



[Translation]

Consolidated Business Results for the Second Quarter of the Fiscal Year Ending March 31, 2024 [IFRS]

Listed Company: Wacoal Holdings Corp.

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

Representative: (Position) Representative Director, President and CEO

For Inquiries: (Position) Corporate Officer, Head of Corporate Planning Dept.

November 9, 2023

Stock Exchange: Tokyo

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Scheduled quarterly report submission date: November 14, 2023

Scheduled dividend payment start date: December 8, 2023

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, 2024 (April 1, 2023 – September 30, 2023)

(1) Consolidated Business Results

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

	Revenue		Business Profit		Operating Loss (Profit)		(Loss) Profit Before Taxes		(Loss) Profit	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Second Quarter ended September 30, 2023	95,130	(2.4)	3,816	(12.2)	(3,384)	-	(2,739)	-	(4,396)	-
Second Quarter ended September 30, 2022	97,506	13.0	4,344	14.7	4,001	(13.3)	5,881	8.0	4,300	-

	(Loss) Profit Attributable to Owners of Parent		Total Comprehensive Income		Basic (Loss) Earnings per Share	Diluted (Loss) Earnings per Share
	Millions of Yen	%	Millions of Yen	%	Yen	Yen
Second Quarter ended September 30, 2023	(4,404)	-	8,193	(28.4)	(76.09)	(76.09)
Second Quarter ended September 30, 2022	4,218	-	11,440	-	69.19	68.89

(Note) 1. Business profit is calculated by subtracting cost of sales, and selling, general and administrative expenses from revenue.

2. Following the adoption of IAS 12 Income Taxes (as amended in May 2021), the figures for the second quarter ended September 30, 2022 represent the retrospectively adjusted figures. The percentage change in profit, profit attributable to owners of parent and total comprehensive income compared to the corresponding period of the previous fiscal year is not shown.

(2) Consolidated Financial Condition

	Total Assets	Total Equity	Equity Attributable to Owners of Parent	Ratio of Equity Attributable to Owners of Parent
	Millions of Yen	Millions of Yen	Millions of Yen	%
As of September 30, 2023	287,948	215,910	212,533	73.8
As of the end of Fiscal Year (March 31, 2023)	285,659	213,482	210,197	73.6

(Note) Following the adoption of IAS 12 Income Taxes (as amended in May 2021), the figures for the fiscal year ended March 31, 2023 represent the retrospectively adjusted figures.

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, 2023	–	40.00	–	40.00	80.00
Fiscal Year Ending March 31, 2024	–	50.00			
Fiscal Year Ending March 31, 2024 (Estimates)			–	50.00	100.00

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

3. Forecast of Consolidated Business Results for the Fiscal Year Ending March 31, 2024 (April 1, 2023 – March 31, 2024)

(% indicates increase (decrease) from the previous fiscal year)

	Revenue		Business Profit		Operating Loss		Loss Before Taxes		Loss Attributable to Owners of Parent		Basic Loss per Share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Annual	196,000	3.9	1,700	(58.6)	(12,000)	-	(11,200)	-	(10,800)	-	(186.60)

(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) Changes in accounting policies and/or accounting estimates:
- (i) Changes in accounting policies required by IFRS: Yes
 - (ii) Changes in accounting policies other than (i) above: None
 - (iii) Changes in accounting estimates: None
- (3) Number of Issued Shares (Common Stock)

	Second Quarter ended September 30, 2023	Fiscal Year ended March 31, 2023
(i) Number of issued shares (including treasury stock) as of the end of:	61,000,000 shares	64,500,000 shares
(ii) Number of shares held as treasury stock as of the end of:	4,038,807 shares	6,487,185 shares
(iii) Average number of shares during consolidated second quarter (second quarter ended September 30):	57,878,570 shares	60,965,308 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 [9] 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, 2023

(Millions of Yen)

	Previous Consolidated Cumulative Second Quarter (From April 1, 2022 to September 30, 2022)	Current Consolidated Cumulative Second Quarter (From April 1, 2023 to September 30, 2023)	Increased/(Decreased) from previous consolidated cumulative second quarter	
	Amount	Amount	Amount	%
Revenue	97,506	95,130	(2,376)	(2.4)
Cost of sales	41,341	41,446	+105	+0.3
Gross profit	56,165	53,684	(2,481)	(4.4)
Selling, general and administrative expenses	51,821	49,868	(1,953)	(3.8)
Business profit	4,344	3,816	(528)	(12.2)
Other income	1,036	748	(288)	(27.8)
Other expenses	1,379	7,948	+6,569	+476.4
Operating (loss) profit	4,001	(3,384)	(7,385)	-
Finance income	1,055	1,333	+278	+26.4
Finance expense	552	152	(400)	(72.5)
Share of (loss) profit of investments accounted for using equity method	1,377	(536)	(1,913)	-
(Loss) profit before taxes	5,881	(2,739)	(8,620)	-
(loss) profit attributable to owners of parent	4,218	(4,404)	(8,622)	-

Business environment surrounding our group in Japan during the current consolidated cumulative second quarter (April 1, 2023 – September 30, 2023) was extremely challenging due to sluggish sales of our medium-priced products as our customers became more budget-conscious in the face of the rising inflation. In overseas, our sales remained weak across major regions due to the impact of downward pressure on consumption in an unstable economic environment. In addition, the suspension of shipments at Wacoal Europe Ltd. due to a system failure caused by unauthorized access that occurred in mid-September also contributed to the decrease in sales.

As a result of the above, for the current consolidated cumulative second quarter, consolidated revenue was 95.13 billion yen (a decrease of 2.4% as compared to the corresponding period of the previous fiscal year). Consolidated business profit was 3.82 billion yen (a decrease of 12.2% as compared to the corresponding period of the previous fiscal year) due to the impact of decreased revenue and a higher cost of sales ratio. We recorded a consolidated operating loss of 3.38 billion yen (as compared to an operating profit of 4.00 billion yen for the corresponding period of the previous fiscal year) due to the recording of impairment charge of 7.43 billion yen related to Wacoal International Corp. (U.S.) in connection with the business withdrawal and liquidation of Intimates Online, Inc. (“Intimates Online”) in addition to the decrease in business profit.

In 2019, Wacoal International Corp. (U.S.), our consolidated subsidiary, acquired Intimates Online, which operates the “LIVELY” brand, in order to realize growth in the e-commerce business and effective use of management resources of both parties. However, due to the entry of competitors into the digital market and restrictions on targeted advertising as a result of increasing restrictions on the use of personal information, Intimates Online’s performance after the acquisition fell far short of our expectations and did not turn profitable. Under these circumstances, we have considered various possibilities for future business development, but have determined that it will be difficult to improve the performance of the LIVELY business, and have resolved to withdraw from the business and to liquidate Intimates Online.

Consolidated loss before taxes was 2.74 billion yen (as compared to 5.88 billion yen of consolidated profit before taxes for the corresponding period of the previous fiscal year) and consolidated loss attributable to owners of parent was 4.40 billion yen (as compared to 4.22 billion yen of consolidated profit attributable to owners of parent for the corresponding period of the previous fiscal year) due to the consolidated operating loss as well as impairment charges of investments accounted for using equity method.

The key exchange rates used for the current consolidated cumulative second quarter (the corresponding period of the previous fiscal year) were: 141.00 yen (133.97 yen) to the U.S. dollar; 177.49 yen (162.89 yen) to the Sterling pound; and 19.75 yen (19.88 yen) to the Chinese yuan.

Our group has reviewed the medium-term management plan with the aim of “improving profitability and capital efficiency”, which is one of our priority measures for the current consolidated fiscal year. We reexamined and formulated specific strategies under the main themes of “rebuilding brand and customer strategies” and “accelerating cost structure reforms” for our business in Japan and “strengthening e-commerce business and improving business efficiency” for our overseas business. For details on the revised medium-term management plan, please visit our website.

“Announcement of Revised Medium-Term Management Plan”:

https://www.wacoalholdings.jp/en/ir/topics/files/wacoalholdingsnews20231109_4en.pdf

“Announcement Regarding Variances between the Forecast of Consolidated Business Results and Actual Consolidated Business Results for the Six-Month Period ended September 30, 2023, Revisions to the Forecast of Consolidated Business Results, Implementation of Structural Reforms at Our Consolidated Subsidiary, Recognition of Impairment Charges due to Withdrawal and Liquidation of Our U.S. Consolidated Subsidiary’s Business, and Reduction in Executive Remuneration (IFRS)”:

https://www.wacoalholdings.jp/en/ir/topics/files/wacoalholdingsnews20231109_1en.pdf

(ii) Business Overview of Our Reportable Segments

(Millions of Yen)

	Previous Cumulative Second Quarter (from April 1, 2022 to September 30, 2022)		Current Cumulative Second Quarter (from April 1, 2023 to September 30, 2023)		Increased/(Decreased) from previous cumulative second quarter	
	Amount	Distribution Ratio (%)	Amount	Distribution Ratio (%)	Amount	%
Total Revenue	97,506	100.0	95,130	100.0	(2,376)	(2.4)
Wacoal Business (Domestic)	48,865	50.1	47,275	49.7	(1,590)	(3.3)
Wacoal Business (Overseas)	35,086	36.0	35,028	36.8	(58)	(0.2)
Peach John Business	6,023	6.2	5,502	5.8	(521)	(8.7)
Other	7,532	7.7	7,325	7.7	(207)	(2.7)

	Previous Cumulative Second Quarter (from April 1, 2022 to September 30, 2022)		Current Cumulative Second Quarter (from April 1, 2023 to September 30, 2023)		Increased/(Decreased) from previous cumulative second quarter	
	Amount	% to Sales	Amount	% to Sales	Amount	%
Operating Profit /(Loss)	4,001	4.1	(3,384)	-	(7,385)	-
Wacoal Business (Domestic)	1,570	3.2	1,303	2.8	(267)	(17.0)
Wacoal Business (Overseas)	1,552	4.4	(5,023)	-	(6,575)	-
Peach John Business	830	13.8	(37)	-	(867)	-
Other	49	0.7	373	5.1	+324	+661.2

a. Wacoal Business (Domestic)

Our sales performance during the current consolidated cumulative second quarter continued to be mixed with different trends for each brand and sales channel. Amid the growing trend towards selective spending by our customers, our high-priced brands “Yue” and “Salute” maintained strong sales, and our men’s innerwear products designed for comfort achieved a growth in sales, receiving high marks from our customers. On the other hand, revenue from “Wacoal” and “Wing” brands declined as our aggressive sales promotion activities of our core products contributed to an expansion of e-commerce sales, but failed to lead to an increase in the number of customers purchasing at retail store channel such as department stores and mass retailers. In addition, although we achieved an increase in revenue from our e-commerce sales, our sales promotion did not lead to an increase in the number of customer visits, resulting in a significant shortfall in sales from our plan. On the other hand, sales from third-party

e-commerce websites exceeded our plan as a result of our continued efforts on strengthening cooperation with such e-commerce website operators.

As a result of the above, revenue attributable to our “Wacoal Business (Domestic)” segment was 47.28 billion yen (a decrease of 3.3% as compared to such revenue for the corresponding period of the previous fiscal year). Despite a decrease in labor costs associated with the implementation of the Flexible Retirement Program during the previous fiscal year, the positive impact from such decrease was not enough to offset the negative impact of lower revenue and a rise in cost of sales ratio, and as a result, operating profit was 1.30 billion yen (a decrease of 17.0% as compared to such operating profit for the corresponding period of the previous fiscal year).

b. Wacoal Business (Overseas)

Sales from Wacoal Europe Ltd., on a local currency basis, for the current consolidated second quarter decreased as sales from our swimwear products were cut by half as compared to the corresponding period of the previous fiscal year due to the impact of a cool summer temperature in the United Kingdom, as well as the suspension of shipments due to a cybersecurity incident. We have already completed the recovery work from the unauthorized access and have resumed order-taking and shipping operations from early October.

Sales from Wacoal International Corp. (U.S.) fell below the level of the corresponding period of the previous fiscal year mainly due to a significant decrease in revenue from Intimates Online. Despite strong sales from our e-commerce business due to the success of strengthened digital marketing efforts, Wacoal America, Inc.’s sales decreased as a result of sluggish sales from third-party e-commerce websites due to the continued impact of our client’s restraint in procurement in response to declining consumer confidence. As we curbed investment in sales promotions to improve profitability, the number of customers visits declined significantly at Intimates Online, resulting in a decrease in sales from Intimates Online. As described above, we have determined that it will be difficult to improve the business results of Intimates Online in the future, and have resolved to withdraw from the LIVELY business and to liquidate Intimates Online.

Sales from Wacoal China Co., Ltd. increased due to the absence of the impact of the strict restrictions on activities related to COVID-19 imposed during the corresponding period of the previous fiscal year. The level of recovery, however, fell significantly short of our expectations as the number of customers visits remained sluggish after the lifting of the restrictions on activities. In addition, although sales from third-party e-commerce websites remained at the same level as the corresponding period of the previous fiscal year, but fell significantly short of our expectations due to a delay in product development in response to market trends.

As a result of the above-described factors, revenue attributable to our “Wacoal Business (Overseas)” segment on a Japanese yen basis were 35.03 billion yen (a decrease of 0.2% as compared to such revenue for the corresponding period of the previous fiscal year). Although revenue from each operating entity decreased on a local currency basis, the depreciation of the Japanese yen against major currencies contributed to the revenue level on par with the corresponding period of the previous fiscal year. We recorded an operating loss of 5.02 billion yen (as compared to 1.55 billion yen of operating income for the corresponding period of the previous fiscal year) due to the impact of decreased revenue and the recording of impairment charge on goodwill related the business withdrawal and liquidation of Intimates Online at Wacoal International Corp. (U.S.).

c. Peach John Business

During the current consolidated cumulative second quarter, sales fell significantly short of our expectations despite our measures such as member-only offers to attract customers and our marketing efforts to stimulate demand through aggressive sales activities for our new products at both our directly managed stores and e-commerce website. On the other hand, sales from third-party e-commerce websites were strong due to the positive impact of the transactions started with new e-commerce website operators.

As a result of the above, revenue attributable to our “Peach John Business” segment were 5.50 billion yen (a decrease of 8.7% as compared to such revenue for the corresponding period of the previous fiscal year). We recorded an operating loss of 0.04 billion yen (as compared to 0.83 billion yen of operating profit for the corresponding period of the previous fiscal year) due to the impact of decreased revenue and increased expenses associated with the e-commerce system upgrade, as well as the realization of a foreign exchange loss associated with the liquidation of a subsidiary in China.

d. Other

During the current consolidated cumulative second quarter, sales from Lecien Corporation (“Lecien”) decreased due to the weak sales of its private brand products sold by major apparel supply chain companies. On the other hand, sales from Nanasai Co., Ltd. increased due to progress of large-scale construction projects and positive impact from new orders received. In addition, sales from Ai Co., Ltd. increased due to a recovery in travel-related demand and other factors.

As a result of the above, revenue and operating profit attributable to our “Other” business segment were 7.33 billion yen (a decrease of 2.7% as compared to such revenue for the corresponding period of the previous fiscal year) and 0.37 billion yen (an increase of 661.2% as compared to such operating profit for the corresponding period of the previous fiscal year), respectively. While revenue decreased, we were able to increase profit due to the reversal of expenses recorded in the corresponding period of the previous fiscal year in connection with the liquidation of a subsidiary of Lecien.

(Reference) Revenue and Operating Profit/ (Loss) of Major Subsidiaries

(Millions of Yen)

Revenue	Previous Cumulative Second Quarter (from April 1, 2022 to September 30, 2022)		Current Cumulative Second Quarter (from April 1, 2023 to September 30, 2023)		Increased/(Decreased) from previous cumulative second quarter	
	Amount	Distribution Ratio (%)	Amount	Distribution Ratio (%)	Amount	%
Wacoal Corp.	46,018	47.2	44,569	46.9	(1,449)	(3.1)
Wacoal International Corp. (U.S)	15,537	15.9	15,111	15.9	(426)	(2.7)
Wacoal Europe Ltd.	10,069	10.3	10,055	10.6	(14)	(0.1)
Wacoal China Co., Ltd.	4,796	4.9	5,161	5.4	+365	+7.6
Peach John Co., Ltd.	6,023	6.2	5,502	5.8	(521)	(8.7)
Lecien Corporation	1,848	1.9	1,326	1.4	(522)	(28.2)
Nanasai Co., Ltd.	3,248	3.3	3,320	3.5	+72	+2.2

*Revenue from external customers only

(Millions of Yen)

Operating Profit/(Loss)	Previous Cumulative Second Quarter (from April 1, 2022 to September 30, 2022)		Current Cumulative Second Quarter (from April 1, 2023 to September 30, 2023)		Increased/(Decreased) from previous cumulative second quarter	
	Amount	% to Sales	Amount	% to Sales	Amount	%
Wacoal Corp.	1,967	4.3	1,400	3.1	(567)	(28.8)
Wacoal International Corp. (U.S.)	596	3.8	(6,716)	-	(7,312)	-
Wacoal Europe Ltd.	409	4.1	800	8.0	+391	+95.6
Wacoal China Co., Ltd.	(656)	-	(220)	-	+436	-
Peach John Co., Ltd.	830	13.8	(37)	-	(867)	-
Lecien Corporation	(185)	-	89	6.7	+274	-
Nanasai Co., Ltd.	20	0.6	(7)	-	(27)	-

(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 287,948 million yen, an increase of 2,289 million yen from the end of the previous fiscal year, mainly due to increases in cash and cash equivalents, inventories and retirement benefit assets, despite a decrease in goodwill caused by impairment charges on goodwill.

Our total liabilities were 72,038 million yen, a decrease of 139 million yen from the end of the previous fiscal year, mainly due to decreases in trade and other payables, despite increases in borrowings and deferred income taxes.

Equity attributable to owners of parent was 212,533 million yen, an increase of 2,336 million yen from the end of the previous fiscal year, mainly due to increases in exchange differences on translation of foreign operations resulting from the depreciation of the Japanese yen.

As a result of the above, ratio of equity attributable to owners of parent as of the end of the current consolidated second quarter was 73.8%, an increase of 0.2% from the end of the previous fiscal year.

(ii) Cash Flows

Cash and cash equivalents as of the end of the current consolidated second quarter were 30,333 million yen, an increase of 3,552 million yen from the end of the previous fiscal year.

(Cash Flow Provided by Operating Activities)

Cash flow provided by operating activities was 4,092 million yen, a decrease of 762 million yen as compared to the corresponding period of the previous fiscal year, after adjustments for changes in assets and liabilities to our net loss of 4,396 million yen plus adjustments for depreciation and amortization, and income tax expense.

(Cash Flow Provided by Investing Activities)

Cash flow provided by investing activities was 5,672 million yen, as compared to cash flow used in investing activities in the amount of 1,117 million yen for the corresponding period of the previous fiscal year, due to proceeds from sale or amortization of other financial assets.

(Cash Flow Used in Financing Activities)

Cash flow used in financial activities was 8,051 million yen, a decrease of 4,461 million yen as compared to the corresponding period of the previous fiscal year, due to repayments of lease obligations, payments for purchase of treasury stock, and payments made for dividends.

(3) Qualitative Information regarding Forecast of Consolidated Business Results

Based on the business results for the current consolidated cumulative second quarter, as well as the structural reforms including the “withdrawal/integration of unprofitable brands”, “withdrawal of underperforming stores”, “disposal of inventory” and “solicitation for voluntary retirement” to be implemented pursuant to the revised medium-term management plan, we have revised our forecast of consolidated business results for the fiscal year ending March 31, 2024 since we announced such forecast on May 12, 2023. For details, please see the “Announcement Regarding Variances between the Forecast of Consolidated Business Results and Actual Consolidated Business Results for the Six-Month Period ended September 30, 2023, Revisions to the Forecast of Consolidated Business Results, Implementation of Structural Reforms at Our Consolidated Subsidiary, Recognition of Impairment Charges due to Withdrawal and Liquidation of Our U.S. Consolidated Subsidiary’s Business, and Reduction in Executive Remuneration (IFRS)” separately announced on November 9, 2023.

2. Condensed Quarterly Consolidated Financial Statements and Accompanying Notes

(1) Condensed Quarterly Statement of Financial Position

(Millions of Yen)

Accounts	Previous Consolidated Fiscal Year as of March 31, 2023	Current Consolidated Second Quarter as of September 30, 2023
Assets		
Current assets:		
Cash and cash equivalents	26,781	30,333
Trade and other receivables	20,215	19,521
Other financial assets	1,804	2,199
Inventories	53,720	56,347
Other current assets	3,100	4,105
Total current assets	105,620	112,505
Non-current assets:		
Property, plant and equipment	46,702	46,912
Right-of-use assets	12,260	11,584
Goodwill	16,256	11,268
Intangible assets	13,043	12,640
Investment property	2,957	2,954
Investments accounted for using equity method	20,499	20,565
Other financial assets	50,195	50,592
Retirement benefit assets	13,978	15,560
Deferred income taxes	3,316	2,484
Other non-current assets	833	884
Total non-current assets	180,039	175,443
Total assets	285,659	287,948

(Millions of Yen)

Accounts	Previous Consolidated Fiscal Year as of March 31, 2023	Current Consolidated Second Quarter as of September 30, 2023
Liabilities and Equity		
Liabilities		
Current liabilities:		
Borrowings	5,000	7,172
Lease liabilities	4,661	4,483
Trade and other payables	17,535	14,926
Other financial liabilities	1,172	1,109
Income taxes payable	1,683	1,164
Other current liabilities	13,791	15,112
Total current liabilities	43,842	43,966
Non-current liabilities		
Borrowings	3,084	1,925
Lease liabilities	7,670	7,179
Retirement benefit liability	2,470	2,194
Deferred income taxes	13,886	15,560
Other non-current liabilities	1,225	1,214
Total non-current liabilities	28,335	28,072
Total liabilities	72,177	72,038
Equity		
Common stock	13,260	13,260
Additional paid-in capital	29,029	20,563
Retained earnings	151,779	149,114
Other components of equity	32,023	40,349
Treasury stock, at cost	(15,894)	(10,753)
Total equity attributable to owners of parent	210,197	212,533
Noncontrolling interests	3,285	3,377
Total equity	213,482	215,910
Total liabilities and equity	285,659	287,948

(2) Condensed Quarterly Consolidated Statement of Profit or Loss and Condensed Quarterly Consolidated Statement of Comprehensive Income

(Condensed Quarterly Consolidated Statement of Profit or Loss)

(Millions of Yen)

Accounts	Previous Consolidated Cumulative Second Quarter (From April 1, 2022 to September 30, 2022)		Current Consolidated Cumulative Second Quarter (From April 1, 2023 to September 30, 2023)	
		%		%
Revenue	97,506	100.0	95,130	100.0
Cost of sales	(41,341)	(42.4)	(41,446)	(43.6)
Selling, general and administrative expenses	(51,821)	(53.1)	(49,868)	(52.4)
Other income	1,036	1.0	748	0.8
Other expenses	(1,379)	(1.4)	(7,948)	(8.4)
Operating (loss) profit	4,001	4.1	(3,384)	(3.6)
Finance income	1,055	1.1	1,333	1.4
Finance costs	(552)	(0.6)	(152)	(0.1)
Share of profit of investments accounted for using equity method	1,377	1.4	753	0.8
Impairment charges of investments accounted for using equity method	—	—	(1,289)	(1.4)
(Loss) profit before tax	5,881	6.0	(2,739)	(2.9)
Income tax expense	(1,581)	(1.6)	(1,657)	(1.7)
(Loss) profit	4,300	4.4	(4,396)	(4.6)
(Loss) profit attributable to:				
Owners of parent	4,218	4.3	(4,404)	(4.6)
Noncontrolling interests	82	0.1	8	0.0
(Loss) profit	4,300	4.4	(4,396)	(4.6)
(Loss) earnings per share:				
Basic (loss) earnings per share (yen)	69.19		(76.09)	
Diluted (loss) earnings per share (yen)	68.89		(76.09)	

(Condensed Quarterly Consolidated Statement of Comprehensive Income)

(Millions of Yen)

Accounts	Previous Consolidated Cumulative Second Quarter (From April 1, 2022 to September 30, 2022)	Current Consolidated Cumulative Second Quarter (From April 1, 2023 to September 30, 2023)
(Loss) profit	4,300	(4,396)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(187)	5,606
Remeasurement of defined benefit plans	(45)	—
Share of other comprehensive income of investments accounted for using equity method	32	(13)
Total	(200)	5,593
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	7,060	6,378
Share of other comprehensive income of investments accounted for using equity method	280	618
Total	7,340	6,996
Total other comprehensive income	7,140	12,589
Comprehensive income	11,440	8,193
Comprehensive income attributable to:		
Owners of parent	11,258	7,982
Noncontrolling interests	182	211
Comprehensive income	11,440	8,193

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

Previous Consolidated Cumulative Second Quarter (From April 1, 2022 to September 30, 2022)

(Millions of Yen)

Item	Equity attributable to owners of parent						Noncontrolling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Other components of equity	Treasury stock	Total		
Balance at April 1, 2022	13,260	29,077	158,940	27,571	(10,858)	217,990	2,878	220,868
Cumulative effects of changes in accounting policies			228			228		228
Balance at April 1, 2022 reflecting changes in accounting policies	13,260	29,077	159,168	27,571	(10,858)	218,218	2,878	221,096
Profit			4,218			4,218	82	4,300
Other comprehensive income				7,040		7,040	100	7,140
Total comprehensive income	—	—	4,218	7,040	—	11,258	182	11,440
Repurchase of treasury stock					(3,335)	(3,335)		(3,335)
Cancellation of treasury stock			(2,863)		2,863	—		—
Share-based payment transactions		(77)			112	35		35
Dividends			(1,844)			(1,844)	(95)	(1,939)
Transfer from other components of equity to retained earnings			242	(242)		—		—
Total transactions with owners	—	(77)	(4,465)	(242)	(360)	(5,144)	(95)	(5,239)
Balance at September 30, 2022	13,260	29,000	158,921	34,369	(11,218)	224,332	2,965	227,297

Current Consolidated Cumulative Second Quarter (From April 1, 2023 to September 30, 2023)

(Millions of Yen)

Item	Equity attributable to owners of parent						Noncontrolling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Other components of equity	Treasury stock	Total		
Balance at April 1, 2023	13,260	29,029	151,779	32,023	(15,894)	210,197	3,285	213,482
(Loss) profit			(4,404)			(4,404)	8	(4,396)
Other comprehensive income				12,386		12,386	203	12,589
Total comprehensive income	—	—	(4,404)	12,386	—	7,982	211	8,193
Repurchase of treasury stock					(3,483)	(3,483)		(3,483)
Cancellation of treasury stock		(8,572)			8,572	—		—
Share-based payment transactions		8			52	60		60
Dividends			(2,321)			(2,321)	(99)	(2,420)
Changes in ownership interest in subsidiaries		98				98	(20)	78
Transfer from other components of equity to retained earnings			4,060	(4,060)		—		—
Total transactions with owners	—	(8,466)	1,739	(4,060)	5,141	(5,646)	(119)	(5,765)
Balance at September 30, 2023	13,260	20,563	149,114	40,349	(10,753)	212,533	3,377	215,910

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(Millions of Yen)

Accounts	Previous Consolidated Cumulative Second Quarter (From April 1, 2022 to September 30, 2022)	Current Consolidated Cumulative Second Quarter (From April 1, 2023 to September 30, 2023)
Operating activities		
(Loss) profit	4,300	(4,396)
Depreciation and amortization	5,018	5,917
Impairment charges	—	6,392
Finance income	(1,055)	(1,333)
Finance costs	552	152
Share of profit of investments accounted for using equity method	(1,377)	(753)
Impairment charges of investments accounted for using equity method	—	1,289
Income tax expense	1,581	1,657
Loss on sale of property, plant and equipment-net	137	79
Decrease in trade and other receivables	553	1,618
Increase in inventories	(4,477)	(315)
Increase in other assets	(568)	(715)
Decrease in trade and other payables	(1,850)	(3,192)
Decrease in retirement benefit asset or liability	(74)	(1,872)
Increase in other liabilities	2,771	448
Other	(958)	(2,328)
Subtotal	4,553	2,648
Interest received	38	119
Dividends received	1,218	1,330
Interest paid	(106)	(138)
Income taxes received (paid)	(849)	133
Net cash provided by operating activities	4,854	4,092
Investing activities		
Proceeds from withdrawal of time deposits	293	701
Payments into time deposits	(84)	(908)
Purchase of property, plant and equipment	(1,447)	(1,112)
Proceeds from sale of property, plant and equipment	243	33
Purchase of intangible assets	(1,051)	(837)
Purchase of other financial assets	(33)	(77)
Proceeds from sale or amortization of other financial assets	986	7,824
Other	(24)	48
Net cash provided by (used in) investing activities	(1,117)	5,672
Financing activities		
Net increase (decrease) in short-term bank loans with original maturities of three months or less	(4,896)	668
Proceeds from long-term borrowings	1,340	—
Repayments of lease obligations	(2,975)	(2,886)
Payments for purchase of treasury stock	(3,335)	(3,483)
Dividends paid to owners of parent	(1,844)	(2,321)
Dividends paid to noncontrolling interests	(95)	(99)
Contingent consideration payment	(707)	—
Proceeds from sale of interests in subsidiaries to noncontrolling interests	—	78
Payments for acquisition of interests in subsidiaries to noncontrolling interests	—	(8)
Net cash used in financing activities	(12,512)	(8,051)
Effect of exchange rate changes on cash and cash equivalents	1,290	1,839
Net increase (decrease) in cash and cash equivalents	(7,485)	3,552

Cash and cash equivalents at beginning of period	37,485	26,781
Cash and cash equivalents at end of period	30,000	30,333

(5) Notes to Condensed Quarterly Consolidated Financial Statements

(Notes on Going Concern)

Not applicable.

(Changes in Accounting Policies)

Our group has adopted IAS 12 Income Taxes (as amended May 2021) effective from the consolidated cumulative first quarter.

IFRS		Summary of Issuance and/or Amendments
IAS 12	Income Taxes (as amended May 2021)	To clarify the accounting treatment of deferred taxes on leases and decommissioning obligations

The adoption of IAS 12 clarifies the accounting treatment of transactions that give rise to an equal amount of taxable and deductible temporary differences at the time of initial recognition such as leases and decommissioning obligations, and results in the recognition of deferred tax liabilities and deferred tax assets for those taxable and deductible temporary differences in the consolidated statement of financial position, respectively.

The consolidated financial statements for the previous fiscal year have been retrospectively adjusted as a result of the adoption of IAS 12. Due to such adjustments, deferred tax assets increased by 363 million yen, retained earnings increased by 361 million yen, and other components of equity increased by 2 million yen for the previous fiscal year in the condensed quarterly statement of financial position. In addition, income tax expense decreased by 17 million yen and profit increased by the same amount for the previous consolidated cumulative second quarter in the condensed quarterly consolidated statement of profit or loss.

Reflecting the cumulative effects of the adoption of IAS 12, in the condensed quarterly consolidated statement of changes in equity, retained earnings' balance at April 1, 2022 for the previous consolidated cumulative second quarter increased by 228 million yen.

(Segment Information)

(i) Reportable Segment Information

Previous Consolidated Cumulative Second Quarter (From April 1, 2022 to September 30, 2022)

(Millions of Yen)

	Reportable Segment				Other (Note) 1	Adjustments (Note) 3	Consolidated
	Wacoal Business (Domestic)	Wacoal Business (Overseas)	Peach John Business	Total			
Revenue							
External customers	48,865	35,086	6,023	89,974	7,532	—	97,506
Intersegment	529	7,419	146	8,094	1,983	(10,077)	—
Total	49,394	42,505	6,169	98,068	9,515	(10,077)	97,506
Segment profit (Note) 2	1,570	1,552	830	3,952	49	—	4,001

Current Consolidated Cumulative Second Quarter (From April 1, 2023 to September 30, 2023)

(Millions of Yen)

	Reportable Segment				Other (Note) 1	Adjustments (Note) 3	Consolidated
	Wacoal Business (Domestic)	Wacoal Business (Overseas)	Peach John Business	Total			
Revenue							
External customers	47,275	35,028	5,502	87,805	7,325	—	95,130
Intersegment	332	6,971	93	7,396	2,546	(9,942)	—
Total	47,607	41,999	5,595	95,201	9,871	(9,942)	95,130
Segment profit (loss) (Note) 2	1,303	(5,023)	(37)	(3,757)	373	—	(3,384)

- (Note)
1. The “Other” category includes Lecien business, Nanasai business, and other business segments which are not included in the operating segment.
 2. The sum of the segment profit (loss) agrees to the operating profit (loss) on the condensed quarterly consolidated statement of profit or loss. For a reconciliation from operating (loss) profit to (loss) profit before tax, please see the condensed quarterly consolidated statement of profit or loss.
 3. The Company accounts for intersegment sales and transfers at cost plus an interest.

(ii) Segment Information by Region

Revenue – external customers

(Millions of Yen)

	Previous Consolidated Cumulative Second Quarter (From April 1, 2022 to September 30, 2022)	Current Consolidated Cumulative Second Quarter (From April 1, 2023 to September 30, 2023)
Japan	61,797	59,562
Asia and Oceania	10,973	10,976
Americas and Europe	24,736	24,592
Total	97,506	95,130

- (Note)
1. Countries or areas are classified according to locations of consolidated companies.
 2. Of “Americas and Europe” category, revenue in the United States for the previous consolidated cumulative second quarter and current consolidated cumulative second quarter were 18,199 million yen and 17,267 million yen, respectively.