 yen (110.26 yen) to the U.S. dollar; 136.73 yen (146.91 yen) to the Sterling pound; and 16.20 yen (17.09 yen) to the Chinese yuan.

## (ii) Business Overview of Our Operating Segments

(Millions of Yen)

	Previous Cumulative Second Quarter (from April 1, 2018 to September 30, 2018)		Current Cumulative Second Quarter (from April 1, 2019 to September 30, 2019)		Increased/(Decreased) from previous cumulative second quarter	
	Amount	Distribution Ratio (%)	Amount	Distribution Ratio (%)	Amount	%
<b>Total Net Sales</b>	<b>101,815</b>	<b>100.0</b>	<b>101,450</b>	<b>100.0</b>	<b>(365)</b>	<b>(0.4)</b>
Wacoal Business (Domestic)	58,585	57.5	60,360	59.5	+1,775	+3.0
Wacoal Business (Overseas)	28,821	28.3	27,253	26.9	(1,568)	(5.4)
Peach John Business	5,470	5.4	5,466	5.4	(4)	(0.1)
Other	8,939	8.8	8,371	8.2	(568)	(6.4)

	Previous Cumulative Second Quarter (from April 1, 2018 to September 30, 2018)		Current Cumulative Second Quarter (from April 1, 2019 to September 30, 2019)		Increased/(Decreased) from previous cumulative second quarter	
	Amount	% to Sales	Amount	% to Sales	Amount	%
<b>Operating Income</b>	<b>8,994</b>	<b>8.8</b>	<b>9,495</b>	<b>9.4</b>	<b>+501</b>	<b>+5.6</b>
Wacoal Business (Domestic)	4,964	8.5	6,288	10.4	+1,324	+26.7
Wacoal Business (Overseas)	3,841	13.3	3,023	11.1	(818)	(21.3)
Peach John Business	182	3.3	96	1.8	(86)	(47.3)
Other	7	0.1	88	1.1	+81	-

## (Reference) Net Sales and Operating Income of Major Subsidiaries

(Millions of Yen)

Net Sales	Previous Cumulative Second Quarter (from April 1, 2018 to September 30, 2018)		Current Cumulative Second Quarter (from April 1, 2019 to September 30, 2019)		Increased/(Decreased) from previous cumulative second quarter	
	Amount	Distribution Ratio (%)	Amount	Distribution Ratio (%)	Amount	%
Wacoal Corp.	52,580	51.6	55,366	54.6	+2,786	+5.3
Ai Co., Ltd.	3,098	3.0	2,598	2.6	(500)	(16.1)
Wacoal International Corp. (U.S.)	10,565	10.4	10,228	10.1	(337)	(3.2)
Wacoal Europe Ltd.	7,398	7.3	6,993	6.9	(405)	(5.5)
Wacoal China Co., Ltd.	6,250	6.1	6,084	6.0	(166)	(2.7)
Peach John Co., Ltd.	5,470	5.4	5,466	5.4	(4)	(0.1)
Lecien Corporation	3,223	3.2	2,985	2.9	(238)	(7.4)
Nanasai Co., Ltd.	4,967	4.9	4,594	4.5	(373)	(7.5)

\*Sales to external customers only

Operating Income/(Loss)	Previous Cumulative Second Quarter (from April 1, 2018 to September 30, 2018)		Current Cumulative Second Quarter (from April 1, 2019 to September 30, 2019)		Increased/(Decreased) from previous cumulative second quarter	
	Amount	% to Sales	Amount	% to Sales	Amount	%
Wacoal Corp.	3,989	7.6	4,991	9.0	+1,002	+25.1
Ai Co., Ltd.	(58)	-	19	0.7	+77	-
Wacoal International Corp. (U.S.)	1,896	17.9	1,147	11.2	(749)	(39.5)
Wacoal Europe Ltd.	789	10.7	668	9.6	(121)	(15.3)
Wacoal China Co., Ltd.	874	14.0	752	12.4	(122)	(14.0)
Peach John Co., Ltd.	182	3.3	96	1.8	(86)	(47.3)
Lecien Corporation	(199)	-	(128)	-	+71	-
Nanasai Co., Ltd.	204	4.1	187	4.1	(17)	(8.3)

a. Wacoal Business (Domestic)

Sales and operating income attributable to our “Wacoal Business (Domestic)” segment increased by 3% and 27%, respectively as compared to such sales and operating income for the corresponding period of the previous fiscal year, resulting from the last-minute demand before the consumption tax increase.

[Wacoal Corp.]

Sales from Wacoal Corp. increased by 5% as compared to such sales for the corresponding period of the previous fiscal year. On a quarterly basis, while sales for the consolidated three months ended June 30, 2019 only increased by 1% as compared to such sales for the corresponding period of the previous fiscal year, sales for the consolidated six months ended September 30, 2019 increased by 9% due to positive factors including the last-minute demand before the consumption tax increase, despite the challenges we faced in July from the effects of abnormal weather. Revenue increased in our wholesale business due to strong sales of “Night Up Wireless Sleep Bra” products under the Wacoal brand and “Synchro Bra” products under the Wing brand sold at general merchandise stores, in addition to an expansion in demand for our regular products. Similarly, revenue in our retail business also increased due to strong sales of our brassieres with better design “Gramma-Rich”, as well as an increase in the number of shop visitors. In our website business, we also achieved an increase in revenue as a result of strong sales from our e-commerce website. Operating income increased by 25% as compared to such operating income for the corresponding period of the previous fiscal year. Although IT related expenses incurred for the implementation of our omni-channel strategies increased, we recorded a substantial increase in profit by postponing a part of advertising spending after the current third quarter, in addition to the impact of increased revenue at core business divisions and an improvement in gross profit rate.

b. Wacoal Business (Overseas)

Sales attributable to our “Wacoal Business (Overseas)” segment on a Japanese yen basis decreased by 5% as compared to such sales for the corresponding period of the previous fiscal year due to the impact of exchange rate fluctuations, as well as the weak sales from our existing business in the United States and raw materials factory in Thailand. Operating income decreased by 21% as compared to such operating income for the corresponding period of the previous fiscal year due to the impact of decreased revenue from the following three major subsidiaries.

[Wacoal International Corp. (U.S.)]

Sales from Wacoal International Corp. (U.S.) on a local currency basis decreased by 2% as compared to such sales for the corresponding period of the previous fiscal year, while sales on a Japanese yen basis decreased by 3% due to the impact of exchange rate fluctuations. Revenue decreased due to weak sales from our existing business which were impacted by the inventory adjustments at certain department stores (physical stores), despite the positive impact of sales of 0.35 billion yen in and after August from Intimates Online, which was newly consolidated in our business results. Operating income significantly decreased, by 40%, as compared to such operating income for the corresponding period of the previous fiscal year due to the recognition of operating loss ((0.2) billion yen) recorded for Intimates Online and non-recurring expenses incurred for the acquisition, in addition to the impact of decreased revenue from our existing business.

[Wacoal Europe Ltd.]

Sales from Wacoal Europe Ltd. on a local currency basis increased by 2% as compared to such sales for the corresponding period of the previous fiscal year, while sales on a Japanese yen basis decreased by 6% due to the impact of exchange rate fluctuations. As a result of focusing on strengthening the sales of products sold under each of the “Fantasie,” “elomi” and “Freya” brands meeting various size requirements, sales expanded for the current consolidated second quarter at department stores, specialty stores and third-party e-commerce websites. Operating income decreased by 15% as compared to such operating income for the corresponding period of the previous fiscal year due to the advertising campaign that we are undertaking on our own e-commerce website for expansion of sales, in addition to increases in labor costs as a result of strengthening the sales framework in Spain.

[Wacoal China Co., Ltd.]

Sales from Wacoal China Co., Ltd. on a local currency basis increased by 3% as compared to such sales for the corresponding period of the previous fiscal year, while sales on a Japanese yen basis decreased by 3% due to the impact of exchange rate fluctuations. Although we maintained high growth from our e-commerce sales by strengthening our alliance with the online mall providers and promoting sales during the high demand season, the closing of certain department stores affected sales. Operating income decreased by 14% due to increases in advertising expenses and recognition of



non-recurring expenses incurred for relocation of a warehouse, despite improvement in the gross profit rate resulting from a higher percentage of e-commerce sales.

c. Peach John Business

Overall sales attributable to our “Peach John Business” segment remained at about the same level as such sales for the corresponding period of the previous fiscal year. In effort to improve business efficiency, we closed certain underperforming stores in Japan, while reducing the amount of sales subject to discounts. As a result, although revenue from mail-order business decreased, revenue from retail stores increased as a result of an increase in the number of customers visiting our retail stores.

Operating income decreased by 47% as compared to such operating income for the corresponding period of the previous fiscal year due to the impact of operating loss recorded from our Chinese business, although we achieved improvement in the gross profit rate resulting by reducing the percentage of sales subject to discounts in Japan and selling, general and administrative expenses.

d. Other

Overall sales attributable to our “Other” business segment decreased by 6% as compared to such sales for the corresponding period of the previous fiscal year, while operating income increased as compared to such operating income for the corresponding period of the previous fiscal year.

[Lecien Corporation]

Sales from Lecien Corporation decreased by 7% as compared to such sales for the corresponding period of the previous fiscal year. While we recorded decreased revenue in our material business due to reassessment of the business of clothing fabrics and laces to emphasize profitability, we recorded an increase in revenue in our product business as a result of recovery in sales of our private products handled at core general merchandise stores. We achieved reduction in the amount of operating loss as compared to such operating loss for the corresponding period of the previous fiscal year due to our efforts including reduction of selling, general and administrative expenses.

[Nanasai Co., Ltd.]

Nanasai Co., Ltd. recorded an 8% decrease in revenue as compared to such revenue 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 stores) in the corresponding period of the previous fiscal year. Operating income decreased by 8% as compared to such operating income for the corresponding period of the previous fiscal year due to 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 second quarter were 296,674 million yen, an increase of 14,907 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 accounting policy.

Our total liabilities were 77,546 million yen, an increase of 16,923 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 accounting policy, as well as increases in contingent consideration liability and other current liabilities.

Total Wacoal Holdings Corp. shareholders' equity was 214,454 million yen, a decrease of 2,040 million yen from the end of the previous fiscal year, due to decreases in retained earnings and foreign currency translation adjustments.

As a result of the above, our total shareholders' equity ratio as of the end of the current consolidated second quarter was 72.3%, a decrease of 4.5% from the end of the previous fiscal year.

(ii) Cash Flows

Cash and cash equivalents as of the end of the consolidated second quarter of the current fiscal year were 25,539 million yen, a decrease of 4,594 million yen from the end of the previous fiscal year.

(Cash Flow Provided by Operating Activities)

Cash flow provided by operating activities was 7,738 million yen, a decrease of 236 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 6,749 million yen plus adjustments for depreciation, amortization and deferred income taxes.

(Cash Flow Used in Investing Activities)

Cash flow used in investing activities was 6,003 million yen, an increase of 3,300 million yen as compared to the corresponding period of the previous fiscal year, due to acquisition of subsidiaries (net of cash acquired) as well as capital expenditures and payments to acquire tangible and intangible assets, despite a decrease in time deposits and proceeds from sales and redemption of equity securities.

(Cash Flow Used in Financing Activities)

Cash flow used in financing activities was 5,777 million yen, a decrease of 201 million yen as compared to the corresponding period of the previous fiscal year, due to repurchase of treasury stock and cash dividend payments.

(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 Second Quarter as of September 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	25,539	(4,594)
Time deposits	4,004	686	(3,318)
Marketable securities	446	542	96
Notes and accounts receivable	24,989	27,390	2,401
Allowance for doubtful receivables	(229)	(234)	(5)
Inventories	42,508	42,259	(249)
Return assets	1,180	1,501	321
Other current assets	4,985	4,746	(239)
<b>Total current assets</b>	<b>108,016</b>	<b>102,429</b>	<b>(5,587)</b>
<b>II. Property, plant and equipment:</b>			
Land	21,549	21,447	(102)
Buildings and structures	74,033	74,052	19
Machinery and equipment	18,914	18,590	(324)
Construction in progress	<u>478</u>	<u>999</u>	<u>521</u>
	114,974	115,088	114
Accumulated depreciation	(61,704)	(62,200)	(496)
<b>Net property, plant and equipment</b>	<b>53,270</b>	<b>52,888</b>	<b>(382)</b>
<b>III. Other assets:</b>			
Operating leases right-of-use assets	-	13,425	13,425
Investments in affiliated companies	21,859	21,203	(656)
Investments	63,372	58,943	(4,429)
Goodwill	11,954	24,379	12,425
Other intangible assets	12,297	12,443	146
Prepaid pension expense	3,990	4,097	107
Deferred income taxes	1,362	1,325	(37)
Other	5,647	5,542	(105)
<b>Total other assets</b>	<b>120,481</b>	<b>141,357</b>	<b>20,876</b>
<b>Total assets</b>	<b>281,767</b>	<b>296,674</b>	<b>14,907</b>

Accounts	Previous Fiscal Year as of March 31, 2019	Current Consolidated Second Quarter as of September 30, 2019	Increase/(Decrease)
(Liabilities)	Millions of Yen	Millions of Yen	Millions of Yen
I. Current liabilities:			
Short-term bank loans	8,116	7,752	(364)
Notes and accounts payable:			
Trade notes payable	1,155	1,254	99
Trade accounts payable	10,638	10,333	(305)
Other payables	<u>6,548</u>	<u>4,356</u>	<u>(2,192)</u>
	18,341	15,943	(2,398)
Accrued payroll and bonuses	7,209	6,881	(328)
Income taxes payable	2,759	4,001	1,242
Refund liability	3,482	4,079	597
Short-term operating lease liabilities	-	4,447	4,447
Contingent consideration (short-term)	-	1,079	1,079
Other current liabilities	3,955	4,971	1,016
Total current liabilities	43,862	49,153	5,291
II. Long-term liabilities:			
Liability for termination and retirement benefits	1,828	1,869	41
Deferred income taxes	12,567	11,760	(807)
Long-term operating lease liabilities	-	9,114	9,114
Contingent consideration(long-term)	-	3,292	3,292
Other long-term liabilities	2,366	2,358	(8)
Total long-term liabilities	16,761	28,393	11,632
Total liabilities	60,623	77,546	16,923
(Equity)			
I. Common stock	13,260	13,260	-
II. Additional paid-in capital	29,807	29,828	21
III. Retained earnings	193,139	191,006	(2,133)
IV. Accumulated other comprehensive (loss) income:			
Foreign currency translation adjustments	1,551	(1,641)	(3,192)
Pension liability adjustments	(5,679)	(5,268)	411
V. Treasury stock, at cost	(15,584)	(12,731)	2,853
Total Wacoal Holdings Corp. shareholders' equity	216,494	214,454	(2,040)
VI. Noncontrolling interests	4,650	4,674	24
Total equity	221,144	219,128	(2,016)
Total liabilities and equity	281,767	296,674	14,907

## (2) Consolidated Quarterly Statements of Income

Accounts	Previous Consolidated Cumulative Second Quarter (From April 1, 2018 to September 30, 2018)		Current Consolidated Cumulative Second Quarter (From April 1, 2019 to September 30, 2019)		Increase/ (Decrease) Millions of Yen
	Millions of Yen	%	Millions of Yen	%	
I. Net Sales	101,815	100.0	101,450	100.0	(365)
II. Operating costs and expenses:					
Cost of sales	46,330	45.5	44,992	44.3	(1,338)
Selling, general and administrative expenses	46,491	45.7	46,963	46.3	472
Total operating costs and expenses	92,821	91.2	91,955	90.6	(866)
Operating income	8,994	8.8	9,495	9.4	501
III. Other income (expenses):					
Interest income	125		136		11
Interest expense	(10)		(13)		(3)
Dividend income	811		865		54
Gain or loss on sales or exchange of marketable securities and investments - net	140		-		(140)
Valuation loss on marketable securities and investments - net	5,660		(958)		(6,618)
Other - net	591		(199)		(790)
Total other (expenses) income	7,317	7.2	(169)	(0.2)	(7,486)
Income before income taxes and equity in net income of affiliated companies	16,311	16.0	9,326	9.2	(6,985)
Income taxes	5,185	5.1	2,922	2.9	(2,263)
Income before equity in net income of affiliated companies	11,126	10.9	6,404	6.3	(4,722)
Equity in net income of affiliated companies	346	0.4	345	0.4	(1)
Net income	11,472	11.3	6,749	6.7	(4,723)
Net income attributable to noncontrolling interests	(81)	(0.1)	(81)	(0.1)	0
Net income attributable to Wacoal Holdings Corp.	11,391	11.2	6,668	6.6	(4,723)

## (3) Consolidated Quarterly Statements of Comprehensive Income

Accounts	Previous Consolidated Cumulative Second Quarter (From April 1, 2018 to September 30, 2018)	Current Consolidated Cumulative Second Quarter (From April 1, 2019 to September 30, 2019)	Increase/(Decrease) Millions of Yen
	Millions of Yen	Millions of Yen	
I. Net income	11,472	6,749	(4,723)
II. Other comprehensive income (loss) - net of tax:			
Foreign currency translation adjustments	389	(3,181)	(3,570)
Unrealized loss on securities	(104)	-	104
Pension liability adjustments	2	411	409
Other comprehensive loss	287	(2,770)	(3,057)
Comprehensive (loss) income	11,759	3,979	(7,780)
Comprehensive (income) loss attributable to noncontrolling interests	0	(92)	(92)
Comprehensive (loss) income attributable to Wacoal Holdings Corp.	11,759	3,887	(7,872)

## (4) Consolidated Quarterly Statements of Cash Flows

Accounts	Previous Consolidated Cumulative Second Quarter (From April 1, 2018 to September 30, 2018)	Current Consolidated Cumulative Second Quarter (From April 1, 2019 to September 30, 2019)
	Millions of Yen	Millions of Yen
<b>I. Operating activities</b>		
1. Net income	11,472	6,749
2. Adjustments to reconcile net income to net cash provided by operating activities		
(1) Depreciation and amortization	2,752	2,829
(2) Allowance for returns and doubtful receivables - net	(2,278)	46
(3) Deferred income taxes	1,642	(1,346)
(4) Loss (gain) on sales or disposal of property, plant and equipment - net	(1)	17
(5) Gain on sales or exchange of marketable securities and investments - net	(140)	-
(6) Valuation loss (gain) on marketable securities and investments - net	(5,660)	958
(7) Equity in net income of affiliated companies, less dividends received	136	174
(8) Changes in assets and liabilities		
Increase in notes and receivable	(1,064)	(2,699)
Decrease (increase) in inventories	373	(95)
Increase in return assets	(1,363)	(321)
Decrease (increase) in other current assets	(891)	266
Decrease in notes and accounts payable	(2,445)	(2,252)
Increase in refund liability	3,758	597
Increase (decrease) in liability for termination and retirement benefits	(263)	533
Increase in other liabilities	1,988	2,023
(9) Other	(42)	259
Net cash provided by operating activities	7,974	7,738
<b>II. Investing activities</b>		
1. Increase in time deposits	(4,094)	(297)
2. Decrease in time deposits	2,986	3,533
3. Proceeds from sales and redemption of equity securities	882	3,259
4. Payments to acquire equity securities	(12)	(260)
5. Proceeds from redemption of debt securities	341	326
6. Payments to acquire debt securities	(333)	-
7. Proceeds from sales of property, plant and equipment	33	39
8. Capital expenditures	(1,036)	(1,622)
9. Payments to acquire intangible assets	(1,480)	(1,748)
10. Acquisition of subsidiaries (net of cash acquired)	-	(9,243)
11. Other	10	10
Net cash used in investing activities	(2,703)	(6,003)
<b>III. Financing activities</b>		
1. Net increase in short-term bank loans with original maturities of three months or less	163	(233)
2. Repayment of long-term debt	(25)	(28)
3. Repurchase of treasury stock	(3,500)	(3,102)
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	(5,978)	(5,777)
<b>IV. Effect of exchange rate changes on cash and cash equivalents</b>	656	(552)
<b>V. Net decrease in cash and cash equivalents</b>	(51)	(4,594)
<b>VI. Cash and cash equivalents, beginning of period</b>	29,487	30,133
<b>VII. Cash and cash equivalents, end of period</b>	29,436	25,539

## Additional Cash Flow Information

Accounts	Previous Consolidated Cumulative Second Quarter (From April 1, 2018 to September 30, 2018)	Current Consolidated Cumulative Second Quarter (From April 1, 2019 to September 30, 2019)
Cash paid for:		
Interest	10	14
Income taxes	2,615	2,398
Noncash investing activities		
Acquisition of subsidiaries (contingent consideration)	-	4,400
Acquisition of fixed assets by assuming payment obligation	397	802

### (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 Second Quarter (From April 1, 2018 to September 30, 2018)

(Millions of Yen)

	Wacoal business (Domestic)	Wacoal business (Overseas)	Peach John business	Other	Total	Elimination	Consolidated
Net sales							
(1) External customers	58,585	28,821	5,470	8,939	101,815	-	101,815
(2) Intersegment	473	5,377	665	2,595	9,110	(9,110)	-
Total	59,058	34,198	6,135	11,534	110,925	(9,110)	101,815
Operating income	4,964	3,841	182	7	8,994	-	8,994

Current Consolidated Cumulative Second Quarter (From April 1, 2019 to September 30, 2019)

(Millions of Yen)

	Wacoal business (Domestic)	Wacoal business (Overseas)	Peach John business	Other	Total	Elimination	Consolidated
Net sales							
(1) External customers	60,360	27,253	5,466	8,371	101,450	-	101,450
(2) Intersegment	461	5,787	385	2,624	9,257	(9,257)	-
Total	60,821	33,040	5,851	10,995	110,707	(9,257)	101,450
Operating income	6,288	3,023	96	88	9,495	-	9,495

- (Note) 1. Core products of respective businesses:
- Wacoal business (Domestic): innerwear (foundation, lingerie, nightwear and children's innerwear), outerwear, sportswear, hosiery, etc.
  - Wacoal business (Overseas): innerwear (foundation, lingerie, nightwear and children's innerwear), outerwear, sportswear, 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.
2. Information on assets by operating segment:  
Assets attributable to our "Wacoal Business (Overseas)" segment increased by 8,322 million yen from the end of the previous fiscal year as a result of making Intimates Online our consolidated subsidiary during the current consolidated second quarter. Accordingly, assets attributable to our "Wacoal Business (Overseas)" segment as of the end of the current consolidated second quarter were 87,234 million yen.

(ii) Segment Information by Region

Previous Consolidated Cumulative Second Quarter (From April 1, 2018 to September 30, 2018)

(Millions of Yen)

	Japan	Asia/Oceania	Europe/N.A.	Consolidated
Net sales				
External customers	72,619	11,779	17,417	101,815
Distribution ratio	71.3%	11.6%	17.1%	100.0%
Operating income	5,185	1,164	2,645	8,994

Current Consolidated Cumulative Second Quarter (From April 1, 2019 to September 30, 2019)

(Millions of Yen)

	Japan	Asia/Oceania	Europe/N.A.	Consolidated
Net sales				
External customers	73,665	11,058	16,727	101,450
Distribution ratio	72.6%	10.9%	16.5%	100.0%
Operating income	6,555	1,207	1,733	9,495

- (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 Second Quarter (From April 1, 2018 to September 30, 2018)		Current Consolidated Cumulative Second Quarter (From April 1, 2019 to September 30, 2019)		Increase/(Decrease)	
		Amount	Distribution Ratio	Amount	Distribution Ratio	Amount	Ratio
Innerwear	Foundation and lingerie	Millions of Yen 77,052	% 75.7	Millions of Yen 78,545	% 77.4	Millions of Yen 1,493	% 1.9
	Nightwear	4,216	4.1	3,941	3.9	(275)	(6.5)
	Children's underwear	676	0.7	594	0.6	(82)	(12.1)
	Subtotal	81,944	80.5	83,080	81.9	1,136	1.4
Outerwear/Sportswear		8,181	8.0	7,415	7.3	(766)	(9.4)
Hosiery		895	0.9	879	0.9	(16)	(1.8)
Other textile goods and related products		4,705	4.6	4,241	4.2	(464)	(9.9)
Other		6,090	6.0	5,835	5.7	(255)	(4.2)
Total		101,815	100.0	101,450	100.0	(365)	(0.4)