

[Translation]

**Consolidated Business Results for the First Quarter of the Fiscal Year Ending March 31, 2023
[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.

August 10, 2022

Stock Exchange: Tokyo

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Scheduled quarterly report submission date: August 15, 2022

Scheduled dividend payment start date: -

Supplementary materials regarding quarterly business results: Yes

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

(Amounts less than 1 million yen have been rounded)

1. First Quarter of the Fiscal Year Ending March 31, 2023 (April 1, 2022 – June 30, 2022)

(1) Consolidated Business Results

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

	Revenue		Business Profit		Operating Profit		Profit Before Income Taxes and Equity in Net Profit of Affiliated Companies		Profit	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
First Quarter ended June 30, 2022	49,027	15.5	2,378	21.2	2,469	0.5	3,580	23.4	2,467	51.1
First Quarter ended June 30, 2021	42,453	-	1,962	-	2,456	-	2,902	-	1,633	-

	Net Profit Attributable to Owners of Parent		Total Comprehensive Income		Basic Earnings per Share	Diluted Earnings per Share
	Millions of Yen	%	Millions of Yen	%	Yen	Yen
First Quarter ended June 30, 2022	2,404	47.8	8,273	-	39.17	39.01
First Quarter ended June 30, 2021	1,627	-	632	-	26.06	25.95

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

(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 June 30, 2022	305,330	226,172	223,239	73.1
As of the end of Fiscal Year (March 31, 2022)	299,177	220,868	217,990	72.9

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, 2022	–	20.00	–	30.00	50.00
Fiscal Year Ending March 31, 2023	–				
Fiscal Year Ending March 31, 2023 (Estimates)		40.00	–	40.00	80.00

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

3. Forecast of Consolidated Business Results for the Fiscal Year Ending March 31, 2023 (April 1, 2022 - March 31, 2023)

(% indicates increase (decrease) from the previous fiscal year with respect to “Annual” and from the six-month period ended September 30, 2021 with respect to “Six-month Period Ending September, 30, 2022”)

	Revenue		Business Profit		Operating Profit		Profit Before Income Taxes and Equity in Net Profit of Affiliated Companies		Net Profit Attributable to Owners of Parent		Basic Earnings per Share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Six-month Period Ending September 30, 2022	104,000	20.5	4,500	18.8	4,500	(2.5)	5,300	(2.6)	3,600	4.8	58.66
Annual	205,000	19.1	7,000	-	6,500	97.5	8,000	95.9	5,500	217.6	89.62

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

Notes

- (1) Changes in significant subsidiaries in the consolidated cumulative first quarter of the current fiscal year (i.e. changes in specified subsidiaries (*tokutei kogaisha*) which involve change in scope of consolidation): None
- (2) Changes in accounting principles and/or accounting estimates:
- (i) Changes in accounting principles required by IFRS: None
 - (ii) Changes in accounting principles other than (i) above: None
 - (iii) Changes in accounting estimates: None
- (3) Number of Issued Shares (Common Stock)

	First Quarter ended June 30, 2022	Fiscal Year ended March 31, 2022
(i) Number of issued shares (including treasury stock) as of the end of:	64,500,000 shares	65,589,042 shares
(ii) Number of shares held as treasury stock as of the end of:	3,534,182 shares	4,130,773 shares
(iii) Average number of shares during consolidated first quarter (first quarter ended June 30):	61,372,313 shares	62,424,862 shares

*These quarterly financial statements are exempt from the review procedures.

*Cautionary Statement regarding Forecast of Business Results

(Implementation of the International Financial Reporting Standards (“IFRS”))

Our group has implemented IFRS starting from the current consolidated fiscal year. The financial figures for the corresponding period of the previous fiscal year and the previous fiscal year are also presented in accordance with IFRS. For differences between IFRS and U.S. GAAP in the financial figures, please see “2. Condensed Quarterly Consolidated Financial Statements and Accompanying Notes – (5) Notes to Condensed Quarterly Consolidated Financial Statements (First-time adoption)” on page 18 of the attached materials.

(Cautionary note on forward-looking statements)

The forecast of business results is based on reasonable information we obtained as of the date hereof and, due to various risks, uncertainties and other factors arising in the future, actual results in the future may differ largely from the estimates set out in this document. For notes on conditions used for the forecast of business results and cautionary statements regarding forecast of business results, please see “1. Qualitative Information regarding Consolidated Performance during the First Quarter – (3) Qualitative Information regarding Forecast of Consolidated Business Results” on page 9 of the attached materials.

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1. Qualitative Information regarding Consolidated Performance during the First Quarter

(1) Qualitative Information regarding Consolidated Business Results

(i) Performance Overview of the Three Months ended June 30, 2022

(Millions of Yen)

	Previous Consolidated Cumulative First Quarter (From April 1, 2021 to June 30, 2021)	Current Consolidated Cumulative First Quarter (From April 1, 2022 to June 30, 2022)	Increased/(Decreased) from previous consolidated cumulative first quarter	
	Amount	Amount	Amount	%
Revenue	42,453	49,027	+6,574	+15.5
Cost of sales	17,594	20,346	+2,752	+15.6
Sales profit	24,859	28,681	+3,822	+15.4
Selling, general and administrative expenses	22,897	26,303	+3,406	+14.9
Other income	596	608	+12	+2.0
Other expenses	102	517	+415	+406.9
Operating profit	2,456	2,469	+13	+0.5
Finance income	672	986	+314	+46.7
Finance expense	111	77	(34)	(30.6)
Share of profit (loss) of investments accounted for using equity method	(115)	202	+317	-
Profit before income taxes and equity in net profit of affiliated companies	2,902	3,580	+678	+23.4
Net profit attributable to owners of parent	1,627	2,404	+777	+47.8

(Our group voluntarily implements the International Financial Reporting Standards (“IFRS”) starting from the beginning of current cumulative first quarter, and the results for the previous cumulative first quarter have been reclassified to conform to IFRS.)

During the current cumulative first quarter (April 1, 2022 – June 30, 2022), our group’s domestic business environment continued to remain challenging as the number of customers visiting our retail stores only had a weak bounce back, despite signs of recovery seen in opportunities to go out due to the progress in vaccination and relaxed travel restrictions related to the coronavirus pandemic (“COVID-19”). While our business in Europe maintained its strong sales, our business environment in the United States remained sluggish due to weaker consumer confidence as a result of various factors including rising inflation and accelerated monetary tightening. In addition, our business in China was negatively affected by the impact of activity restrictions in response to another wave of the spread of COVID-19.

Under the “VISION 2030”, our medium- to long-term strategy framework which we announced in June 2022, our group is moving forward with our initiatives to address increasingly complex and diverse social issues as an opportunity for future growth, and to enhance our corporate value by promoting “sustainable management”, a management approach that balances resolving social issues on one hand and sustainable growth on the other hand through our business activities. In addition, our new mid-term business plan for the next three years, which starts in the current fiscal year, is designed to lay the foundation to realize our new vision formulated under “VISION 2030”, which is “to evolve and grow as “Wacoal Group of the World” by providing both physical and emotional beauty and richness to individuals through high sensitivity and premium quality”, and to promote initiatives for transforming into a highly profitable company capable of sustainable growth. In our domestic business, we will continue promoting our unique CX strategy including the utilization of our customer database and merger between online and offline activities to improve value of our customer experience, and strengthening our efforts to improve profitability, aiming “to transform ourselves into a resilient corporate structure”. In our overseas business, we will seek further expansion by expanding our e-commerce business and entering into the emerging markets, in addition to expanding solid sales growth in the existing areas where we conduct our business. On the financial strategies side, we will work to improve our return on equity by improving profitability and capital efficiency while conducting active investments for growth.

As a result of the above, for the current cumulative first quarter, consolidated revenue was 49.03 billion yen (an increase of 15.5% as compared to the corresponding period of the previous fiscal year), consolidated operating profit was 2.47 billion yen (an increase of 0.5% as compared to the corresponding period of the previous fiscal year), consolidated profit before income taxes and equity in net profit of affiliated companies were 3.58 billion yen (an increase of 23.4% as compared to the corresponding period of the previous fiscal year), and consolidated net profit attributable to owners of parent was 2.40 billion yen (an increase of 47.8% as compared to the corresponding period of the previous fiscal year). The key exchange rates used for the current consolidated first quarter (previous first quarter) were: 129.57 yen (109.49 yen) to the U.S. dollar; 162.96 yen (153.20 yen) to the Sterling pound; and 19.58 yen (16.95 yen) to the Chinese yuan.

(ii) Business Overview of Our Operating Segments

(Millions of Yen)

	Previous Cumulative First Quarter (from April 1, 2021 to June 30, 2021)		Current Cumulative First Quarter (from April 1, 2022 to June 30, 2022)		Increased/(Decreased) from previous cumulative first quarter	
	Amount	Distribution Ratio (%)	Amount	Distribution Ratio (%)	Amount	%
Total Revenue	42,453	100.0	49,027	100.0	+6,574	+15.5
Wacoal Business (Domestic)	20,665	48.7	24,495	50.0	+3,830	+18.5
Wacoal Business (Overseas)	16,226	38.2	18,192	37.1	+1,966	+12.1
Peach John Business	2,948	6.9	2,952	6.0	+4	+0.1
Other	2,614	6.2	3,388	6.9	+774	+29.6

	Previous Cumulative First Quarter (from April 1, 2021 to June 30, 2021)		Current Cumulative First Quarter (from April 1, 2022 to June 30, 2022)		Increased/(Decreased) from previous cumulative first quarter	
	Amount	% to Sales	Amount	% to Sales	Amount	%
Operating Profit/(Loss)	2,456	5.8	2,469	5.0	+13	+0.5
Wacoal Business (Domestic)	66	0.3	810	3.3	+744	-
Wacoal Business (Overseas)	2,058	12.7	1,367	7.5	(691)	(33.6)
Peach John Business	503	17.1	384	13.0	(119)	(23.7)
Other	(171)	-	(92)	-	+79	-

a. Wacoal Business (Domestic)

In our “Wacoal Business (Domestic)” segment, we promoted our unique CX strategy to improve value of our customer experience, and continue to make efforts on cost structure reform, in order to achieve the core strategy aiming “to transform ourselves into a resilient corporate structure” under our mid-term business plan.

During the current cumulative first quarter, while the progress in vaccinations and relaxations of travel restrictions related to COVID-19 boosted opportunities to go out socially, a recovery in sales remained gradual as a result of the number of customers visiting our retail stores remaining low. Sales from our e-commerce website “Wacoal Web Store” fell below the sales level for the corresponding period of the previous fiscal year due to lower purchase rate, although the number of customers visiting our website increased as a result of enhancing functions of our official mobile application “WACOAL CARNET” and strengthening sales promotion measures. While the promotion of CX strategies has led to steady growth in purchases by member customers both online and offline, acquiring new customers continued to be a struggle. In addition, even after the resumption of operations at our factory in Vietnam, there were delays in the normalization of the production system. This resulted in delays in the delivery of certain products under our core brands, which caused a loss of sales opportunities.

As a result of the above, revenue attributable to our “Wacoal Business (Domestic)” segment was 24.50 billion yen (an increase of 18.5% as compared to such sales for the corresponding period of the previous fiscal year). Operating profit was 0.81 billion yen (0.07 billion yen of operating profit for the corresponding period of the previous fiscal year) due to the reduction of fixed costs as a part of profit structure reform, in addition to the favorable effect of increased revenue. Starting in the current fiscal year, we have changed the presentation of net sales from Wacoal Corp. related to transactions with department stores to be based on storefront prices, but we have not made retroactive

revisions. This change in presentation has no impact on operating profit because this change resulted in increases in both revenue and selling, general and administrative expenses of the same amount (1.4 billion yen).

b. Wacoal Business (Overseas)

In order to “accelerate global growth” which is one of our core strategies under the mid-term business plan with respect to our “Wacoal Business (Overseas)” segment, we continue to make efforts to acquire new customers by strengthening digital marketing and to convert existing customers to loyal customers by utilizing data and strengthening CRM.

Sales from Wacoal Europe Ltd. significantly increased as a result of strong sales from innerwear and swimwear products supported by the rising consumer confidence in the United Kingdom and Europe. Sales from Wacoal International Corp. (U.S.) were weak due to the absence of the sharp recovery from the impact of COVID-19 seen during the corresponding period of the previous fiscal year, as well as a decline in consumer confidence resulting from concerns for uncertain outlooks. Sales from Wacoal America, Inc. on a local currency basis decreased due to the impact of our major clients’ restraint of procurement, as well as lower sales from our e-commerce website and third-party e-commerce websites than the sales for the corresponding period of previous fiscal year. In addition, sales from Intimates Online, Inc., which distributes the “LIVELY” brand significantly decreased as our efforts to reassess media mix to attract new customers failed to produce results. Sales from Wacoal China Co., Ltd. significantly decreased due to the impact of restrictions on activities following the spread of COVID-19.

In addition to the above-described factors and the impact of depreciation of the Japanese yen against key currencies, sales revenues attributable to our “Wacoal Business (Overseas)” segment on a Japanese yen basis were 18.19 billion yen (an increase of 12.1% as compared to such sales for the corresponding period of the previous fiscal year). Operating profit was 1.37 billion yen (a decrease of 33.6% as compared to such operating profit for the corresponding period of the previous fiscal year) due to the negative impact of operating loss recorded at Wacoal China and Intimates Online.

c. Peach John Business

In our Peach John Business, we aim to achieve a high profit level by promoting product development that captures consumer needs and by developing effective marketing strategies.

During the current cumulative first quarter, sales from our directly-managed stores expanded due to the absence of negative impact of the closings of physical stores following the spread of COVID-19 seen during the previous fiscal year, as well as our marketing measures which were attributable to an increase in the number of customers visiting physical stores. On the other hand, the number of customers visiting our e-commerce website and purchase rate were both low due to our unsuccessful marketing measures.

As a result of the above, revenue and operating profit attributable to our “Peach John Business” segment was 2.95 billion yen (an increase of 0.1% as compared to such sales for the corresponding period of the previous fiscal year) and 0.38 billion yen (a decrease of 23.7% as compared to such operating profit for the corresponding period of the previous fiscal year), respectively. Although profits decreased from the corresponding period of the previous fiscal year due to an increase in sales promotion expenses, we maintained a high level of profits.

d. Other

In our “Other” business segment, we are building a system that can continue to steadily generate profits, in order to achieve the core strategy aiming “to transform ourselves into a resilient corporate structure” under our mid-term business plan.

During the current cumulative first quarter, while revenue from Lecien Corporation decreased due to weak sales of our private products sold by major apparel supply chain companies, revenue increased due to recovery seen in Nanasai Co., Ltd. and Ai Co., Ltd. as a result of the recovery from the impact of COVID-19.

As a result of the above, revenue attributable to our “Other” business segment was 3.39 billion yen (an increase of 29.6% as compared to such revenue for the corresponding period of the previous fiscal year), while we recorded an operating loss of 0.09 billion yen (operating loss of 0.17 billion yen for the corresponding period of the previous fiscal year). Although we recorded an operating loss due to expenses incurred in connection with the liquidation of a subsidiary of Lecien Corporation, operating loss decreased, attributable to increased sales and an improvement in profit structure resulting from a progress in reassessment of operations by each business entity.

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

(Millions of Yen)

Revenue	Previous Cumulative First Quarter (from April 1, 2021 to June 30, 2021)		Current Cumulative First Quarter (from April 1, 2022 to June 30, 2022)		Increased/(Decreased) from previous cumulative first quarter	
	Amount	Distribution Ratio (%)	Amount	Distribution Ratio (%)	Amount	%
Wacoal Corp.	18,128	42.7	23,127	47.2	+4,999	+27.6
Wacoal International Corp. (U.S.)	7,435	17.5	8,154	16.6	+719	+9.7
Wacoal Europe Ltd.	4,037	9.5	5,234	10.7	+1,197	+29.7
Wacoal China Co., Ltd.	3,303	7.8	2,394	4.9	(909)	(27.5)
Peach John Co., Ltd.	2,948	6.9	2,952	6.0	+4	+0.1
Lecien Corporation	924	2.2	910	1.9	(14)	(1.5)
Nanasai Co., Ltd.	1,184	2.8	1,573	3.2	+389	+32.9

*Revenue from external customers only

(Millions of Yen)

Operating Profit/(Loss)	Previous Cumulative First Quarter (from April 1, 2021 to June 30, 2021)		Current Cumulative First Quarter (from April 1, 2022 to June 30, 2022)		Increased/(Decreased) from previous cumulative first quarter	
	Amount	% to Sales	Amount	% to Sales	Amount	%
Wacoal Corp.	30	0.2	1,027	4.4	+997	-
Wacoal International Corp. (U.S.)	1,102	14.8	503	6.2	(599)	(54.4)
Wacoal Europe Ltd.	550	13.6	657	12.6	+107	+19.5
Wacoal China Co., Ltd.	106	3.2	(362)	-	(468)	-
Peach John Co., Ltd.	503	17.1	384	13.0	(119)	(23.7)
Lecien Corporation	(37)	-	(183)	-	(146)	-
Nanasai Co., Ltd.	(57)	-	9	0.6	+66	-

(2) Qualitative Information regarding Consolidated Financial Condition

(i) Assets, Liabilities and Total Shareholders' Equity

Our total assets as of the end of the current consolidated first quarter were 305,330 million yen, an increase of 6,153 million yen from the end of the previous fiscal year, mainly due to an increase in goodwill attributable to the increases in inventories and effect of the depreciation of the Japanese yen.

Our total liabilities were 79,158 million yen, an increase of 849 million yen from the end of the previous fiscal year, mainly due to an increase in other current liabilities.

Equity attributable to owners of parent was 223,239 million yen, an increase of 5,249 million yen from the end of the previous fiscal year, mainly due to an increase in exchange differences on translation of foreign operations due to the effect of 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 first quarter was 73.1%, 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 consolidated first quarter of the current fiscal year were 35,739 million yen, a decrease of 1,746 million yen from the end of the previous fiscal year.

(Cash Flow Provided by Operating Activities)

Cash flow provided by operating activities was 2,837 million yen, an increase of 2,029 million yen as compared to the corresponding period of the previous fiscal year, after adjustments for changes in assets and liabilities to our profit of 2,467 million yen plus adjustments for depreciation and amortization expenses and income taxes payable.

(Cash Flow Used in Investing Activities)

Cash flow used in investing activities was 1,027 million yen, a decrease of 243 million yen as compared to the corresponding period of the previous fiscal year, due to purchase of property, plant and equipment and intangible assets.

(Cash Flow Used in Financing Activities)

Cash flow used in financing activities was 4,491 million yen, a decrease of 19,053 million yen as compared to the corresponding period of the previous fiscal year, due to payments made for dividends and payments for purchase of treasury stock.

(3) Qualitative Information regarding Forecast of Consolidated Business Results

We have not revised our forecast of consolidated business results for the six-month period ending September 30, 2022 and the fiscal year ending March 31, 2023 since we announced such forecast on May 13, 2022.

2. Condensed Quarterly Consolidated Financial Statements and Accompanying Notes

(1) Condensed Quarterly Statement of Financial Position

(Millions of Yen)

Accounts	Date of Transition (April 1, 2021)	Previous Consolidated Fiscal Year as of March 31, 2022	Current Consolidated First Quarter as of June 30, 2022
Assets			
Current assets:			
Cash and cash equivalents	63,987	37,485	35,739
Trade and other receivables	18,657	20,706	21,977
Other financial assets	2,238	1,795	2,060
Inventories	43,402	45,926	48,311
Other current assets	7,067	2,923	3,564
Total current assets	135,351	108,835	111,651
Non-current assets:			
Property, plant and equipment	44,973	48,602	49,355
Right-of-use assets	12,967	13,986	13,640
Goodwill	21,169	22,945	24,762
Intangible assets	15,343	15,666	15,542
Investment property	3,126	2,725	2,723
Investments accounted for using equity method	17,898	18,239	19,186
Other financial assets	56,334	52,249	52,331
Retirement benefit assets	9,434	13,280	13,276
Deferred income taxes	1,641	1,680	1,829
Other non-current assets	979	970	1,035
Total non-current assets	183,864	190,342	193,679
Total assets	319,215	299,177	305,330

(Millions of Yen)

Accounts	Date of Transition (April 1, 2021)	Previous Consolidated Fiscal Year as of March 31, 2022	Current Consolidated First Quarter as of June 30, 2022
Liabilities and Equity			
Liabilities			
Current liabilities:			
Borrowings	40,707	10,227	10,917
Lease liabilities	3,657	5,197	4,971
Trade and other payables	15,058	16,738	15,982
Other financial liabilities	2,365	1,661	2,052
Income taxes payable	879	1,363	898
Other current liabilities	14,132	14,080	15,500
Total current liabilities	76,798	49,266	50,320
Non-current liabilities			
Borrowings	1,498	1,626	1,783
Lease liabilities	8,676	8,254	8,161
Other financial liabilities	1,639	820	—
Retirement benefit liability	2,089	3,466	3,462
Deferred income taxes	12,065	13,607	14,194
Other non-current liabilities	1,516	1,270	1,238
Total non-current liabilities	27,483	29,043	28,838
Total liabilities	104,281	78,309	79,158
Equity			
Common stock	13,260	13,260	13,260
Additional paid-in capital	29,120	29,077	29,094
Retained earnings	156,143	158,940	156,592
Other components of equity	22,381	27,571	33,335
Treasury stock, at cost	(8,876)	(10,858)	(9,042)
Total equity attributable to owners of parent	212,028	217,990	223,239
Noncontrolling interests	2,906	2,878	2,933
Total equity	214,934	220,868	226,172
Total liabilities and equity	319,215	299,177	305,330

(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 First Quarter (From April 1, 2021 to June 30, 2021)		Current Consolidated Cumulative First Quarter (From April 1, 2022 to June 30, 2022)	
		%		%
Revenue	42,453	100.0	49,027	100.0
Cost of sales	(17,594)	(41.5)	(20,346)	(41.5)
Selling, general and administrative expenses	(22,897)	(53.9)	(26,303)	(53.6)
Other income	596	1.4	608	1.2
Other expenses	(102)	(0.2)	(517)	(1.1)
Operating profit	2,456	5.8	2,469	5.0
Finance income	672	1.6	986	2.0
Finance costs	(111)	(0.3)	(77)	(0.1)
Share of (loss) profit of investments accounted for using equity method	(115)	(0.3)	202	0.4
Profit before tax	2,902	6.8	3,580	7.3
Income tax expense	(1,269)	(3.0)	(1,113)	(2.3)
Profit	1,633	3.8	2,467	5.0
Profit attributable to:				
Owners of parent	1,627	3.8	2,404	4.9
Noncontrolling interests	6	0.0	63	0.1
Profit	1,633	3.8	2,467	5.0
Earnings per share:				
Basic earnings per share (yen)	26.06		39.17	
Diluted earnings per share (yen)	25.95		39.01	

(Condensed Quarterly Consolidated Statement of Comprehensive Income)

(Millions of Yen)

Accounts	Previous Consolidated Cumulative First Quarter (From April 1, 2021 to June 30, 2021)	Current Consolidated Cumulative First Quarter (From April 1, 2022 to June 30, 2022)
Profit	1,633	2,467
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(1,166)	58
Remeasurement of defined benefit plans	—	(45)
Share of other comprehensive (loss) income of investments accounted for using equity method	(8)	4
Total	(1,174)	17
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	325	5,354
Share of other comprehensive income of investments accounted for using equity method	(152)	435
Total	173	5,789
Total other comprehensive income	(1,001)	5,806
Comprehensive income	632	8,273
Comprehensive income attributable to:		
Owners of parent	642	8,123
Noncontrolling interests	(10)	150
Comprehensive income	632	8,273

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

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

(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, 2021	13,260	29,120	156,143	22,381	(8,876)	212,028	2,906	214,934
Profit			1,627			1,627	6	1,633
Other comprehensive income				(985)		(985)	(16)	(1,001)
Total comprehensive income	—	—	1,627	(985)	—	642	(10)	632
Repurchase of treasury stock					(0)	(0)		(0)
Share-based payment transactions		(11)	(3)		24	10		10
Dividends			(1,248)			(1,248)	(82)	(1,330)
Equity transactions with noncontrolling interests						—	55	55
Transfer from other components of equity to retained earnings			(61)	61		—		—
Total transactions with owners	—	(11)	(1,312)	61	24	(1,238)	(27)	(1,265)
Balance at June 30, 2021	13,260	29,109	156,458	21,457	(8,852)	211,432	2,869	214,301

Current Consolidated Cumulative First Quarter (From April 1, 2022 to June 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
Profit			2,404			2,404	63	2,467
Other comprehensive income				5,719		5,719	87	5,806
Total comprehensive income	—	—	2,404	5,719	—	8,123	150	8,273
Repurchase of treasury stock					(1,047)	(1,047)		(1,047)
Disposal of treasury stock			(2,863)		2,863	—		—
Share-based payment transactions		17				17		17
Dividends			(1,844)			(1,844)	(95)	(1,939)
Transfer from other components of equity to retained earnings			(45)	45		—		—
Total transactions with owners	—	17	(4,752)	45	1,816	(2,874)	(95)	(2,969)
Balance at June 30, 2022	13,260	29,094	156,592	33,335	(9,042)	223,239	2,933	226,172

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(Millions of Yen)

Accounts	Previous Consolidated Cumulative First Quarter (From April 1, 2021 to June 30, 2021)	Current Consolidated Cumulative First Quarter (From April 1, 2022 to June 30, 2022)
Operating activities		
Profit	1,633	2,467
Depreciation and amortization	2,395	2,761
Finance income	(672)	(986)
Finance costs	111	77
Share of loss (profit) loss of investments accounted for using equity method	115	(202)
Income tax expense	1,269	1,113
Loss (gain) on sale of fixed assets	(142)	4
Increase in trade and other receivables	(903)	(472)
Increase in inventories	(1,094)	(698)
Increase in other assets	(415)	(302)
Decrease increase in trade and other payables	(835)	(1,707)
Decrease in retirement benefit asset or liability	(637)	(707)
Increase in other liabilities	92	1,327
Other	(294)	(201)
Subtotal	623	2,474
Interest received	10	12
Dividends received	673	1,157
Interest paid	(67)	(55)
Income taxes paid	(431)	(751)
Net cash provided by operating activities	808	2,837
Investing activities		
Proceeds from withdrawal of time deposits	361	71
Payments into time deposits	(132)	(32)
Purchase of property, plant and equipment	(1,134)	(541)
Proceeds from sale of property, plant and equipment	244	216
Purchase of intangible assets	(824)	(724)
Purchase of other financial assets	(1)	(1)
Proceeds from sale or amortization of other financial assets	198	—
Other	18	(16)
Net cash used in investing activities	(1,270)	(1,027)
Financing activities		
Net (decrease) increase in short-term bank loans with original maturities of three months or less	(20,000)	648
Repayments of long-term borrowings	(12)	—
Repayments of lease obligations	(993)	(1,469)
Capital contribution from noncontrolling interests	55	—
Payments for purchase of treasury stock	(0)	(1,047)
Dividends paid to owners of parent	(1,248)	(1,844)
Dividends paid to noncontrolling interests	(82)	(95)
Contingent consideration payment	(1,264)	(684)
Net cash used in financing activities	(23,544)	(4,491)
Effect of exchange rate changes on cash and cash equivalents	77	935
Net decrease in cash and cash equivalents	(23,929)	(1,746)
Cash and cash equivalents at beginning of period	63,987	37,485
Cash and cash equivalents at end of period	40,058	35,739

(5) Notes to Condensed Quarterly Consolidated Financial Statements

(Notes on Going Concern)

Not applicable.

(Segment Information)

(i) Reportable Segment Information

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

(Millions of Yen)

	Reportable Segment				Other (Note) 1	Adjustments	Consolidated
	Wacoal Business (Domestic)	Wacoal Business (Overseas)	Peach John Business	Total			
Revenue							
External customers	20,665	16,226	2,948	39,839	2,614	—	42,453
Intersegment	202	2,692	79	2,973	911	(3,884)	—
Total	20,867	18,918	3,027	42,812	3,525	(3,884)	42,453
Segment profit (loss) (Note) 2	66	2,058	503	2,627	(171)	—	2,456

Current Consolidated Cumulative First Quarter (From April 1, 2022 to June 30, 2022)

(Millions of Yen)

	Reportable Segment				Other (Note) 1	Adjustments	Consolidated
	Wacoal Business (Domestic)	Wacoal Business (Overseas)	Peach John Business	Total			
Revenue							
External customers	24,495	18,192	2,952	45,639	3,388	—	49,027
Intersegment	222	3,713	82	4,017	845	(4,862)	—
Total	24,717	21,905	3,034	49,656	4,233	(4,862)	49,027
Segment profit (loss) (Note) 2	810	1,367	384	2,561	(92)	—	2,469

- (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 on the condensed quarterly consolidated statement of profit or loss. For a reconciliation from operating profit (loss) to profit before income taxes and equity in net profit of affiliated companies, 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 First Quarter (From April 1, 2021 to June 30, 2021)	Current Consolidated Cumulative First Quarter (From April 1, 2022 to June 30, 2022)
Japan	25,814	30,523
Asia and Oceania	5,354	5,546
Americas and Europe	11,285	12,958
Total	42,453	49,027

- (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 first quarter and current consolidated cumulative first quarter were 8,903 million yen and 9,508 million yen, respectively.

(First-time Adoption)

Starting from the current consolidated first quarter, our group began preparing our condensed quarterly consolidated financial statements in accordance with IFRS. Previously, our group prepared the financial consolidated statements for the fiscal year ended March 31, 2022 in accordance with U.S. GAAP. The date of transition to IFRS is April 1, 2021.

(1) IFRS 1 – Exemptions

In principle, IFRS requires companies that adopt IFRS for the first time (a “first-time adopter”) to apply IFRS standards retrospectively. IFRS 1 *First-time Adoption of International Financial Reporting Standards* (“IFRS 1”), however, outlines certain mandatory and discretionary exemptions from retrospective application of IFRS standards. The effect of the application of these exceptions and exemptions is adjusted in retained earnings and/or other components of equity at the date of transition to IFRS. The exemptions adopted by our group upon transition from U.S. GAAP to IFRS are as follows:

- Business combinations

A first-time adopter may choose not to apply IFRS 3 *Business Combinations* (“IFRS 3”) retrospectively to business combinations for which the acquisition date occurs prior to the date of transition to IFRS. Our group has applied such exemption and chosen not to apply retrospectively to business combinations that occurred prior to the date of transition. As a result, the amount of goodwill arising from business combinations prior to the date of transition is based on the carrying amount as of the transition date in accordance with U.S. GAAP.

Goodwill is tested for impairment as of the transition date, regardless of whether there is any indication of impairment.

- Deemed cost

IFRS 1 permits the use of fair value as of the date of transition to IFRS for property, plant and equipment, investment property and intangible assets as deemed cost as of that date. Our group uses fair value as of the date of transition for certain intangible assets as deemed cost under IFRS.

- Exchange differences on translation of foreign operations

IFRS 1 permits a first-time adopter to choose to deem the cumulative amount of the exchange differences on translation of foreign operations to be zero as of the date of transition to IFRS. Our group has chosen to deem the cumulative amount of the exchange differences on translation of foreign operations to be zero as of the date of transition to IFRS.

- Leases

Under IFRS 1, a first-time adopter may determine whether an arrangement contains a lease as of the date of transition to IFRS based on the facts and circumstances at the date of transition. It also permits to measure the lease liability at the present value of the remaining lease payments discounted at the lessee’s additional borrowing rate as of the date of transition, and the right-of-use asset at the same amount as the lease liability. Leases ending within 12 months from the date of transition and leases with small underlying assets may be recognized as expenses.

Our group has applied such exemption, and recognized and measured leases.

- Designation of previously recognized financial instruments

IFRS 1 permits classification in IFRS 9 *Financial Instruments* (“IFRS 9”) to be based on facts and circumstances as of the date of transition, rather than on facts and circumstances existing at the time of recognition. In addition, it is permitted to designate equity financial assets as financial assets at fair value through other comprehensive income based on facts and circumstances existing as of the date of transition.

Our group has chosen the classification in IFRS 9 based on facts and circumstances existing as of the date of transition, and has designated certain equity financial assets as financial assets at fair value through other comprehensive income based on facts and circumstances existing as of the date of transition.

- Fair value measurement of financial instruments at initial recognition

Our group has elected to apply prospectively the provisions of IFRS 9 on fair value measurement and recognition of gains or losses on initial recognition of financial assets and liabilities.

(2) IFRS 1 – Mandatory Exceptions

IFRS 1 prohibits retrospective application regarding “estimates”, “derecognition of financial assets and financial liabilities”, “hedge accounting”, “noncontrolling interests” and “classification and measurement of financial instruments”. Our group has applied prospectively these items from the date of transition.

(3) Reconciliations

The reconciliations required to be disclosed under IFRS upon first-time adoption are as follows.

The reconciliations include items which may not impact the retained earnings and comprehensive income under “reclassification”, and items which may impact the retained earnings and comprehensive income under “recognition and measurement differences”.

Reconciliation of Equity as at the date of transition to IFRS (April 1, 2021)

(Millions of Yen)

Presentation under U.S. GAAP	U.S. GAAP	Reclassification	Recognition and measurement differences	IFRS	Note	Presentation under IFRS
(Assets)						Assets
Current Assets						Current Assets
Cash and cash equivalents	63,557	—	430	63,987		Cash and cash equivalents
Time deposits	1,443	(1,443)	—	—		
Marketable securities	253	(253)	—	—		
Notes and accounts receivable	17,571	490	596	18,657		Trade and other receivables
Allowance for doubtful receivables	(346)	346	—	—		
	—	2,213	25	2,238	A	Other financial assets
Inventories	43,250	2	150	43,402		Inventories
Return assets	600	(600)	—	—		
Other current assets	7,794	(603)	(124)	7,067		Other current assets
Total current assets	134,122	152	1,077	135,351		Total current assets
Property, Plant and Equipment						Non-current Assets
Land	20,569	—	—	—		
Buildings and building improvements	72,978	—	—	—		
Machinery and equipment	19,356	—	—	—		
Construction in progress	1,264	—	—	—		
	114,167	—	—	—		
Accumulated depreciation	(64,409)	—	—	—		
Net property, plant and equipment	49,758	(4,390)	(395)	44,973	b	Property, plant and equipment
Other assets						
Operating leases right-of-use assets	12,729	870	(632)	12,967	D, E, j	Right-of-use assets
Investments	51,603	(51,603)	—	—		
Goodwill	21,169	—	—	21,169		Goodwill
Other intangible assets	15,220	394	(271)	15,343	C, c	Intangible assets
	—	3,126	—	3,126	B	Investment property
Investments in affiliated companies	21,207	—	(3,309)	17,898	d	Investments accounted for using equity method
	—	56,374	(40)	56,334		Other financial assets
Prepaid pension expense	9,533	—	(99)	9,434		Retirement benefit assets
Deferred income taxes	1,649	—	(8)	1,641	k	Deferred income taxes
Other	5,771	(4,900)	108	979		Other non-current assets
Total other assets	138,881	—	—	—		Total non-current assets
	—	—	—	183,864		
Total Assets	322,761	23	(3,569)	319,215		Total Assets

(Millions of Yen)

Presentation under U.S. GAAP	U.S. GAAP	Reclassification	Recognition and measurement differences	IFRS	Note	Presentation under IFRS
(Liabilities)						Liabilities and Equity
Current Liabilities						Liabilities
Short-term bank loans	40,672	35	—	40,707		Current Liabilities
Notes and accounts payable	—	4,411	(754)	3,657	D, j	Borrowings
Trade notes payable	712	(712)	—	—	h	Lease liabilities
Trade accounts payable	8,734	(8,734)	—	—		Trade and other payables
Other payables	6,610	(6,610)	—	—		
Accrued payroll and bonuses	—	2,372	(7)	2,365	G	Other financial liabilities
Income taxes payable	6,822	(6,822)	—	—		
Refund liabilities	1,025	(134)	(12)	879		Income taxes payable
Short-term operating lease liabilities	2,266	(2,266)	—	—		
Other current liabilities	4,411	(4,411)	—	—		
Total current liabilities	4,819	9,202	111	14,132	F, i	Other current liabilities
	76,071	661	66	76,798		Total current liabilities
Long-term liabilities						Non-current liabilities
Long-term debt	1,498	—	—	1,498		Borrowings
Liabilities for termination and retirement benefit	—	8,520	156	8,676	D, j	Lease liabilities
Deferred income taxes	—	1,639	—	1,639	G	Other financial liabilities
Long-term operating lease liabilities	1,942	143	4	2,089		Retirement benefit liability
Contingent consideration (long-term)	12,292	—	(227)	12,065	k	Deferred income taxes
Other long-term liabilities	8,520	(8,520)	—	—		
Total long-term liabilities	1,639	(1,639)	—	—		
	2,183	(781)	114	1,516	i	Other non-current liabilities
Total liabilities	28,074	(638)	47	27,483		Total non-current liabilities
	104,145	23	113	104,281		Total liabilities
(Equity)						Equity
Common stock	13,260	—	—	13,260		Common stock
Additional paid-in capital	29,120	—	—	29,120		Additional paid-in capital
Retained earnings	181,346	—	(25,203)	156,143	l	Retained earnings
Accumulated other comprehensive income (loss)	—	762	21,619	22,381	f, g	Other components of equity
Foreign currency translation adjustments	1,770	(1,770)	—	—		
Pension liability adjustments	(1,008)	1,008	—	—		
Treasury stock, at cost	(8,876)	—	—	(8,876)		Treasury stock, at cost
Total Wacoal Holdings Corp. shareholders' equity	215,612	—	(3,584)	212,028		Total equity attributable to owners of parent
Noncontrolling interests	3,004	—	(98)	2,906		Noncontrolling interests
Total equity	218,616	—	(3,682)	214,934		Total equity
Total liabilities and equity	322,761	23	(3,569)	319,215		Total liabilities and equity

Reconciliation of Equity as at previous consolidated first quarter (June 30, 2021)

(Millions of Yen)

Presentation under U.S. GAAP	U.S. GAAP	Reclassification	Recognition and measurement differences	IFRS	Note	Presentation under IFRS
(Assets)						Assets
Current Assets						Current Assets
Cash and cash equivalents	39,304	—	754	40,058		Cash and cash equivalents
Time deposits	1,358	(1,358)	—	—		
Marketable securities	254	(254)	—	—		
Notes and accounts receivable	19,345	404	(74)	19,675		Trade and other receivables
Allowance for doubtful receivables	△266	266	—	—		
	—	2,061	(125)	1,936	A	Other financial assets
Inventories	44,602	—	(21)	44,581		Inventories
Return assets	586	(586)	—	—		
Other current assets	8,735	(417)	(455)	7,863		Other current assets
Total current assets	113,918	116	79	114,113		Total current assets
Property, Plant and Equipment						Non-current Assets
Land	20,579	—	—	—		
Buildings and building improvements	73,267	—	—	—		
Machinery and equipment	19,614	—	—	—		
Construction in progress	1,942	—	—	—		
	115,402	—	—	—		
Accumulated depreciation	(65,338)	—	—	—		
Net property, plant and equipment	50,064	(4,388)	(470)	45,206	b	Property, plant and equipment
Other assets						
Operating leases right-of-use assets	12,077	851	(86)	12,842	D, E, j	Right-of-use assets
Investments	49,690	(49,690)	—	—		
Goodwill	21,212	—	—	21,212		Goodwill
Other intangible assets	15,192	409	(345)	15,256	C, c	Intangible assets
	—	3,126	—	3,126	B	Investment property
Investments in affiliated companies	21,833	—	(4,154)	17,679	d	Investments accounted for using equity method
	—	54,411	(3)	54,408		Other financial assets
Prepaid pension expense	9,750	—	(308)	9,442		Retirement benefit assets
Deferred income taxes	1,740	—	30	1,770	k	Deferred income taxes
Other	5,779	(4,837)	132	1,074		Other non-current assets
Total other assets	137,273	—	—	—		
	—	—	—	182,015		Total non-current assets
Total Assets	301,255	(2)	(5,125)	296,128		Total Assets

(Millions of Yen)

Presentation under U.S. GAAP	U.S. GAAP	Reclassification	Recognition and measurement differences	IFRS	Note	Presentation under IFRS
(Liabilities)						Liabilities and Equity
Current Liabilities						Liabilities
Short-term bank loans	20,677	23	—	20,700		Current Liabilities
Notes and accounts payable	—	4,141	(237)	3,904	D, j	Borrowings
Trade notes payable	983	(983)	—	—	h	Lease liabilities
Trade accounts payable	8,932	(8,932)	—	—		Trade and other payables
Other payables	4,155	(4,155)	—	—		
Accrued payroll and bonuses	—	1,953	—	1,953	G	Other financial liabilities
Income taxes payable	5,633	(5,633)	—	—		
Refund liabilities	1,082	—	(206)	876		Income taxes payable
Short-term operating lease liabilities	2,002	(2,002)	—	—		
Contingent consideration (short-term)	4,141	(4,141)	—	—		
Other current liabilities	885	(885)	—	—		
Total current liabilities	6,734	7,200	175	14,109	F, i	Other current liabilities
Long-term liabilities	55,224	656	(384)	55,496		Total current liabilities
Long-term debt	1,496	—	—	1,496		Non-current liabilities
Liabilities for termination and retirement benefit	—	8,146	194	8,340	D, j	Borrowings
Deferred income taxes	—	736	—	736	G	Lease liabilities
Long-term operating lease liabilities	1,949	143	4	2,096		Other financial liabilities
Contingent consideration (long-term)	12,264	—	(107)	12,157	k	Retirement benefit liability
Other long-term liabilities	8,146	(8,146)	—	—		Deferred income taxes
Total long-term liabilities	736	(736)	—	—		
Total liabilities	2,192	(801)	115	1,506	i	Other non-current liabilities
(Equity)	26,783	(658)	206	26,331		Total non-current liabilities
Common stock	82,007	(2)	(178)	81,827		Total liabilities
Additional paid-in capital	13,260	—	—	13,260		Equity
Retained earnings	29,109	—	—	29,109	l	Common stock
Accumulated other comprehensive income (loss)	180,567	—	(24,109)	156,458		Additional paid-in capital
Foreign currency translation adjustments	—	2,090	19,367	21,457	f, g	Retained earnings
Pension liability adjustments	3,086	(3,086)	—	—		Other components of equity
Treasury stock, at cost	(996)	996	—	—		
Total Wacoal Holdings Corp. shareholders' equity	(8,852)	—	—	(8,852)		Treasury stock, at cost
Noncontrolling interests	216,174	—	(4,742)	211,432		Total equity attributable to owners of parent
Total equity	3,074	—	(205)	2,869		Noncontrolling interests
Total liabilities and equity	219,248	—	(4,947)	214,301		Total equity
	301,255	(2)	(5,125)	296,128		Total liabilities and equity

Reconciliation of Equity as at previous consolidated fiscal year (March 31, 2022)

(Millions of Yen)

Presentation under U.S. GAAP	U.S. GAAP	Reclassification	Recognition and measurement differences	IFRS	Note	Presentation under IFRS
(Assets)						Assets
Current Assets						Current Assets
Cash and cash equivalents	37,982	—	(497)	37,485		Cash and cash equivalents
Time deposits	1,387	(1,387)	—	—		
Notes and accounts receivable	19,414	876	416	20,706		Trade and other receivables
Allowance for doubtful receivables	(282)	282	—	—		
	—	1,802	(7)	1,795	A	Other financial assets
Inventories	45,268	—	658	45,926		Inventories
Return assets	655	(655)	—	—		
Other current assets	4,004	(800)	(281)	2,923		Other current assets
Total current assets	108,428	118	289	108,835		Total current assets
Property, Plant and Equipment						Non-current assets
Land	20,358	—	—	—		
Buildings and building improvements	77,641	—	—	—		
Machinery and equipment	20,829	—	—	—		
Construction in progress	1,289	—	—	—		
	120,117	—	—	—		
Accumulated depreciation	(67,156)	—	—	—		
Net property, plant and equipment	52,961	(3,984)	(375)	48,602	b	Property, plant and equipment
Other assets						
Operating leases right-of-use assets	12,356	886	744	13,986	D, E, j	Right-of-use assets
Investments	47,926	(47,926)	—	—		
Goodwill	22,945	—	—	22,945		Goodwill
Other intangible assets	15,408	373	(115)	15,666	C, c	Intangible assets
	—	2,725	—	2,725	B	Investment property
Investments in affiliated companies	22,835	—	(4,596)	18,239	d	Investments accounted for using equity method
	—	52,250	(1)	52,249		Other financial assets
Prepaid pension expense	13,411	—	(131)	13,280		Retirement benefit assets
Deferred income taxes	1,554	—	126	1,680	k	Deferred income taxes
Other	5,421	(4,442)	(9)	970		Other non-current assets
Total other assets	141,856	—	—	—		
	—	—	—	190,342		Total non-current assets
Total Assets	303,245	—	(4,068)	299,177		Total Assets

(Millions of Yen)

Presentation under U.S. GAAP	U.S. GAAP	Reclassification	Recognition and measurement differences	IFRS	Note	Presentation under IFRS
(Liabilities)						Liabilities and Equity
Current Liabilities						Liabilities
Short-term bank loans	10,227	—	—	10,227		Current Liabilities
Notes and accounts payable	—	4,549	648	5,197	D, j	Borrowings
Trade notes payable	558	(558)	—	—	h	Lease liabilities
Trade accounts payable	10,067	(10,067)	—	—		Trade and other payables
Other payables	7,006	(7,006)	—	—		
Accrued payroll and bonuses	—	1,661	—	1,661	G	Other financial liabilities
Income taxes payable	6,319	(6,319)	—	—		
Refund liabilities	1,408	(70)	25	1,363		Income taxes payable
Short-term operating lease liabilities	1,991	(1,991)	—	—		
Other current liabilities	4,549	(4,549)	—	—		
Total current liabilities	5,178	8,883	19	14,080	F, i	Other current liabilities
	47,303	697	1,266	49,266		Total current liabilities
Long-term liabilities						Non-current liabilities
Long-term debt	1,626	—	—	1,626		Borrowings
	—	8,150	104	8,254	D, j	Lease liabilities
	—	820	—	820	G	Other financial liabilities
Liabilities for termination and retirement benefit	3,345	103	18	3,466		Retirement benefit liability
Deferred income taxes	14,095	—	(488)	13,607	k	Deferred income taxes
Long-term operating lease liabilities	8,150	(8,150)	—	—		
Contingent consideration (long-term)	820	(820)	—	—		
Other long-term liabilities	1,854	(800)	216	1,270	i	Other non-current liabilities
Total long-term liabilities	29,890	(697)	(150)	29,043		Total non-current liabilities
Total liabilities	77,193	—	1,116	78,309		Total liabilities
(Equity)						Equity
Common stock	13,260	—	—	13,260		Common stock
Additional paid-in capital	29,077	—	—	29,077		Additional paid-in capital
Retained earnings	183,456	—	(24,516)	158,940	l	Retained earnings
Accumulated other comprehensive income (loss)	—	8,070	19,501	27,571	f, g	Other components of equity
Foreign currency translation adjustments	7,714	(7,714)	—	—		
Pension liability adjustments	356	(356)	—	—		
Treasury stock, at cost	(10,858)	—	—	(10,858)		Treasury stock, at cost
Total Wacoal Holdings Corp. shareholders' equity	223,005	—	(5,015)	217,990		Total equity attributable to owners of parent
Noncontrolling interests	3,047	—	(169)	2,878		Noncontrolling interests
Total equity	226,052	—	(5,184)	220,868		Total equity
Total liabilities and equity	303,245	—	(4,068)	299,177		Total liabilities and equity

Reconciliation of Statement of Profit or Loss and Statement of Comprehensive Income for the previous consolidated cumulative first quarter (From April 1, 2021 to June 30, 2021)

(Millions of Yen)

Presentation under U.S. GAAP	U.S. GAAP	Reclassification	Recognition and measurement differences	IFRS	Note	Presentation under IFRS
Net sales	42,305	3	145	42,453		Revenue
Operating expenses						
Cost of sales	(17,594)	(16)	16	(17,594)	f, i	Cost of sales
Selling, general and administrative expenses	(22,773)	(426)	302	(22,897)	f, i	Selling, general and administrative expenses
	—	595	1	596	H	Other income
	—	(84)	(18)	(102)	H	Other expenses
Operating income	1,938	72	446	2,456		Operating profit
Other income (expenses)						
Interest income	10	(10)	—	—		
Interest expense	(22)	22	—	—		
Dividend income	593	(593)	—	—		
Valuation loss on marketable securities and investments – net	(1,714)	36	1,678	—		
Other – net	305	(120)	(185)	—		
	—	659	13	672	H	Finance income
	—	(66)	(45)	(111)	H	Finance costs
	—	78	(193)	(115)		Share of profit (loss) of investments accounted for using equity method
Income before income taxes and equity in net income of affiliated companies	1,110	78	1,714	2,902		Profit before tax
Income taxes	(691)	—	(578)	(1,269)	k	Income tax expense
Income before equity in net income of affiliated companies	419	—	—	—		
Equity in net income of affiliated companies	78	(78)	—	—		
Net income	497	—	1,136	1,633		Profit
						Profit attributable to:
Net income attributable to Wacoal Holdings Corp.	472	—	1,155	1,627		Owners of parent
Net income attributable to noncontrolling interests	25	—	(19)	6		Noncontrolling interests

(Millions of Yen)

Presentation under U.S. GAAP	U.S. GAAP	Reclassification	Recognition and measurement differences	IFRS	Note	Presentation under IFRS
Net income	497	—	1,136	1,633		Profit
Other comprehensive income (net of tax)						Other comprehensive income
	—	—	(1,166)	(1,166)	a	Items that will not be reclassified to profit or loss
Pension liability adjustments	12	—	(12)	—	f	Financial assets measured at fair value through other comprehensive income
	—	—	(8)	(8)		Remeasurement of defined benefit plans
						Share of other comprehensive income of investments accounted for using equity method
Foreign currency translation adjustments	1,388	(407)	(656)	325		Items that may be reclassified to profit or loss
	—	407	(559)	(152)		Exchange differences on translation of foreign operations
						Share of other comprehensive income of investments accounted for using equity method
Total of other comprehensive income	1,400	—	(2,401)	(1,001)		Total other comprehensive income
Comprehensive income	1,897	—	(1,265)	632		Comprehensive income
Comprehensive income attributable to Wacoal Holdings Corp.	1,800	—	(1,158)	642		Comprehensive income attributable to:
Comprehensive income attributable to noncontrolling interests	97	—	(107)	(10)		Owners of parent
						Noncontrolling interests

Reconciliation of Statement of Profit or Loss and Statement of Comprehensive Income for the previous consolidated fiscal year (From April 1, 2021 to March 31, 2022)

(Millions of Yen)

Presentation under U.S. GAAP	U.S. GAAP	Reclassification	Recognition and measurement differences	IFRS	Note	Presentation under IFRS
Net sales	172,860	13	(801)	172,072		Revenue
Operating expenses						
Cost of sales	(76,607)	(31)	390	(76,248)	f, i	Cost of sales
Selling, general and administrative expenses	(93,010)	(756)	(1,564)	(95,330)	f, i	Selling, general and administrative expenses
Gain on sales or disposal of property, plant and equipment – net	1,981	△1,981	—	—		
Impairment charges on goodwill and other intangible assets	(211)	211	—	—		
	—	3,760	(11)	3,749	H	Other income
	—	(920)	(32)	(952)	H	Other expenses
Operating income	5,013	296	(2,018)	3,291		Operating profit
Other income (expenses)						
Interest income	53	(53)	—	—		
Interest expense	(62)	62	—	—		
Dividend income	1,312	(1,312)	—	—		
Valuation loss on marketable securities and investments - net	(641)	(169)	810	—		
Other – net	1,571	(789)	(782)	—		
	—	1,887	43	1,930	H	Finance income
	—	(55)	(177)	(232)	H	Finance costs
	—	—	(1,485)	(1,485)	d	Impairment charges of investments accounted for using equity method
	—	792	(213)	579		Share of profit (loss) of investments accounted for using equity method
Income before income taxes and equity in net income of affiliated companies	7,246	659	(3,822)	4,083	k	Profit
Income taxes	(3,497)	133	866	(2,498)		Income tax expense
Income before equity in net income of affiliated companies	3,749	—	—	—		
Equity in net income of affiliated companies	792	(792)	—	—		
Net income	4,541	—	(2,956)	1,585		Profit
						Profit attributable to:
Net income attributable to Wacoal Holdings Corp.	4,608	—	(2,876)	1,732		Owners of parent
Net loss attributable to noncontrolling interests	(67)	—	(80)	(147)		Noncontrolling interests

(Millions of Yen)

Presentation under U.S. GAAP	U.S. GAAP	Reclassification	Recognition and measurement differences	IFRS	Note	Presentation under IFRS
Net income	4,541	—	(2,956)	1,585		Profit
Other comprehensive income (net of tax)						Other comprehensive income
	—	—	(538)	(538)	a	Items that will not be reclassified to profit or loss
Pension liability adjustments	1,364	—	1,405	2,769	f	Financial assets measured at fair value through other comprehensive income
	—	—	297	297		Remeasurement of defined benefit plans
Foreign currency translation adjustments	6,024	(325)	112	5,811		Share of other comprehensive income of investments accounted for using equity method
	—	325	169	494		Items that may be reclassified subsequently to profit or loss
Total of other comprehensive income	7,388	—	1,445	8,833		Exchange differences on translation of foreign operations
Comprehensive income	11,929	—	(1,511)	10,418		Share of other comprehensive income of investments accounted for using equity method
Comprehensive income attributable to Wacoal Holdings Corp.	11,916	—	(1,440)	10,476		Total other comprehensive income
Comprehensive income attributable to noncontrolling interests	13	—	(71)	(58)		Comprehensive income
						Comprehensive income attributable to:
						Owners of parent
						Noncontrolling interests

Notes to the Reconciliations

(i) Reclassification

- A. Certain financial instruments included in “time deposits” and “marketable securities”, as well as “other current assets” that were separately presented under U.S. GAAP have been reclassified and presented as “other financial assets” under IFRS.
- B. “Investment property”, which was included in “Property, plant and equipment” under U.S. GAAP, is presented separately under IFRS.
- C. “Painting”, which was included in “Property, plant and equipment” under U.S. GAAP, has been reclassified and presented in “intangible assets” under IFRS as an asset with an indefinite useful life.
- D. Items presented as “operating lease right-of-use assets”, “short-term operating lease liabilities” and “long-term operating lease liabilities” under U.S. GAAP are presented as “right-of-use assets” and “lease liabilities” under current liabilities and non-current liabilities, respectively, under IFRS.
- E. “Leasehold rights”, which were included in “Other intangible assets” under U.S. GAAP, have been reclassified and presented as “Right-of-use assets” under IFRS.
- F. “Accrued payroll and bonuses” and “Refund liability”, which were separately presented under U.S. GAAP, have been reclassified and presented as “Other current liabilities” under IFRS.
- G. “Contingent consideration (short-term)” included in “Notes and accounts payable – Other payables” under Current Liabilities and “Contingent consideration (long-term)”, which was separated presented under “Long-term liabilities” under U.S. GAAP have been reclassified and presented as Current Liabilities and as “other financial liabilities” under Non-current Liabilities”, respectively, under IFRS.
- H. Items presented in “Operating costs and expenses”, “Other income (expenses)” under U.S. GAAP are recorded as “Finance income” and “Finance costs” for financial related gains and losses, while other items are presented as “Other income” and “other expenses” under IFRS.

(ii) Recognition and measurement differences

The following adjustments are prorated to the related noncontrolling interests.

a. Fair value measurement of equity instruments

Valuation gains (losses), gains (losses) on sales, and impairment charges with respect to equity instruments are recognized in net income or loss under U.S. GAAP, whereas changes in fair value are recognized in other comprehensive income under IFRS except for certain issues.

b. Adjustment of recorded amount of property, plant and equipment

Under U.S. GAAP, an impairment charge is recognized only when there is an indication that the total undiscounted future cash flows expected from the use or eventual disposition of an asset (group) are less than its carrying amount. On the other hand, under IFRS, if there is an indication of impairment, an impairment charge is recognized when the recoverable amount of an asset (group) is less than its carrying amount. The fair value of equipment, plant and equipment of certain consolidated subsidiaries with indications of impairment included our Wacoal Business (Overseas) was measured as at the transition date and recognized an impairment charge of 419 million yen, which was adjusted to retained earnings as of the date of transition.

c. Adjustment of recorded amount of intangible assets

For certain intangible assets, the fair value of the transition date is used as deemed cost. The fair value of such intangible assets at the transition date was 175 million yen, a decrease of 136 million yen compared to U.S. GAAP. In addition, a write-down of 2 million yen was recorded as a result of measuring the fair value of intangible assets of certain consolidated subsidiaries as of the date of transition, both of which were adjusted to retained earnings as of the transition date.

d. Adjustment of recorded amount of investments accounted for using equity method

Under U.S. GAAP, a loss is recognized when a series of losses or elements of the investee’s investment that indicate an other-than-temporary decrease in the value of the investment have occurred. On the other hand, under IFRS, an impairment charge is recognized if there is objective evidence of impairment after the application of the equity method. Under U.S. GAAP, we did not experience a series of losses or other factors indicating an other-than-temporary decrease in the value of its investments. However, under IFRS, we identified objective evidence of impairment for certain investments included in our Wacoal Business (Overseas) and reduced the carrying amount of its investments accounted for using equity method to their recoverable amount. Such recoverable amount is measured at Level 1 fair value. As a result, an impairment charge of 4,069 million yen was recognized and adjusted to retained earnings at the date of transition, and an impairment charge of 1,485 million yen on investments accounted for using equity method was recorded in the previous fiscal year.

e. Uniformity of reporting periods

Certain consolidated subsidiaries and equity method affiliates that have a different fiscal year-end from that of the Company have been unified in their reporting periods to match the Company's fiscal year-end as of the date of transition.

f. Adjustment related to retirement benefit accounting

Under U.S. GAAP, actuarial gains and losses and prior service cost are recognized in other comprehensive income when incurred and amortized in subsequent periods. On the other hand, under IFRS, actuarial gains and losses (remeasurement of defined benefit plans) are recognized in other comprehensive income when incurred and immediately transferred to retained earnings. In addition, past service costs are recognized immediately as part of retirement benefit expenses.

g. Transfer of exchange differences on translation of foreign operations

Upon first-time adoption, we elected the exemptions provided in IFRS 1 and transferred all cumulative translation differences at the date of transition to retained earnings.

h. Adjustment related to recognition of levies

Items corresponding to property tax levies that the Company and certain consolidated subsidiaries are obligated to pay were recognized over the fiscal year in which they were paid under U.S. GAAP, but are recognized in IFRS on the date the event giving rise to the obligation occurs. The amount required as of the transition date is recognized as liability in "Trade and other payables" and adjusted to retained earnings as of the date of transition.

i. Adjustment for recognition of other long-term employee benefit obligations

For long-term employee benefit plans adopted by certain consolidated subsidiaries, which were not recognized under U.S. GAAP, the present value of the projected payments as of the date of transition is included in "Other current liabilities" and "Other non-current liabilities" as a liability and adjusted to retained earnings on the date of transition. The net change in such liabilities is recognized as "Selling, general and administrative expenses" and "cost of sales" under IFRS.

j. Recognition of right-of-use assets and lease liability, adjustment of recorded amount of right-of-use assets

Leases accounted for as "operating leases" under U.S. GAAP were remeasured in accordance with IFRS 16 as of the date of transition and adjusted to retained earnings on the date of transition. The fair value of the right-of-use assets of certain consolidated subsidiaries as of the date of transition was measured at fair value, resulting in a write-down of 118 million yen, which was adjusted to retained earnings as of the date of transition.

k. Tax effect adjustments

Changes in deferred tax assets (deferred tax liabilities) occurred due to temporary differences arising (or eliminated) as a result of IFRS adjustments, etc. In addition, with respect to the tax effects of unrealized intragroup transactions, deferred tax assets are recognized under IFRS at the tax rate of the seller, whereas under U.S. GAAP, the tax expense was recognized at the source of sale.

I. Adjustment to retained earnings

(Millions of Yen)

	Date of Transition (April 1, 2021)	Previous consolidated first quarter (June 30, 2021)	Previous consolidated fiscal year (March 31, 2022)
a. Fair value measurement of equity instruments	(22,381)	(21,253)	(21,347)
b. Adjustment of recorded amount of property, plant and equipment	(419)	(416)	(395)
c. Adjustment of recorded amount of intangible assets	(138)	(138)	(138)
d. Adjustment of recorded amount of investments accounted for using equity method	(3,886)	(4,152)	(5,546)
e. Uniformity of reporting periods	285	265	(386)
f. Adjustment related to retirement benefit accounting	(941)	(1,130)	704
g. Transfer of exchange differences on translation of foreign operations	2,930	2,930	2,930
h. Adjustment related to recognition of levies	(665)	(223)	(669)
i. Adjustment for recognition of other long-term employee benefit obligations	(294)	(294)	(283)
j. Recognition of right-of-use assets and lease liabilities, adjustment of recorded amount of right-of-use assets	79	69	(31)
Other	(90)	(109)	(155)
Subtotal	(25,520)	(24,451)	(25,316)
k. Tax effect adjustments	219	137	597
Adjustment related to noncontrolling interests	98	205	203
Total	(25,203)	(24,109)	(24,516)

Reconciliation of Consolidated Statement of Cash Flows for the previous consolidated first quarter (From April 1, 2021 to June 30, 2021) and the consolidated fiscal year (From April 1, 2021 to March 31, 2022)

There are no material differences between the consolidated statement of cash flows disclosed in accordance with U.S. GAAP and the consolidated statement of cash flows disclosed in accordance with IFRS.