



[Translation]

Consolidated Business Results for the Third 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.

February 9, 2024
Stock Exchange: Tokyo

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Scheduled quarterly report submission date: February 14, 2024

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. Third Quarter of the Fiscal Year Ending March 31, 2024 (April 1, 2023 – December 31, 2023)

(1) Consolidated Business Results

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

	Revenue		Business Profit		Operating Loss		(Loss) Profit Before Taxes		Loss	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Third Quarter ended December 31, 2023	141,407	(1.7)	4,956	(0.4)	(1,981)	-	(1,543)	-	(3,950)	-
Third Quarter ended December 31, 2022	143,903	10.7	4,978	(3.1)	(1,810)	-	252	(96.7)	(2,226)	-

	Loss Attributable to Owners of Parent		Total Comprehensive Income		Basic Loss per Share	Diluted Loss per Share
	Millions of Yen	%	Millions of Yen	%	Yen	Yen
Third Quarter ended December 31, 2023	(3,903)	-	9,075	723.5	(67.98)	(67.98)
Third Quarter ended December 31, 2022	(2,289)	-	1,102	-	(37.92)	(37.92)

(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 third quarter ended December 31, 2022 represent the retrospectively adjusted figures. The percentage change in profit, profit attributable to owners of parent and total comprehensive income for the third quarter ended December 31, 2022 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 December 31, 2023	281,282	209,813	206,557	73.4
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)	-	(188.11)	

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

Notes

- (1) Changes in significant subsidiaries in the consolidated cumulative third 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
- For details, please see “2. Condensed Quarterly Consolidated Financial Statements and Accompanying Notes – (5) “Notes to Condensed Consolidated Financial Statements (Changes in Accounting Policies)” on page 17 of the attached materials.
- (3) Number of Issued Shares (Common Stock)

	Third Quarter ended December 31, 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:	5,287,524 shares	6,487,185 shares
(iii) Average number of shares during consolidated third quarter (third quarter ended December 31):	57,412,738 shares	60,364,680 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 Third Quarter – (3) Qualitative Information regarding Forecast of Consolidated Business Results” on page 10 of the attached materials.

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1. Qualitative Information regarding Consolidated Performance during the Third Quarter

(1) Qualitative Information regarding Consolidated Business Results

(i) Performance Overview of the Nine Months ended December 31, 2023

(Millions of Yen)

	Previous Consolidated Cumulative Third Quarter (From April 1, 2022 to December 31, 2022)	Current Consolidated Cumulative Third Quarter (From April 1, 2023 to December 31, 2023)	Increased/(Decreased) from previous consolidated cumulative third quarter	
	Amount	Amount	Amount	%
Revenue	143,903	141,407	(2,496)	(1.7)
Cost of sales	62,246	61,846	(400)	(0.6)
Gross profit	81,657	79,561	(2,096)	(2.6)
Selling, general and administrative expenses	76,679	74,605	(2,074)	(2.7)
Business profit	4,978	4,956	(22)	(0.4)
Other income	5,019	1,269	(3,750)	(74.7)
Other expenses	11,807	8,206	(3,601)	(30.5)
Operating loss	(1,810)	(1,981)	(171)	-
Finance income	1,285	1,850	+565	+44.0
Finance expense	684	237	(447)	(65.4)
Share of (loss) profit of investments accounted for using equity method	1,461	(1,175)	(2,636)	-
(Loss) profit before taxes	252	(1,543)	(1,795)	-
Loss attributable to owners of parent	(2,289)	(3,903)	(1,614)	-

Business environment surrounding our group in Japan during the current consolidated cumulative third quarter (April 1, 2023 – December 31, 2023) continued to be extremely challenging as the prolonged inflation against the backdrop of rising prices of raw materials and depreciation of the Japanese yen against major currencies and the accompanying increase in selective spending caused sluggish sales of our medium-priced products at our core sales channels such as mass retailers, although sales from other channels such as e-commerce business remained strong. In overseas, although there were signs of recovery in consumer spending in the United States, sales in the United Kingdom and the Europe remained weak due to a decline in consumer confidence resulting from the prolonged monetary tightening caused by the sustained inflation. In China, despite expectations of economic recovery due to the lifting of the zero-COVID policy, the pace of recovery in sales remained lackluster due to sluggish consumer spending against the backdrop of the deterioration in unemployment rate and the negative impact of consumers' reluctance to buy Japanese products following the discharge of Advanced Liquid Processing System (“ALPS”) treated water into the sea.

Under such circumstances, our group has been promoting the initiatives to “implement business model reforms to improve profitability”, “carry out growth strategies to achieve ‘VISION 2030’”, “introduce return on invested capital (ROIC) management”, and “promote asset reduction” with the theme of “transformation to a structure capable of steadily generating cash” under the three-year medium-term management plan revised in November 2023.

In our domestic business, in addition to the cost structure reform as a part of our business model reform project, we have initiated supply chain management reform to strengthen our ability to respond quickly to changes in consumer needs. We are also working to control and optimize inventory levels by reviewing the mix of products in stores and shifting to a production system that matches the demand level, and to shorten lead times for planning and development. In our overseas business, we are working to broaden our sales areas and channels in Europe, in addition to our initiatives to expand contact points with new customers by using digital resources to achieve growth of our e-commerce business.

As a result of the above, for the current consolidated cumulative third quarter, consolidated revenue was 141.41 billion yen (a decrease of 1.7% as compared to the corresponding period of the previous fiscal year). Consolidated business profit remained at the same level as the corresponding period of the previous fiscal year at 4.96 billion yen (a decrease of 0.4% as compared to the corresponding period of the previous fiscal year) as a result of our efforts to control selling, general and administrative expenses to absorb the impact of decreased revenue and a higher cost of sales ratio. We recorded a consolidated operating loss of 1.98 billion yen (as compared to an operating loss of 1.81 billion yen for the corresponding period of the previous fiscal year (*1)) due to the recording of impairment charges of 7.40 billion yen at Wacoal International Corp. (U.S.) in connection with its withdrawal of LIVELY business and liquidation of Intimates Online, Inc. (“Intimates Online”) (*2). Consolidated loss before taxes was 1.54 billion yen (as compared to 0.25 billion yen of consolidated profit before taxes 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, and consolidated loss attributable to the owners of parent was 3.90 billion yen (as compared to 2.29 billion yen of consolidated loss attributable to owners of parent for the corresponding period of the previous fiscal year).

The key exchange rates used for the current consolidated cumulative third quarter (the corresponding period of the previous fiscal year) were: 143.29 yen (136.51 yen) to the U.S. dollar; 179.52 yen (163.91 yen) to the Sterling pound; and 19.98 yen (19.88 yen) to the Chinese yuan.

*1 During the consolidated cumulative third quarter for the fiscal year ended March 31, 2023, we recorded 3.02 billion yen as gain on sale of fixed assets under other income and 10.11 billion yen of impairment charges related to Wacoal International Corp. (U.S.) under other expenses. For details, please see “Announcement of Revisions to the Forecast of Consolidated Business Results and Recognition of Impairment Charges (IFRS)” announced on February 10, 2023, as well as “Announcement Regarding Transfer of Fixed Assets and Recognition of Other Income” announced on November 11, 2022:

https://www.wacoalholdings.jp/en/ir/topics/files/wacoalholdingsnews20230210_1en.pdf

https://www.wacoalholdings.jp/en/ir/topics/files/wacoalholdingsnews20221111_4en_1.pdf

*2 For details on impairment charges related to Wacoal International Corp. (U.S.) in connection with the withdrawal of LIVELY business and liquidation of Intimates Online, please see “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)” announced on November 9, 2023:

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

(ii) Business Overview of Our Reportable Segments

(Millions of Yen)

	Previous Cumulative Third Quarter (from April 1, 2022 to December 31, 2022)		Current Cumulative Third Quarter (from April 1, 2023 to December 31, 2023)		Increased/(Decreased) from previous cumulative third quarter	
	Amount	Distribution Ratio (%)	Amount	Distribution Ratio (%)	Amount	%
Total Revenue	143,903	100.0	141,407	100.0	(2,496)	(1.7)
Wacoal Business (Domestic)	74,683	51.9	72,561	51.3	(2,122)	(2.8)
Wacoal Business (Overseas)	49,792	34.6	50,308	35.6	+516	+1.0
Peach John Business	9,049	6.3	8,066	5.7	(983)	(10.9)
Other	10,379	7.2	10,472	7.4	+93	+0.9

	Previous Cumulative Third Quarter (from April 1, 2022 to December 31, 2022)		Current Cumulative Third Quarter (from April 1, 2023 to December 31, 2023)		Increased/(Decreased) from previous cumulative third quarter	
	Amount	% to Sales	Amount	% to Sales	Amount	%
Operating Profit /(Loss)	(1,810)	-	(1,981)	-	(171)	-
Wacoal Business (Domestic)	5,053	6.8	3,082	4.2	(1,971)	(39.0)
Wacoal Business (Overseas)	(8,044)	-	(5,350)	-	+2,694	-
Peach John Business	896	9.9	(50)	-	(946)	-
Other	285	2.7	337	3.2	+52	+18.2

a. Wacoal Business (Domestic)

Our sales performance during the current consolidated cumulative third quarter continued to show a mixture of strong and weak sales trends, differing by brand and sales channel. Our high-priced brands “Yue” and “Salute” continued to maintain strong sales, and our men’s innerwear products also achieved growth, receiving positive feedback and customer satisfaction from our customers. On the other hand, sales from “Wacoal” and “Wing”, our core brands offering mainly medium-priced products, remained weak during the current consolidated cumulative third quarter due to the increase in selective spending by our customers against the backdrop of the rising inflation. An increase in products returns for the purpose of adjusting in-store inventories in response to weak sales at mass retailers also contributed to a decrease in revenue.

As for our directly managed stores, sales at “AMPHI”, our store brand targeting young adults, was weak due to sluggish growth in the number of customer visits, but overall sales remained at the same level as the corresponding period of the previous fiscal year due to strong sales from “WACOAL The Store” and our factory stores. Sales from our e-commerce business during the current third quarter increased significantly as the sales from autumn/winter sale remained strong, in addition to the positive impact from our efforts to re-engage inactive customers. Sales from third-party e-commerce websites also remained strong as a result of our continued efforts to strengthen cooperation with such e-commerce website operators.

As a result of the above, revenue attributable to our “Wacoal Business (Domestic)” segment was 72.56 billion yen (a decrease of 2.8% as compared to such revenue for the corresponding period of the previous fiscal year). Despite a reduction in labor costs due to a decrease in the number of employees following the implementation of the Flexible Retirement Program during the previous fiscal year and our efforts to control advertising expenses based on sales trends, operating profit was 3.08 billion yen (a decrease of 39.0% as compared to such operating profit for the corresponding period of the previous fiscal year) due to lower revenue and lower profit margin, as well as the reversal of gain on sale of property, plant and equipment (3.02 billion yen) recorded during the previous fiscal year.

b. Wacoal Business (Overseas)

Sales from Wacoal Europe Ltd. remained weak from October 2023 in the United Kingdom and the Europe, its main markets, due to the impact of declining consumer confidence resulting from the sustained inflation and high interest rates. On the other hand, business conditions in the United States showed improvement as consumer spending recovered due to a slowdown in inflation. However, this was not enough to offset the negative impacts of the suspension of shipments due to a cybersecurity incidence in September 2023 and decreased sales of our swimwear products caused by the cool summer, and sales for the current consolidated cumulative third quarter declined on local currency basis.

Sales from Wacoal International Corp. (U.S.) fell below the level of the corresponding period of the previous fiscal year due to a significant decrease in revenue from Intimates Online, which distributes the “LIVELY” brand, despite strong sales from Wacoal America, Inc. (“Wacoal America”), which distributes “Wacoal” brand. During the current third quarter, Wacoal America showed improvement in sales from retail stores and third-party e-commerce websites as its own e-commerce business showed strong sales and its main customers eased their restraint on procurement in response to a recovery in consumer spending. On the other hand, sales from Intimates Online fell short of our expectations despite our efforts to sell down inventory following our decision to withdraw from the business by conducting discount promotions since November 2023.

Although revenue attributable to Wacoal China Co., Ltd. increased due to the lifting of the strict restrictions on activities related to COVID-19 imposed during the corresponding period of the previous fiscal year, sales fell significantly short of our expectations as the number of customer visits to retail stores remained sluggish due to the slow recovery of consumer spending and the negative impact of consumers’ reluctance to buy Japanese products following the discharge of ALPS treated water into the sea, as well as the increased competition in the e-commerce market.

As a result of the above-described factors, while revenue attributable to Wacoal Europe Ltd. and Wacoal International Corp. (U.S.) decreased on a local currency basis, the depreciation of the Japanese yen against major currencies contributed to an increase in revenue attributable to our “Wacoal Business (Overseas)” segment on a Japanese yen basis which was 50.31 billion yen (an increase of 1.0% as compared to such revenue for the corresponding period of the previous fiscal year). We recorded an operating loss of 5.35 billion yen (as compared to an operating loss of 8.04 billion yen for the corresponding period of the previous fiscal year) mainly due to the impact of the recording of impairment charge of 7.40 billion yen on goodwill related to the business withdrawal and liquidation of Intimates Online at Wacoal International Corp. (U.S.).

c. Peach John Business

During the current consolidated cumulative third quarter, despite our efforts to attract new customers through collaboration projects with famous celebrities, sales from both our directly managed stores and e-commerce website continued to struggle as we were unable to meet our expectations. On the other hand, sales from third-party e-commerce websites remained strong due to the positive impact of the start of transactions with new e-commerce website operators.

As a result of the above, revenue attributable to our “Peach John Business” segment were 8.07 billion yen (a decrease of 10.9% as compared to such revenue for the corresponding period of the previous fiscal year). We recorded an operating loss of 0.05 billion yen (as compared to 0.90 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 third quarter, sales from Lecien Corporation 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 steady sales from mannequin rental business, merchandise sales business including fixtures and fittings, and interior design work business against the backdrop of an increase in the number of visitors to commercial facilities in urban areas. In addition, sales from Ai Co., Ltd. increased due to a recovery in travel-related demand.

As a result of the above, revenue attributable to our “Other” business segment was 10.47 billion yen (an increase of 0.9% as compared to such revenue for the corresponding period of the previous fiscal year). Operating profit was 0.34 billion yen (an increase of 18.2% as compared to such operating profit for the corresponding period of the previous fiscal year) due to the impact of increased revenue.

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

(Millions of Yen)

Revenue	Previous Cumulative Third Quarter (from April 1, 2022 to December 31, 2022)		Current Cumulative Third Quarter (from April 1, 2023 to December 31, 2023)		Increased/(Decreased) from previous cumulative third quarter	
	Amount	Distribution Ratio (%)	Amount	Distribution Ratio (%)	Amount	%
Wacoal Corp.	70,397	48.9	68,519	48.5	(1,878)	(2.7)
Wacoal International Corp. (U.S.)	21,491	14.9	21,302	15.1	(189)	(0.9)
Wacoal Europe Ltd.	14,013	9.7	14,504	10.3	+491	+3.5
Wacoal China Co., Ltd.	7,333	5.1	7,746	5.5	+413	+5.6
Peach John Co., Ltd.	9,049	6.3	8,066	5.7	(983)	(10.9)
Lecien Corporation	2,494	1.7	1,889	1.3	(605)	(24.3)
Nanasai Co., Ltd.	4,703	3.3	5,085	3.6	+382	+8.1

*Revenue from external customers only

(Millions of Yen)

Operating Profit/(Loss)	Previous Cumulative Third Quarter (from April 1, 2022 to December 31, 2022)		Current Cumulative Third Quarter (from April 1, 2023 to December 31, 2023)		Increased/(Decreased) from previous cumulative third quarter	
	Amount	% to Sales	Amount	% to Sales	Amount	%
Wacoal Corp.	5,160	7.3	2,768	4.0	(2,392)	(46.4)
Wacoal International Corp. (U.S.)	(9,587)	-	(6,981)	-	+2,606	-
Wacoal Europe Ltd.	955	6.8	957	6.6	+2	+0.2
Wacoal China Co., Ltd.	(668)	-	(269)	-	+399	-
Peach John Co., Ltd.	896	9.9	(50)	-	(946)	-
Lecien Corporation	90	3.6	15	0.8	(75)	(83.3)
Nanasai Co., Ltd.	32	0.7	43	0.8	+11	+34.4

(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 third quarter were 281,282 million yen, a decrease of 4,377 million yen from the end of the previous fiscal year, mainly due to impairment charges on goodwill as well as decreases in property, plant and equipment and right-of-use assets.

Our total liabilities were 71,469 million yen, a decrease of 708 million yen from the end of the previous fiscal year, mainly due to decreases in trade and other payables despite increases in income taxes payable and deferred income taxes.

Equity attributable to owners of parent was 206,557 million yen, a decrease of 3,640 million yen from the end of the previous fiscal year, mainly due to a decrease in additional paid-in capital.

As a result of the above, ratio of equity attributable to owners of parent as of the end of the current consolidated third quarter was 73.4%, a decrease 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 third quarter were 30,177 million yen, an increase of 3,396 million yen from the end of the previous fiscal year.

(Cash Flow Provided by Operating Activities)

Cash flow provided by operating activities was 7,595 million yen, an increase of 1,360 million yen as compared to the corresponding period of the previous fiscal year as a result of adjustments for changes in assets and liabilities against our net loss of 3,950 million yen as adjusted for depreciation and amortization, and income tax expense and other items.

(Cash Flow Provided by Investing Activities)

Cash flow provided by investing activities was 11,003 million yen, an increase of 5,829 million yen as compared to 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 16,437 million yen, a decrease of 1,997 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 dividends paid.

(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, 2024 since we announced such forecast 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 Third Quarter as of December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	26,781	30,177
Trade and other receivables	20,215	19,481
Other financial assets	1,804	2,335
Inventories	53,720	54,133
Other current assets	3,100	5,420
Total current assets	105,620	111,546
Non-current assets:		
Property, plant and equipment	46,702	45,550
Right-of-use assets	12,260	10,716
Goodwill	16,256	11,154
Intangible assets	13,043	12,163
Investment property	2,957	2,840
Investments accounted for using equity method	20,499	19,623
Other financial assets	50,195	48,103
Retirement benefit assets	13,978	15,598
Deferred income taxes	3,316	3,117
Other non-current assets	833	872
Total non-current assets	180,039	169,736
Total assets	285,659	281,282

(Millions of Yen)

Accounts	Previous Consolidated Fiscal Year as of March 31, 2023	Current Consolidated Third Quarter as of December 31, 2023
Liabilities and Equity		
Liabilities		
Current liabilities:		
Borrowings	5,000	7,099
Lease liabilities	4,661	4,438
Trade and other payables	17,535	13,896
Other financial liabilities	1,172	1,061
Income taxes payable	1,683	3,693
Other current liabilities	13,791	14,653
Total current liabilities	43,842	44,840
Non-current liabilities		
Borrowings	3,084	1,840
Lease liabilities	7,670	6,291
Retirement benefit liability	2,470	2,180
Deferred income taxes	13,886	15,109
Other non-current liabilities	1,225	1,209
Total non-current liabilities	28,335	26,629
Total liabilities	72,177	71,469
Equity		
Common stock	13,260	13,260
Additional paid-in capital	29,029	20,563
Retained earnings	151,779	150,068
Other components of equity	32,023	37,550
Treasury stock, at cost	(15,894)	(14,884)
Total equity attributable to owners of parent	210,197	206,557
Noncontrolling interests	3,285	3,256
Total equity	213,482	209,813
Total liabilities and equity	285,659	281,282

(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 Third Quarter (From April 1, 2022 to December 31, 2022)		Current Consolidated Cumulative Third Quarter (From April 1, 2023 to December 31, 2023)	
		%		%
Revenue	143,903	100.0	141,407	100.0
Cost of sales	(62,246)	(43.3)	(61,846)	(43.7)
Selling, general and administrative expenses	(76,679)	(53.3)	(74,605)	(52.8)
Other income	5,019	3.5	1,269	0.9
Other expenses	(11,807)	(8.2)	(8,206)	(5.8)
Operating loss	(1,810)	(1.3)	(1,981)	(1.4)
Finance income	1,285	0.9	1,850	1.3
Finance costs	(684)	(0.4)	(237)	(0.2)
Share of profit of investments accounted for using equity method	1,461	1.0	641	0.5
Impairment charges of investments accounted for using equity method	—	—	(1,816)	(1.3)
(Loss) profit before tax	252	0.2	(1,543)	(1.1)
Income tax expense	(2,478)	(1.7)	(2,407)	(1.7)
Loss	(2,226)	(1.5)	(3,950)	(2.8)
Loss attributable to:				
Owners of parent	(2,289)	(1.6)	(3,903)	(2.8)
Noncontrolling interests	63	0.1	(47)	(0.0)
Loss	(2,226)	(1.5)	(3,950)	(2.8)
Loss per share:				
Basic loss per share (yen)	(37.92)		(67.98)	
Diluted loss per share (yen)	(37.92)		(67.98)	

(Condensed Quarterly Consolidated Statement of Comprehensive Income)

(Millions of Yen)

Accounts	Previous Consolidated Cumulative Third Quarter (From April 1, 2022 to December 31, 2022)	Current Consolidated Cumulative Third Quarter (From April 1, 2023 to December 31, 2023)
Loss	(2,226)	(3,950)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	615	7,937
Remeasurement of defined benefit plans	(45)	—
Share of other comprehensive income of investments accounted for using equity method	176	(140)
Total	746	7,797
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	2,301	4,670
Share of other comprehensive income of investments accounted for using equity method	281	558
Total	2,582	5,228
Total other comprehensive income	3,328	13,025
Comprehensive income	1,102	9,075
Comprehensive income attributable to:		
Owners of parent	1,001	8,985
Noncontrolling interests	101	90
Comprehensive income	1,102	9,075

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

Previous Consolidated Cumulative Third Quarter (From April 1, 2022 to December 31, 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
Loss			(2,289)			(2,289)	63	(2,226)
Other comprehensive income				3,290		3,290	38	3,328
Total comprehensive income	—	—	(2,289)	3,290	—	1,001	101	1,102
Repurchase of treasury stock					(6,248)	(6,248)		(6,248)
Cancellation of treasury stock			(2,863)		2,863	—		—
Share-based payment transactions		(47)			102	55		55
Dividends			(4,243)			(4,243)	(95)	(4,338)
Equity transaction with noncontrolling interests						—	123	123
Transfer from other components of equity to retained earnings			1,838	(1,838)		—		—
Total transactions with owners	—	(47)	(5,268)	(1,838)	(3,283)	(10,436)	28	(10,408)
Balance at December 31, 2022	13,260	29,030	151,611	29,023	(14,141)	208,783	3,007	211,790

Current Consolidated Cumulative Third Quarter (From April 1, 2023 to December 31, 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			(3,903)			(3,903)	(47)	(3,950)
Other comprehensive income				12,888		12,888	137	13,025
Total comprehensive income	—	—	(3,903)	12,888	—	8,985	90	9,075
Repurchase of treasury stock					(7,614)	(7,614)		(7,614)
Cancellation of treasury stock		(8,572)			8,572	—		—
Share-based payment transactions		8			52	60		60
Dividends			(5,169)			(5,169)	(99)	(5,268)
Changes in ownership interest in subsidiaries		98				98	(20)	78
Transfer from other components of equity to retained earnings			7,361	(7,361)		—		—
Total transactions with owners	—	(8,466)	2,192	(7,361)	1,010	(12,625)	(119)	(12,744)
Balance at December 31, 2023	13,260	20,563	150,068	37,550	(14,884)	206,557	3,256	209,813

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(Millions of Yen)

Accounts	Previous Consolidated Cumulative Third Quarter (From April 1, 2022 to December 31, 2022)	Current Consolidated Cumulative Third Quarter (From April 1, 2023 to December 31, 2023)
Operating activities		
Loss	(2,226)	(3,950)
Depreciation and amortization	8,059	8,856
Impairment charges	10,109	6,496
Finance income	(1,285)	(1,850)
Finance costs	684	237
Share of profit of investments accounted for using equity method	(1,461)	(641)
Impairment charges of investments accounted for using equity method	—	1,816
Income tax expense	2,478	2,407
Loss (gain) on sale and disposal of property, plant and equipment-net	(2,758)	42
Decrease in trade and other receivables	980	1,360
Decrease (increase) in inventories	(5,255)	1,128
Increase in other assets	(589)	(1,030)
Decrease in trade and other payables	(2,130)	(3,925)
Decrease in retirement benefit asset or liability	(123)	(1,919)
Increase in other liabilities	1,055	82
Other	(1,418)	(419)
Subtotal	6,120	8,690
Interest received	81	210
Dividends received	1,675	1,793
Interest paid	(191)	(217)
Income taxes paid	(1,450)	(2,881)
Net cash provided by operating activities	6,235	7,595
Investing activities		
Proceeds from withdrawal of time deposits	293	739
Payments into time deposits	(95)	(1,286)
Purchase of property, plant and equipment	(2,146)	(1,546)
Proceeds from sale of property, plant and equipment	4,525	625
Purchase of intangible assets	(1,841)	(1,249)
Purchase of other financial assets	(37)	(132)
Proceeds from sale or amortization of other financial assets	4,344	13,717
Other	131	135
Net cash provided by investing activities	5,174	11,003
Financing activities		
Net increase (decrease) in short-term bank loans with original maturities of three months or less	(4,110)	675
Proceeds from long-term borrowings	1,365	—
Repayments of lease obligations	(4,506)	(4,300)
Payments for purchase of treasury stock	(6,248)	(7,614)
Dividends paid to owners of parent	(4,243)	(5,169)
Dividends paid to noncontrolling interests	(95)	(99)
Contingent consideration payment	(720)	—
Capital contribution from noncontrolling interests	123	—
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	(18,434)	(16,437)
Effect of exchange rate changes on cash and cash equivalents	209	1,235

(Millions of Yen)

Accounts	Previous Consolidated Cumulative Third Quarter (From April 1, 2022 to December 31, 2022)	Current Consolidated Cumulative Third Quarter (From April 1, 2023 to December 31, 2023)
Net increase (decrease) in cash and cash equivalents	(6,816)	3,396
Cash and cash equivalents at beginning of period	37,485	26,781
Cash and cash equivalents at end of period	30,669	30,177

(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 142 million yen and profit increased by the same amount for the previous consolidated cumulative third 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 third quarter increased by 228 million yen.

(Segment Information)

(i) Reportable Segment Information

Previous Consolidated Cumulative Third Quarter (From April 1, 2022 to December 31, 2022)

(Millions of Yen)

	Reportable Segment				Other (Note) 1	Adjustments	Consolidated
	Wacoal Business (Domestic)	Wacoal Business (Overseas)	Peach John Business	Total			
Revenue							
External customers	74,683	49,792	9,049	133,524	10,379	—	143,903
Intersegment	839	10,372	205	11,416	3,206	(14,622)	—
Total	75,522	60,164	9,254	144,940	13,585	(14,622)	143,903
Segment profit (loss) (Note) 2	5,053	(8,044)	896	(2,095)	285	—	(1,810)

Current Consolidated Cumulative Third Quarter (From April 1, 2023 to December 31, 2023)

(Millions of Yen)

	Reportable Segment				Other (Note) 1	Adjustments	Consolidated
	Wacoal Business (Domestic)	Wacoal Business (Overseas)	Peach John Business	Total			
Revenue							
External customers	72,561	50,308	8,066	130,935	10,472	—	141,407
Intersegment	486	9,689	151	10,326	3,364	(13,690)	—
Total	73,047	59,997	8,217	141,261	13,836	(13,690)	141,407
Segment profit (loss) (Note) 2	3,082	(5,350)	(50)	(2,318)	337	—	(1,981)

(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 loss on the condensed quarterly consolidated statement of profit or loss. For a reconciliation from operating loss 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

The following is a breakdown of the revenue to external customers by region.

(Millions of Yen)

	Previous Consolidated Cumulative Third Quarter (From April 1, 2022 to December 31, 2022)	Current Consolidated Cumulative Third Quarter (From April 1, 2023 to December 31, 2023)
Japan	93,188	90,306
Asia and Oceania	16,490	16,466
Americas and Europe	34,225	34,635
Total	143,903	141,407

(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 third quarter and current consolidated cumulative third quarter were 25,133 million yen and 24,570 million yen, respectively.