

[Translation]

**Consolidated Business Results for the First Quarter of the Fiscal Year Ending March 31, 2021
[U.S. GAAP]**

July 31, 2020

Listed Company: Wacoal Holdings Corp.

Stock Exchange: Tokyo

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

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

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Supplementary materials regarding quarterly business results: Yes

Explanatory meeting regarding quarterly business results: Yes

(Amounts less than 1 million yen have been rounded)

1. First Quarter of the Fiscal Year Ending March 31, 2021 (April 1, 2020 – June 30, 2020)

(1) Consolidated Business Results

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

	Net Sales		Operating (Loss) Income		(Loss) Income Before Income Taxes and Equity in Net Income of Affiliated Companies		Net (Loss) Income Attributable to Wacoal Holdings Corp.	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
First Quarter ended June 30, 2020	28,551	(39.7)	(4,472)	-	(2,918)	-	(3,195)	-
First Quarter ended June 30, 2019	47,313	(4.2)	3,644	(17.1)	1,520	(83.0)	1,192	(81.0)

(Note) Quarterly comprehensive income (loss): (4,729) million yen (- %) for the first quarter ended June 30, 2020
(495) million yen (- %) for the first quarter ended June 30, 2019

	Net (Loss) Income Attributable to Wacoal Holdings Corp. Per Share	Diluted Net (Loss) Income Attributable to Wacoal Holdings Corp. Per Share
	Yen	Yen
First Quarter ended June 30, 2020	(51.20)	(51.20)
First Quarter ended June 30, 2019	18.33	18.26

(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, 2020	298,280	202,277	198,895	66.7	3,187.29
As of the end of Fiscal Year (March 31, 2020)	277,688	209,448	205,371	74.0	3,291.06

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, 2020	–	40.00	–	20.00	60.00
Fiscal Year Ending March 31, 2021	–				
Fiscal Year Ending March 31, 2021 (Estimates)		20.00	–	20.00	40.00

(Note) Revision of estimated dividends announced during the latest quarter: Yes

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

(% indicates increase (decrease) from the previous fiscal year and from corresponding six-month period of the previous fiscal year)

	Net Sales		Operating (Loss) Income		(Loss) Income Before Income Taxes and Equity in Net Income of Affiliated Companies		Net (Loss) Income Attributable to Wacoal Holdings Corp.		Net (Loss) Income Attributable to Wacoal Holdings Corp. Per Share	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen	
Six-month Period Ending September 30, 2020	70,500	(30.5)	(3,200)	-	(2,500)	-	(2,400)	-	(38.46)	
Annual	158,000	(15.4)	(5,000)	-	(3,700)	-	(3,700)	-	(59.29)	

(Note) Revision of forecast of consolidated business results announced during the latest quarter: Yes

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.: None
 - (ii) Changes other than (i) above: None
- (4) Number of Issued Shares (Common Stock)

	First Quarter ended June 30, 2020	Fiscal Year ended March 31, 2020
(i) Number of issued shares (including treasury stock) as of the end of:	65,589,042 shares	68,589,042 shares
(ii) Number of shares held as treasury stock as of the end of:	3,186,454 shares	6,186,410 shares
(iii) Average number of shares during consolidated first quarter (first quarter ended June 30):	62,402,618 shares	65,025,473 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. For notes on conditions used for the forecast of business results and cautionary statements regarding forecast of business results, please see “1. Qualitative Information regarding Consolidated Performance during the First Quarter – (3) Qualitative Information regarding Forecast of Consolidated Business Results” on page [8] of the attached materials.

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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, 2020

(Millions of Yen)

	Previous Cumulative First Quarter (From April 1, 2019 to June 30, 2019)	Current Cumulative First Quarter (From April 1, 2020 to June 30, 2020)	Increased/(Decreased) from previous cumulative first quarter	
	Amount	Amount	Amount	%
Net sales	47,313	28,551	(18,762)	(39.7)
Cost of sales	20,406	13,271	(7,135)	(35.0)
Sales profit	26,907	15,280	(11,627)	(43.2)
Selling, general and administrative expenses	23,263	19,752	(3,511)	(15.1)
Operating (loss) income	3,644	(4,472)	(8,116)	-
Other income	814	730	(84)	(10.3)
A: Valuation gain (loss) on marketable securities and investments – net	(2,938)	824	+3,762	-
(Loss) income before income taxes and equity in net (loss) income of affiliated companies	1,520	(2,918)	(4,438)	-
Net (loss) income attributable to Wacoal Holdings Corp.	1,192	(3,195)	(4,387)	-
Reference figure: Income (loss) before income taxes and equity in net income of affiliated companies not taking into account A	4,458	(3,742)	(8,200)	-

The business environment surrounding our group during the current cumulative first quarter (April 1, 2020 – June 30, 2020) has become extremely difficult due to the measures such as stay-at-home measures and suspension of business activities in all countries and regions in which we operate, resulting from the global spread of the coronavirus outbreak (the “outbreak”). Under such circumstances, we have formulated our policies for regrowth as below and are moving forward with our initiatives to create management structure that provides high profitability.

【Basic Policies】	To prioritize the health and safety of our customers, employees and partner companies
【Short-Term Policies】	To implement cost reduction in response to deterioration in business conditions, and to secure a stable financial foundation
	<ul style="list-style-type: none"> • to reassess our current initiatives and spending plans in all business fields • to strengthen liquidity on hand in preparation for the prolonged impact of the outbreak • to adjust production to avoid having excess inventory resulting from decreased sales
【Mid- and Long-Term Policies】	To conduct thorough inspection and renovation of the value chain – turning point for creating management structure that provides high profitability
	<ul style="list-style-type: none"> • to reassess current cost structure (promote initiatives to reduce fixed costs) • to accelerate initiatives on digital transformation domestically and globally • to review and rebuild customer touchpoints (in response to changes in key sales channels) • to develop products and services that our customers want to buy for their new lifestyle and to strengthen our capability to address new customer service and sale styles

Sales for the three months ended June 30, 2020 were 28.55 billion yen, a decrease of 39.7% from such sales for the corresponding period due to decreased revenue from all business segments resulting from the implementation of stay-at-home measures and suspension of operation of physical stores following the impact of the outbreak.

Our efforts to reduce costs following deterioration in the business environment were not enough to offset the decrease in profit from sales impacted by a substantial decrease in revenue, and as a result, we recorded an operating loss of 4.47 billion yen (operating income of 3.64 billion yen for the corresponding period of the previous fiscal year). Gross profit rate during the current consolidated first quarter decreased by 3.4% due to impact of an increase in loss on valuation of inventory.

We recorded a loss of 2.92 billion yen before income taxes and equity in net income of affiliated companies (1.52 billion yen of income for the corresponding period of the previous fiscal year), despite an increase of 3.68 billion yen in other income (expenses) from the corresponding period of the previous fiscal year which was not enough to offset such loss. We recognized a valuation gain on marketable securities and investments of 0.82 billion yen. (We have been using U.S. accounting standards, under which equity securities held by the Company and consolidated subsidiaries are measured at fair value, and any change from the beginning of the period are recognized as other income (expenses).)

The key exchange rates used for the current consolidated first quarter (previous first quarter) were: 107.62 yen (109.90 yen) to the U.S. dollar; 133.52 yen (141.16 yen) to the Sterling pound; and 15.60 yen (16.33 yen) to the Chinese yuan.

(ii) Business Overview of Our Operating Segments

*Our operating segments have been changed starting from the current consolidated first quarter. For details, please see “2. Consolidated Quarterly Financial Statements and Accompanying Notes – (5) Notes to Consolidated Quarterly Financial Statements – (Segment Information) – (i) Operating Segment Information – (Note 2) Matters regarding Changes to Operating Segment” on page [14]. The comparable figures indicated in the table below for the corresponding period of the previous fiscal year have been adjusted for the operating segment after this change.

(Millions of Yen)

	Previous Cumulative First Quarter (from April 1, 2019 to June 30, 2019)		Current Cumulative First Quarter (from April 1, 2020 to June 30, 2020)		Increased/(Decreased) from previous cumulative first quarter	
	Amount	Distribution Ratio (%)	Amount	Distribution Ratio (%)	Amount	%
Total Net Sales	47,313	100.0	28,551	100.0	(18,762)	(39.7)
Wacoal Business (Domestic)	26,583	56.2	15,529	54.4	(11,054)	(41.6)
Wacoal Business (Overseas)	13,597	28.7	7,847	27.5	(5,750)	(42.3)
Other	7,133	15.1	5,175	18.1	(1,958)	(27.4)

	Previous Cumulative First Quarter (from April 1, 2019 to June 30, 2019)		Current Cumulative First Quarter (from April 1, 2020 to June 30, 2020)		Increased/(Decreased) from previous cumulative first quarter	
	Amount	% to Sales	Amount	% to Sales	Amount	%
Operating (Loss)/Income	3,644	7.7	(4,472)	-	(8,116)	-
Wacoal Business (Domestic)	1,974	7.4	(3,058)	-	(5,032)	-
Wacoal Business (Overseas)	1,862	13.7	(1,027)	-	(2,889)	-
Other	(192)	-	(387)	-	(195)	-

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

(Millions of Yen)

Net Sales	Previous Cumulative First Quarter (from April 1, 2019 to June 30, 2019)		Current Cumulative First Quarter (from April 1, 2020 to June 30, 2020)		Increased/(Decreased) from previous cumulative first quarter	
	Amount	Distribution Ratio (%)	Amount	Distribution Ratio (%)	Amount	%
Wacoal Corp.	25,465	53.8	13,603	47.6	(11,862)	(46.6)
Wacoal International Corp. (U.S)	5,039	10.7	3,404	11.9	(1,635)	(32.4)
Wacoal Europe Ltd.	3,517	7.4	1,668	5.8	(1,849)	(52.6)
Wacoal China Co., Ltd.	3,112	6.6	1,733	6.1	(1,379)	(44.3)
Peach John Co., Ltd.	2,587	5.5	2,538	8.9	(49)	(1.9)
Lecien Corporation	1,329	2.8	996	3.5	(333)	(25.1)
Nanasai Co., Ltd.	1,973	4.2	1,235	4.3	(738)	(37.4)

*Sales to external customers only

(Millions of Yen)

Operating Income/(Loss)	Previous Cumulative First Quarter (from April 1, 2019 to June 30, 2019)		Current Cumulative First Quarter (from April 1, 2020 to June 30, 2020)		Increased/(Decreased) from previous cumulative first quarter	
	Amount	% to Sales	Amount	% to Sales	Amount	%
Wacoal Corp.	1,322	5.2	(2,543)	-	(3,865)	-
Wacoal International Corp. (U.S.)	868	17.2	(837)	-	(1,705)	-
Wacoal Europe Ltd.	338	9.6	(224)	-	(562)	-
Wacoal China Co., Ltd.	429	13.8	117	6.8	(312)	(72.7)
Peach John Co., Ltd.	(42)	-	241	9.5	+283	-
Lecien Corporation	(104)	-	(103)	-	+1	-
Nanasai Co., Ltd.	10	0.5	(181)	-	(191)	-

a. Wacoal Business (Domestic)

Sales attributable to our “Wacoal Business (Domestic)” segment decreased by 41.6% as compared to such sales for the corresponding period of the previous fiscal year due to weak consumer spending resulting from the suspension of operations and stay-at-home measures in efforts to prevent the spread of the outbreak. Despite our efforts to reduce costs, we recorded an operating loss of 3.06 billion yen due to decreased revenue from Wacoal Corp.

Wacoal Corp.:

Sales from Wacoal Corp. decreased by 46.6% as compared to such sales for the corresponding period of the previous fiscal year. While consumer behavior and attitudes have changed dramatically amid the spread of the outbreak, sales from our e-commerce website increased by 91% due to strong sales of our products such as “Night Up Bra”, our sleep bra and loungewear, in response to the demand from consumers affected by stay-at-home measures. Revenue, however, significantly decreased due to the severe impact of temporary closings of many physical stores including department stores, general merchandise stores and directly-managed stores following the declaration of a state of emergency on April 7, 2020, which was not lifted until late May. While the over-the-counter sales in June, after the state of the emergency was lifted, showed a sign of recovery in general, overall sales continued to remain weak as the number of customers visiting department stores located in the center of the metropolitan areas did not recover, even though sales from general merchandise stores exceeded such sales for the corresponding month of the previous fiscal year. In addition, sales from our wholesale business remained weak due to decreased volume of product delivery attributable to our clients’ expense control over purchases.

We recorded an operating loss of 2.54 billion yen (as compared to operating income of 1.32 billion yen for the corresponding period of the previous fiscal year), despite our efforts to reduce costs, following drastic decreases in sales, which was not enough to offset the loss.

b. Wacoal Business (Overseas)

Sales attributable to our “Wacoal Business (Overseas)” segment on a Japanese yen basis decreased by 42.3% as compared to such sales for the corresponding period of the previous fiscal year due to lockdown measures implemented by governments across the world following the spread of the outbreak and temporary closings of retail stores, as well as the appreciation of the Japanese yen (0.25 billion yen). Sales significantly decreased not only in the United States, China and Europe, which are our major markets, but also in countries in Southeast Asia (such as Singapore and the Philippines).

We recorded an operating loss of 1.03 billion yen (operating income of 1.86 billion yen for the corresponding period of the previous fiscal year). This was due to a significant decrease in revenue, despite our efforts to reduce costs at our operating companies.

Wacoal International Corp. (U.S.):

Sales from Wacoal International Corp. (U.S.) on a local currency basis decreased by 31.0% (a decrease of 32.4% on a Japanese yen basis) as compared to such sales for the corresponding period of the previous fiscal year due to temporary closings of physical stores such as department stores following the spread of the outbreak, despite the inclusion of sales of 8.2 million dollars (0.88 billion yen) from Intimates Online Inc. (“Intimates Online”), which has been

consolidated in our business results since the second quarter of the previous fiscal year. LIVELY, our digital native vertical brand operated by Intimates Online, maintained strong growth amid the outbreak as we were successful in actively investing in advertising. The e-commerce business of Wacoal America Inc., which distributes “Wacoal” and “b.tempt’d” brand products, also expanded. Revenue, however, decreased due to temporary closings of department stores following the implementation of lockdown measures at major cities.

We recorded an operating loss of 7.8 million dollars on a local currency basis (0.84 billion yen on a Japanese yen basis) (operating income of 7.9 million dollars (0.87 billion yen on a Japanese yen basis) for the corresponding period of the previous fiscal year) due to decreased revenue at Wacoal America Inc., in addition to an operating loss (4.3 million dollars (0.47 billion yen on a Japanese yen basis)) recorded for Intimates Online resulting from a strategic growth investment in our LIVELY brand.

Wacoal Europe Ltd.:

Sales from Wacoal Europe Ltd. on a local currency basis decreased by 49.8% (a decrease of 52.6% on a Japanese yen basis) as compared to such sales for the corresponding period of the previous fiscal year due to weak sales impacted by the outbreak. During the current consolidated first quarter, sales in the United Kingdom, Europe and North America decreased by 65%, 41% and 46%, respectively. While operating hours at some department stores were reduced to prevent the spread of the outbreak, the lockdown measures in the United Kingdom were gradually eased and most of physical stores had resumed operation as of the end of June (while operating hours at some department stores were reduced to prevent the spread of the outbreak).

We recorded an operating loss of 1.7 million pound (0.22 billion yen on a Japanese yen basis) (operating income of 2.4 million pound (0.34 billion yen on a Japanese yen basis) for the corresponding period of the previous fiscal year) despite our efforts to reduce costs using government assistance, as it was not enough to offset the decrease in revenue.

Wacoal China Co., Ltd.:

Sales from Wacoal China Co., Ltd. on a local currency basis decreased by 41.7% (a decrease of 44.3% on a Japanese yen basis) as compared to such sales for the corresponding period of the previous fiscal year. While sales from physical stores significantly decreased due to the spread of the outbreak, we maintained strong growth from sales from third-party e-commerce websites as we strengthened our alliance with online mall providers and actively promoted our “AMPHI” brand products targeting a new customer segment.

Operating income on a local currency basis decreased by 71.7% (72.7% on a Japanese yen basis). We were able to record profit as a result of reduction of costs, and the positive effect of the government assistance.

c. Other

Overall sales attributable to our “Other” business segment decreased by 27.4% as compared to such sales for the corresponding period of the previous fiscal year, while we recorded an operating loss of 0.39 billion yen, as compared to operating income of 0.19 billion yen for the corresponding period of the previous fiscal year.

Peach John Co., Ltd.:

Sales from Peach John Co., Ltd. decreased by 1.9% due to weak sales from overseas, although sales in Japan exceeded such sales for the corresponding period of the previous fiscal year due to our successful proactive marketing activities. Sales from our e-commerce website in Japan recorded significant increases from an increase in the number of new customers visiting our website due to strengthened communication via SNS, in addition to strong sales of our core products.

We recorded operating income of 0.24 billion yen (as compared to operating loss of 0.04 billion yen for the corresponding period of the previous fiscal year). This profit was attributable to the impact of improvement in gross profit rate resulting from increases in our regular products and e-commerce sales from our website as a percentage of total sales, as well as from rent concessions by the landlords of our offices following temporary closings of physical stores.

Lecien Corporation:

Sales from Lecien Corporation decreased by 25.1% as compared to such sales for the corresponding period of the previous fiscal year due to the weak sales of our private products handled at general merchandise stores and specialty stores which were impacted by our clients’ expense control over purchases. Despite our efforts to withdraw from underperforming businesses in the fourth quarter of the previous fiscal year and reduction of selling, general and

administrative expenses, we recorded an operating loss of 0.10 billion yen (as compared to operating loss of 0.10 billion yen for the corresponding period of the previous fiscal year) due to the significant impact of the decreased revenue.

Nanasai Co., Ltd.:

Sales from Nanasai Co., Ltd. decreased by 37.4% as compared to such sales for the corresponding period of the previous fiscal year due to the cancellation and postponement of new shop openings and various events resulting from the spread of the outbreak. We recorded an operating loss of 0.18 billion yen (as compared to operating income of 0.01 billion yen 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 first quarter were 298,280 million yen, an increase of 20,592 million yen from the end of the previous fiscal year, mainly due to an increase in cash and cash equivalents in effort to ensure liquidity on hand.

Our total liabilities were 96,003 million yen, an increase of 27,763 million yen from the end of the previous fiscal year, mainly due to increases in short-term bank loans for reasons similar to those discussed with respect to assets.

Total Wacoal Holdings Corp. shareholders' equity was 198,895 million yen, a decrease of 6,476 million yen from the end of the previous fiscal year, due to decreases in retained earnings.

As a result of the above, our total shareholders' equity ratio as of the end of the current consolidated first quarter was 66.7%, a decrease of 7.3 % 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 48,726 million yen, an increase of 20,821 million yen from the end of the previous fiscal year.

(Cash Flow Used in Operating Activities)

Cash flow used in operating activities was 9,765 million yen, as compared to cash inflow of 1,763 million yen for the corresponding period of the previous fiscal year, after adjustments for changes in assets and liabilities to our net loss of 3,254 million yen plus adjustments for depreciation expenses and deferred taxes.

(Cash Flow Used in Investing Activities)

Cash flow used in investing activities was 1,642 million yen, an increase of 1,334 million yen as compared to the corresponding period of the previous fiscal year, due to capital expenditures and payments to acquire intangible assets.

(Cash Flow Provided by Financing Activities)

Cash flow provided by financing activities was 32,321 million yen, as compared to cash outflow of 1,882 million yen for the corresponding period of the previous fiscal year, due to the significant impact of cash inflow from borrowings, despite payments made to acquire interests in subsidiaries from holders of noncontrolling interests as well as payments made for dividends and contingent consideration.

(3) Qualitative Information regarding Forecast of Consolidated Business Results

(Millions of Yen)

	Fiscal Year ended March 31, 2020		Fiscal Year ending March 31, 2021		Increase/(Decrease) from previous fiscal year	
	Amount	% to Sales	Forecast Amount	% to Sales	Amount	%
Net Sales	186,760	-	158,000	-	(28,760)	(15.4)
Operating (loss) income	6,632	3.6	(5,000)	-	(11,632)	-
(Loss) income before income taxes and equity in net income of affiliated companies	4,359	2.3	(3,700)	-	(8,059)	-
Net (loss) income attributable to Wacoal Holdings Corp.	3,472	1.9	(3,700)	-	(7,172)	-
Net (loss) income attributable to Wacoal Holdings Corp. per share	54.26 yen	-	(59.29) yen	-	-	-

Net sales by segment:

(Millions of Yen)

	Fiscal Year ended March 31, 2020		Fiscal Year ending March 31, 2021		Increase/(Decrease) from previous fiscal year	
	Amount	Distribution Ratio (%)	Forecast Amount	Distribution Ratio (%)	Amount	%
Net Sales	186,760	100.0	158,000	100.0	(28,760)	(15.4)
Wacoal Business (Domestic)	106,112	56.8	92,000	58.2	(14,112)	(13.3)
Wacoal Business (Overseas)	50,552	27.1	41,500	26.3	(9,052)	(17.9)
Other	30,096	16.1	24,500	15.5	(5,596)	(18.6)

Operating (loss) income by segment:

(Millions of Yen)

	Fiscal Year ended March 31, 2020		Fiscal Year ending March 31, 2021		Increase/(Decrease) from previous fiscal year	
	Amount	% to Sales	Forecast Amount	% to Sales	Amount	%
Operating (Loss)/Income	6,632	3.6	(5,000)	-	(11,632)	-
Wacoal Business (Domestic)	6,121	5.8	(2,100)	-	(8,221)	-
Wacoal Business (Overseas)	1,493	3.0	(1,800)	-	(3,293)	-
Other	(982)	-	(1,100)	-	(118)	-

Our forecast for the fiscal year ending March 31, 2021 is shown in the above table. The impact of the changes in the valuation loss or gain on marketable securities and investments to our business results is not reflected in the forecast above. The exchange rate to be used for the U.S. dollar is 108.00 yen to the dollar; the exchange rate to be used for the Sterling pound is 134.00 yen to the pound; and the exchange rate to be used for the Chinese yuan is 15.30 yen to the yuan.

As it was difficult to assess the impact of the outbreak on our group and to reasonably make any business forecast, we have previously not forecasted our consolidated results for the fiscal year ending March 31, 2021 in the “Consolidated Financial Statements for the Fiscal Year ended March 31, 2020 (U.S. Accounting Standards)”. We hereby announce our forecast of our consolidated business results calculated based on the consolidated business results for the first quarter ended June 30, 2020 and projection available as of the date hereof, as well as the economic activities which has gradually resumed as a result of lifting of the declaration of state of emergency or easing the lockdown measures in Japan and globally. While it is unpredictable when the coronavirus outbreak will end, economic activities are gradually being resuming as described above, and we expect that consumer spending will likely show a sign of gradual recovery after the current second quarter, despite differences by region.

As we have not assumed any further large-scale slowdown in economic activities from spread of the outbreak, the actual business results may differ largely from the forecast due to various factors. We will announce the impact on our business results immediately if important matters to be disclosed occur.

Basic Policy Regarding Distribution of Profits and Dividends for Fiscal Year 2021

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

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

The outbreak will, however, have a significant impact on our group's business and as uncertainty remains over the end of the outbreak, our urgent priority is to ensure liquidity on hand. In light of the business forecast based on information available as of the date hereof, financial stability and stable distributions to our shareholders, we hereby announce our forecast on interim dividend per share of 20.00 yen (a reduction of 20.00 yen from the previous fiscal year) and our forecast on year-end dividend per share of 20.00 yen (same as previous fiscal year) (with the result that the annual cash dividend per share will be 40.00 yen).

We sincerely apologize for this inconvenience, and kindly ask for your continued support and cooperation.

2. Consolidated Quarterly Financial Statements and Accompanying Notes

(1) Consolidated Quarterly Balance Sheets

Accounts	Previous Fiscal Year as of March 31, 2020	Current Consolidated First Quarter as of June 30, 2020	Increase/(Decrease)
(Assets)	Millions of Yen	Millions of Yen	Millions of Yen
I. Current assets:			
Cash and cash equivalents	27,905	48,726	20,821
Time deposits	797	735	(62)
Marketable securities	656	542	(114)
Notes and accounts receivable	20,062	16,690	(3,372)
Allowance for doubtful receivables	(489)	(495)	(6)
Inventories	43,427	45,177	1,750
Return assets	868	451	(417)
Other current assets	4,964	7,559	2,595
Total current assets	98,190	119,385	21,195
II. Property, plant and equipment:			
Land	21,460	21,431	(29)
Buildings and structures	74,039	74,008	(31)
Machinery and equipment	18,782	18,989	207
Construction in progress	<u>1,090</u>	<u>970</u>	<u>(120)</u>
	115,371	115,398	27
Accumulated depreciation	(63,288)	(63,741)	(453)
Net property, plant and equipment	52,083	51,657	(426)
III. Other assets:			
Operating leases right-of-use assets	13,540	13,140	(400)
Investments in affiliated companies	21,595	20,489	(1,106)
Investments	43,904	44,723	819
Goodwill	22,371	22,189	(182)
Other intangible assets	14,547	14,484	(63)
Prepaid pension expense	4,974	5,152	178
Deferred income taxes	1,118	1,442	324
Other	5,366	5,619	253
Total other assets	127,415	127,238	(177)
Total assets	277,688	298,280	20,592

Accounts	Previous Fiscal Year as of March 31, 2020	Current Consolidated First Quarter as of June 30, 2020	Increase/(Decrease)
(Liabilities)	Millions of Yen	Millions of Yen	Millions of Yen
I. Current liabilities:			
Short-term bank loans	3,364	38,049	34,685
Notes and accounts payable:			
Trade notes payable	1,112	1,210	98
Trade accounts payable	9,588	7,513	(2,075)
Other payables	<u>7,107</u>	<u>3,831</u>	<u>(3,276)</u>
	17,807	12,554	(5,253)
Accrued payroll and bonuses	6,734	5,432	(1,302)
Income taxes payable	4,878	1,610	(3,268)
Refund liability	2,645	1,826	(819)
Short-term operating lease liabilities	4,600	4,509	(91)
Contingent consideration (short-term)	-	1,077	1,077
Other current liabilities	4,079	7,660	3,581
Total current liabilities	44,107	72,717	28,610
II. Long-term liabilities:			
Long-term debt	35	1,207	1,172
Liability for termination and retirement benefits	2,069	2,057	(12)
Deferred income taxes	7,911	7,325	(586)
Long-term operating lease liabilities	9,101	8,802	(299)
Contingent consideration(long-term)	2,786	1,681	(1,105)
Other long-term liabilities	2,231	2,214	(17)
Total long-term liabilities	24,133	23,286	(847)
Total liabilities	68,240	96,003	27,763
(Equity)			
I. Common stock	13,260	13,260	-
II. Additional paid-in capital	29,836	29,110	(726)
III. Retained earnings	185,233	172,386	(12,847)
IV. Accumulated other comprehensive (loss) income:			
Foreign currency translation adjustments	(1,033)	(2,499)	(1,466)
Pension liability adjustments	(4,594)	(4,435)	159
V. Treasury stock, at cost	(17,331)	(8,927)	8,404
Total Wacoal Holdings Corp. shareholders' equity	205,371	198,895	(6,476)
VI. Noncontrolling interests	4,077	3,382	(695)
Total equity	209,448	202,277	(7,171)
Total liabilities and equity	277,688	298,280	20,592

(2) Consolidated Quarterly Statements of Income

Accounts	Previous Consolidated Cumulative First Quarter (From April 1, 2019 to June 30, 2019)		Current Consolidated Cumulative First Quarter (From April 1, 2020 to June 30, 2020)		Increase/ (Decrease) Millions of Yen
	Millions of Yen	%	Millions of Yen	%	
I. Net Sales	47,313	100.0	28,551	100.0	(18,762)
II. Operating costs and expenses:					
Cost of sales	20,406	43.1	13,271	46.5	(7,135)
Selling, general and administrative expenses	23,263	49.2	19,752	69.2	(3,511)
Total operating costs and expenses	43,669	92.3	33,023	115.7	(10,646)
Operating (loss) income	3,644	7.7	(4,472)	(15.7)	(8,116)
III. Other income (expenses):					
Interest income	87		17		(70)
Interest expense	(6)		(12)		(6)
Dividend income	810		651		(159)
Valuation income (loss) on marketable securities and investments – net	(2,938)		824		3,762
Other – net	(77)		74		151
Total other income (expenses)	(2,124)	(4.5)	1,554	5.5	3,678
(Loss) income before income taxes and equity in net income of affiliated companies	1,520	3.2	(2,918)	(10.2)	(4,438)
Income taxes	469	1.0	619	2.2	150
(Loss) income before equity in net income of affiliated companies	1,051	2.2	(3,537)	(12.4)	(4,588)
Equity in net income of affiliated companies	179	0.4	283	1.0	104
Net (loss) income	1,230	2.6	(3,254)	(11.4)	(4,484)
Net loss (income) attributable to noncontrolling interests	(38)	(0.1)	59	0.2	97
Net (loss) income attributable to Wacoal Holdings Corp.	1,192	2.5	(3,195)	(11.2)	(4,387)

(3) Consolidated Quarterly Statements of Comprehensive Income

Accounts	Previous Consolidated Cumulative First Quarter (From April 1, 2019 to June 30, 2019)	Current Consolidated Cumulative First Quarter (From April 1, 2020 to June 30, 2020)	Increase/(Decrease) Millions of Yen
	Millions of Yen	Millions of Yen	
I. Net (loss) income	1,230	(3,254)	(4,484)
II. Other comprehensive income (loss) - net of tax:			
Foreign currency translation adjustments	(1,931)	(1,634)	297
Pension liability adjustments	206	159	(47)
Other comprehensive loss	(1,725)	(1,475)	250
Comprehensive loss	(495)	(4,729)	(4,234)
Comprehensive loss (income) attributable to noncontrolling interests	(70)	227	297
Comprehensive loss attributable to Wacoal Holdings Corp.	(565)	(4,502)	(3,937)

(4) Consolidated Quarterly Statements of Cash Flows

Accounts	Previous Consolidated Cumulative First Quarter (From April 1, 2019 to June 30, 2019)	Current Consolidated Cumulative First Quarter (From April 1, 2020 to June 30, 2020)
	Millions of Yen	Millions of Yen
I. Operating activities		
1. Net (loss) income	1,230	(3,254)
2. Adjustments to reconcile net income to net cash provided by operating activities		
(1) Depreciation and amortization	1,384	1,481
(2) Allowance for doubtful receivables - net	31	17
(3) Deferred income taxes	(658)	(895)
(4) Loss on sales or disposal of property, plant and equipment - net	22	25
(5) Valuation (gain) loss on marketable securities and investments - net	2,938	(824)
(6) Equity in net income of affiliated companies, less dividends received	341	244
(7) Changes in assets and liabilities		
Decrease in notes and receivable	953	3,266
Increase in inventories	(1,984)	(2,055)
Decrease (increase) in return assets	(0)	417
Increase in other current assets	(2,091)	(2,626)
Decrease in notes and accounts payable	(1,176)	(3,780)
(Decrease) increase in refund liability	113	(819)
Increase in liability for termination and retirement benefits	264	50
(Decrease) increase in other liabilities	335	(968)
(8) Other	61	(44)
Net cash (used in) provided by operating activities	1,763	(9,765)
II. Investing activities		
1. Increase in time deposits	(122)	(87)
2. Decrease in time deposits	1,156	122
3. Proceeds from sales and redemption of equity securities	-	3
4. Payments to acquire equity securities	(53)	(3)
5. Proceeds from redemption of debt securities	330	108
6. Proceeds from sales of property, plant and equipment	11	0
7. Capital expenditures	(775)	(711)
8. Payments to acquire intangible assets	(864)	(772)
9. Payments for loans	-	(315)
10. Other	9	13
Net cash used in investing activities	(308)	(1,642)
III. Financing activities		
1. Net (decrease) increase in short-term bank loans with original maturities of three months or less	1,945	14,261
2. Procurement of short-term loan (over 3 months)	-	20,430
3. Procurement of long-term debt	-	1,184
4. Repayment of long-term debt	(13)	(13)
5. Repurchase of treasury stock	(1,400)	(0)
6. Dividends paid on common stock	(2,346)	(1,248)
7. Dividends paid to noncontrolling interests	(184)	(15)
8. Proceeds from stock issuance to noncontrolling interests	116	-
9. Payments to acquire interests in subsidiaries from noncontrolling interests	-	(1,190)
10. Contingent consideration payment	-	(1,088)
Net cash provided by (used in) financing activities	(1,882)	32,321
IV. Effect of exchange rate changes on cash and cash equivalents	(562)	(93)
V. Net decrease in cash and cash equivalents	(989)	20,821
VI. Cash and cash equivalents, beginning of period	30,133	27,905
VII. Cash and cash equivalents, end of period	29,144	48,726

Additional Cash Flow Information

Accounts	Previous Consolidated Cumulative First Quarter (From April 1, 2019 to June 30, 2019)	Current Consolidated Cumulative First Quarter (From April 1, 2020 to June 30, 2020)
Cash paid for:		
Interest	6	5
Income taxes	3,689	6,366
Noncash investing activities		
Acquisition of fixed assets by assuming payment obligation	571	455

(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.

(Segment Information)

(i) Operating Segment Information

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

	Wacoal business (Domestic)	Wacoal business (Overseas)	Other	Total	Elimination	Consolidated
Net sales						
(1) External customers	26,583	13,597	7,133	47,313	-	47,313
(2) Intersegment	279	2,907	1,465	4,651	(4,651)	-
Total	26,862	16,504	8,598	51,964	(4,651)	47,313
Operating income (loss)	1,974	1,862	(192)	3,644	-	3,644

(Millions of Yen)

Current Consolidated Cumulative First Quarter (From April 1, 2020 to June 30, 2020)

	Wacoal business (Domestic)	Wacoal business (Overseas)	Other	Total	Elimination	Consolidated
Net sales						
(1) External customers	15,529	7,847	5,175	28,551	-	28,551
(2) Intersegment	142	2,393	929	3,464	(3,464)	-
Total	15,671	10,240	6,104	32,015	(3,464)	28,551
Operating loss	(3,058)	(1,027)	(387)	(4,472)	-	(4,472)

(Millions of Yen)

- (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.
- Other: innerwear (foundation, lingerie, nightwear and children's innerwear), outerwear, sportswear, other textile-related products, mannequins, construction of stores and interior design, etc.
2. Matters regarding Changes to Operating Segments:
Starting from the current consolidated first quarter, information on Ai Co., Ltd., which was previously presented in our "Wacoal Business (Domestic)" segment and "Peach John Business" segment, is now reflected and presented in our "Other" segment following review of certain management classification of performance within our group.
The segment information for the previous consolidated cumulative first quarter has been prepared based on the segments reported after this change.
3. Information on Assets by Operating Segment:
Assets attributable to our "Wacoal Business (Domestic)" segment increased by 24,307 million yen from the end of the previous

fiscal year as a result of loans borrowed during the current consolidated first quarter. Accordingly, assets attributable to our “Wacoal Business (Domestic)” segment as of the end of the current consolidated first quarter were 261,701 million yen.

(ii) Segment Information by Region

Previous 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

Current Consolidated Cumulative First Quarter (From April 1, 2020 to June 30, 2020)

(Millions of Yen)

	Japan	Asia/Oceania	Europe/N.A.	Consolidated
Net sales				
External customers	20,479	3,277	4,795	28,551
Distribution ratio	71.7%	11.5%	16.8%	100.0%
Operating loss	(3,347)	(89)	(1,036)	(4,472)

- (Note)
1. Countries or areas are classified according to geographical proximity.
 2. Main countries and areas belonging to classifications other than Japan:
Asia/Oceania: Asian countries 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, 2019 to June 30, 2019)		Current Consolidated Cumulative First Quarter (From April 1, 2020 to June 30, 2020)		Increase/(Decrease)	
		Amount	Distribution Ratio	Amount	Distribution Ratio	Amount	Ratio
		Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Innerwear	Foundation and lingerie	36,786	77.8	22,099	77.4	(14,687)	(39.9)
	Nightwear	1,993	4.2	1,471	5.1	(522)	(26.2)
	Children's underwear	347	0.7	129	0.5	(218)	(62.8)
	Subtotal	39,126	82.7	23,699	83.0	(15,427)	(39.4)
Outerwear/Sportswear		3,185	6.7	1,842	6.5	(1,343)	(42.2)
Hosiery		485	1.0	183	0.6	(302)	(62.3)
Other textile goods and related products		1,935	4.1	1,365	4.8	(570)	(29.5)
Other		2,582	5.5	1,462	5.1	(1,120)	(43.4)
Total		47,313	100.0	28,551	100.0	(18,762)	(39.7)