

[Translation]

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

October 30, 2020

Listed Company: Wacoal Holdings Corp.

Stock Exchange: Tokyo

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

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Scheduled quarterly report submission date: November 12, 2020

Scheduled dividend payment start date: December 2, 2020

Supplementary materials regarding quarterly business results: Yes

Explanatory meeting regarding quarterly business results: Yes (for institutional investors, analysts and the press)

(Amounts less than 1 million yen have been rounded)

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

(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, 2020 | 73,155 | (27.9) | 1,276 | (86.6) | 3,603 | (61.4) | 1,782 | (73.3) |
| Second Quarter ended September 30, 2019 | 101,450 | (0.4) | 9,495 | 5.6 | 9,326 | (42.8) | 6,668 | (41.5) |

(Note) Quarterly comprehensive income : 872 million yen ((78.1)% for the second quarter ended September 30, 2020
3,979 million yen ((66.2) %) for the second quarter ended September 30, 2019

| | 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, 2020 | 28.56 | 28.44 |
| Second Quarter ended September 30, 2019 | 103.07 | 102.67 |

(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, 2020 | 308,760 | 207,832 | 204,533 | 66.2 | 3,277.56 |
| 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 | — | 20.00 | | | |
| Fiscal Year Ending March 31, 2021 (Estimates) | | | — | 20.00 | 40.00 |

(Note) Revision of estimated dividends announced during the latest quarter: No

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 | | 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 | |
| Annual | 156,000 | (16.5) | (1,000) | - | 300 | (93.1) | (500) | - | (8.01) | |

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

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

| | Second Quarter ended September 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: | 3,185,075 shares | 6,186,410 shares |
| (iii) Average number of shares during consolidated second quarter (second quarter ended September 30): | 62,403,282 shares | 64,694,162 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 Second Quarter – (3) Qualitative Information regarding Forecast of Consolidated Business Results” on page 7 of the attached materials.

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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, 2020

| | (Millions of Yen) | | | |
|---|---|--|---|---------------|
| | Previous Cumulative Second Quarter (From April 1, 2019 to September 30, 2019) | Current Cumulative Second Quarter (From April 1, 2020 to September 30, 2020) | Increased/(Decreased) from previous cumulative second quarter | |
| | Amount | Amount | Amount | % |
| Net sales | 101,450 | 73,155 | (28,295) | (27.9) |
| Cost of sales | 44,992 | 32,159 | (12,833) | (28.5) |
| Sales profit | 56,458 | 40,996 | (15,462) | (27.4) |
| Selling, general and administrative expenses | 46,963 | 39,720 | (7,243) | (15.4) |
| Operating income | 9,495 | 1,276 | (8,219) | (86.6) |
| Other income | 789 | 703 | (86) | (10.9) |
| A: Valuation gain (loss) on marketable securities and investments – net | (958) | 1,624 | +2,582 | - |
| Income before income taxes and equity in net income of affiliated companies | 9,326 | 3,603 | (5,723) | (61.4) |
| Net income attributable to Wacoal Holdings Corp. | 6,668 | 1,782 | (4,886) | (73.3) |
| Reference figure: Income before income taxes and equity in net income of affiliated companies not taking into account A | 10,284 | 1,979 | (8,305) | (80.8) |

The business environment surrounding our group during the current cumulative second quarter (April 1, 2020 – September 30, 2020) has remained difficult due to the global spread of the coronavirus (the “outbreak”). While a recovery trend is visible in sales, which have improved since April and May when stay-at-home measures, temporary closings of physical stores and other measures significantly limited economic activities, there are significant uncertainties as the recovery remains slow due to a narrower range of activities consumers can engage in. Under such circumstances, we continued to move forward with our initiatives to create a management structure that provides high profitability based on our following policies for regrowth.

| | |
|--------------------------------------|--|
| 【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 • 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 |

Consolidated sales for the six months ended September 30, 2020 were 73.16 billion yen, a decrease of 27.9% from such sales for the corresponding period of the previous fiscal year due to stay-at-home efforts and temporary closings of retail stores resulting from the spread of the outbreak, as well as a decrease in the number of customers visiting stores. Sales for the current consolidated second quarter decreased by 17.6% as compared to the corresponding period of the previous fiscal due to the slow recovery in the number of customers visiting the physical stores in Japan

and globally, although sales for the current consolidated second quarter showed a sign of recovery as compared to the current consolidated first quarter (sales for which decreased by 39.7% as compared to the corresponding period of the previous fiscal year).

Consolidated operating income was 1.28 billion yen, a decrease of 86.6% from such operating income for the corresponding period of the previous fiscal year. While profit from sales substantially decreased as it was impacted by a decrease in revenue, we recorded an operating income as a result of our efforts to reduce costs at our operating companies, as well as the use of employment adjustment subsidy and other government assistance in various countries.

Consolidated income before income taxes and equity in net income of affiliated companies was 3.60 billion yen, a decrease of 61.4% from such consolidated income for the corresponding period of the previous fiscal year. While other income (expenses) increased by 2.50 billion yen from the corresponding period of the previous fiscal year, we recorded a decrease in revenue, which was impacted by a decrease in operating income. We recognized a valuation gain on marketable securities and investments of 1.62 billion yen. (Under the U.S. accounting standards that we use, an employment adjustment subsidy is recognized as part of cost of sales and selling, general and administrative expenses. 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 second quarter (previous second quarter) were: 106.92 yen (108.63 yen) to the U.S. dollar; 135.38 yen (136.73 yen) to the Sterling pound; and 15.38 yen (16.20 yen) to the Chinese yuan.

(ii) Business Overview of Our Operating Segments

*Since the current consolidated cumulative first quarter, information on Ai Co., Ltd., which had previously been included in our “Wacoal Business (Domestic)” segment, and “Peach John Business” segment, has been included in our “Other” segment following review of certain management classification of performance within our group. In addition, for the current consolidated cumulative second quarter, we have changed our “Peach John Business” to be presented as a separate operating segment, which had been included in our “Other” segment, because it satisfied the quantitative criteria during the current consolidated cumulative second quarter. The segment information for the previous consolidated cumulative second quarter has been prepared based on the segments reported for the current consolidated cumulative second 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 Segments on page 13.

(Millions of Yen)

| | Previous Cumulative Second Quarter (from April 1, 2019 to September 30, 2019) | | Current Cumulative Second Quarter (from April 1, 2020 to September 30, 2020) | | Increased/(Decreased) from previous cumulative second quarter | |
|----------------------------|--|---------------------------|---|---------------------------|---|--------|
| | Amount | Distribution Ratio (%) | Amount | Distribution Ratio (%) | Amount | % |
| Total Net Sales | 101,450 | 100.0 | 73,155 | 100.0 | (28,295) | (27.9) |
| Wacoal Business (Domestic) | 57,762 | 56.9 | 41,031 | 56.1 | (16,731) | (29.0) |
| Wacoal Business (Overseas) | 27,253 | 26.9 | 19,705 | 26.9 | (7,548) | (27.7) |
| Peach John Business | 5,466 | 5.4 | 5,810 | 8.0 | +344 | +6.3 |
| Other | 10,969 | 10.8 | 6,609 | 9.0 | (4,360) | (39.7) |

| | Previous Cumulative Second Quarter (from April 1, 2019 to September 30, 2019) | | Current Cumulative Second Quarter (from April 1, 2020 to September 30, 2020) | | Increased/(Decreased) from previous cumulative second quarter | |
|----------------------------|--|---------------|---|---------------|---|--------|
| | Amount | % to Sales | Amount | % to Sales | Amount | % |
| Operating Income/(Loss) | 9,495 | 9.4 | 1,276 | 1.7 | (8,219) | (86.6) |
| Wacoal Business (Domestic) | 6,274 | 10.9 | 913 | 2.2 | (5,361) | (85.4) |
| Wacoal Business (Overseas) | 3,023 | 11.1 | (287) | - | (3,310) | - |
| Peach John Business | 96 | 1.8 | 1,046 | 18.0 | +950 | +989.6 |
| Other | 102 | 0.9 | (396) | - | (498) | - |

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

(Millions of Yen)

| Net Sales | Previous Cumulative Second Quarter (from April 1, 2019 to September 30, 2019) | | Current Cumulative Second Quarter (from April 1, 2020 to September 30, 2020) | | Increased/(Decreased) from previous cumulative second quarter | |
|--------------------------------------|--|---------------------------|---|---------------------------|---|--------|
| | Amount | Distribution Ratio (%) | Amount | Distribution Ratio (%) | Amount | % |
| Wacoal Corp. | 55,366 | 54.6 | 38,450 | 52.6 | (16,916) | (30.6) |
| Wacoal International Corp. (U.S.) | 10,228 | 10.1 | 8,511 | 11.6 | (1,717) | (16.8) |
| Wacoal Europe Ltd. | 6,993 | 6.9 | 4,598 | 6.3 | (2,395) | (34.2) |
| Wacoal China Co., Ltd. | 6,084 | 6.0 | 4,286 | 5.9 | (1,798) | (29.6) |
| Peach John Co., Ltd. | 5,466 | 5.4 | 5,810 | 7.9 | +344 | +6.3 |
| Lecien Corporation | 2,985 | 2.9 | 2,424 | 3.3 | (561) | (18.8) |
| Nanasai Co., Ltd. | 4,594 | 4.5 | 2,835 | 3.9 | (1,759) | (38.3) |

*Sales to external customers only

(Millions of Yen)

| Operating Income/(Loss) | Previous Cumulative Second Quarter (from April 1, 2019 to September 30, 2019) | | Current Cumulative Second Quarter (from April 1, 2020 to September 30, 2020) | | Increased/(Decreased) from previous cumulative second quarter | |
|--------------------------------------|--|---------------|---|---------------|---|--------|
| | Amount | % to Sales | Amount | % to Sales | Amount | % |
| Wacoal Corp. | 4,991 | 9.0 | (985) | - | (5,976) | - |
| Wacoal International Corp. (U.S.) | 1,147 | 11.2 | (915) | - | (2,062) | - |
| Wacoal Europe Ltd. | 668 | 9.6 | 139 | 3.0 | (529) | (79.2) |
| Wacoal China Co., Ltd. | 752 | 12.4 | 409 | 9.5 | (343) | (45.6) |
| Peach John Co., Ltd. | 96 | 1.8 | 1,046 | 18.0 | +950 | +989.6 |
| Lecien Corporation | (128) | - | 97 | 4.0 | +225 | - |
| Nanasai Co., Ltd. | 187 | 4.1 | (203) | - | (390) | - |

*Sales and operating income/(loss) amounts of major subsidiaries are based on the accounting standards in respective countries

a. Wacoal Business (Domestic)

Sales attributable to our “Wacoal Business (Domestic)” segment decreased by 29.0% as compared to such sales for the corresponding period of the previous fiscal year. While the over-the-counter sales in June showed a sign of recovery after physical stores had resumed operation, the pace of recovery remained gradual thereafter due to a narrower range of activities consumers could engage in. While operating income significantly decreased due to decreased revenue, we recorded an operating income of 0.91 billion yen (a decrease of 85.4% from such operating income for the corresponding period of the previous fiscal year) as a result of reduction of costs and the use of an employment adjustment subsidy and other government assistance.

Wacoal Corp.:

Sales from Wacoal Corp. decreased by 30.6% as compared to such sales for the corresponding period of the previous fiscal year due to weak sales from physical stores resulting from the spread of the outbreak. Although sales were on a recovery trend as compared to such sales for the current consolidated first quarter (which decreased by 46.6% as compared to such sales for the corresponding period of the previous fiscal year), sales for the current consolidated second quarter remained weak resulting in a decrease of 16.9% as compared to such sales for the corresponding period of the previous fiscal year. While consumers continued to refrain from leaving home due to the spread of the outbreak, sales from our e-commerce website increased by 65.9% as compared to such sales for the corresponding period of the previous fiscal year as a result of strong sales of our products such as “Night Up Bra”, our sleep bra, in response to the demand from consumers affected by stay-at-home measures. Although our retail business, which operates directly-managed stores, was significantly impacted by the temporary closings of many physical stores by the declaration of a state of emergency, sales for the current consolidated second quarter only decreased by 4.2% as compared to such sales for the corresponding period of the previous fiscal year showing strong recovery after the declaration of a state of

emergency was lifted. On the other hand, sales from our wholesale business remained weak, in the absence of last-minute demand before the consumption tax increase during the previous fiscal year, in part due to a decrease in the number of customers visiting department stores located in the center of the metropolitan areas following changes in consumer attitudes and behavior to avoid travelling and crowds. We completed installing our 3D body scanning and AI (artificial intelligence)-based customer service system at twelve shops by the end of September 2020.

We recorded an operating loss of 0.99 billion yen (as compared to operating income of 4.99 billion yen for the corresponding period of the previous fiscal year), despite our efforts to reduce costs, they were not enough to offset a decrease in revenue. The employment adjustment subsidy of 1.46 billion yen is not included and reflected in the operating loss above as the amount of such employment adjustment subsidy is recognized as non-operating income (which has been reclassified as operating income (loss) under the consolidated business results based on the U.S. accounting standards).

b. Wacoal Business (Overseas)

Sales attributable to our “Wacoal Business (Overseas)” segment on a Japanese yen basis decreased by 27.7% as compared to such sales for the corresponding period of the previous fiscal year due to temporary closings of retail stores across the world following the spread of the outbreak, as well as the appreciation of the Japanese yen (0.44 billion yen). We recorded an operating loss of 0.29 billion yen (as compared to operating income of 3.02 billion yen for the corresponding period of the previous fiscal year). This operating loss was due to our strategic marketing investments that we continued to make in order to achieve rapid growth of Intimates Online Inc. (“Intimates Online”), which we acquired during the previous fiscal year, as well as the impact of decreased revenue, despite our efforts to reduce costs by using government assistance provided by governments across the world.

Wacoal International Corp. (U.S.):

Sales from Wacoal International Corp. (U.S.) on a local currency basis decreased by 15.4% (a decrease of 16.8% on a Japanese yen basis) as compared to such sales for the corresponding period of the previous fiscal year. Due to the favorable impact of the inclusion of sales in July generated from Intimates Online, which has been consolidated in our business results since August 2019, sales for the current consolidated second quarter remained at about the same level as such sales for the corresponding period of the previous fiscal year, achieving an improvement from the level of sales for the current consolidated first quarter (which decreased by 31.0% as compared to such sales for the corresponding period of the previous fiscal year). The e-commerce business of Wacoal America Inc., which distributes “Wacoal” and “b.tempt’d” brand products maintained a high growth rate in sales, achieving an increase of 62.3% from such sales for the corresponding period of the previous fiscal year. Sales from third-party e-commerce websites were also strong. Sales from physical stores (department stores), however, were weak due to the impact of our clients’ expense control over purchases following deterioration in their financial position, in addition to the temporary closings following the implementation of lockdown measures at major cities. Sales from Intimates Online were 17.8 million dollars (1.91 billion yen on a Japanese yen basis) as a result of the positive impact of an increase in the number of new customers attained as we were successful in investing in advertising mainly via SNS.

We recorded an operating loss of 8.6 million dollars on a local currency basis (0.92 billion yen on a Japanese yen basis) (operating income of 10.6 million dollars (1.15 billion yen on a Japanese yen basis) for the corresponding period of the previous fiscal year) as we continued to make strategic growth investments in our LIVELY brand distributed by Intimates Online, as well as the impact of the decreased revenue, despite our efforts to reduce costs by using government assistance.

Wacoal Europe Ltd.:

Sales from Wacoal Europe Ltd. on a local currency basis decreased by 33.6% (a decrease of 34.2% on a Japanese yen basis) as compared to such sales for the corresponding period of the previous fiscal year. While sales during the current consolidated first quarter decreased by 49.8% as compared to such sales for the corresponding period of the previous fiscal year, sales during the current consolidated second quarter decreased by 18.2%, indicating a slow improvement amid the outbreak. During the current consolidated cumulative second quarter, sales in the United Kingdom, Europe and North America decreased by 44.6%, 28.0% and 28.4%, respectively. Sales from our e-commerce business, which we launched in the previous fiscal year, exceeded the plan and the share of e-commerce sales as to sales of the Wacoal Europe increased to 5.8%.

Although operating income on a local currency basis significantly decreased by 79.1% (a decrease of 79.2% on a Japanese yen basis) due to the impact of decreased revenue, we were able to record profit as a result of our efforts to reduce costs by using government assistance.

Wacoal China Co., Ltd.:

Sales from Wacoal China Co., Ltd. on a local currency basis decreased by 25.8% (a decrease of 29.6% on a Japanese yen basis) as compared to such sales for the corresponding period of the previous fiscal year. Sales for the current consolidated second quarter decreased by 9.4% from such sales for the corresponding period of the previous fiscal year, achieving a significant improvement from the current consolidated first quarter (which was a decrease of 41.7%). While revenue from sales of physical stores (department stores) decreased due to temporary closings following the spread of the outbreak, sales have tended to improve after physical stores resumed operation in late April. While we strengthened our alliance with online mall providers, sales from third-party e-commerce websites were strong as we successfully promoted our “AMPHI” brand products targeting a new customer segment.

Although operating income on a local currency basis decreased by 42.6% (a decrease of 45.6% on a Japanese yen basis) due to the impact of decreased revenue, we recorded profit as a result of our efforts to reduce costs and the positive effect of government assistance.

c. Peach John Business

Sales attributable to “Peach John Business” segment increased by 6.3% as compared to such sales for the corresponding period of the previous fiscal year. Sales in Japan increased by 8.2% as compared to such sales for the corresponding period of the previous fiscal year as a result of launching trending products and our successful marketing activities via SNS. Sales from our e-commerce website achieved growth with an increase of over 50% as compared to such sales for the corresponding period of the previous fiscal year due to an increase in the number of new customers while consumers continue to refrain from leaving home amid the outbreak. Sales from directly-managed stores were also strong after physical stores resumed operation.

We recorded an operating income of 1.05 billion yen, a significant increase from the corresponding period of the previous fiscal year (which was 0.10 billion yen). This profit was attributable to the positive impact of the increased revenue, as well as the impact of improvement in gross profit rate resulting from an increase in 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.

d. Other

Overall sales attributable to our “Other” business segment decreased by 39.7% as compared to such sales for the corresponding period of the previous fiscal year, while we recorded an operating loss of 0.40 billion yen.

Lecien Corporation:

Sales from Lecien Corporation decreased by 18.8% 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. We recorded an operating income of 0.10 billion yen (as compared to operating loss of 0.13 billion yen for the corresponding period of the previous fiscal year) due to our efforts to withdraw from underperforming businesses in the fourth quarter of the previous fiscal year and reduction of selling, general and administrative expenses.

Nanasai Co., Ltd.:

Sales from Nanasai Co., Ltd. decreased by 38.3% as compared to such sales for the corresponding period of the previous fiscal year due to our construction business which was weak resulting from the cancellation and postponement of new shop openings and various events following the spread of the outbreak. We recorded an operating loss of 0.20 billion yen (as compared to operating income of 0.19 billion yen for the corresponding period of the previous fiscal year) due to decreased revenue, despite our efforts to reduce costs.

(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 308,760 million yen, an increase of 31,072 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 100,928 million yen, an increase of 32,688 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 204,533 million yen, a decrease of 838 million yen from the end of the previous fiscal year, due to decreases in 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 66.2%, a decrease of 7.8 % 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 58,686 million yen, an increase of 30,781 million yen from the end of the previous fiscal year.

(Cash Flow Used in Operating Activities)

Cash flow used in operating activities was 2,990 million yen, as compared to cash inflow of 7,738 million yen for the corresponding period of the previous fiscal year, after adjustments for changes in assets and liabilities to our net income of 1,664 million yen plus adjustments for depreciation expenses and deferred taxes.

(Cash Flow Used in Investing Activities)

Cash flow used in investing activities was 1,935 million yen, a decrease of 4,068 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 35,839 million yen, as compared to cash outflow of 5,777 million yen for the corresponding period of the previous fiscal year, due to procurement of short-term bank loans and long-term debts, despite cash outflow including 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

(Unit: Millions of Yen, unless otherwise indicated)

| | Net sales | Operating income | Pre-tax net income | Net income attributable to Wacoal Holdings Corp. shareholders | Net income attributable to Wacoal Holdings Corp. shareholders per share (in Yen) |
|--|-----------|------------------|--------------------|---|--|
| Previous Forecast ("A") | 158,000 | (5,000) | (3,700) | (3,700) | (59.29) |
| Revised Forecast ("B") | 156,000 | (1,000) | 300 | (500) | (8.01) |
| Variance (B - A) | (2,000) | 4,000 | 4,000 | 3,200 | |
| Variance as Percentage (%) | (1.3) | - | - | - | |
| (Reference) Results for the Previous Fiscal Year ended March 31, 2020 | 186,760 | 6,632 | 4,359 | 3,472 | 54.26 |

We hereby revise our forecast for the fiscal year ending March 31, 2021 announced on July 31, 2020. The impact of the change 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 used for the U.S. dollar is 106.00 yen to the dollar; the exchange rate used for the Sterling pound is 136.00 yen to the pound; and the exchange rate used for the Chinese yuan is 15.40 yen to the yuan.

When we announced the forecast of consolidated business results for the fiscal year ending March 31, 2021 on July 31, 2020, we expected that economic activities would gradually resume and recover during the current second quarter after the lifting of the declaration of state of emergency. Although the pace of recovery remained slow in Japan and overseas due to a narrower range of activities consumers could engage in, we recorded increases from our previous forecast (announced on July 31, 2020) in net sales, operating income, pre-tax net income, and net income attributable to Wacoal Holdings Corp. shareholders for the current consolidated cumulative second quarter, as a result of our efforts to reduce costs at our operating companies and inclusion of valuation gain on marketable securities and investments, as well as our e-commerce business which maintained high growth.

On the other hand, the business environment surrounding our group continues to remain uncertain as the number of coronavirus infections is increasing overseas, and there is concern for another wave of infection in Japan. At this point, it is difficult to assess when the outbreak will end or when the consumption will recover, and accordingly we have reassessed and revised our plan for the second half of the current fiscal year.

As a result of the above, while we forecast net sales to decrease by 2.0 billion yen, we forecast both operating income and pre-tax net income to increase by 4.0 billion yen, and net income attributable to Wacoal Holdings Corp. shareholders by 3.2 billion yen, from the previously announced forecasts.

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.

We will continue to move forward with our initiatives to create a management structure that provides regrowth and high profitability, and will continue to provide services and values that meet customers' demand as we enter a new era, through our omni-channel strategies with fusion of online and offline and by implementing a thorough restructuring of customer oriented value chain.

2. Consolidated Quarterly Financial Statements and Accompanying Notes

(1) Consolidated Quarterly Balance Sheets

| Accounts | Previous Fiscal Year as of March 31, 2020 | Current Consolidated Second Quarter as of September 30, 2020 | Increase/(Decrease) |
|---|--|--|---------------------|
| (Assets) | Millions of Yen | Millions of Yen | Millions of Yen |
| I. Current assets: | | | |
| Cash and cash equivalents | 27,905 | 58,686 | 30,781 |
| Time deposits | 797 | 810 | 13 |
| Marketable securities | 656 | 532 | (124) |
| Notes and accounts receivable | 20,062 | 20,765 | 703 |
| Allowance for doubtful receivables | (489) | (482) | 7 |
| Inventories | 43,427 | 43,551 | 124 |
| Return assets | 868 | 971 | 103 |
| Other current assets | 4,964 | 5,638 | 674 |
| Total current assets | 98,190 | 130,471 | 32,281 |
| II. Property, plant and equipment: | | | |
| Land | 21,460 | 20,809 | (651) |
| Buildings and structures | 74,039 | 73,224 | (815) |
| Machinery and equipment | 18,782 | 19,004 | 222 |
| Construction in progress | <u>1,090</u> | <u>1,102</u> | <u>12</u> |
| | 115,371 | 114,139 | (1,232) |
| Accumulated depreciation | (63,288) | (63,561) | (273) |
| Net property, plant and equipment | 52,083 | 50,578 | (1,505) |
| III. Other assets: | | | |
| Operating leases right-of-use assets | 13,540 | 12,635 | (905) |
| Investments in affiliated companies | 21,595 | 20,951 | (644) |
| Investments | 43,904 | 45,019 | 1,115 |
| Goodwill | 22,371 | 22,273 | (98) |
| Other intangible assets | 14,547 | 14,555 | 8 |
| Prepaid pension expense | 4,974 | 5,254 | 280 |
| Deferred income taxes | 1,118 | 1,399 | 281 |
| Other | 5,366 | 5,625 | 259 |
| Total other assets | 127,415 | 127,711 | 296 |
| Total assets | 277,688 | 308,760 | 31,072 |

| Accounts | Previous Fiscal Year as of March 31, 2020 | Current Consolidated Second Quarter as of September 30, 2020 | Increase/(Decrease) |
|--|--|--|---------------------|
| (Liabilities) | Millions of Yen | Millions of Yen | Millions of Yen |
| I. Current liabilities: | | | |
| Short-term bank loans | 3,364 | 41,657 | 38,293 |
| Notes and accounts payable: | | | |
| Trade notes payable | 1,112 | 811 | (301) |
| Trade accounts payable | 9,588 | 8,050 | (1,538) |
| Other payables | <u>7,107</u> | <u>3,985</u> | <u>(3,122)</u> |
| | 17,807 | 12,846 | (4,961) |
| Accrued payroll and bonuses | 6,734 | 6,506 | (228) |
| Income taxes payable | 4,878 | 2,477 | (2,401) |
| Refund liability | 2,645 | 3,010 | 365 |
| Short-term operating lease liabilities | 4,600 | 4,303 | (297) |
| Contingent consideration (short-term) | - | 1,058 | 1,058 |
| Other current liabilities | 4,079 | 5,225 | 1,146 |
| Total current liabilities | 44,107 | 77,082 | 32,975 |
| II. Long-term liabilities: | | | |
| Long-term debt | 35 | 1,174 | 1,139 |
| Liability for termination and retirement benefits | 2,069 | 2,069 | 0 |
| Deferred income taxes | 7,911 | 8,219 | 308 |
| Long-term operating lease liabilities | 9,101 | 8,507 | (594) |
| Contingent consideration(long-term) | 2,786 | 1,650 | (1,136) |
| Other long-term liabilities | 2,231 | 2,227 | (4) |
| Total long-term liabilities | 24,133 | 23,846 | (287) |
| Total liabilities | 68,240 | 100,928 | 32,688 |
| (Equity) | | | |
| I. Common stock | 13,260 | 13,260 | - |
| II. Additional paid-in capital | 29,836 | 29,126 | (710) |
| III. Retained earnings | 185,233 | 177,363 | (7,870) |
| IV. Accumulated other comprehensive (loss) income: | | | |
| Foreign currency translation adjustments | (1,033) | (2,011) | (978) |
| Pension liability adjustments | (4,594) | (4,282) | 312 |
| V. Treasury stock, at cost | (17,331) | (8,923) | 8,408 |
| Total Wacoal Holdings Corp. shareholders' equity | 205,371 | 204,533 | (838) |
| VI. Noncontrolling interests | 4,077 | 3,299 | (778) |
| Total equity | 209,448 | 207,832 | (1,616) |
| Total liabilities and equity | 277,688 | 308,760 | 31,072 |

(2) Consolidated Quarterly Statements of Income

| Accounts | Previous Consolidated Cumulative Second Quarter (From April 1, 2019 to September 30, 2019) | | Current Consolidated Cumulative Second Quarter (From April 1, 2020 to September 30, 2020) | | Increase/ (Decrease) Millions of Yen |
|---|---|-------|--|-------|--|
| | Millions of Yen | % | Millions of Yen | % | |
| I. Net Sales | 101,450 | 100.0 | 73,155 | 100.0 | (28,295) |
| II. Operating costs and expenses: | | | | | |
| Cost of sales | 44,992 | 44.3 | 32,159 | 44.0 | (12,833) |
| Selling, general and administrative expenses | 46,963 | 46.3 | 39,720 | 54.3 | (7,243) |
| Total operating costs and expenses | 91,955 | 90.6 | 71,879 | 98.3 | (20,076) |
| Operating income | 9,495 | 9.4 | 1,276 | 1.7 | (8,219) |
| III. Other income (expenses): | | | | | |
| Interest income | 136 | | 34 | | (102) |
| Interest expense | (13) | | (32) | | (19) |
| Dividend income | 865 | | 690 | | (175) |
| Valuation gain (loss) on marketable securities and investments – net | (958) | | 1,624 | | 2,582 |
| Other – net | (199) | | 11 | | 210 |
| Total other income (expenses) | (169) | (0.2) | 2,327 | 3.2 | 2,496 |
| Income before income taxes and equity in net income of affiliated companies | 9,326 | 9.2 | 3,603 | 4.9 | (5,723) |
| Income taxes | 2,922 | 2.9 | 2,350 | 3.2 | (572) |
| Income before equity in net income of affiliated companies | 6,404 | 6.3 | 1,253 | 1.7 | (5,151) |
| Equity in net income of affiliated companies | 345 | 0.4 | 411 | 0.6 | 66 |
| Net income | 6,749 | 6.7 | 1,664 | 2.3 | (5,085) |
| Net loss (income) attributable to noncontrolling interests | (81) | (0.1) | 118 | 0.1 | 199 |
| Net income attributable to Wacoal Holdings Corp. | 6,668 | 6.6 | 1,782 | 2.4 | (4,886) |

(3) Consolidated Quarterly Statements of Comprehensive Income

| Accounts | Previous Consolidated Cumulative Second Quarter (From April 1, 2019 to September 30, 2019) | Current Consolidated Cumulative Second Quarter (From April 1, 2020 to September 30, 2020) | Increase/(Decrease) Millions of Yen |
|--|---|--|--|
| | Millions of Yen | Millions of Yen | |
| I. Net income | 6,749 | 1,664 | (5,085) |
| II. Other comprehensive income (loss) - net of tax: | | | |
| Foreign currency translation adjustments | (3,181) | (1,104) | 2,077 |
| Pension liability adjustments | 411 | 312 | (99) |
| Other comprehensive income (loss) | (2,770) | (792) | 1,978 |
| Comprehensive income | 3,979 | 872 | (3,107) |
| Comprehensive loss (income) attributable to noncontrolling interests | (92) | 244 | 336 |
| Comprehensive income attributable to Wacoal Holdings Corp. | 3,887 | 1,116 | (2,771) |

(4) Consolidated Quarterly Statements of Cash Flows

| Accounts | Previous Consolidated Cumulative Second Quarter (From April 1, 2019 to September 30, 2019) | Current Consolidated Cumulative Second Quarter (From April 1, 2020 to September 30, 2020) |
|--|---|--|
| | Millions of Yen | Millions of Yen |
| I. Operating activities | | |
| 1. Net income | 6,749 | 1,664 |
| 2. Adjustments to reconcile net income to net cash provided by operating activities | | |
| (1) Depreciation and amortization | 2,829 | 3,013 |
| (2) Allowance for doubtful receivables - net | 46 | 11 |
| (3) Deferred income taxes | (1,346) | (81) |
| (4) (Gain) loss on sales or disposal of property, plant and equipment - net | 17 | (370) |
| (5) Impairment charges on property, plant and equipment | - | 625 |
| (6) Valuation (gain) loss on marketable securities and investments - net | 958 | (1,624) |
| (7) Equity in net income of affiliated companies, less dividends received | 174 | 116 |
| (8) Changes in assets and liabilities | | |
| Increase in notes and receivable | (2,699) | (801) |
| Increase in inventories | (95) | (348) |
| Increase in return assets | (321) | (103) |
| (Increase) decrease in other current assets | 266 | (700) |
| Decrease in notes and accounts payable | (2,252) | (3,427) |
| Increase in refund liability | 597 | 365 |
| Increase in liability for termination and retirement benefits | 533 | 173 |
| (Decrease) increase in other liabilities | 2,023 | (1,475) |
| (9) Other | 259 | (28) |
| Net cash (used in) provided by operating activities | 7,738 | (2,990) |
| II. Investing activities | | |
| 1. Increase in time deposits | (297) | (323) |
| 2. Decrease in time deposits | 3,533 | 292 |
| 3. Proceeds from sales and redemption of equity securities | 3,259 | 288 |
| 4. Payments to acquire equity securities | (260) | (6) |
| 5. Proceeds from redemption of debt securities | 326 | 321 |
| 6. Proceeds from sales of property, plant and equipment | 39 | 643 |
| 7. Capital expenditures | (1,622) | (1,364) |
| 8. Payments to acquire intangible assets | (1,748) | (1,494) |
| 9. Payments for loans | - | (315) |
| 10. Acquisition of new subsidiaries (net of cash acquired) | (9,243) | - |
| 11. Other | 10 | 23 |
| Net cash used in investing activities | (6,003) | (1,935) |
| III. Financing activities | | |
| 1. Net increase (decrease) in short-term bank loans with original maturities of three months or less | (233) | 17,848 |
| 2. Procurement of short-term loan (over 3 months) | - | 20,428 |
| 3. Procurement of long-term debt | - | 1,176 |
| 4. Repayment of long-term debt | (28) | (25) |
| 5. Repurchase of treasury stock | (3,102) | (0) |
| 6. Dividends paid on common stock | (2,346) | (1,248) |
| 7. Dividends paid to noncontrolling interests | (184) | (81) |
| 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 | - | (1,069) |
| Net cash provided by (used in) financing activities | (5,777) | 35,839 |
| IV. Effect of exchange rate changes on cash and cash equivalents | (552) | (133) |
| V. Net increase (decrease) in cash and cash equivalents | (4,594) | 30,781 |
| VI. Cash and cash equivalents, beginning of period | 30,133 | 27,905 |
| VII. Cash and cash equivalents, end of period | 25,539 | 58,686 |

Additional Cash Flow Information

| Accounts | Previous Consolidated Cumulative Second Quarter (From April 1, 2019 to September 30, 2019) | Current Consolidated Cumulative Second Quarter (From April 1, 2020 to September 30, 2020) |
|--|---|--|
| Cash paid for: | | |
| Interest | 14 | 24 |
| Income taxes | 2,398 | 5,054 |
| Noncash investing activities | | |
| Acquisition of new subsidiaries (contingent consideration) | 4,400 | - |
| Acquisition of fixed assets by assuming payment obligation | 802 | 426 |

(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 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 | 57,762 | 27,253 | 5,466 | 10,969 | 101,450 | - | 101,450 |
| (2) Intersegment | 608 | 5,787 | 385 | 2,551 | 9,331 | (9,331) | - |
| Total | 58,370 | 33,040 | 5,851 | 13,520 | 110,781 | (9,331) | 101,450 |
| Operating income | 6,274 | 3,023 | 96 | 102 | 9,495 | - | 9,495 |

Current Consolidated Cumulative Second Quarter (From April 1, 2020 to September 30, 2020)

(Millions of Yen)

| | Wacoal business (Domestic) | Wacoal business (Overseas) | Peach John business | Other | Total | Elimination | Consolidated |
|-------------------------|----------------------------------|----------------------------------|------------------------|-------|--------|-------------|--------------|
| Net sales | | | | | | | |
| (1) External customers | 41,031 | 19,705 | 5,810 | 6,609 | 73,155 | - | 73,155 |
| (2) Intersegment | 342 | 4,695 | 308 | 1,840 | 7,185 | (7,185) | - |
| Total | 41,373 | 24,400 | 6,118 | 8,449 | 80,340 | (7,185) | 73,155 |
| Operating income (loss) | 913 | (287) | 1,046 | (396) | 1,276 | - | 1,276 |

- (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, 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.

As a result of our assessment on quantitative criteria conducted at the end of the current consolidated second quarter, “Peach John Business”, which had been previously presented in our “Other” segment, has satisfied the criteria and accordingly has been presented as a separate operating segment. The segment information for the previous consolidated cumulative second 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 36,253 million yen from the end of the previous fiscal year as a result of loans borrowed during the current consolidated second quarter. Accordingly, assets attributable to our “Wacoal Business (Domestic)” segment as of the end of the current consolidated second quarter were 273,647 million yen.

(ii) Segment Information by Region

Previous 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 |

Current Consolidated Cumulative Second Quarter (From April 1, 2020 to September 30, 2020)

(Millions of Yen)

| | Japan | Asia/Oceania | Europe/N.A. | Consolidated |
|-------------------------|--------|--------------|-------------|--------------|
| Net sales | | | | |
| External customers | 52,967 | 7,608 | 12,580 | 73,155 |
| Distribution ratio | 72.4% | 10.4% | 17.2% | 100.0% |
| Operating income (loss) | 1,590 | 338 | (652) | 1,276 |

- (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 Second Quarter (From April 1, 2019 to September 30, 2019) | | Current Consolidated Cumulative Second Quarter (From April 1, 2020 to September 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 | 78,545 | 77.4 | 59,114 | 80.8 | (19,431) | (24.7) |
| | Nightwear | 3,941 | 3.9 | 3,049 | 4.2 | (892) | (22.6) |
| | Children’s underwear | 594 | 0.6 | 348 | 0.5 | (246) | (41.4) |
| | Subtotal | 83,080 | 81.9 | 62,511 | 85.5 | (20,569) | (24.8) |
| Outerwear/Sportswear | | 7,415 | 7.3 | 4,134 | 5.6 | (3,281) | (44.2) |
| Hosiery | | 879 | 0.9 | 401 | 0.5 | (478) | (54.4) |
| Other textile goods and related products | | 4,241 | 4.2 | 2,632 | 3.6 | (1,609) | (37.9) |
| Other | | 5,835 | 5.7 | 3,477 | 4.8 | (2,358) | (40.4) |
| Total | | 101,450 | 100.0 | 73,155 | 100.0 | (28,295) | (27.9) |