

[Translation]

Consolidated Business Results for the First Quarter of the Fiscal Year Ending March 31, 2022
[U.S. GAAP]

July 30, 2021

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: August 12, 2021

Scheduled dividend payment start date: -

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. First Quarter of the Fiscal Year Ending March 31, 2022 (April 1, 2021 – June 30, 2021)

(1) Consolidated Business Results

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

	Net Sales		Operating Income (Loss)		Income (Loss) Before Income Taxes and Equity in Net Income of Affiliated Companies		Net Income (Loss) Attributable to Wacoal Holdings Corp.	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
First Quarter ended June 30, 2021	42,305	48.2	1,938	-	1,110	-	472	-
First Quarter ended June 30, 2020	28,551	(39.7)	(4,472)	-	(2,918)	-	(3,195)	-

(Note) Quarterly comprehensive income (loss): 1,897 million yen (- %) for the first quarter ended June 30, 2021
(4,729) million yen (- %) for the first quarter ended June 30, 2020

	Net Income (Loss) Attributable to Wacoal Holdings Corp. Per Share	Diluted Net Income (Loss) Attributable to Wacoal Holdings Corp. Per Share
	Yen	Yen
First Quarter ended June 30, 2021	7.56	7.53
First Quarter ended June 30, 2020	(51.20)	(51.20)

(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, 2021	301,255	219,248	216,174	71.8	3,462.71
As of the end of Fiscal Year (March 31, 2021)	322,761	218,616	215,612	66.8	3,454.18

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, 2021	–	20.00	–	20.00	40.00
Fiscal Year Ending March 31, 2022	–				
Fiscal Year Ending March 31, 2022 (Estimates)		20.00	–	30.00	50.00

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

3. Forecast of Consolidated Business Results for the Fiscal Year Ending March 31, 2022 (April 1, 2021 - March 31, 2022)

(% 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	184,000	20.9	6,000	-	7,900	(26.8)	5,500	(21.7)	88.11	

(Note) Revision of forecast of consolidated business results announced during the latest quarter: No

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, 2021	Fiscal Year ended March 31, 2021
(i) Number of issued shares (including treasury stock) as of the end of:	65,589,042 shares	65,589,042 shares
(ii) Number of shares held as treasury stock as of the end of:	3,159,967 shares	3,168,353 shares
(iii) Average number of shares during consolidated first quarter (first quarter ended June 30):	62,424,862 shares	62,402,618 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 7 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, 2021

	(Millions of Yen)			
	Previous Cumulative First Quarter (From April 1, 2020 to June 30, 2020)	Current Cumulative First Quarter (From April 1, 2021 to June 30, 2021)	Increased/(Decreased) from previous cumulative first quarter	
	Amount	Amount	Amount	%
Net sales	28,551	42,305	+13,754	+48.2
Cost of sales	13,271	17,594	+4,323	+32.6
Sales profit	15,280	24,711	+9,431	+61.7
Selling, general and administrative expenses	19,752	22,773	+3,021	+15.3
Operating income (loss)	(4,472)	1,938	+6,410	-
Other income	730	886	+156	+21.4
A: Valuation (loss) gain on marketable securities and investments – net	824	(1,714)	(2,538)	-
Income (loss) before income taxes and equity in net income of affiliated companies	(2,918)	1,110	+4,028	-
Net income (loss) attributable to Wacoal Holdings Corp.	(3,195)	472	+3,667	-
Reference figure: Income (loss) before income taxes and equity in net income of affiliated companies not taking into account A	(3,742)	2,824	+6,566	-

The business of our group during the current cumulative first quarter (April 1, 2021 – June 30, 2021) has continued to be difficult due to the impact of the coronavirus pandemic (“COVID-19”). While our sales in the United States were strong as a result of progress in vaccination and its economic policies, our domestic business was impacted by a decrease in demand especially in the metropolitan areas due to a number of states of emergency and implementation of focused preventative measures. In addition, the future remains uncertain due to the spread of highly-infectious coronavirus variants.

Under such circumstances, we are moving forward with our initiatives to create a management structure that leads to high profitability, while prioritizing the well-being and safety of our customers, employees and partner companies to conduct our business. We are working to build a deeper, broader and longer-term relationship with each customer by continuing to develop and provide products and services that consumers expect in their new lifestyles, which have significantly changed as a result of the spread of COVID-19, and by promoting our unique CX strategies, including for the merger between online and offline activities and utilization of a customer database, in efforts to improve customer experience.

We recorded a significant increase in revenue and income for the three months ended June 30, 2021, with consolidated sales of 42.31 billion yen, an increase of 48.2% from such sales for the corresponding period of the previous fiscal year, consolidated operating income of 1.94 billion yen (an operating loss of 4.47 billion yen for the corresponding period of the previous fiscal year), consolidated income of 1.11 billion yen before income taxes and equity in net income of affiliated companies (a loss of 2.92 billion yen before income taxes and equity in net income of affiliated companies for the corresponding period of the previous fiscal year), and income of 0.47 billion yen attributable to Wacoal Holdings Corp. (loss of 3.20 billion yen attributable to Wacoal Holdings Corp. for the corresponding period of the previous fiscal year). We recognized a valuation loss on marketable securities and investments of 1.71 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)”.)

In comparison with the three months ended June 30, 2019, which had no impact of COVID-19, our consolidated sales decreased by 10.6%, operating income decreased by 46.8%, consolidated income before income taxes and equity in net income of affiliated companies decreased by 27.0%, and income attributable to Wacoal Holdings Corp. decreased by 60.4%. The key exchange rates used for the current consolidated first quarter (previous first quarter) were: 109.49 yen (107.62 yen) to the U.S. dollar; 153.20 yen (133.52 yen) to the Sterling pound; and 16.36 yen (15.60 yen) to the Chinese yuan.

(ii) Business Overview of Our Operating Segments

(Millions of Yen)

	Previous Cumulative First Quarter (from April 1, 2020 to June 30, 2020)		Current Cumulative First Quarter (from April 1, 2021 to June 30, 2021)		Increased/(Decreased) from previous cumulative first quarter	
	Amount	Distribution Ratio (%)	Amount	Distribution Ratio (%)	Amount	%
Total Net Sales	28,551	100.0	42,305	100.0	+13,754	+48.2
Wacoal Business (Domestic)	15,529	54.4	20,665	48.8	+5,136	+33.1
Wacoal Business (Overseas)	7,742	27.1	16,085	38.0	+8,343	+107.8
Peach John Business	2,643	9.3	2,950	7.0	+307	+11.6
Other	2,637	9.2	2,605	6.2	(32)	(1.2)

	Previous Cumulative First Quarter (from April 1, 2020 to June 30, 2020)		Current Cumulative First Quarter (from April 1, 2021 to June 30, 2021)		Increased/(Decreased) from previous cumulative first quarter	
	Amount	% to Sales	Amount	% to Sales	Amount	%
Operating Income/(Loss)	(4,472)	-	1,938	4.6	+6,410	-
Wacoal Business (Domestic)	(3,049)	-	(360)	-	+2,689	-
Wacoal Business (Overseas)	(1,004)	-	2,058	12.8	+3,062	-
Peach John Business	218	8.2	505	17.1	+287	+131.7
Other	(637)	-	(265)	-	+372	-

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

(Millions of Yen)

Net Sales	Previous Cumulative First Quarter (from April 1, 2020 to June 30, 2020)		Current Cumulative First Quarter (from April 1, 2021 to June 30, 2021)		Increased/(Decreased) from previous cumulative first quarter	
	Amount	Distribution Ratio (%)	Amount	Distribution Ratio (%)	Amount	%
Wacoal Corp.	13,603	47.6	18,128	42.9	+4,525	+33.3
Wacoal International Corp. (U.S.)	3,404	11.9	7,435	17.6	+4,031	+118.4
Wacoal Europe Ltd.	1,668	5.8	4,037	9.5	+2,369	+142.0
Wacoal China Co., Ltd.	1,733	6.1	3,325	7.9	+1,592	+91.9
Peach John Co., Ltd.	2,643	9.3	2,950	7.0	+307	+11.6
Lecien Corporation	996	3.5	918	2.2	(78)	(7.8)
Nanasai Co., Ltd.	1,235	4.3	1,184	2.8	(51)	(4.1)

*Sales to external customers only

(Millions of Yen)

Operating Income/(Loss)	Previous Cumulative First Quarter (from April 1, 2020 to June 30, 2020)		Current Cumulative First Quarter (from April 1, 2021 to June 30, 2021)		Increased/(Decreased) from previous cumulative first quarter	
	Amount	% to Sales	Amount	% to Sales	Amount	%
Wacoal Corp.	(2,543)	-	(488)	-	+2,055	-
Wacoal International Corp. (U.S.)	(837)	-	1,099	14.8	+1,936	-
Wacoal Europe Ltd.	(224)	-	566	14.0	+790	-
Wacoal China Co., Ltd.	117	6.8	304	9.1	+187	+159.8
Peach John Co., Ltd.	218	8.2	505	17.1	+287	+131.7
Lecien Corporation	(103)	-	(27)	-	+76	-
Nanasai Co., Ltd.	(181)	-	(119)	-	+62	-

*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 were 20.67 billion yen (an increase of 33.1% as compared to such sales for the corresponding period of the previous fiscal year), and we recorded an operating loss of 0.36 billion yen (an operating loss of 3.05 billion yen for the corresponding period of the previous fiscal year). In comparison with the three months ended June 30, 2019, sales decreased by 22.3%, and operating income decreased by 2.32 billion yen.

Wacoal Corp.:

Sales from Wacoal Corp., our core operating entity in Wacoal Business (Domestic) segment, increased by 33.3% as compared to such sales for the corresponding period of the previous fiscal year. In comparison with the three months ended June 30, 2019, sales decreased by 28.8%.

While we conducted temporary closings or shortened business hours of retail stores due to the declaration of the state of emergency and implementation of focused preventative measures during the current consolidated first quarter, the government’s request to close retail stores was limited to certain prefectures, resulting in an improvement in our operating environment as compared to the corresponding period of the previous fiscal year, and as a result, we recorded a significant increase in revenue. Consumers, however, have tended to stay home, and as sales from physical stores in the metropolitan areas have continued to stagnate due to a decrease in the number of customers visiting stores, sales have not yet recovered to the pre-pandemic level.

Sales from our e-commerce website, “Wacoal Web Store”, which achieved significant growth during the corresponding period of the previous fiscal year contributed by customers making purchases from home, decreased, despite our efforts to continue to acquire new customers. While sales from our innerwear products of “Wacoal” and “Wing” brands were strong, sales from our “AMPHI” brand products and sales from our nightwear products which achieved growth in sales during the corresponding period of the previous fiscal year were weak.

We recorded an operating loss of 0.49 billion yen (an operating loss of 2.54 billion yen for the corresponding period of the previous fiscal year). Operating loss decreased significantly as a result of our efforts to reduce costs as a part of revenue structural reform in aim to build a management structure that leads to high profitability, as well as the impact of increased revenue.

b. Wacoal Business (Overseas)

Sales and operating income attributable to our “Wacoal Business (Overseas)” segment on a Japanese yen basis were 16.09 billion yen (an increase of 107.8% as compared to such sales for the corresponding period of the previous fiscal year) and 2.06 billion yen (an operating loss of 1.00 billion yen for the corresponding period of the previous fiscal year), respectively. In comparison with the three months ended June 30, 2019, both sales and operating income increased by 20.1% and 9.6%, respectively, the same as the pre-pandemic level.

Sales of our “Peach John” brand products sold in China, which were previously recorded under this “Wacoal Business (Overseas)” segment, are now recorded under our “Peach John Business” segment, and the business result for the corresponding period of the previous fiscal year has been revised retroactively. In addition, sales from Wacoal China related to department stores have been changed to be presented in gross amount (storefront prices) from the current fiscal year, but we have not made retroactive revisions. Because the amounts of both sales and selling, general and administrative expenses increase in the same amount as a result of such change, there is no impact on the amount of operating income.

Wacoal International Corp. (U.S.):

Sales from Wacoal International Corp. (U.S.) on a local currency basis increased by 114.7% (an increase of 118.4% on a Japanese yen basis) as compared to such sales for the corresponding period of the previous fiscal year due to strong sales from Wacoal America Inc. and Intimates Online, Inc. (“Intimates Online”) resulting from the growth in consumer spending driven by loosened COVID-19 restrictions and the Economic Impact Payments made by the government. In comparison with the three months ended June 30, 2019, sales increased by 48.1% (an increase of 47.5% on a Japanese yen basis).

Sales from Wacoal America, Inc., which distributes “Wacoal” and “b.tempt’d” brand products, increased by 130.7% as compared to such sales for the corresponding period of the previous fiscal year due to a recovery in sales from physical stores, in addition to high growth achieved through e-commerce sales. In addition, the e-commerce business of Intimates Online, which distributes the “LIVELY” brand, continued to grow as a result of an increase in the number of

repeat customers, and the delivery to Target Corporation, a major retailer in the United States, also contributed to expanded sales, which increased by 72.5%.

We recorded an operating income of 10.0 million dollars on a local currency basis (1.10 billion yen on a Japanese yen basis) (operating loss of 7.8 million dollars (0.84 billion yen on a Japanese yen basis) for the corresponding period of the previous fiscal year) due to the favorable effect of increased revenue and an improvement in the gross profit rate, despite an increase in our e-commerce-related growth investments. In comparison with the three months ended June 30, 2019, operating income increased by 27.2% (an increase of 26.6% on a Japanese yen basis).

Wacoal Europe Ltd.:

Sales from Wacoal Europe Ltd. on a local currency basis increased by 110.9% (an increase of 142.0% on a Japanese yen basis) as compared to such sales for the corresponding period of the previous fiscal year due to the recovery trends across all areas following the loosening of COVID-19 measures, despite some regional disparities. In comparison with the three months ended June 30, 2019, sales increased by 5.8% (an increase of 14.8% on a Japanese yen basis).

While the level of sales in Europe and North America has recovered to the pre-pandemic level, sales in the United Kingdom have not yet reached such level due to the negative impact of closings of our core clients.

We recorded profit and operating income on a local currency basis was 3.7 million pound (0.57 billion yen on a Japanese yen basis) (operating loss of 1.7 million pound (0.22 billion yen on a Japanese yen basis) for the corresponding period of the previous fiscal year) due to the effect of increased revenue. In comparison with the three months ended June 30, 2019, operating income increased by 54.5% (an increase of 67.5% on a Japanese yen basis).

Wacoal China Co., Ltd.:

Sales from Wacoal China Co., Ltd. on a local currency basis increased by 82.9% (an increase of 91.9% on a Japanese yen basis). In comparison with the three months ended June 30, 2019, sales increased by 6.7% (an increase of 6.8% on a Japanese yen basis) (however, sales would have decreased without the impact of the gross amount presentation (based on storefront prices) of sales from department stores, which was implemented during the current consolidated first quarter). This significant increase in sales was due to recovery in sales of “Wacoal” and “Salute” brand products sold mainly at physical stores, such as department stores, from weak sales recorded during the corresponding period of the previous fiscal year as a result of the spread of COVID-19. On the other hand, e-commerce sales were weak due to increased competition.

Operating income on a local currency basis increased by 149.2% (an increase of 159.8% on a Japanese yen basis) due to the effect of increased revenue. In comparison with the three months ended June 30, 2019, operating income decreased by 29.5% (a decrease of 29.1% on a Japanese yen basis).

c. Peach John Business

Sales attributable to our “Peach John Business” segment were 2.95 billion yen (an increase of 11.6% as compared to such sales for the corresponding period of the previous fiscal year). In comparison with the three months ended June 30, 2019, sales increased by 5.6%. While e-commerce sales decreased due to the absence of increased demand from consumers staying home during the corresponding period of the previous fiscal year, sales from our directly-managed achieved a sales increase of 90.5% due to reversal in the trend of temporary closings of physical stores during the spread of COVID-19, and overall sales exceeded such sales for the corresponding period of the previous fiscal year. Sales from our core products that met our consumer needs continued to be strong, and the promotion campaign with trending content and an increase in the number of customers visiting stores contributed to the maintenance of the purchase rate of our e-commerce website.

We recorded an operating income of 0.51 billion yen (an increase of 131.7% as compared to such operating income for the corresponding period of the previous fiscal year) due to our efforts to reduce selling, general and administrative expenses, in addition to the effect of increased revenue.

d. Other

Overall sales attributable to our “Other” business segment were 2.61 billion yen (a decrease of 1.2% as compared to such sales for the corresponding period of the previous fiscal year), while we recorded an operating loss of 0.27 billion yen (operating loss of 0.64 billion yen for the corresponding period of the previous fiscal year). In comparison with the three months ended June 30, 2019, sales continued to struggle and decreased by 42.7%.

Lecien Corporation:

Sales from Lecien Corporation decreased by 7.8% as compared to such sales for the corresponding period of the previous fiscal year due to the weak sales of our private products sold by general merchandise stores and major apparel companies, which were impacted by our clients’ expense control efforts over purchases following the prolonged impact of the spread of COVID-19. In comparison with the three months ended June 30, 2019, sales decreased by 30.9%. We recorded an operating loss of 0.03 billion yen (operating loss of 0.10 billion yen for the corresponding period of the previous fiscal year) due to the impact of decreased revenue, however, we were able to minimize the loss as a result of our efforts to reduce costs.

Nanasai Co., Ltd.:

Sales from Nanasai Co., Ltd. decreased by 4.1% as compared to such sales for the corresponding period of the previous fiscal year due to our construction business weakened by the cancellation and postponement of new shop openings and various events following the prolonged impact of the spread of COVID-19. In comparison with the three months ended June 30, 2019, sales decreased by 40.0%. We recorded an operating loss of 0.12 billion yen (operating loss of 0.18 billion yen for the corresponding period of the previous fiscal year) due to weak sales, despite our efforts to reduce costs by reassessing our operation.

(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 301,255 million yen, a decrease of 21,506 million yen from the end of the previous fiscal year, mainly due to a decrease in cash and cash equivalents for repayment of bank loans.

Our total liabilities were 82,007 million yen, a decrease of 22,138 million yen from the end of the previous fiscal year, mainly due to repayment of short-term bank loans for reasons similar to those discussed with respect to assets.

Total Wacoal Holdings Corp. shareholders’ equity was 216,174 million yen, an increase of 562 million yen from the end of the previous fiscal year, mainly due to changes in foreign currency translation adjustments.

As a result of the above, our total shareholders’ equity ratio as of the end of the current consolidated first quarter was 71.8%, an increase of 5.0% 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 39,304 million yen, a decrease of 24,253 million yen from the end of the previous fiscal year.

(Cash Flow Used in Operating Activities)

Cash flow used in operating activities was 540 million yen, a decrease of 9,225 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 497 million yen plus adjustments for depreciation expenses and deferred taxes.

(Cash Flow Used in Investing Activities)

Cash flow used in investing activities was 1,320 million yen, a decrease of 322 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 Used in Financing Activities)

Cash flow used in financing activities was 22,551 million yen, as compared to cash inflow of 32,321 million yen for the corresponding period of the previous fiscal year, due to repayment of short-term bank loans, payments made for dividends as well as contingent consideration.

(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, 2022 since our announcement on May 14, 2021. 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, 2021	Current Consolidated First Quarter as of June 30, 2021	Increase/(Decrease)
(Assets)	Millions of Yen	Millions of Yen	Millions of Yen
I. Current assets:			
Cash and cash equivalents	63,557	39,304	(24,253)
Time deposits	1,443	1,358	(85)
Marketable securities	253	254	1
Notes and accounts receivable	17,571	19,345	1,774
Allowance for doubtful receivables	(346)	(266)	80
Inventories	43,250	44,602	1,352
Return assets	600	586	(14)
Other current assets	7,794	8,735	941
Total current assets	134,122	113,918	(20,204)
II. Property, plant and equipment:			
Land	20,569	20,579	10
Buildings and structures	72,978	73,267	289
Machinery and equipment	19,356	19,614	258
Construction in progress	<u>1,264</u>	<u>1,942</u>	<u>678</u>
	114,167	115,402	1,235
Accumulated depreciation	(64,409)	(65,338)	(929)
Net property, plant and equipment	49,758	50,064	306
III. Other assets:			
Operating leases right-of-use assets	12,729	12,077	(652)
Investments in affiliated companies	21,207	21,833	626
Investments	51,603	49,690	(1,913)
Goodwill	21,169	21,212	43
Other intangible assets	15,220	15,192	(28)
Prepaid pension expense	9,533	9,750	217
Deferred income taxes	1,649	1,740	91
Other	5,771	5,779	8
Total other assets	138,881	137,273	(1,608)
Total assets	322,761	301,255	(21,506)

Accounts	Previous Fiscal Year as of March 31, 2021	Current Consolidated First Quarter as of June 30, 2021	Increase/(Decrease)
(Liabilities)	Millions of Yen	Millions of Yen	Millions of Yen
I. Current liabilities:			
Short-term bank loans	40,672	20,677	(19,995)
Notes and accounts payable:			
Trade notes payable	712	983	271
Trade accounts payable	8,734	8,932	198
Other payables	<u>6,610</u>	<u>4,155</u>	<u>(2,455)</u>
	16,056	14,070	(1,986)
Accrued payroll and bonuses	6,822	5,633	(1,189)
Income taxes payable	1,025	1,082	57
Refund liability	2,266	2,002	(264)
Short-term operating lease liabilities	4,411	4,141	(270)
Contingent consideration (short-term)	-	885	885
Other current liabilities	4,819	6,734	1,915
Total current liabilities	76,071	55,224	(20,847)
II. Long-term liabilities:			
Long-term debt	1,498	1,496	(2)
Liability for termination and retirement benefits	1,942	1,949	7
Deferred income taxes	12,292	12,264	(28)
Long-term operating lease liabilities	8,520	8,146	(374)
Contingent consideration(long-term)	1,639	736	(903)
Other long-term liabilities	2,183	2,192	9
Total long-term liabilities	28,074	26,783	(1,291)
Total liabilities	104,145	82,007	(22,138)
(Equity)			
I. Common stock	13,260	13,260	-
II. Additional paid-in capital	29,120	29,109	(11)
III. Retained earnings	181,346	180,567	(779)
IV. Accumulated other comprehensive loss:			
Foreign currency translation adjustments	1,770	3,086	1,316
Pension liability adjustments	(1,008)	(996)	12
V. Treasury stock, at cost	(8,876)	(8,852)	24
Total Wacoal Holdings Corp. shareholders' equity	215,612	216,174	562
VI. Noncontrolling interests	3,004	3,074	70
Total equity	218,616	219,248	632
Total liabilities and equity	322,761	301,255	(21,506)

(2) Consolidated Quarterly Statements of Income

Accounts	Previous Consolidated Cumulative First Quarter (From April 1, 2020 to June 30, 2020)		Current Consolidated Cumulative First Quarter (From April 1, 2021 to June 30, 2021)		Increase/ (Decrease) Millions of Yen
	Millions of Yen	%	Millions of Yen	%	
I. Net Sales	28,551	100.0	42,305	100.0	13,754
II. Operating costs and expenses:					
Cost of sales	13,271	46.5	17,594	41.6	4,323
Selling, general and administrative expenses	19,752	69.2	22,773	53.8	3,021
Total operating costs and expenses	33,023	115.7	40,367	95.4	7,344
Operating income (loss)	(4,472)	(15.7)	1,938	4.6	6,410
III. Other income (expenses):					
Interest income	17		10		(7)
Interest expense	(12)		(22)		(10)
Dividend income	651		593		(58)
Valuation (loss) gain on marketable securities and investments – net	824		(1,714)		(2,538)
Other – net	74		305		231
Total other (expenses) income	1,554	5.5	(828)	(2.0)	(2,382)
Income (loss) before income taxes and equity in net income of affiliated companies	(2,918)	(10.2)	1,110	2.6	4,028
Income taxes	619	2.2	691	1.6	72
Income (loss) before equity in net income of affiliated companies	(3,537)	(12.4)	419	1.0	3,956
Equity in net income of affiliated companies	283	1.0	78	0.2	(205)
Net income (loss)	(3,254)	(11.4)	497	1.2	3,751
Net (income) loss attributable to noncontrolling interests	59	0.2	(25)	(0.1)	(84)
Net income (loss) attributable to Wacoal Holdings Corp.	(3,195)	(11.2)	472	1.1	3,667

(3) Consolidated Quarterly Statements of Comprehensive Income

Accounts	Previous Consolidated Cumulative First Quarter (From April 1, 2020 to June 30, 2020)	Current Consolidated Cumulative First Quarter (From April 1, 2021 to June 30, 2021)	Increase/(Decrease) Millions of Yen
	Millions of Yen	Millions of Yen	
I. Net income (loss)	(3,254)	497	3,751
II. Other comprehensive income (loss) – net of tax:			
Foreign currency translation adjustments	(1,634)	1,388	3,022
Pension liability adjustments	159	12	(147)
Other comprehensive income (loss)	(1,475)	1,400	2,875
Comprehensive income (loss)	(4,729)	1,897	6,626
Comprehensive (income) loss attributable to noncontrolling interests	227	(97)	(324)
Comprehensive income (loss) attributable to Wacoal Holdings Corp.	(4,502)	1,800	6,302

(4) Consolidated Quarterly Statements of Cash Flows

Accounts	Previous Consolidated Cumulative First Quarter (From April 1, 2020 to June 30, 2020)	Current Consolidated Cumulative First Quarter (From April 1, 2021 to June 30, 2021)
	Millions of Yen	Millions of Yen
I. Operating activities		
1. Net income (loss)	(3,254)	497
2. Adjustments to reconcile net income to net cash provided by operating activities		
(1) Depreciation and amortization	1,481	1,504
(2) Allowance for doubtful receivables - net	17	(74)
(3) Deferred income taxes	(895)	(169)
(4) (Gain) loss on sales or disposal of property, plant and equipment - net	25	(141)
(5) Valuation loss (gain) on marketable securities and investments - net	(824)	1,714
(6) Equity in net income of affiliated companies, less dividends received	244	41
(7) Changes in assets and liabilities		
(Increase) decrease in notes and receivable	3,266	(1,678)
Increase in inventories	(2,055)	(1,070)
Decrease in return assets	417	14
Increase in other current assets	(2,626)	(1,053)
Decrease in notes and accounts payable	(3,780)	(502)
Decrease in refund liability	(819)	(264)
(Decrease) increase in liability for termination and retirement benefits	50	(203)
Increase (decrease) in other liabilities	(968)	725
(8) Other	(44)	119
Net cash used in operating activities	(9,765)	(540)
II. Investing activities		
1. Increase in time deposits	(87)	(45)
2. Decrease in time deposits	122	152
3. Proceeds from sales and redemption of equity securities	3	198
4. Payments to acquire equity securities	(3)	(1)
5. Proceeds from redemption of debt securities	108	-
6. Proceeds from sales of property, plant and equipment	0	240
7. Capital expenditures	(711)	(1,067)
8. Payments to acquire intangible assets	(772)	(821)
9. Payments for loans	(315)	-
10. Other	13	24
Net cash used in investing activities	(1,642)	(1,320)
III. Financing activities		
1. Net increase in short-term bank loans with original maturities of three months or less	14,261	-
2. Procurement of short-term loan (over 3 months)	20,430	-
3. Repayment of short-term loan (over 3 months)	-	(20,000)
4. Procurement of long-term debt	1,184	-
5. Repayment of long-term debt	(13)	(12)
6. Repurchase of treasury stock	(0)	(0)
7. Dividends paid on common stock	(1,248)	(1,248)
8. Dividends paid to noncontrolling interests	(15)	(82)
9. Proceeds from stock issuance to noncontrolling interests	-	55
10. Payments to acquire interests in subsidiaries from noncontrolling interests	(1,190)	-
11. Contingent consideration payment	(1,088)	(1,264)
Net cash (used in) provided by financing activities	32,321	(22,551)
IV. Effect of exchange rate changes on cash and cash equivalents	(93)	158
V. Net (decrease) increase in cash and cash equivalents	20,821	(24,253)
VI. Cash and cash equivalents, beginning of period	27,905	63,557
VII. Cash and cash equivalents, end of period	48,726	39,304

Additional Cash Flow Information

Accounts	Previous Consolidated Cumulative First Quarter (From April 1, 2020 to June 30, 2020)	Current Consolidated Cumulative First Quarter (From April 1, 2021 to June 30, 2021)
Cash paid for:		
Interest	5	22
Income taxes	6,366	639
Noncash investing activities		
Acquisition of fixed assets by assuming payment obligation	455	410

(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, 2020 to June 30, 2020)

(Millions of Yen)

	Wacoal business (Domestic)	Wacoal business (Overseas)	Peach John business	Other	Total	Elimination	Consolidated
Net sales							
(1) External customers	15,529	7,742	2,643	2,637	28,551	-	28,551
(2) Intersegment	142	2,393	62	791	3,388	(3,388)	-
Total	15,671	10,135	2,705	3,428	31,939	(3,388)	28,551
Operating income (loss)	(3,049)	(1,004)	218	(637)	(4,472)	-	(4,472)

Current Consolidated Cumulative First Quarter (From April 1, 2021 to June 30, 2021)

(Millions of Yen)

	Wacoal business (Domestic)	Wacoal business (Overseas)	Peach John business	Other	Total	Elimination	Consolidated
Net sales							
(1) External customers	20,665	16,085	2,950	2,605	42,305	-	42,305
(2) Intersegment	202	2,543	79	915	3,739	(3,739)	-
Total	20,867	18,628	3,029	3,520	46,044	(3,739)	42,305
Operating income (loss)	(360)	2,058	505	(265)	1,938	-	1,938

(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:

As a result of our assessment on quantitative criteria conducted during the previous fiscal year, "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. A portion of our Peach John brand product sales in China, which were previously recorded under the "Wacoal Business (Overseas)" segment, have been recorded under our "Peach John Business" segment since the previous fiscal

year. The segment information for the previous consolidated cumulative first quarter has been prepared based on the segments reported after this change.

(ii) Segment Information by Region

Previous 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)

Current Consolidated Cumulative First Quarter (From April 1, 2021 to June 30, 2021)

(Millions of Yen)

	Japan	Asia/Oceania	Europe/N.A.	Consolidated
Net sales				
External customers	25,811	5,205	11,289	42,305
Distribution ratio	61.0%	12.3%	26.7%	100.0%
Operating income (loss)	(119)	428	1,629	1,938

- (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, 2020 to June 30, 2020)		Current Consolidated Cumulative First Quarter (From April 1, 2021 to June 30, 2021)		Increase/(Decrease)	
		Amount	Distribution Ratio	Amount	Distribution Ratio	Amount	Ratio
		Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Innerwear	Foundation and lingerie	22,099	77.4	34,510	81.6	12,411	56.2
	Nightwear	1,471	5.1	1,578	3.7	107	7.3
	Children's underwear	129	0.5	196	0.5	67	51.9
	Subtotal	23,699	83.0	36,284	85.8	12,585	53.1
Outerwear/Sportswear		1,842	6.5	2,910	6.9	1,068	58.0
Hosiery		183	0.6	239	0.5	56	30.6
Other textile goods and related products		1,365	4.8	1,347	3.2	(18)	(1.3)
Other		1,462	5.1	1,525	3.6	63	4.3
Total		28,551	100.0	42,305	100.0	13,754	48.2