Information Omitted from Materials for the 75th Ordinary General Meeting of Shareholders

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

(For the period from April 1, 2022 to March 31, 2023)

Wacoal Holdings Corp.

Among the information that are provided to shareholders in electronic format, the items described above are not included in the materials (Delivered Documents) to be delivered to shareholders who have requested delivery of the materials, pursuant to the provisions of the applicable laws and regulations and the second paragraph of Article 15 of Wacoal Holdings Corp.'s Articles of Incorporation. The items described above have been audited as part of consolidated financial statements and non-consolidated financial statements in the preparation of the independent auditor's report and the audit report by the Audit & Supervisory Board of Wacoal Holdings Corp.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended March 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 as of April 1, 2022	13,260	29,077	158,940	27,571	(10,858)	217,990	2,878	220,868
Profit (loss)			(1,776)			(1,776)	42	(1,734)
Other comprehensive income				5,810		5,810	57	5,867
Total comprehensive income	－	－	(1,776)	5,810	－	4,034	99	4,133
Repurchase of treasury stock					(8,035)	(8,035)		(8,035)
Cancellation of treasury stock			(2,863)		2,863	－		－
Share-based payment transactions		(48)			136	88		88
Dividends			(4,243)			(4,243)	(95)	(4,338)
Equity transactions with noncontrolling interests						－	403	403
Transfer from other components of equity to retained earnings			1,360	(1,360)		－		－
Total transactions with owners	－	(48)	(5,746)	(1,360)	(5,036)	(12,190)	308	(11,882)
Balance as of March 31, 2023	13,260	29,029	151,418	32,021	(15,894)	209,834	3,285	213,119

(Note) Amounts less than ¥1 million are rounded to the nearest million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(NOTES TO BASIS OF SIGNIFICANT MATTERS IN PREPARING CONSOLIDATED FINANCIAL STATEMENTS)

1. Standard of Preparation of Consolidated Financial Statements

Pursuant to the provisions of the first paragraph of Article 120 of the Ordinance on Company Accounting, the consolidated financial statements of Wacoal Holdings Corp. (the "Company") and its subsidiaries (collectively, the "Group") have been prepared in accordance with the Designated International Financial Reporting Standards ("IFRS"). In accordance with the provisions in the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting, certain disclosure items required under IFRS have been omitted from the consolidated financial statements.

The Group has implemented IFRS starting from the beginning of the current consolidated fiscal year, and the date of transition to IFRS is April 1, 2021.

2. Matters Regarding the Scope of Consolidation

(1) Number of consolidated subsidiaries: 53

(2) Principal consolidated subsidiaries: Wacoal Corp.; Peach John Co., Ltd.; Lecien Corporation; Wacoal Manufacturing Japan Corp.; Nanasai Co., Ltd.; Torica Inc.; Wacoal International Corp.; Wacoal America Inc.; Wacoal Europe Ltd.; Wacoal EMEA Ltd.; Wacoal Europe SAS; Wacoal International Hong Kong Co., Ltd.; Wacoal Hong Kong Co., Ltd.; Wacoal Investment Co., Ltd.; Wacoal China Co., Ltd.; and A Tech Textile Co., Ltd.

3. Matters Regarding the Application of the Equity Method

(1) Number of affiliated companies: 8

(2) Principal affiliated companies: Shinyoung Wacoal Inc.; Taiwan Wacoal Co., Ltd.; and Thai Wacoal Public Company Limited

4. Matters Regarding the Standard of Accounting Principles

(1) Financial assets

(i) Initial recognition and measurement

The Group classifies its financial assets into two categories: financial assets measured at fair value through profit or loss or other comprehensive income, and financial assets measured at amortized cost. This classification is determined at the time of initial recognition.

The Group recognizes the financial instruments on the date of transaction in which the Group becomes a party to the contract related to the financial asset.

All financial assets are measured at fair value plus transaction costs except for those classified as at fair value through profit or loss.

Financial assets are classified as financial assets measured at amortized cost if both of the following requirements are met.

- An asset is held in accordance with a business model where the objective is to hold the asset for collecting contractual cash flows

- Contractual terms of a financial asset result in cash flows that are solely payments of principal and interest on the principal balance that occurs on a specific date.

Financial assets other than financial assets measured at amortized cost are classified as financial assets measured at fair value.

With respect to equity instruments measured at fair value, the Group designates for each equity instrument whether it is to be measured at fair value through profit or loss, or at fair value through other comprehensive income, except for equity instruments that are held for trading purpose which are measured at fair value through profit or loss, and applies such designation on an ongoing basis.

(ii) Subsequent measurement

Financial assets are measured after initial recognition as follows, depending on their classification:

a) Financial assets measured at amortized cost

Financial assets measured at amortized cost are measured at amortized cost using the effective interest method.

b) Financial assets measured at fair value

Changes in fair value of financial assets measured at fair value are recognized as profit or loss.

However, with respect to equity instruments designated as measured at fair value through other comprehensive income, changes in fair value are recognized as other comprehensive income. Dividends from such financial assets are recognized as profit or loss for the current fiscal year as a part of finance income.

c) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when the Group transfers substantially all of the risks and rewards of ownership of the financial asset. If the Group continues to have control over such transferred financial asset, the asset and the related liability are recognized to the extent of its continuing involvement.

d) Impairment of financial assets

For financial assets measured at amortized cost, the Group recognizes allowance for doubtful receivables for expected credit losses.

At each balance sheet date, the Group assesses whether the credit risk related to each financial asset has increased significantly from the date of the initial recognition. If the credit risk has not increased significantly from the date of the initial recognition, the Group recognizes 12-months expected credit loss as allowance for doubtful receivables. In contrast, if the credit risk has increased significantly from the date of the initial recognition, an amount equal to the expected credit loss for the entire period is recognized as allowance for doubtful receivables.

In principle, the Group considers that the credit risk has significantly increased if contractual payments are past due for more than 30 days. In assessing whether the credit risk has increased significantly, the Group considers information that is reasonably available and supportable (internal and external ratings, etc.) in addition to past-due status information.

If the credit risk associated with a financial asset is considered to be low as of the balance sheet date, the credit risk of the financial asset is not considered to have increased significantly since the date of the initial recognition. A financial asset is considered to be in default if it is determined that all or part of the financial asset is uncollectible or extremely difficult to collect.

However, for trade receivables and contract assets that do not contain significant financial elements, an allowance for doubtful receivables is recognized in an amount equal to the expected credit loss for the entire period, regardless of whether there has been a significant increase in the credit risk from the date of the initial recognition.

Expected credit losses are recognized at the present value of the difference between all contractual cash flows to be paid to the entity under the contract and all cash flows the entity expects to receive.

The Group estimates the expected credit loss on financial asset in a manner that reflects the following:

- Unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes
- Reasonable and supportable information regarding past events, current conditions and forecasted future economic conditions that is available as of the reporting date without undue cost or effort

In the event of significant economic fluctuations, etc., necessary adjustments are made to the expected credit losses measured above.

If the Group does not have a reasonable expectation of collecting all or part of a given financial asset, the Group directly writes down the carrying amount of the financial asset in its gross amount.

The provision of allowance for doubtful receivables on financial assets is recognized as profit or loss. When an event occurs that reduces the allowance for doubtful receivables, a reversal of the allowance for doubtful receivables is recognized as profit or loss.

(2) Inventories

Inventories are valued at the lower of acquisition cost or net realizable value. Raw materials are valued at the lower of cost, being determined by the first-in, first-out method. Finished goods, merchandise and work in process are valued at the lower of cost, being determined by the average cost method. Net realizable value is calculated as estimated selling price in the ordinary course of business, less estimated cost to complete and estimated cost to sell.

(3) Property, plant and equipment

Property, plant and equipment are measured using the cost model and are valued at acquisition cost less accumulated depreciation and accumulated impairment charges.

Acquisition cost includes cost directly related to the acquisition of the asset, demolition, removal and restoration costs, as well as borrowing costs that qualify for capitalization.

Depreciation of each asset other than land and construction in progress is recognized on a straight-line method over the estimated useful lives of the respective assets. The estimated useful lives of major asset items are as follows:

- Buildings and structures 2 to 50 years (principally 38 years)
- Machinery and equipment 2 to 20 years (principally 5 years)

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each fiscal year. If any changes are made, the changes are applied prospectively as changes in accounting estimates.

(4) Goodwill and intangible assets

a) Goodwill

The Group initially measures goodwill as the fair value of the consideration transferred, including the recognized amount of any noncontrolling interest in the acquiree measured as of the acquisition date, less the net recognized amount of identifiable assets acquired and liabilities assumed (generally fair value) as of the acquisition date.

Goodwill is not amortized, and is tested for impairment each fiscal year and whenever there’s an indication of potential impairment.

Impairment charges on goodwill are recognized in the consolidated statement of profit or loss and are not subsequently reversed.

Goodwill is valued at acquisition cost less accumulated impairment charges in the consolidated statement of financial position.

b) Intangible assets

Intangible assets acquired individually are measured at cost upon initial recognition. Intangible assets acquired in a business combination are measured at fair value as of the acquisition date.

Measurement after initial recognition is made using the cost model and is valued at acquisition cost less accumulated amortization and accumulated impairment charges.

All expenses for internally generated intangible assets are charged to expense in the period in which they are incurred, except for development costs that qualify for capitalization.

Intangible assets with finite useful lives are amortized on a straight-line method over the estimated useful lives of the respective assets. The estimated useful lives of major intangible asset items are as follows.

- Brand — 20 and 25 years (principally 25 years)
- Software — 5 years

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each fiscal year. If any changes are made, the changes are applied prospectively as changes in accounting estimates.

Intangible assets with indefinite useful lives include trademarks and paintings. The Group assumes that these intangible assets have indefinite useful lives because they can be used continuously as long as the business continues.

Intangible assets with indefinite useful lives are measured at cost, less accumulated impairment charges.

Intangible assets with indefinite useful lives are not amortized and are tested for impairment, either individually or in cash-generating units, each fiscal year and whenever there’s an indication of potential impairment.

(5) Investment properties

Investment properties are real estate held for the purpose of generating rental income or capital gains, or both. The cost model is used for the post-recognition measurement of an investment property, which is valued at cost less accumulated depreciation and accumulated impairment charges. Depreciation of each asset other than land is calculated on a straight-line method over the respective estimated useful lives.

(6) Leases

When the Group becomes a lessee under a lease contract, the Group recognizes a right-of use asset and a lease liability at the commencement date of the lease. Lease liability is measured at the present value of the total outstanding lease payments accrued, and right-of use asset is measured at acquisition cost, which is the amount of the initial measurement of the lease liability adjusted for lease payments made prior to the commencement date, less any lease incentives received, original direct costs, and restoration costs other than those incurred to produce the inventories.

After initial recognition, a right-of use asset is depreciated on a straight-line method basis over the shorter of the useful life or the lease term.

Lease payments consist of fixed and variable lease payments for the right to use the underlying asset during the lease term that have not been paid at the commencement date.

However, no right-of use asset or lease liability is recognized for short-term leases with a lease term of 12 months or less and leases with small underlying assets, but the total lease payments are recognized over the lease term either on a straight-line method or on another regular basis.

(7) Impairment of nonfinancial assets

The carrying amounts of the Group's nonfinancial assets, excluding inventories and deferred income taxes, are reviewed for impairment at each balance sheet date. If there is an indication of potential impairment, the recoverable amount of the asset is estimated.

The recoverable amount of an asset or a cash-generating unit is the higher of its value in use or its fair value less costs to dispose. When calculating value in use, estimated future cash flows are discounted to present value using pre-tax discount rate that reflects the time value of money and risks inherent in the asset. Assets that are not tested individually for impairment are consolidated into the smallest cash-generating unit which generates cash inflows that are generally independent of the cash inflows of other assets or asset groups through continuous use. When testing goodwill for impairment, the cash-generating unit to which goodwill is allocated is consolidated, so that impairment is tested to reflect the smallest unit to which the goodwill relates. Goodwill acquired in a business combination is allocated to a cash-generating unit that is expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate independent cash inflows. If there is an indication of potential impairment on a corporate asset, the recoverable amount of the cash-generating unit to which the corporate asset belongs is determined.

An impairment charge is recognized in profit or loss when the carrying amount of an asset or a cash-generating unit exceeds its estimated recoverable amount. Impairment charge recognized in connection with a cash-generating unit is allocated first to reduce the carrying amount of goodwill allocated to such unit, and then the carrying amount of other assets within the cash-generating unit is reduced proportionately.

No impairment charges related to goodwill are reversed. For other assets, previously recognized impairment charges are evaluated at each balance sheet date for indications that the losses may be reduced or eliminated. Impairment charges are reversed if there is any change in the estimates used to determine the recoverable amount. Impairment charges are reversed up to the carrying amount after deducting the necessary depreciation and amortization from the carrying amount that would have been recorded if no impairment charges had been recognized.

(8) Provisions

Provisions are recognized when, as a result of past events, the Group has a present legal or constructive obligation, it is probably that an outflow of economic resources will be required to settle such obligation, and a reliable estimate can be made of the amount of the obligation. When the time value of money is significant, the estimated future cash flows are discounted to present value using pre-tax discount rate that reflects the time value of money and risks inherent in the liability. Any rebate of the discounted amount over time is recognized as finance expense.

(9) Employee benefits

The Group operates both defined benefit and defined contribution plans as post-employment benefit plans.

The Group calculates the present value of defined benefit plan obligations and related current service cost as well as past service cost using the projected unit credit method.

The liability or asset related to the defined benefit plan is calculated as the present value of the defined benefit plan obligations less the fair value of the plan assets.

The remeasurement amount of the defined benefit plan is collectively recognized in other comprehensive income in the period in which it is incurred, and is transferred immediately from other components of equity to retained earnings.

Past service cost is recognized as profit or loss in the period in which it is incurred.

The cost of post-employment benefits for defined contribution pension plans is recognized as an expense when the related service is rendered by an employee.

(10) Revenue from contracts with customers

Except for interest and dividend income in accordance with IFRS 9 *Financial Instruments* and IFRS 16 *Leases*, the Group recognizes revenue from contracts with customers based on the following five steps:

Step 1: Identify the contract(s) with the customer
Step 2: Identify the performance obligations in the contract
Step 3: Measure the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies the performance obligations

The Group recognizes revenue when control of a product is transferred to a customer and when performance obligations are satisfied. Revenue is calculated based on the transaction price less discounts and rebates. Also, returns that are expected in the future are estimated and deducted from revenue taking into account the actual returns in prior periods.

(NOTES TO SIGNIFICANT ACCOUNTING ESTIMATE)

The following is a list of items of which amount has been prepared using accounting estimate and recorded in the consolidated financial statements for the current fiscal year that may have a material effect on the consolidated financial statements for the next fiscal year.

Goodwill allocated to Wacoal Europe Ltd. Group: ¥10,221 million
Goodwill allocated to Wacoal International Corp. Group: ¥6,035 million

To test for goodwill impairment, the carrying amount of each cash-generating unit is compared with its recoverable amount. If the recoverable amount is below its carrying amount, an impairment charge is recognized in an amount equal to that deficiency. The recoverable amount is the higher of the fair value less costs to dispose of the cash-generating unit or value in use.

In calculating the recoverable amount, certain assumptions are made regarding the remaining useful life of an asset, future cash flows, discount rates, growth rates and other factors. There assumptions are determined based on management’s best estimates and judgment. However, the assumptions may be affected by changes in business plans and economic conditions in the future, and if they need to be reviewed, this may have a significant impact on the amounts recognized in the consolidated financial statements from the next fiscal year and onwards.

Based on the aforementioned impairment assessment, the Group recorded an impairment charge of 8,281 million yen on goodwill for Wacoal International Corp. Group in the fiscal year ended March 31, 2023. The Group did not record any impairment charges on goodwill for Wacoal Europe Ltd. Group.

(NOTES TO CONSOLIDATED STATEMENT OF FINANCIAL POSITION)

1. Allowance for Doubtful Receivables Deducted Directly from Assets

Trade and other receivables	¥207 million
Other financial assets	¥225 million

2. Accumulated Depreciation and Accumulated Impairment Charges related to Assets

Net property, plant and equipment	¥67,964 million
Right-of-use assets	¥9,905 million
Investment property	¥2,960 million

(NOTES TO CONSOLIDATED STATEMENT OF PROFIT OR LOSS)

1. Gain on Sale of Property, Plant and Equipment

During the current consolidated fiscal year, the Group recorded a gain on sale of property, plant and equipment in the amount of 3,117 million yen in “Other income”. The gain is mainly due to the transfer of a portion of fixed assets held by the Company for the effective utilization of management resources.

2. Impairment Charges

The Group has recorded an impairment charge of 10,033 million yen in “Other expenses” on the right-of use asset, goodwill and intangible assets related to Wacoal International Corp. Group, a consolidated subsidiary. The impairment charge is mainly due to continued sluggish sales.

3. Additional Retirement Allowance

The Group has recorded an additional retirement allowance of 688 million yen in “Other expenses” in connection with the implementation of the Flexible Retirement Program at Wacoal Corp., a consolidated subsidiary.

(NOTES TO CONSOLIDATED STATEMENT OF CHANGES IN EQUITY)

1. Class and total number of issued shares as of March 31, 2023

Common stock: 64,500,000 shares

2. Matters regarding dividends

(1) Dividend payments

Resolution	Class of Shares	Total Amount of Dividends (Millions of yen)	Dividends per Share (Yen)	Record Date	Effective Date
At the Board of Directors’ Meeting held on May 13, 2022	Common Stock	1,844	30.00	March 31, 2022	June 6, 2022
At the Board of Directors’ Meeting held on November 11, 2022	Common Stock	2,399	40.00	September 30, 2022	December 9, 2022

(2) Dividend with a record date in the current consolidated fiscal year but has an effective date in the following fiscal year

Resolution	Class of Shares	Source of Dividend	Total Amount of Dividends (Millions of yen)	Dividends per Share (Yen)	Record Date	Effective Date
At the Board of Directors' Meeting held on May 12, 2023	Common Stock	Retained Earnings	2,321	40.00	March 31, 2023	June 5, 2023

3. Class of shares and number of shares represented by the stock acquisition rights (excluding those for which the first day of the exercise term has not yet arrived) as of the end of the current consolidated fiscal year

Common stock: 241,300 shares

(NOTES TO THE FINANCIAL INSTRUMENTS)

1. Matters Regarding the Status of Financial Instruments

(1) Capital management

The Group manages capital in aim to maximize corporate value through sustainable growth.

The main indicator used by the Group in capital management is the return on equity attributable to owners of parent, which is reported to and monitored by management on a regular basis. There are no significant capital regulations which are applied to the Group.

(2) Management of financial risks

The Group is exposed to financial risks (credit risk, liquidity risk, foreign exchange risk, interest rate risk, and market price fluctuation risk) in the course of its management activities, and manages such risks based on certain policies to mitigate such financial risks. The Group uses derivatives transactions to hedge foreign exchange fluctuation risks and does not engage in speculative transactions.

(3) Management of credit risk

Credit risk is defined as the risk that parties with whom the Group has contracted failed to perform their contractual obligations under the financial assets held by the Group, resulting in financial loss to the Group.

In accordance with the credit management regulations, the Group manages due dates and outstanding balances for each counterparty, and periodically monitors the credit status of our major counterparties.

The Group enters into derivative transactions only with creditworthy financial institutions and impact of such transactions on credit risk is limited.

The Group does not have excessively concentrated credit risk with respect to specific counterparties or groups to which such counterparties belong.

(4) Management of liquidity risk

Liquidity risk is defined as the risk that the Group may not be able to make payments when due to fulfill obligations to repay financial liabilities upon maturity.

The Group manages liquidity risk by preparing adequate funds for repayments, securing credit lines available from financial institutions as needed, and continuously monitoring cash flow plans and results.

(5) Management of market risk

a) Management of foreign exchange risk

The Group's assets and liabilities denominated in foreign currencies related to its overseas business activities are exposed to the risk of market fluctuations in foreign exchange rates. The Group uses derivative instruments to manage such risk. Derivative instruments are used based on the internal policy and management regulations, and are not held for speculative purposes. The Group believes the credit risk of derivatives held by the Group is considered to be negligible because the counterparties to these derivatives are all international financial institutions with high credit ratings.

b) Management of interest rate risk

The Group pays interest on the funds which procure for working capital and capital investment in conducting its business activities. Interest rate sensitivity analysis is not performed because the impact of interest rate payments on the Group is minimal, and the current interest rate risk is not considered material to the Group.

c) Management of market price fluctuation risk

The Group holds marketable equity securities and is exposed to the risk of market price fluctuations. The Group reviews its holdings of these marketable equity securities on an ongoing basis by regularly monitoring their fair value and the financial condition of the issuers. All of equity securities are designated as financial assets measured at fair value through other comprehensive income, and there is no effect on profit or loss from changes in the share price.

2. Fair Values of Financial Instruments

(1) Calculation method of fair value

The calculation method of fair value of financial instruments is as follows.

(Cash and cash equivalents; trade and other receivables; trade and other payables; short-term bank loans)

These accounts have short maturities and the carrying values approximate fair value.

(Equity securities)

Listed equity securities are measured using quoted market prices. Unlisted equity securities are valued by comparable multiple valuation method using financial indicators or other appropriate valuation methods.

(Derivatives)

Derivatives are valued at fair value as quoted by correspondent financial institutions.

(Long-term borrowings)

The fair value of the Group's long-term borrowings is calculated by discounting estimated future cash flows using the interest rate that would apply to a new loan with the same remaining maturity and similar terms and conditions. There fair values are measured based on Level 2.

(2) Financial instruments measured at amortized cost

The carrying amounts and fair values of financial instruments at amortized cost are as follows. Financial instruments whose carrying amount approximates their fair value in the Consolidated Statement of Financial Position are excluded from the table below.

(Millions of yen)

	Carrying amount	Fair value
Financial assets measured at amortized cost		
Corporate bonds	96	95
Financial liabilities measured at amortized cost		
Long-term borrowings (including current portion)	3,084	2,986

(3) Financial Instruments measured at fair value

The fair value of financial instruments is categorized into the following three levels depending on the observability and significance of inputs used in making fair value measurements:

Level 1: Fair value measured at quoted prices in active markets for identical assets or liabilities.

Level 2: Fair value determined, either directly or indirectly, by using observables inputs other than Level 1.

Level 3: Fair value determined using valuation techniques based on unobservable inputs.

Transfers between levels of fair value hierarchy are recognized on the date the event or change in circumstances which triggered the transfer. There were no material transfers between fair value at Level 1 and Level 2 during the current consolidated fiscal year.

The fair value hierarchy of the financial instruments at fair value are as follows.

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at fair value through profit or loss				
Derivatives	-	7	-	7
Equity securities	-	-	1,616	1,616
Mutual funds	175	-	-	175
Financial assets measured at fair value through other comprehensive income				
Equity securities	43,223	-	817	44,040
Others	-	-	31	31
Total	43,398	7	2,464	45,869
Financial liabilities:				
Financial liabilities measured at fair value through profit or loss				
Derivatives	-	18	-	18
Total	-	18	-	18

Adjustments of financial instruments categorized at Level 3

The adjustments made for financial instruments categorized at Level 3 from balance at April 1, 2022 to balance at March 31, 2023 are as follows.

(Millions of yen)

	Equity securities	Other	Conditional consideration
Balance as of April 1, 2022	2,793	182	1,493
Total gains and losses			
Profit (loss) (Note)	(416)	-	(938)
Other comprehensive income	56	-	-
Purchases	-	4	-
Sales and settlements	0	(155)	(715)
Others	-	-	160
Balance as of March 31, 2023	2,433	31	-
Unrealized gain (loss) on assets and liabilities held at the end of period included in net income or loss	(416)	-	-

(Note) Gains and losses recognized in profit or loss are included under “Selling, general and administrative expenses”, “Finance income” and “Finance costs” in the Consolidated Statement of Profit or Loss.

(NOTES TO INVESTMENT PROPERTY)

1. Matters Regarding the Status of Investment Properties

   The Company and some of its subsidiaries hold land and other assets for lease in Fukuoka prefecture and other regions.

2. Matters Regarding Fair Value of Investment Properties

(Millions of yen)

Amount recorded in consolidated statement of financial position	Fair value
2,957	7,779

(Note) 1. The amount recorded in the consolidated statement of financial position is the acquisition cost less accumulated depreciation and accumulated impairment charges.

2. The fair value of an investment property is based on real estate appraisals value by an outside real estate appraiser and the valuation is based on market evidence which reflects the transaction prices

of similar assets in accordance with the valuation standards of the country in which the property is located.

(NOTES TO REVENUE RECOGNITION)

1. Disaggregation of Revenue

The disaggregation of revenue from our main products are as follows.

(Millions of yen)

	Total
Innerwear	
Foundation and lingerie	151,715
Nightwear	6,833
Children’s underwear	931
Subtotal	159,479
Outerwear/Sportswear	12,815
Hosiery	1,366
Other textile goods and related products	6,530
Others	8,402
Total	188,592

2. Contract liabilities

Contract liabilities from contracts with customers during the current consolidated fiscal year are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2023
Contract liabilities	1,380

Revenue recognized for the fiscal year ended March 31, 2023, which had been included in the contract liabilities balance at the beginning of the fiscal year was 1,069 million yen.

Contract liabilities consist mainly of customer loyalty points.

Some of subsidiaries have customer loyalty programs as part of the promotion and provide loyalty points to customers when they purchase the products. The points provided to customers are identified as performance obligations, which are satisfied when the points are redeemed for the products. The points are expected to be used or expire over the next two years. The unredeemed points as of the end of year are recorded as contract liabilities, which are estimated based on actual redemption amounts from previous fiscal year. Contract liabilities are included in “Other current liabilities”.

3. Transaction price allocated to residual performance obligations

Since there is no significant transaction whose individual expected contract period exceeds 1 year, the Group has applied the practical expedient method and omitted the information regarding residual performance obligations.

(NOTES TO PER SHARE INFORMATION)

Equity attributable to owners of parent per share	¥3,617.03
Basic loss per share	¥(29.66)
Diluted loss per share	¥(29.66)

(NOTES TO SIGNIFICANT SUBSEQUENT EVENTS)

Capital Reserve Reduction

The Board of Directors adopted a resolution at a meeting held on May 12, 2023 to propose reduction of the amount of capital reserve and transfer of capital reserve to additional paid-in capital at the 75th Ordinary General Meeting of Shareholders to be held on June 28, 2023.

1. Purpose of Capital Reserve Reduction
   In order to prepare for flexible capital policies in the future and to ensure flexibility and elasticity in financial strategies, the Company will reduce the amount of capital reserve and transfer the same amount to additional paid-in capital pursuant to the provisions of Paragraph 1, Article 448 of the Companies Act.

2. Details of Capital Reserve Reduction
   The capital reserve of 29,294,142,292 yen will be reduced, and the same amount will be transferred to additional paid-in capital.

3. Schedule of Capital Reserve Reduction

(i) Date of Board of Directors' resolution:	May 12, 2023
(ii) Date of Ordinary General Meeting of Shareholders' resolution:	June 28, 2023 (planned)
(iii) Date of public notice for making objections by creditors:	July 10, 2023 (planned)
(iv) Final date for making objections by creditors:	August 10, 2023 (planned)
(v) Effective date	August 31, 2023 (planned)

Purchase of Treasury Stock

The Board of Directors adopted a resolution at a meeting held on May 12, 2023 regarding matters related to purchase of treasury stock pursuant to the provisions of Paragraph 1, Article 459 of the Companies Act.

1. Reason for Purchase of Treasury Stock
   To return profits to the shareholders, improve capital efficiency and implement our capital policy with increased flexibility tailored to the business environment.

2. Details of Purchase

(i) Type of shares to be purchased:	Common stock of the Company
(ii) Total number of shares to be purchased:	3,800,000 shares (at maximum)
(iii) Aggregate purchase amount:	¥10,000 million (at maximum)
(iv) Purchase period:	From May 22, 2023 through March 22, 2024

Cancellation of Treasury Stock

The Board of Directors adopted a resolution at a meeting held on May 12, 2023 regarding matters related to cancellation of treasury stock pursuant to the provisions of Article 178 of the Companies Act.

(i) Type of shares to be cancelled:	Common stock of the Company
(ii) Number of shares to be cancelled:	3,500,000 shares
(iii) Date of cancellation:	May 26, 2023

NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
Year ended March 31, 2023

(Millions of yen)

Items	Shareholders' Equity								
	Common stock	Additional paid-in capital		Retained earnings				Treasury stock, at cost	Total shareholders' equity
		Capital reserve	Other additional paid-in capital	Legal reserve	Other retained earnings				
					Reserve for deferred gain on sale of property	General reserve	Retained earnings carried forward		
Balance as of April 1, 2022	13,260	29,294	-	3,315	4,934	90,000	7,813	(10,858)	137,758
Changes during current fiscal year									
Provision of reserve for deferred gain on sales of property									-
Reversal of reserve for deferred gain on sale of property					(198)		198		-
Cash dividends							(4,242)		(4,242)
Net income							4,458		4,458
Repurchase of treasury stock								(8,034)	(8,034)
Cancellation of treasury stock							(2,862)	2,862	-
Restricted stock compensation			4					84	89
Exercise of stock acquisition rights			(3)					51	47
Net change in items other than shareholders' equity									
Total changes during current fiscal year	-	-	0	-	(198)	-	(2,448)	(5,036)	(7,683)
Balance as of March 31, 2023	13,260	29,294	0	3,315	4,735	90,000	5,365	(15,894)	130,075

(Millions of yen)

Items	Stock Acquisition Rights	Total net assets
Balance as of April 1, 2022	573	138,332
Changes during current fiscal year		
Provision of reserve for deferred gain on sales of property		-
Reversal of reserve for deferred gain on sale of property		-
Cash dividends		(4,242)
Net income		4,458
Repurchase of treasury stock		(8,034)
Cancellation of treasury stock		-
Restricted stock compensation		89
Exercise of stock acquisition rights	(47)	0
Net change in items other than shareholders' equity		
Total changes during current fiscal year	(47)	(7,730)
Balance as of March 31, 2023	526	130,602

(Note) Amounts less than ¥1 million are rounded down to the nearest million.

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

(NOTES TO MATTERS RELATED TO SIGNIFICANT ACCOUNTING POLICIES)

1. Valuation Standards and Method of Valuing Assets

Valuation standards and method of valuing securities

Investments in subsidiaries and affiliated companies are stated at cost based on the moving-average cost method. Marketable and investment securities are stated at market value determined based on market prices, on the balance sheet date. Nonmarketable investment securities are stated at cost based on the moving-average method. Net unrealized gain (loss) on available-for-sale securities is reported directly in net assets. Cost of investment securities sold is determined based on the moving-average method.

2. Depreciation Method of Fixed Assets

(1) Depreciation method of property, plant and equipment

Depreciation of property, plant and equipment is calculated based on the straight-line method.

Useful lives of major items are as follows:

Buildings and structures	2 to 50 years
Machinery	17 years
Equipment (excluding certain paintings)	3 to 20 years

(2) Amortization method for intangible assets

Amortization of intangible assets is computed by the straight-line method. Internal use of software is amortized based on an estimated useful life of five years.

3. Basis of Accounting for Allowances

(1) Allowance for doubtful receivables

In order to reserve for losses on bad debts, an allowance for doubtful receivables is stated in an amount considered to be appropriate based on the Company's past credit loss experience and an evaluation of potential losses in the receivables outstanding.

(2) Accrued bonuses

In order to reserve bonuses to employees, accrued bonuses are calculated based on the anticipated amount to be paid.

(3) Accrued officers' bonuses

In order to reserve bonuses to officers, accrued officers' bonuses are calculated based on the anticipated amount to be paid.

4. Basis for Recording Revenues and Expenses

Except for interest income and dividend income in accordance with ASBJ Statement No. 10, Accounting Standard for Financial Instruments, and revenue in accordance with ASBJ Statement No. 13, Accounting Standard for Lease Transactions, the Company recognizes revenue based on the following five steps:

Step 1: Identify the contract(s) with customer
Step 2: Identify the performance obligations of contract
Step 3: Measure the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognized revenue when (or as) the entity satisfies a performance obligations

The Company primarily provides management guidance services to Wacoal Corp., which are recorded in operating revenue (other). The performance obligations are satisfied over time and the Company recognizes revenue evenly throughout the contract period measured based on the amount of consideration promised in the contract with the customer. Revenue from sales of the services is recognized when performance obligations are satisfied, which is upon delivery of services. The Company invoices when it satisfies the performance obligation and receive cash payment shortly thereafter.

(NOTES TO SIGNIFICANT ACCOUNTING ESTIMATE)

The following is a list of item of which amount has been prepared using accounting estimate and recorded in the consolidated financial statements for the current fiscal year that may have a material effect on the consolidated financial statements for the next fiscal year.

Valuation of investment security in Wacoal Europe Ltd. ¥17,405 million

Investments in securities whose market value is extremely difficult to measure are recorded at cost. If the value in substance decreases dramatically, the carrying amount shall be reduced to the value in substance and the loss shall be accounted for through profit or loss. To measure the value in substance, the Group used the expected present value of future cash flows and incorporated relevant unobservable inputs, such as management's internal assumptions about future cash flows and appropriately risk-adjusted discount rates.

Such assumptions include fluctuations in business activities, tax rates and risk-adjusted discount rates. There is a possibility that impairment charges would be recognized if the forecast of business results deteriorate or the tax rates or risk-adjusted discount rates increase.

Based on the aforementioned impairment assessment, the Group recorded no impairment charges on investment security in Wacoal Europe Ltd. in the fiscal year ended March 31, 2023.

(NOTES TO THE NON-CONSOLIDATED BALANCE SHEETS)

1. Accumulated depreciation of property, plant and equipment: ¥35,126 million

2. Receivables from subsidiaries and affiliated companies and payables to subsidiaries and affiliated companies

Short-term receivable:	¥8,290 million
Short-term payable:	¥16,411 million

3. Liabilities for guarantees

The Company provides guarantees for payables of electronically recorded monetary claims of a certain subsidiary.

Lecien Corporation:	¥32 million

(NOTES TO THE NON-CONSOLIDATED STATEMENTS OF INCOME)

Transactions with subsidiaries and affiliated companies

Operating revenue:	¥6,735 million
Other operating transactions:	¥61 million
Non-operating transactions:	¥40 million

(NOTES TO THE NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS)

Number of treasury stocks as of March 31, 2023

Common stock: 6,487,185 shares

(NOTES TO TAX EFFECT ACCOUNTING)

Breakdown of deferred tax assets and deferred tax liabilities (Millions of yen)

Deferred tax assets:	
Valuation loss on investments in subsidiaries and affiliated companies	2,839
Accrued bonuses	25
Depreciation, amortization and impairment loss	833
Allowance for doubtful accounts	1,396
Others	333
Subtotal of deferred tax assets	5,428
Valuation allowance	(4,508)
Total deferred tax assets:	919
Deferred tax liabilities:	
Reserve for deferred gain on sale of property	2,089
Others	1
Total deferred tax liabilities:	2,091
Net deferred tax liabilities:	1,171

(NOTES TO RELATED-PARTY TRANSACTIONS)

Subsidiaries

Type	Name of Company	Company's Interest	Relationship with Related Party	Nature of Transaction	Transaction Amount (Millions of yen)	Account	Balance as of the Fiscal Year End (Millions of yen)
Subsidiary	Wacoal Corp.	100% direct	Holding of shares; dual appointments; managerial guidance; lease of movables and real estate	Borrowing of funds (Note 1)	3,374	Short-term borrowings from subsidiaries and affiliated companies	11,765
				Payment of interest (Note 1)	8	–	–
				Receipt of dividends	1,800	–	–
				Lease of movables and real estate (Note 2)	3,152	–	–
				Fee for management guidance (Note 3)	402	–	–
Subsidiary	Peach John Co., Ltd.	100% direct	Holdings of shares; and dual appointments	Repayment of funds (Note 1)	830	Short-term borrowings from subsidiaries and affiliated companies	2,279
				Payment of interest (Note 1)	1	–	–
Subsidiary	Wacoal Distribution Corp.	100% direct	Holdings of shares; dual appointments; and lease of movables and real estate	Lease of movables and real estate (Note 2)	823	–	–
Subsidiary	Wacoal Service Co., Ltd.	100% direct	Holdings of shares; dual appointments; and loan	Loan (Note 4)	157	Short-term loans receivable from subsidiaries and affiliated companies	1,882
				Receipt of interest (Note 4)	5	–	–
Subsidiary	Unenana Cool Corp.	100% indirect	Loan	Repayment of funds (Note 4)	459	Short-term loans receivable from subsidiaries and affiliated companies	3,013
				Receipt of interest (Note 4)	10	–	–
Subsidiary	Ai Co., Ltd.	100% indirect	Dual appointments and loan	Loan (Note 4)	0	Short-term loans receivable from subsidiaries and affiliated companies	2,824
				Receipt of interest (Note 4)	10	–	–

Details and Policy on Determination of Transaction Terms

(Note 1) The terms and conditions of borrowings and interest rates are determined upon consideration of market interest rates.

(Note 2) The price and other terms of transactions are determined through negotiation in view of the market conditions.

(Note 3) The managerial guidance fees are determined each fiscal year based on negotiation.

(Note 4) The terms and conditions of loans and interest rates are determined upon consideration of market interest rates.

(Note 5) The transaction amount does not include consumption taxes, while the balance as of the yearend includes consumption taxes.

(Note 6) A total amount of ¥4,559 million in allowance for doubtful accounts is provided for doubtful accounts for the subsidiaries. Also, we recorded a total of ¥88 million for provision of allowance with respect to doubtful accounts for subsidiaries and affiliated companies for the current fiscal year.

(NOTES TO REVENUE RECOGNITION)

Basic Information to Understand Revenues from Contracts with Customers

As described in "4. Basis for Recording Revenues and Expenses" of "(NOTES TO MATTERS RELATED TO SIGNIFICANT ACCOUNTING POLICIES)".

(NOTES TO PER SHARE INFORMATION)

Net assets per share:	¥2,242.19
Net income per share:	¥74.46
Diluted net income per share:	¥74.15

(NOTES TO SIGNIFICANT SUBSEQUENT EVENTS)

Capital Reserve Reduction

The Board of Directors adopted a resolution at a meeting held on May 12, 2023 to propose reduction of the amount of capital reserve and transfer to additional paid-in capital at the 75th Ordinary General Meeting of Shareholders to be held on June 28, 2023.

1. Purpose of Capital Reserve Reduction
   In order to prepare for flexible capital policies in the future and to ensure flexibility and elasticity in financial strategies, the Company will reduce the amount of capital reserve and transfer the same amount to additional paid-in capital pursuant to the provisions of Paragraph 1, Article 448 of the Companies Act.

2. Details of Capital Reserve Reduction
   The capital reserve of 29,294,142,292 yen will be reduced, and the same amount will be transferred to additional paid-in capital.

3. Schedule of Capital Reserve Reduction

(i) Date of Board of Directors' resolution:	May 12, 2023
(ii) Date of Ordinary General Meeting of Shareholders' resolution:	June 28, 2023 (planned)
(iii) Date of public notice for making objections by creditors:	July 10, 2023 (planned)
(iv) Final date for making objections by creditors:	August 10, 2023 (planned)
(v) Effective date	August 31, 2023 (planned)

Purchase of Treasury Stock

The Board of Directors adopted a resolution at a meeting held on May 12, 2023 regarding matters related to purchase of treasury stock pursuant to the provisions of Paragraph 1, Article 459 of the Companies Act.

1. Reason for Purchase of Treasury Stock
   To return profits to the shareholders, improve capital efficiency and implement our capital policy with increased flexibility tailored to the business environment.

2. Details of Purchase

(i) Type of shares to be purchased:	Common stock of the Company

(ii) Total number of shares to be purchased:	3,800,000 shares (at maximum)
(iii) Aggregate purchase amount:	¥10,000 million (at maximum)
(iv) Purchase period:	From May 22, 2023 through March 22, 2024

Cancellation of Treasury Stock

The Board of Directors adopted a resolution at a meeting held on May 12, 2023 regarding matters related to cancellation of treasury stock pursuant to the provisions of Article 178 of the Companies Act.

(i) Type of shares to be cancelled:	Common stock of the Company
(ii) Number of shares to be cancelled:	3,500,000 shares
(iii) Date of cancellation:	May 26, 2023