

[Translation]

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

October 29, 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: November 12, 2021

Scheduled dividend payment start date: December 2, 2021

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, 2022 (April 1, 2021 – September 30, 2021)

(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, 2021	87,419	19.5	3,976	211.6	5,500	52.7	2,983	67.4
Second Quarter ended September 30, 2020	73,155	(27.9)	1,276	(86.6)	3,603	(61.4)	1,782	(73.3)

(Note) Quarterly comprehensive income: 4,092 million yen (369.3%) for the second quarter ended September 30, 2021  
872 million yen ((78.1)%) for the second quarter ended September 30, 2020

	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, 2021	47.77	47.57
Second Quarter ended September 30, 2020	28.56	28.44

(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, 2021	303,935	221,461	218,415	71.9	3,497.07
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	—	20.00			
Fiscal Year Ending March 31, 2022 (Estimates)			—	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)	88.09	

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

## 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, 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:	3,132,525 shares	3,168,353 shares
(iii) Average number of shares during consolidated second quarter (second quarter ended September 30):	62,438,539 shares	62,403,282 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.

Table of Contents for Attached Materials

1.	Qualitative Information regarding Consolidated Performance during the Second Quarter -----	2
(1)	Qualitative Information regarding Consolidated Business Results -----	2
(2)	Qualitative Information regarding Consolidated Financial Condition -----	6
(3)	Qualitative Information regarding Forecast of Consolidated Business Results -----	7
2.	Consolidated Quarterly Financial Statements and Accompanying Notes -----	8
(1)	Consolidated Quarterly Balance Sheets -----	8
(2)	Consolidated Quarterly Statements of Income -----	10
(3)	Consolidated Quarterly Statements of Comprehensive Income -----	10
(4)	Consolidated Quarterly Statements of Cash Flows -----	11
(5)	Notes to Consolidated Quarterly Financial Statements -----	12
	(Notes on Going Concern) -----	12
	(Notes on Significant Changes in the Amount of Total Shareholders' Equity) -----	12
	(Segment Information) -----	12
(6)	Status of Sales -----	13

# 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, 2021

	(Millions of Yen)			
	Previous Cumulative Second Quarter (From April 1, 2020 to September 30, 2020)	Current Cumulative Second Quarter (From April 1, 2021 to September 30, 2021)	Increased/(Decreased) from previous cumulative second quarter	
	Amount	Amount	Amount	%
<b>Net sales</b>	<b>73,155</b>	<b>87,419</b>	<b>+14,264</b>	<b>+19.5</b>
Cost of sales	32,159	37,805	+5,646	+17.6
Sales profit	40,996	49,614	+8,618	+21.0
Selling, general and administrative expenses	39,720	45,638	+5,918	+14.9
<b>Operating income</b>	<b>1,276</b>	<b>3,976</b>	<b>+2,700</b>	<b>+211.6</b>
Other income	703	1,326	+623	+88.6
A: Valuation gain on marketable securities and investments – net	1,624	198	(1,426)	(87.8)
<b>Income before income taxes and equity in net income of affiliated companies</b>	<b>3,603</b>	<b>5,500</b>	<b>+1,897</b>	<b>+52.7</b>
<b>Net income attributable to Wacoal Holdings Corp.</b>	<b>1,782</b>	<b>2,983</b>	<b>+1,201</b>	<b>+67.4</b>
Reference figure: Income before income taxes and equity in net income of affiliated companies not taking into account A	1,979	5,302	+3,323	+167.9

The business of our group during the current cumulative second quarter (April 1, 2021 – September 30, 2021) has remained difficult domestically, while our business environment in the United States and Europe significantly improved due to the loosened restrictions related to the coronavirus pandemic (“COVID-19”).

Under such circumstances, our group is 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 also 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, which involve merger of online and offline activities and utilization of a customer database, in efforts to improve customer experience.

As a result, consolidated sales, consolidated operating income, consolidated income before income taxes and equity in net income of affiliated companies, and income attributable to Wacoal Holdings Corp. for the current cumulative second quarter (% change from the corresponding period of the previous fiscal year) were: 87.42 billion yen (an increase of 19.5% as compared to the corresponding period of the previous fiscal year); 3.98 billion yen (an increase of 211.6% as compared to the corresponding period of the previous fiscal year); 5.50 billion yen (an increase of 52.7% as compared to the corresponding period of the previous fiscal year); and 2.98 billion yen (an increase of 67.4% as compared to the corresponding period of the previous fiscal year), respectively. We recognized a valuation gain on marketable securities and investments of 0.20 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 second quarter (previous second quarter) were: 109.80 yen (106.92 yen) to the U.S. dollar; 152.50 yen (135.38 yen) to the Sterling pound; and 16.66 yen (15.38 yen) to the Chinese yuan.

## (ii) Business Overview of Our Operating Segments

(Millions of Yen)

	Previous Cumulative Second Quarter (from April 1, 2020 to September 30, 2020)		Current Cumulative Second Quarter (from April 1, 2021 to September 30, 2021)		Increased/(Decreased) from previous cumulative second quarter	
	Amount	Distribution Ratio (%)	Amount	Distribution Ratio (%)	Amount	%
Total Net Sales	73,155	100.0	87,419	100.0	+14,264	+19.5
Wacoal Business (Domestic)	41,031	56.1	42,935	49.1	+1,904	+4.6
Wacoal Business (Overseas)	19,448	26.6	32,379	37.0	+12,931	+66.5
Peach John Business	6,067	8.3	6,161	7.1	+94	+1.5
Other	6,609	9.0	5,944	6.8	(665)	(10.1)

	Previous Cumulative Second Quarter (from April 1, 2020 to September 30, 2020)		Current Cumulative Second Quarter (from April 1, 2021 to September 30, 2021)		Increased/(Decreased) from previous cumulative second quarter	
	Amount	% to Sales	Amount	% to Sales	Amount	%
Operating Income/(Loss)	1,276	1.7	3,976	4.5	+2,700	+211.6
Wacoal Business (Domestic)	913	2.2	740	1.7	(173)	(18.9)
Wacoal Business (Overseas)	(255)	-	2,663	8.2	+2,918	-
Peach John Business	1,014	16.7	1,053	17.1	+39	+3.8
Other	(396)	-	(480)	-	(84)	-

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

(Millions of Yen)

Net Sales	Previous Cumulative Second Quarter (from April 1, 2020 to September 30, 2020)		Current Cumulative Second Quarter (from April 1, 2021 to September 30, 2021)		Increased/(Decreased) from previous cumulative second quarter	
	Amount	Distribution Ratio (%)	Amount	Distribution Ratio (%)	Amount	%
Wacoal Corp.	38,450	52.6	38,826	44.4	+376	+1.0
Wacoal International Corp. (U.S.)	8,511	11.6	14,445	16.5	+5,934	+69.7
Wacoal Europe Ltd.	4,598	6.3	8,596	9.8	+3,998	+87.0
Wacoal China Co., Ltd.	4,286	5.9	6,585	7.5	+2,299	+53.6
Peach John Co., Ltd.	6,067	8.3	6,161	7.0	+94	+1.5
Lecien Corporation	2,424	3.3	1,753	2.0	(671)	(27.7)
Nanasai Co., Ltd.	2,835	3.9	2,515	2.9	(320)	(11.3)

\*Sales to external customers only

(Millions of Yen)

Operating Income/(Loss)	Previous Cumulative Second Quarter (from April 1, 2020 to September 30, 2020)		Current Cumulative Second Quarter (from April 1, 2021 to September 30, 2021)		Increased/(Decreased) from previous cumulative second quarter	
	Amount	% to Sales	Amount	% to Sales	Amount	%
Wacoal Corp.	(985)	-	35	0.1	+1,020	-
Wacoal International Corp. (U.S.)	(915)	-	1,120	7.8	+2,035	-
Wacoal Europe Ltd.	139	3.0	1,107	12.9	+968	+696.4
Wacoal China Co., Ltd.	409	9.5	389	5.9	(20)	(4.9)
Peach John Co., Ltd.	1,014	16.7	1,053	17.1	+39	+3.8
Lecien Corporation	97	4.0	(149)	-	(246)	-
Nanasai Co., Ltd.	(203)	-	(219)	-	(16)	-

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

a. Wacoal Business (Domestic)

Sales and operating income attributable to our “Wacoal Business (Domestic)” segment were 42.94 billion yen (an increase of 4.6% as compared to such sales for the corresponding period of the previous fiscal year) and 0.74 billion yen (a decrease of 18.9% as compared to such operating income for the corresponding period of the previous fiscal year), respectively. We were less profitable due to the absence of the employment adjustment subsidy we received during the corresponding period of the previous fiscal year.

Wacoal Corp.:

Sales from Wacoal Corp., our core operating entity in Wacoal Business (Domestic) segment increased by 1.0% as compared to such sales for the corresponding period of the previous fiscal year, which was impacted by the spread of COVID-19; as a result, sales remained around the same level. The amount of revenue increase when compared as to sales attributable to Wacoal Corp. for the corresponding period of the previous fiscal year and when compared as to sales attributable to our “Wacoal Business (Domestic)” segment for the corresponding period of the previous fiscal year differs mainly due to the new revenue recognition standards adopted by Wacoal Corp. from the current fiscal year.

While we recorded an increase of 33.3% in revenue during the current consolidated first quarter as a result of an improvement in business environment, revenue decreased by 16.7% for the current consolidated second quarter due to a low number of customers visiting retail facilities, reflecting weaker desire to consume as a result of various factors including declarations of the state of emergency and an increased number of COVID-19 cases from July.

Sales from our e-commerce website, “Wacoal Web Store”, which achieved significant growth during the corresponding period of the previous fiscal year due to demand from customers staying home, exceeded the strong results from the corresponding period of the previous fiscal year, as a result of a purchase rate that exceeded our plan due to our successful free shipping campaign. Sales from third-party e-commerce websites also exceeded the results for the corresponding period of the previous fiscal year.

While sales were weak, we recorded an operating income of 0.04 billion yen (an operating loss of 0.99 billion yen for the corresponding period of the previous fiscal year) as a result of our efforts to reduce costs as part of a revenue structural reform to build a management structure that leads to high profitability. The employment adjustment subsidy is not included and reflected in this operating income, because it is recognized as non-operating income (which has been reclassified as operating income under the consolidated business results based on the U.S. accounting standards).

b. Wacoal Business (Overseas)

Sales and operating income attributable to our “Wacoal Business (Overseas)” segment on a Japanese yen basis were 32.38 billion yen (an increase of 66.5% as compared to such sales for the corresponding period of the previous fiscal year) and 2.66 billion yen (an operating loss of 0.26 billion yen for the corresponding period of the previous fiscal year), respectively.

Sales of our “Peach John” brand products sold in China, which were recorded under this “Wacoal Business (Overseas)” segment during the previous fiscal year, 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 based on storefront prices starting for 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 65.3% (an increase of 69.7% on a Japanese yen basis) as compared to such sales from the corresponding period of the previous fiscal year.

Sales from Wacoal America, Inc., which distributes “Wacoal” and “b.tempt’d” brand products, increased by 72.5% exceeding the pre-pandemic level, due to strong sales from our e-commerce website and physical stores at department stores supported by strong recovery in consumer spending.

While we faced challenges in attracting customers to our e-commerce website due to the impact of reduced marketing expenses in response to rising costs of social media advertising, sales from Intimates Online, Inc., which

distributes the “LIVELY” brand, increased by 35.7% due to improved purchase rate from website renewal that made it more user-friendly, and sales to Target Corporation.

We recorded an operating income of 10.2 million dollars on a local currency basis (1.12 billion yen on a Japanese yen basis) (operating loss of 8.6 million dollars (0.92 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 improved gross profit rate, despite our continued strategic investments to expand our e-commerce business.

Wacoal Europe Ltd.:

Sales from Wacoal Europe Ltd. on a local currency basis increased by 66.0% (an increase of 87.0% on a Japanese yen basis) as compared to such sales for the corresponding period of the previous fiscal year.

After loosening of COVID-19 measures, economic activities in the major markets have been recovering, and sales in the United States, United Kingdom and Europe for the current consolidated second quarter exceeded the pre-pandemic levels across all areas. With respect to sales by channel, sales from department stores fell below the pre-pandemic level due to the impact of closings of our core clients, while sales from specialty stores has recovered to the pre-pandemic level. Sales of our e-commerce business in the United Kingdom increased significantly by 54.4% and account for approximately 6% of sales from Wacoal Europe Ltd.

Operating income on a local currency basis increased by 613.0% (an increase of 696.4% on a Japanese yen basis) due to the effect of increased revenue.

Wacoal China Co., Ltd.:

Sales from Wacoal China Co., Ltd. on a local currency basis increased by 41.8% (an increase of 53.6% on a Japanese yen basis) as compared to such sales from the corresponding period of the previous fiscal year.

While sales from physical stores, such as department stores, increased due to recovery in sales of “Wacoal” and “Salute” brand products as the trend toward temporary closings of physical stores during the spread of COVID-19 reversed, sales have not yet recovered to the pre-pandemic level (as compared to wholesale price basis). E-commerce sales were below the results from the corresponding period of the previous fiscal year due to increased competition with new brands and weak results from a large-scale shopping campaigns conducted by e-commerce platformers.

Operating income on a local currency basis decreased by 12.3% (a decrease of 4.9% on a Japanese yen basis) due to the absence of the effect of government assistance, which were available during the corresponding period of the previous fiscal year, and the one-time impact of the difference in the old Chinese accounting standards and new Chinese accounting standards that we adopted at the end of the previous fiscal year.

c. Peach John Business

Sales attributable to our “Peach John Business” segment were 6.16 billion yen (an increase of 1.5% as compared to such sales for the corresponding period of the previous fiscal year).

While sales from our directly-managed stores for the current consolidated second quarter decreased due to the impact of the increased number of COVID-19 cases from July, sales increased by 22.6% as a result of recovery in sales during the current first quarter. E-commerce sales did not reach the level of sales for the corresponding period of the previous fiscal year, when sales significantly expanded due to demand from consumers staying home and decreased by 13.8%.

We recorded an operating income of 1.05 billion yen (an increase of 3.8% as compared to such operating income for the corresponding period of the previous fiscal year) due to improvement in gross profit rate and our efforts to reduce costs, in addition to the effect of increased revenue.

d. Other

Overall sales attributable to our “Other” business segment were 5.94 billion yen (a decrease of 10.1% as compared to such sales for the corresponding period of the previous fiscal year), while we recorded an operating loss of 0.48 billion yen (operating loss of 0.40 billion yen for the corresponding period of the previous fiscal year).

Lecien Corporation:

Sales from Lecien Corporation decreased by 27.7% 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 supply chain companies. Despite our efforts to reduce costs, we recorded an operating loss of 0.15 billion yen (operating income of 0.10 billion yen for the corresponding period of the previous fiscal year) due to the significant impact of decreased revenue.

Nanasai Co., Ltd.:

Sales from Nanasai Co., Ltd. decreased by 11.3% as compared to such sales for the corresponding period of the previous fiscal year because our construction business weakened from cancellation and postponement of new shop openings and various events following the spread of COVID-19. Despite our efforts to reduce costs by reassessing our operations, we recorded an operating loss of 0.22 billion yen (operating loss of 0.20 billion yen for the corresponding period of the previous fiscal year) due to the significant impact of decreased revenue.

(2) Qualitative Information regarding Consolidated Financial Condition

(i) Assets, Liabilities and Total Shareholders' Equity

Our total assets as of the end of the current consolidated second quarter were 303,935 million yen, a decrease of 18,826 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 82,474 million yen, a decrease of 21,671 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 218,415 million yen, an increase of 2,803 million yen from the end of the previous fiscal year, mainly due to increase of retained earnings and 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 second quarter was 71.9%, an increase of 5.1% 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 46,797 million yen, a decrease of 16,760 million yen from the end of the previous fiscal year.

(Cash Flow Provided by Operating Activities)

Cash flow provided by operating activities was 8,708 million yen, as compared to cash outflow of 2,990 million yen for the corresponding period of the previous fiscal year, after adjustments for changes in assets and liabilities to our net income of 3,000 million yen plus adjustments for depreciation expenses and deferred taxes.

(Cash Flow Used in Investing Activities)

Cash flow used in investing activities was 2,821 million yen, an increase of 886 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 22,568 million yen, as compared to cash inflow of 35,839 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

Based on the fact that external factors remain uncertain, we have not revised our forecast of consolidated business results for the fiscal year ending March 31, 2022 since we announced such forecast on May 14, 2021. The future, however, remains uncertain due to the impact of COVID-19. We will announce an updated forecast immediately if we deem it necessary to reassess the impact on our business results based on the condition of the spread of COVID-19.

## 2. Consolidated Quarterly Financial Statements and Accompanying Notes

### (1) Consolidated Quarterly Balance Sheets

Accounts	Previous Fiscal Year as of March 31, 2021	Current Consolidated Second Quarter as of September 30, 2021	Increase/(Decrease)
(Assets)	Millions of Yen	Millions of Yen	Millions of Yen
<b>I. Current assets:</b>			
Cash and cash equivalents	63,557	46,797	(16,760)
Time deposits	1,443	1,913	470
Marketable securities	253	-	(253)
Notes and accounts receivable	17,571	18,425	854
Allowance for doubtful receivables	(346)	(291)	55
Inventories	43,250	44,176	926
Return assets	600	719	119
Other current assets	7,794	3,556	(4,238)
<b>Total current assets</b>	<b>134,122</b>	<b>115,295</b>	<b>(18,827)</b>
<b>II. Property, plant and equipment:</b>			
Land	20,569	20,559	(10)
Buildings and structures	72,978	73,353	375
Machinery and equipment	19,356	19,722	366
Construction in progress	<u>1,264</u>	<u>3,711</u>	<u>2,447</u>
	114,167	117,345	3,178
Accumulated depreciation	(64,409)	(65,845)	(1,436)
<b>Net property, plant and equipment</b>	<b>49,758</b>	<b>51,500</b>	<b>1,742</b>
<b>III. Other assets:</b>			
Operating leases right-of-use assets	12,729	12,019	(710)
Investments in affiliated companies	21,207	21,590	383
Investments	51,603	50,016	(1,587)
Goodwill	21,169	21,186	17
Other intangible assets	15,220	14,910	(310)
Prepaid pension expense	9,533	9,906	373
Deferred income taxes	1,649	1,764	115
Other	5,771	5,749	(22)
<b>Total other assets</b>	<b>138,881</b>	<b>137,140</b>	<b>(1,741)</b>
<b>Total assets</b>	<b>322,761</b>	<b>303,935</b>	<b>(18,826)</b>

Accounts	Previous Fiscal Year as of March 31, 2021	Current Consolidated Second Quarter as of September 30, 2021	Increase/(Decrease)
(Liabilities)	Millions of Yen	Millions of Yen	Millions of Yen
I. Current liabilities:			
Short-term bank loans	40,672	20,663	(20,009)
Notes and accounts payable:			
Trade notes payable	712	666	(46)
Trade accounts payable	8,734	8,365	(369)
Other payables	<u>6,610</u>	<u>3,822</u>	<u>(2,788)</u>
	16,056	12,853	(3,203)
Accrued payroll and bonuses	6,822	6,232	(590)
Income taxes payable	1,025	1,507	482
Refund liability	2,266	2,297	31
Short-term operating lease liabilities	4,411	4,196	(215)
Contingent consideration (short-term)	-	895	895
Other current liabilities	4,819	5,968	1,149
Total current liabilities	76,071	54,611	(21,460)
II. Long-term liabilities:			
Long-term debt	1,498	1,511	13
Liability for termination and retirement benefits	1,942	1,958	16
Deferred income taxes	12,292	13,363	1,071
Long-term operating lease liabilities	8,520	8,043	(477)
Contingent consideration(long-term)	1,639	745	(894)
Other long-term liabilities	2,183	2,243	60
Total long-term liabilities	28,074	27,863	(211)
Total liabilities	104,145	82,474	(21,671)
(Equity)			
I. Common stock	13,260	13,260	-
II. Additional paid-in capital	29,120	29,047	(73)
III. Retained earnings	181,346	183,081	1,735
IV. Accumulated other comprehensive loss:			
Foreign currency translation adjustments	1,770	2,791	1,021
Pension liability adjustments	(1,008)	(989)	19
V. Treasury stock, at cost	(8,876)	(8,775)	101
Total Wacoal Holdings Corp. shareholders' equity	215,612	218,415	2,803
VI. Noncontrolling interests	3,004	3,046	42
Total equity	218,616	221,461	2,845
Total liabilities and equity	322,761	303,935	(18,826)

## (2) Consolidated Quarterly Statements of Income

Accounts	Previous Consolidated Cumulative Second Quarter (From April 1, 2020 to September 30, 2020)		Current Consolidated Cumulative Second Quarter (From April 1, 2021 to September 30, 2021)		Increase/ (Decrease) Millions of Yen
	Millions of Yen	%	Millions of Yen	%	
I. Net Sales	73,155	100.0	87,419	100.0	14,264
II. Operating costs and expenses:					
Cost of sales	32,159	44.0	37,805	43.3	5,646
Selling, general and administrative expenses	39,720	54.3	45,638	52.2	5,918
Total operating costs and expenses	71,879	98.3	83,443	95.5	11,564
Operating income	1,276	1.7	3,976	4.5	2,700
III. Other income (expenses):					
Interest income	34		39		5
Interest expense	(32)		(37)		(5)
Dividend income	690		639		(51)
Valuation gain on marketable securities and investments – net	1,624		198		(1,426)
Other – net	11		685		674
Total other income	2,327	3.2	1,524	1.8	(803)
Income before income taxes and equity in net income of affiliated companies	3,603	4.9	5,500	6.3	1,897
Income taxes	2,350	3.2	2,617	3.0	267
Income before equity in net income of affiliated companies	1,253	1.7	2,883	3.3	1,630
Equity in net income of affiliated companies	411	0.6	117	0.1	(294)
Net income	1,664	2.3	3,000	3.4	1,336
Net (income) loss attributable to noncontrolling interests	118	0.1	(17)	(0.0)	(135)
Net income attributable to Wacoal Holdings Corp.	1,782	2.4	2,983	3.4	1,201

## (3) Consolidated Quarterly Statements of Comprehensive Income

Accounts	Previous Consolidated Cumulative Second Quarter (From April 1, 2020 to September 30, 2020)	Current Consolidated Cumulative Second Quarter (From April 1, 2021 to September 30, 2021)	Increase/(Decrease) Millions of Yen
	Millions of Yen	Millions of Yen	
I. Net income	1,664	3,000	1,336
II. Other comprehensive income (loss) - net of tax:			
Foreign currency translation adjustments	(1,104)	1,073	2,177
Pension liability adjustments	312	19	(293)
Other comprehensive income (loss)	(792)	1,092	1,884
Comprehensive income	872	4,092	3,220
Comprehensive (income) loss attributable to noncontrolling interests	244	(69)	(313)
Comprehensive income attributable to Wacoal Holdings Corp.	1,116	4,023	2,907

## (4) Consolidated Quarterly Statements of Cash Flows

Accounts	Previous Consolidated Cumulative Second Quarter (From April 1, 2020 to September 30, 2020)	Current Consolidated Cumulative Second Quarter (From April 1, 2021 to September 30, 2021)
	Millions of Yen	Millions of Yen
I. Operating activities		
1. Net income	1,664	3,000
2. Adjustments to reconcile net income to net cash provided by operating activities		
(1) Depreciation and amortization	3,013	2,985
(2) Allowance for doubtful receivables - net	11	(56)
(3) Deferred income taxes	(81)	957
(4) Gain on sales or disposal of property, plant and equipment - net	(370)	(131)
(5) Impairment charges on property, plant and equipment	625	-
(6) Valuation gain on marketable securities and investments - net	(1,624)	(198)
(7) Equity in net income of affiliated companies, less dividends received	116	238
(8) Changes in assets and liabilities		
Increase in notes and receivable	(801)	(761)
Increase in inventories	(348)	(530)
Increase in return assets	(103)	(119)
Decrease (increase) in other current assets	(700)	4,141
Decrease in notes and accounts payable	(3,427)	(1,642)
Increase in refund liability	365	31
(Decrease) increase in liability for termination and retirement benefits	173	(336)
Increase (decrease) in other liabilities	(1,475)	989
(9) Other	(28)	140
Net cash provided by (used in) operating activities	(2,990)	8,708
II. Investing activities		
1. Increase in time deposits	(323)	(819)
2. Decrease in time deposits	292	372
3. Proceeds from sales and redemption of equity securities	288	1,819
4. Payments to acquire equity securities	(6)	(2)
5. Proceeds from redemption of debt securities	321	220
6. Proceeds from sales of property, plant and equipment	643	270
7. Capital expenditures	(1,364)	(3,197)
8. Payments to acquire intangible assets	(1,494)	(1,512)
9. Payments for loans	(315)	-
10. Other	23	28
Net cash used in investing activities	(1,935)	(2,821)
III. Financing activities		
1. Net increase in short-term bank loans with original maturities of three months or less	17,848	-
2. Procurement of short-term loan (over 3 months)	20,428	-
3. Repayment of short-term loan (over 3 months)	-	(20,000)
4. Procurement of long-term debt	1,176	-
5. Repayment of long-term debt	(25)	(25)
6. Repurchase of treasury stock	(0)	(0)
7. Dividends paid on common stock	(1,248)	(1,248)
8. Dividends paid to noncontrolling interests	(81)	(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	(1,069)	(1,268)
Net cash (used in) provided by financing activities	35,839	(22,568)
IV. Effect of exchange rate changes on cash and cash equivalents	(133)	(79)
V. Net (decrease) increase in cash and cash equivalents	30,781	(16,760)
VI. Cash and cash equivalents, beginning of period	27,905	63,557
VII. Cash and cash equivalents, end of period	58,686	46,797

## Additional Cash Flow Information

Accounts	Previous Consolidated Cumulative Second Quarter (From April 1, 2020 to September 30, 2020)	Current Consolidated Cumulative Second Quarter (From April 1, 2021 to September 30, 2021)
Cash paid for:		
Interest	24	37
Income taxes	5,054	(3,698)
Noncash investing activities		
Acquisition of fixed assets by assuming payment obligation	426	299

### (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, 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	19,448	6,067	6,609	73,155	-	73,155
(2) Intersegment	342	4,695	111	1,840	6,988	(6,988)	-
Total	41,373	24,143	6,178	8,449	80,143	(6,988)	73,155
Operating income (loss)	913	(255)	1,014	(396)	1,276	-	1,276

#### Current Consolidated Cumulative Second Quarter (From April 1, 2021 to September 30, 2021)

(Millions of Yen)

	Wacoal business (Domestic)	Wacoal business (Overseas)	Peach John business	Other	Total	Elimination	Consolidated
Net sales							
(1) External customers	42,935	32,379	6,161	5,944	87,419	-	87,419
(2) Intersegment	385	4,279	178	1,916	6,758	(6,758)	-
Total	43,320	36,658	6,339	7,860	94,177	(6,758)	87,419
Operating income (loss)	740	2,663	1,053	(480)	3,976	-	3,976

- (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:

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 second quarter has been prepared based on the segments reported after this change.

## (ii) Segment Information by Region

Previous 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

Current Consolidated Cumulative Second Quarter (From April 1, 2021 to September 30, 2021)

(Millions of Yen)

	Japan	Asia/Oceania	Europe/N.A.	Consolidated
Net sales				
External customers	54,226	10,992	22,201	87,419
Distribution ratio	62.0%	12.6%	25.4%	100.0%
Operating income	1,462	380	2,134	3,976

- (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, 2020 to September 30, 2020)		Current Consolidated Cumulative Second Quarter (From April 1, 2021 to September 30, 2021)		Increase/(Decrease)	
		Amount	Distribution Ratio	Amount	Distribution Ratio	Amount	Ratio
Innerwear	Foundation and lingerie	Millions of Yen 59,114	% 80.8	Millions of Yen 72,417	% 82.8	Millions of Yen 13,303	% 22.5
	Nightwear	3,049	4.2	3,103	3.6	54	1.8
	Children's underwear	348	0.5	388	0.4	40	11.5
	Subtotal	62,511	85.5	75,908	86.8	13,397	21.4
Outerwear/Sportswear		4,134	5.6	5,126	5.9	992	24.0
Hosiery		401	0.5	478	0.5	77	19.2
Other textile goods and related products		2,632	3.6	2,608	3.0	(24)	(0.9)
Other		3,477	4.8	3,299	3.8	(178)	(5.1)
Total		73,155	100.0	87,419	100.0	14,264	19.5