Materials for the 76th Ordinary General Meeting of Shareholders: Matters Not Included in the Delivered Documents

[BUSINESS REPORT]

STATUS OF GROUP BUSINESS

- Main Offices and Factories
- Employees

MATTERS CONCERNING STOCK ACQUISITION RIGHTS

- Stock Acquisition Rights Granted to Officers as Consideration for Execution of Duties Held as of the End of Fiscal Year Ended March 31, 2024

OFFICERS

- Summary of Limitation of Liability Agreement
- Outline of Directors' and Officers' Liabilities Insurance

MATTERS CONCERNING ACCOUNTING AUDITOR

- Name of Independent Auditor
- Compensation, etc.
- Consent on Amount of Compensation, etc. Payable to Accounting Auditor
- Policy on Determination of Dismissal and Non-Reappointment of Accounting Auditor

SYSTEM AND POLICIES OF COMPANY

- System to Ensure Appropriate Business Conduct
- Outline of Operation of Our "System to Ensure Appropriate Business Conduct"

[CONSOLIDATED FINANCIAL STATEMENTS]

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

[NON-CONSOLIDATED FINANCIAL STATEMENTS]

NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

Among the Electronically Provided Materials, the above matters are not included in the Materials to be delivered to shareholders who have requested physical delivery of the Materials, pursuant to the provisions of the applicable laws and regulations and Wacoal Holdings Corp.'s Articles of Incorporation. The Audit & Supervisory Board Members and the accounting auditor have audited the documents subject to audit, including the above matters.

(For the period from April 1, 2023 to March 31, 2024)

Wacoal Holdings Corp.

BUSINESS REPORT
(For the period from April 1, 2023 to March 31, 2024)

STATUS OF GROUP BUSINESS

- **Main Offices and Factories**
  1. Main Offices and Factories of the Company
     Head Office (Kyoto)

  2. Main Offices and Factories of Subsidiaries
     Wacoal Corp. (Kyoto), Peach John Co., Ltd. (Tokyo), Lecien Corporation (Kyoto), Wacoal Manufacturing Japan Corp. (Nagasaki), Nanasai Co., Ltd. (Kyoto), Torica Inc. (Osaka), Wacoal International Corp. (U.S.A.), Wacoal America, Inc., Wacoal Europe Ltd. (U.K.), Wacoal EMEA Ltd. (U.K.), Wacoal Europe SAS (France), Wacoal International Hong Kong Co., Ltd., Wacoal Hong Kong Co., Ltd., Wacoal Investment Co., Ltd. (Taiwan), Wacoal China Co., Ltd., A Tech Textile Co., Ltd. (Thailand)

- **Employees**

(1) Employees within the Group

Name of Operating Segment	Number of Employees	Increase (Decrease) from the End of Previous Fiscal Year
Wacoal Business (Domestic)	5,880	(548)
Wacoal Business (Overseas)	10,176	(761)
Peach John Business	402	6
Other	950	(436)
Total	17,408	(1,739)

(Notes) 1. The number of employees is the number of individuals working within our Group (excluding individuals seconded from our Group to third parties, but including individuals seconded from third parties to our Group).
2. The number of employees does not include the number of temporary employees (the average number of temporary employees during the period, including temporary staff and part-time workers, is 348).
3. The number of other employees decreased by 436 compared to the end of the previous fiscal year, mainly due to the dissolution of LECIEN (CAMBODIA) CORPORATION and the commencement of liquidation proceedings.

(2) Employees of the Company

Number of Employees	Increase (Decrease) from the End of Previous Fiscal Year	Average Age	Average Years of Service
98	(14)	46.0	19.2

(Note) The number of employees is the number of individuals working within the Company.

MATTERS CONCERNING STOCK ACQUISITION RIGHTS

Stock Acquisition Rights Granted to Officers as Consideration for Execution of Duties Held as of the End of Fiscal Year Ended March 31, 2024

Name (issuance date)	Number of stock acquisition rights	Class and number of shares represented by stock acquisition rights	Amount to be paid upon exercise of stock acquisition rights	Exercise period	Status (held by)
18th Stock Acquisition Rights (July 29, 2016)	4	Common stock 2,000 shares	One (1) yen per share	September 2, 2016 - September 1, 2036	1 Director (Note 2)
20th Stock Acquisition Rights (July 31, 2017)	2	Common stock 1,000 shares	One (1) yen per share	September 2, 2017 - September 1, 2037	1 Director (Note 2)
21st Stock Acquisition Rights (July 20, 2018)	11	Common stock 1,100 shares	One (1) yen per share	August 18, 2018 - August 17, 2038	1 Director
22nd Stock Acquisition Rights (July 20, 2018)	9	Common stock 900 shares	One (1) yen per share	August 18, 2018 - August 17, 2038	1 Director (Note 2)
23rd Stock Acquisition Rights (June 27, 2019)	16	Common stock 1,600 shares	One (1) yen per share	July 23, 2019 - July 22, 2039	1 Director
24th Stock Acquisition Rights (June 27, 2019)	16	Common stock 1,600 shares	One (1) yen per share	July 23, 2019 - July 22, 2039	1 Director (Note 2)
25th Stock Acquisition Rights (June 26, 2020)	19	Common stock 1,900 shares	One (1) yen per share	July 18, 2020 - July 17, 2040	1 Director
26th Stock Acquisition Rights (June 26, 2020)	20	Common stock 2,000 shares	One (1) yen per share	July 18, 2020 - July 17, 2040	1 Director (Note 2)

(Notes) 1. Stock acquisition rights are not held by the external director (independent) nor audit & supervisory board member.
2. The stock acquisition right(s) held by the director was granted during which such director held a position as a director at our subsidiary upon issuance of the stock acquisition right(s).
3. The number of shares subject to one stock acquisition right is 100 shares (500 shares for stock acquisition right granted on and before September 1, 2017).
4. The “class and number of shares represented by stock acquisition rights” has been adjusted to reflect the share consolidation pursuant to which two (2) shares were consolidated into one (1) share effective as of October 1, 2017.

OFFICERS

- **Summary of Limitation of Liability Agreement**

  Pursuant to the provisions of Paragraph 1, Article 427 of the Companies Act and our Articles of Incorporation, the Company has executed an agreement with its External Directors (Independent) and External Audit & Supervisory Board Members (Independent) to limit their liability for damages as stipulated in Paragraph 1, Article 423 of the Companies Act.

  The maximum amount of liability under such agreement is the minimum amount as provided by laws and regulations.

- **Outline of Directors' and Officers' Liabilities Insurance**

  The Company maintains directors' and officers' liabilities insurance as stipulated in the provisions of Paragraph 1, Article 430-3 of the Companies Act with an insurance company. The scope of the insured under this insurance policy is all of the officers (i.e., Directors and Audit & Supervisory Board Members) of the Company, all of the officers of our domestic consolidated subsidiaries, including Wacoal Corp., as well as the officers who are Japanese nationals and on secondment to our overseas subsidiaries and affiliated companies. The insured does not bear the premiums. This insurance policy will cover the insured's losses incurred from corporate lawsuits, shareholder derivative actions, and proceedings brought by third parties. The damages less than the deductible under the insurance policy will not be covered. In addition, to ensure that the appropriate conduct of the insured when performing their duties is maintained, this insurance policy will not cover the insured's losses related to the following:

  - Illegal personal gain of officers;
  - Criminal activities;
  - Deliberately illegal activities;
  - Insider Trading;
  - Claim for damages for bodily injury, property damage and invasion of personal rights;
  - Claim for damages attributable to act of God (earthquake, eruption, flooding, tsunami, etc.), war or insurrection;
  - Claim for damages attributable to environmental contamination or harmful attribute of asbestos; and
  - Claim for damages or legal expenses incurred by the insured based on allegations that the Company or insured violated any of the following U.S. laws and regulations, including but not limited to: ((i) the Employee Retirement Income Security Act, (ii) the Racketeer Influenced and Corrupt Organizations Act and (iii) the Securities Exchange Act of 1934).

MATTERS CONCERNING ACCOUNTING AUDITOR

- **Name of Accounting Auditor**

  Deloitte Touche Tohmatsu LLC

- **Compensation, etc.**

(Millions of yen)

Amount of compensation payable to the accounting auditor for this fiscal year:	132
Total amount of money and other property benefits to be paid to the accounting auditor by the Company and its subsidiaries:	144

(Notes) 1. The accounting audit agreement executed between the Company and its accounting auditor does not distinguish compensation for accounting under the Companies Act from that for accounting under the Financial Instruments and Exchange Act, and they cannot be reliably distinguished. Therefore, the amount given above represents the total amount of compensation for both types of accounting work.
2. Among our significant subsidiaries, Wacoal International Corp., Wacoal America, Inc., Wacoal Europe Ltd., Wacoal EMEA Ltd., and Wacoal China Co., Ltd. are subject to audits by other auditing firms and not by our accounting auditor.

- **Consent on Amount of Compensation, etc. Payable to Accounting Auditor**

  The Audit & Supervisory Board has obtained necessary documents and received explanations regarding the comparison of the estimated time under the audit plan from the previous fiscal year and the actual time used for audit performance and the trend in the amount of compensation paid for the audit performance during the past fiscal years from the relevant departments and the accounting auditor, has reviewed the details of audit performed by the accounting auditor for the previous fiscal year and the details of audit planning, basis for calculating compensation and level of compensation presented by the accounting auditor for the current fiscal year, and after deliberating whether the amount of compensation for the audit performance is appropriate to maintain the independence of the accounting auditor and to carry out its accounting audit under appropriate audit system and audit plan for the assessment of risks related to the audit environment and internal control system of the business group (including the Company and its consolidated subsidiaries), the Audit & Supervisory Board has deemed the amount of compensation for the current fiscal year is appropriate. Based on the above, the Audit & Supervisory Board has given its consent, pursuant to the provisions of Paragraph 1, Article 399 of the Companies Act, on the amount of compensation payable to the accounting auditor.

- **Policy on Determination of Dismissal and Non-Reappointment of Accounting Auditor**

  If the accounting auditor comes to fall under any of the items of Paragraph 1, Article 340 of the Companies Act and its dismissal is deemed appropriate, the Audit & Supervisory Board will dismiss the accounting auditor with the consent of all Audit & Supervisory Board Members.

  In addition to the above, upon the occurrence of an event which may harm the eligibility or independence of the accounting auditor, or if it is deemed difficult for the accounting auditor to perform appropriate audit procedures, the Audit & Supervisory Board will prepare and determine an agenda concerning the dismissal or non-reappointment of the accounting auditor, and pursuant to such resolution, Board of Directors will submit such agenda as a proposal at the General Meeting of Shareholders.

SYSTEM AND POLICIES OF COMPANY

・ **System to Ensure Appropriate Business Conduct**

1. System to Ensure that Execution of Duties by Directors and/or Employees Is in Compliance with Laws and Regulations and the Company's Articles of Incorporation

• To ensure that all Directors and employees of the business group comprised of the Company and its subsidiaries ("the Wacoal Group") comply with laws and regulations and the Articles of Incorporation and conduct business based on sound social norms, we have enacted "Wacoal Code of Ethics" and "Corporate Ethics: Wacoal's Code of Conduct."

• We have established a Corporate Ethics and Risk Management Committee, for which our Representative Director, President and CEO (Group CEO) acts as the administrative manager and our Representative Director, Vice President and Executive Officer and CFO in charge of Group Business Management acts as the chairperson, in order to improve our system of compliance, to consider any compliance issues which may have a material impact on the Wacoal Group, to enhance awareness and enlightenment on corporate ethics and to effectively promote control of any management risks on the Wacoal Group.

• We have established a system under which our Legal and Compliance Dept. could be promptly notified if a Director and/or employee of the Wacoal Group becomes aware of a compliance issue which may have violated the "Wacoal Code of Ethics" or the "Corporate Ethics: Wacoal's Code of Conduct," or of any other compliance issues. The system includes an internal alert system (corporate ethics hotline to the Legal and Compliance Dept. and an external law firm) in which, after being notified and/or alerted, the Legal and Compliance Dept. conducts an investigation and formulates preventive measures after discussions with the related department. If the issue is critical, the Legal and Compliance Dept. will refer the matter to the Corporate Ethics and Risk Management Committee and will report the results of its deliberation to the Board of Directors and/or Audit & Supervisory Board.

• The "Corporate Ethics: Wacoal's Code of Conduct" prescribes that Directors and employees shall firmly refuse to comply with demands of antisocial forces. In order to handle unjust demands of antisocial forces, we cooperate with outside specialized institutions, collect and/or control information related to antisocial forces and build an internal system.

2. System concerning the Storage and Management of Information related to Execution of Duties by Directors

• With the approval of the Board of Directors, we have enacted "Document Management Rules" pursuant to which we store the following documents (including electromagnetic records, hereafter the same) along with any related materials:

* Minutes of the General Meeting of Shareholders, minutes of the Board of Directors' meetings, minutes of the Committee for Group Strategy meetings, minutes of the Group Management Meeting, documents for which a Director is the final decision maker and any other documents prescribed in the "Document Management Rules"

• The retention period and the place for storage of the documents prescribed in the preceding paragraph shall be subject to the "Document Management Rules," but such retention period shall be at least ten (10) years. The Directors and Audit & Supervisory Board Members shall have access to these documents at all times.

3. Rules and Other Systems concerning Risk Management of Losses

• In order to understand the management risk within the Wacoal Group in general and to improve and/or strengthen our risk management system, we have established a Corporate Ethics and Risk Management Committee, for which our Representative Director, President and CEO (Group CEO) acts as the administrative manager and our Representative Director, Vice President and Executive Officer and CFO in charge of Group Business Management acts as the chairperson.

• The Corporate Ethics and Risk Management Committee prescribes "Risk Management Basic Rules," subject to the approval of the Board of Directors, which form the basis for our risk management system. The Corporate Ethics and Risk Management Committee clarifies the responsibilities by risk category pursuant to these rules, and formulates a risk management system that thoroughly and/or comprehensively controls potential risk within the Wacoal Group.

• The Corporate Ethics and Risk Management Committee regularly reports on the operations of the Wacoal Group's risk management system to the Board of Directors.

• In order to formulate our basic policy on issues related to sustainability surrounding the Wacoal Group, we have established a Sustainability Committee, for which our Representative Director, President and CEO (Group CEO) acts as the administrative manager and the chairperson.

• The Sustainability Committee meets regularly on the same day as a meeting of the Board of Directors is held, to formulate specific measures, monitor progress, and evaluate the status of achievement based on our basic policy on sustainability issues including climate change, global environmental issues and human rights issues.

• The Board of Directors overseas the implementation of strategies related to the allocation of management resources and the business portfolios to ensure that the initiatives of the Sustainability Committee contribute to sustainable growth.

4. System to Ensure Effective Execution of Duties by Directors

• The Board of Directors consists of a diverse group of Directors, taking into account gender, international experience and background, professional experience, age and other factors, while ensuring that the Directors have the requisite balance of skills, such as knowledge, experience and expertise, each in light of management strategies.

• Independent External Directors shall include those who have management experience at other companies, and in order to enhance appropriate decision-making by our Directors, at least one-third of all Directors shall be independent External Directors.

• In addition to decision-making on significant matters as stipulated in the applicable laws and regulations and/or our Articles of Incorporation, the Board of Directors formulates a management plan to be shared by the Directors and/or employees within the Wacoal Group based on consideration of medium- to long-term management strategies and social issues, directs courses of action and performance targets in the medium to short-term that are consistent with this plan and supervise the progress of its implementation.

- The Group Management Meeting is responsible for the Group’s management strategies and other important management issues under the medium- to long-term management strategies determined by the Board of Directors. In addition, the Board of Directors consults the Committee for Group Strategy, which is chaired by the Representative Director, President and CEO (Group CEO) and comprises all independent officers (External Directors and External Audit & Supervisory Board Members), on important matters to be resolved by the Board of Directors, such as the Wacoal Group’s management philosophy, management policies, management strategies, and key medium- to long-term business strategies, as well as the allocation of management resources, and receives reports on such matters after thorough discussion from a multifaceted perspective. On the other hand, the Committee will monitor progress against the recommendations and oversee that timely and appropriate adjustments are made.

- We will follow the business results of each Wacoal Group company on a monthly basis and report back to the Board of Directors. In addition, we hold Quarterly Achievements Review Meetings to review and confirm quarterly business results and the implementation of measures and policies, and to consider improvement measures as necessary.

- In the specified wholly owned subsidiaries of the Group, we establish appropriate and efficient system by delegating authority and clarifying responsibilities through the executive officer system.

5. System to Ensure Appropriate Business Conduct within Group Companies

- We have enacted our “Group Management Rules,” which prescribes basic policies regarding the management of Group companies and matters to be decided by our Board of Directors, as well as matters to be reported to the Company and manages our Group companies in accordance with the rules.

- We conduct any intercompany transaction fairly in compliance with laws and regulations, accounting principles and the tax system.

- Our audit office will conduct audits of operations within the Wacoal Group, including audits of the establishment and/or operation of our compliance system and risk management system, and will report the results of its audits to the Board of Directors and the responsible departments and give guidance and/or advice related to the above to Group companies to ensure appropriate conduct of business.

- Our foreign subsidiaries will comply with the laws and regulations of their respective home countries and will adopt a system that is in line with our policies to the extent reasonable.

6. Matters concerning Assistants to Audit & Supervisory Board Members

- Audit & Supervisory Board Members may appoint employees of the Company as their assistants who are to assist the duties of the Audit & Supervisory Board Members.

- Such assistants shall serve on a full-time basis. In order to ensure the effectiveness and independence of such assistants, decisions on personal affairs, including appointment, evaluation, relocation and discipline of such assistants will be subject to the consent of the Audit & Supervisory Board Members.

7. Reporting System of Directors and Employees to the Audit & Supervisory Board Members and Other Systems related to the Report to Audit & Supervisory Board Members

- Directors of the Wacoal Group shall promptly report to the Audit & Supervisory Board Members if they become aware of a material fact that violates the applicable laws and regulations and/or Articles of Incorporation of each company, misconduct or a fact that may cause significant damage to any company of the Wacoal Group.

- Employees of the Wacoal Group may directly report to the Audit & Supervisory Board Members if they become aware of a material fact that violates the applicable laws and regulations and/or Articles of Incorporation of each company, misconduct or a fact that may cause significant damage to any company of the Wacoal Group. Any employee who makes such report will not be at a disadvantage for the reason of making such report.

- Through the reporting of the following matters in addition to statutory matters to the Audit & Supervisory Board Members by Directors and employees of the Wacoal Group, we strive to have the Audit & Supervisory Board Members audit conducted effectively.
  - Matters proposed to the Committee for Group Strategy and Group Management Meeting
  - Monthly and quarterly Group management conditions
  - Results of audits of operations
  - The condition of our internal alert system
  - Other significant matters

8. Other Systems to Ensure Effective Audits by Audit & Supervisory Board Members

- The majority of the Audit & Supervisory Board Members of the Company will be independent External Audit & Supervisory Board Members to enhance the transparency and neutrality of the audit.

- The Audit & Supervisory Board Members may order employees who belong to the audit office to perform any tasks that are required to provide their services. In addition, the Audit & Supervisory Board Members may request the Company for reimbursement of expenses incurred for performing their duties.

- Audit & Supervisory Board Members will attend meetings of the Board of Directors and may also attend other primary meetings of the Wacoal Group.

- The Audit & Supervisory Board Members will regularly meet with the audit office and the accounting auditor to receive reports and to exchange opinions.

- The Audit & Supervisory Board may consult legal counsel, certified public accountants, consultants or other outside advisors as it deems necessary.

- **Outline of Operation of Our "System to Ensure Appropriate Business Conduct"**

1. System to Ensure that Execution of Duties by Directors and/or Employees Is in Compliance with Laws and Regulations and the Company's Articles of Incorporation

• In response to a review of the framework of the Wacoal Group's management philosophy and changes in the business environment, the "Corporate Ethics: Wacoal's Code of Conduct" was revised to the 7th edition in April 2024.

• In order to specifically develop and operate our compliance system, we have established a Subcommittee for Compliance under the Corporate Ethics and Risk Management Committee. The Subcommittee for Compliance holds quarterly meetings, and discusses and reviews awareness of compliance and matters reported to us through the internal alert system.

• The Legal and Compliance Dept. continues to conduct compliance awareness activities for employees, including rank-based group training, e-learning, and the regular publication of the Group Compliance Newsletter, and will establish a month to reinforce business ethics starting in the fiscal year ending March 2025. We have been making step-by-step efforts to provide compliance awareness training, carry out third-party compliance review, and expand the operation of the Corporate Ethics Hotline for our overseas subsidiaries.

2. System concerning the Storage and Management of Information related to Execution of Duties by Directors

• Documents prescribed in the "Document Management Rules" have been properly stored in accordance with the "Document Management Rules" and the Directors and Audit & Supervisory Board Members have access to these documents on a timely basis.

3. Rules and Other Systems concerning Risk Management of Losses

• In accordance with the "Risk Management Basic Rules," the Corporate Ethics and Risk Management Committee conducts a scoring evaluation of risks extracted from each risk management organization it designates from the perspective of likelihood of occurrence and degree of impact by using the "Business Risk Evaluation Sheet." Risk items that are evaluated as having a significant potential impact on the management of the Wacoal Group are submitted to the Board of Directors on a yearly basis for decision as "Group's Materials Risks."

• Accordingly, the Corporate Ethics and Risk Management Committee promotes risk-mitigation initiatives, identifies risks, monitors the implementation of countermeasures, and reports to the Board of Directors on a quarterly basis and on an ad hoc basis as necessary. For the fiscal year ended March 31, 2024, the Corporate Ethics and Risk Management Committee met four times in June, September, December and March.

• In the fiscal year ended March 31, 2023, we have established a new Sustainability Committee to accelerate our initiatives to achieve balancing "to resolve social issues" and "corporate growth" through our business. The Sustainability Committee regularly meets on the same day as a meeting of the Board of Directors is held, monitors progress of specific initiatives with respect to issues surrounding sustainability and evaluates achievements. For the fiscal year ended March 31, 2024, the Sustainability Committee met seven times in May, June, August, September, December, February and March.

4. System to Ensure Effective Execution of Duties by Directors

• We engage in highly transparent decision-making by appointing five independent External Directors among our seven Directors.

• Based on the medium- to long-term management strategies of the Wacoal Group, the persons responsible for the business execution (internal Directors and Executive Officers) fully deliberate important management issues through the Group Management Meeting, which is followed by a meeting of the Board of Directors for decision making.

• In addition, the Committee for Group Strategy thoroughly deliberates important matters to be decided by the Board of Directors, such as the Wacoal Group's management philosophy, management policies, management strategies and the medium- to long-term business strategies, as well as the allocation of management resources, which are positioned as the core of the Group, from a multifaceted perspective. Based on these discussions, the Board of Directors then makes decisions on the medium-term management plan (revision) and other related matters. During the fiscal year ended March 31, 2024, the Committee for Group Strategy met 12 times in June, July, August, September, October (3 times), November (2 times), December, January and March.

• We hold quarterly meetings of the Quarterly Achievements Review Meeting, to confirm the business results and implementation of measures, and implement remedial measures as necessary.

5. System to Ensure Appropriate Business Conduct within Group Companies

• Matters to be decided and reported by our subsidiaries are appropriately managed in accordance with the "Group Management Rules."

• Our audit office develops an audit plan for each fiscal year and conducts audits on the operation and internal controls of the Company and our domestic and overseas subsidiaries.

6. Structure of Assistants to Audit & Supervisory Board Members

• Our audit office assists with the duties of the Audit & Supervisory Board Members upon their request from time to time. Audit & Supervisory Board Members have not requested or appointed any assistant for their duties.

7. Reporting System of Directors and Employees to the Audit & Supervisory Board Members and Other Systems related to the Report to Audit & Supervisory Board Members

• The Audit & Supervisory Board Members attend primary meetings and receive reports on matters that are discussed and on the management condition.

• The Audit & Supervisory Board Members also receive reports, from time to time, on the results of audits on the operation by the audit office and matters reported through the internal alert system.

8. Other Systems to Ensure Effective Audits by Audit & Supervisory Board Members

- We enhance the effectiveness of the audit by appointing three independent External Audit & Supervisory Board Members among the five Audit & Supervisory Board Members.

- The Company reimburses any and all expenses incurred by the Audit & Supervisory Board Members for performing their duties.

- The Audit & Supervisory Board Members attend meetings of the Board of Directors and other important meetings, conduct hearings with the Directors and also visit our subsidiaries to conduct audits. In addition, the Audit & Supervisory Board Members preside at Audit & Supervisory Board Group Meetings and receive periodic reports from the Audit & Supervisory Board Members of the domestic subsidiaries.

- The Audit & Supervisory Board Members, regularly and whenever necessary, exchange information and opinions with the accounting auditor and the audit office.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended March 31, 2024

(Millions of yen)

Item	Equity attributable to owners of parent						Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Other components of equity	Treasury stock	Total		
Balance as of April 1, 2023	13,260	29,029	151,418	32,021	(15,894)	209,834	3,285	213,119
Cumulative effect of accounting change			361	2		363		363
Restated balance	13,260	29,029	151,779	32,023	(15,894)	210,197	3,285	213,482
Loss			(8,632)			(8,632)	(111)	(8,743)
Other comprehensive income				25,277		25,277	258	25,535
Total comprehensive income	–	–	(8,632)	25,277	–	16,645	147	16,792
Repurchase of treasury stock					(10,001)	(10,001)		(10,001)
Cancellation of treasury stock		(8,572)			8,572	–		–
Share-based payment transactions		(5)			64	59		59
Dividends			(5,169)			(5,169)	(99)	(5,268)
Changes in ownership interest in subsidiaries		98				98	(20)	78
Transfer from other components of equity to retained earnings			10,516	(10,516)		–		–
Total transactions with owners	–	(8,479)	5,347	(10,516)	(1,365)	(15,013)	(119)	(15,132)
Balance as of March 31, 2024	13,260	20,550	148,494	46,784	(17,259)	211,829	3,313	215,142

(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.

2. Matters Regarding the Scope of Consolidation

(1) Number of consolidated subsidiaries: 49

(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

1) Initial recognition and measurement

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

The Group recognizes these financial instruments on the respective transaction dates when they become a party to the contractual provisions of the financial assets.

All financial assets are measured at fair value plus transaction costs, unless the assets are classified as financial assets measured at fair value through profit or loss.

Financial assets that are classified as financial assets measured at amortized cost if both of the following conditions are met:

- The asset is held based on the Group's business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Other than the financial assets that are classified as financial assets measured at amortized cost are classified as financial assets measured at fair value.

Equity financial assets measured at fair value, except for those held for trading that must be measured at fair value through profit or loss, are designated measured at fair value through other comprehensive income or fair value through profit or loss at initial recognition. Such designations are made for each equity financial asset and applied consistently.

2) Subsequent measurement

After initial recognition, financial assets are measured based on the classification as follows:

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 in profit or loss.

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

c) Derecognition of financial assets

The Group derecognizes financial assets when the contractual rights to the cash flows from the financial assets expire, or when the Group transfers the financial assets and substantially all the risks and rewards of ownership. If the Group maintains control of the transferred financial asset, it recognizes the asset and associated liabilities to the extent of its continuing involvement.

d) Impairment of financial assets

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

The Group assesses at the end of the reporting period whether the credit risk on each financial asset has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the amount equal to expected credit losses for 12 months is recognized as allowance for doubtful accounts. On the other hand, if the credit risk has increased significantly since initial recognition, the amount equal to lifetime expected credit losses is recognized as allowance for doubtful accounts.

When contractual payments are more than 30 days past due, the Group determines in principle that there has been a significant increase in credit risk. However, reasonable and supportable information (internal rating, external rating and others) is taken into consideration in assessing whether there is a significant increase in credit risk.

When 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. When the collection of all or a portion of a receivable is considered impossible or extremely difficult, the receivable is deemed to be in default.

However, for trade receivables and contract assets that do not contain a significant financing component, the allowance for doubtful accounts is always recognized at the amount equal to lifetime expected credit losses, regardless of whether or not the credit risk has increased significantly since initial recognition.

Expected credit losses are measured at the present value of the difference between the contractual cash flows that are due to the Group under the contract and all the cash flows that the Group expects to receive.

The expected credit losses of financial assets are estimated in a way that reflects the following:

- An unbiased and probability-weighted amount determined by evaluating a range of possible outcomes
- Reasonable and supportable information about past events, current conditions and forecasts of economic conditions that is available without undue cost or effort at the reporting date.

If there are significant economic fluctuations, additional adjustment is made in expected loss.

The Group directly writes off an asset by reducing the total carrying amount in cases where collection of contractual cashflow is not reasonably expected, entirely or partially.

An allowance for doubtful accounts for financial assets is recognized in profit or loss. If an event occurs that reduces the allowance for doubtful accounts, the reversal of the allowance for doubtful accounts is recognized in profit or loss.

(2) Inventories

Inventories are stated at the lower of cost or market cost. The cost is determined on a first-in, first-out basis for raw materials and on an average cost basis for work in process and finished products. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(3) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located and borrowing cost which satisfies the conditions of asset capitalization.

Property, plant and equipment are depreciated over their estimated useful lives mainly using the straight-line method.

The estimated useful lives are as follows:

- Buildings and structures 2 to 50 years (Mainly 38 years)
- Machinery and vehicles, Tools, furniture and fixtures 2 to 20 years (Mainly 5 years)

The depreciation method, the estimated useful life and the residual value are reviewed at the end of each fiscal year. If there are any changes, they are applied prospectively as changes in accounting estimates.

(4) Goodwill and intangible assets

1) Goodwill

Goodwill is measured at the fair value of the considerations transferred, including the recognized amount of any non-controlling interests in the acquiree at the date of acquisition, less the net recognized amount of the identifiable assets acquired and the liabilities assumed at the acquisition date (ordinarily measured at fair value).

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

Impairment loss on goodwill is recognized in the consolidated statement of profit or loss and no subsequent reversal is made.

Goodwill is stated at cost less any accumulated impairment loss.

2) Intangible assets

Intangible assets acquired separately are measured at cost on initial recognition. Intangible assets acquired in a business combination and recognized separately from goodwill are measured at the fair value as of the acquisition date.

For measurement of intangible assets, the cost model is adopted, and they are carried at cost less any accumulated depreciation and any accumulated impairment losses.

For internally generated intangible assets, the entire amount of the expenditure is recorded as an expense in the period in which it arises, except for development expenses that meet the requirements for capitalization.

Intangible assets with finite useful lives are amortized over their estimated useful lives using the straight-line method.

The estimated useful lives of main intangible assets are as follows:

- Brands 20 and 25 years (mainly 25 years)
- Software 5 years

The estimated useful lives, residual value and amortization method for an intangible asset with a finite useful life are reviewed at the end of each reporting period, and any changes are applied prospectively as a change in accounting estimate.

The Group considers that trademark rights and paintings have indefinite useful lives because they can be used continuously as the Group continues its business.

For measurement of intangible assets with indefinite useful lives, the cost model is adopted, and they are carried at cost less any accumulated impairment losses.

Intangible assets with indefinite useful lives are not amortized and tested for impairment each fiscal year or when there is an indication that they may be impaired, either individually or at the cash-generating units (hereinafter “CGU”).

(5) Investment property

Investment properties are properties held to earn rental income and/or for capital appreciation. Investment properties are measured by using the cost model and are initially stated at cost less accumulated depreciation and accumulated impairment losses.

Investment properties other than land are amortized over their estimated useful lives using the straight-line method.

(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 lease commencement date. 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 lease commencement date, less any lease incentives received, original direct costs, and restoration costs other than those incurred to produce the inventories.

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

The lease payments comprise fixed lease payments and variable lease payments that are not paid at the lease commencement date.

The Group does not recognize right-of-use assets and lease liabilities for either short-term leases with a lease term of 12 months or less, or leases for which the underlying assets are of low value. The total lease payments of these leases are recognized as expenses under the straight-line basis or another systematic basis over the lease terms.

(7) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, excluding inventories and deferred tax assets, are reviewed to determine whether there is any indication of impairment at each reporting date. If there is any indication of impairment, the recoverable amount for the asset is estimated.

The recoverable amount for an asset or CGU is the higher of value-in-use or fair value less costs of disposal. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset. Assets that are not individually tested in impairment testing are integrated into the smallest CGU that generates cash inflows largely independent of cash inflows from other assets or asset groups. The CGU for goodwill tested in impairment testing is determined based on the aggregated unit by which the goodwill is monitored for internal management purposes. Goodwill acquired in business combinations is allocated to each CGU that is expected to benefit from the synergies of the business combinations.

Because the corporate assets do not generate independent cash inflows, if there is an indication that corporate assets may be impaired, the recoverable amount is determined for the CGU to which the corporate assets belong.

If the carrying amount of an asset or a CGU exceeds the recoverable amount, an impairment loss is recognized in profit or loss for the period. Impairment losses recognized in relation to a CGU are first allocated to reduce the carrying amount of any goodwill allocated to the CGU and then allocated to the other assets of the CGU pro rata on the basis of their carrying amounts.

An impairment loss related to goodwill cannot be reversed in future periods. Previously recognized impairment losses on assets other than goodwill are reviewed at each reporting date to determine whether there is any indication that a loss has decreased or no longer exists. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

(8) Provisions

Provisions are recognized if the Group has a present legal or constructive obligation as a result of past events, if it is likely that an outflow of economic resources will be required to settle the obligation, and if the amount can be reliably estimated. When the time value of money is material, provisions are measured at the present value by discounting the expected future cash flows at a pretax rate that reflects the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance expense.

(9) Employee benefits

Part of the Group has adopted defined benefit plans and defined contribution plans as post-employment benefit plans.

The present value of the defined benefit obligations is calculated by using the projected unit credit method.

The liabilities or assets of the defined benefit plan are recognized at an amount representing the present value of the defined benefit obligations less the fair value of the plan assets.

Remeasurement of the net defined benefit liabilities or assets is recognized as other comprehensive income at the time of occurrence and is immediately reclassified to retained earnings. Past service cost and any gain or loss on settlement are recognized as profit or loss.

Expenses related to post-employment benefits of the defined contribution pension plan are recognized as expenses at the time an employee provides the relevant service.

(10) Revenue from contracts with customers

The Group recognizes revenue under the following five-step approach for contracts with customers, excluding interest and dividend income under IFRS 9 "Financial Instruments" and lease income under IFRS 16 "Leases"("IFRS 16")

Step 1: Identify the contract(s) with a 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 performance obligations

The Group recognizes revenue when control of promised products is transferred to customers and performance obligations are satisfied. The Group's revenue is recognized for transactions, net of any trade discounts or rebates given. In addition, provision for expected returns is deducted from revenue based on actual return amounts from previous fiscal year.

(NOTES TO CHANGES IN ACCOUNTING POLICIES)

The Group has adopted IAS 12, "Income Taxes" (revised May 2021), effective from the consolidated fiscal year under review.

IFRS		New/Revision Summary
IAS 12	Income Taxes (revised May 2021)	To clarify the accounting treatment of deferred tax on leases and decommissioning obligations

The adoption of this standard clarifies the accounting treatment on initial recognition of transactions that give rise to an equal amount of taxable temporary differences and deductible temporary differences at the date of the transaction, such as leases and decommissioning obligations, and that deferred tax liabilities and deferred tax assets are recognized in the consolidated statement of financial position for these additional and deductible temporary differences, respectively.

The Group has adopted this standard retrospectively with a transition date of April 1, 2022. As a result, retained earnings and other components of equity in the consolidated statement of changes in equity increased by 361 million yen and 2 million yen, respectively, as of April 1, 2023, upon retrospective application.

(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: ¥11,805 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 loss 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. These 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 loss of 6,536 million yen on goodwill for Wacoal International Corp. Group in the consolidated fiscal year ended March 31, 2024. The Group did not record any impairment loss 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	¥254 million
Other financial assets	¥191 million

2. Accumulated Depreciation and Accumulated Impairment Losses related to Assets

Property, plant and equipment	¥70,321 million
Right-of-use assets	¥11,977 million
Investment property	¥2,966 million

(NOTES TO CONSOLIDATED STATEMENT OF PROFIT OR LOSS)

1. Restructuring Expenses

At some consolidated subsidiaries, a series of restructuring expenses of 5,984 million yen, including disposal of inventories and solicitation of voluntary retirement, were recorded under "Other expenses."

2. Loss on Withdrawal from Business

The Group decided to withdraw from the LIVELY business of INTIMATES ONLINE, INC., a subsidiary of WACOAL INTERNATIONAL CORP. and liquidate the company. Accordingly, withdrawal costs of 7,795 million yen, including impairment losses on goodwill and valuation losses on inventories, were recorded in "Other expenses."

(NOTES TO CONSOLIDATED STATEMENT OF CHANGES IN EQUITY)

1. Class and total number of issued shares as of March 31, 2024

Common stock 61,000,000 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 12, 2023	Common stock	2,321	40.00	March 31, 2023	June 5, 2023
At the Board of Directors' Meeting held on November 9, 2023	Common stock	2,848	50.00	September 30, 2023	December 8, 2023

(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 15, 2024	Common stock	Retained earnings	2,753	50.00	March 31, 2024	June 6, 2024

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: 236,800 shares

(NOTES TO THE FINANCIAL INSTRUMENTS)

1. Matters Regarding the Status of Financial Instruments

(1) Capital management

The Group manages capital with the 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 the 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

(i) 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.

(ii) 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.

(iii) 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 the 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. Their 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	152	152
Financial liabilities measured at amortized cost		
Long-term borrowings (including current portion)	3,460	3,383

(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 observable 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 of 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				
Equity securities	-	-	1,963	1,963
Mutual funds	236	-	-	236
Financial assets measured at fair value through other comprehensive income				
Equity securities	47,003	-	890	47,893
Other	-	-	31	31
Total	47,239	-	2,884	50,123
Financial liabilities:				
Financial liabilities measured at fair value through profit or loss				
Derivatives	-	22	-	22
Total	-	22	-	22

Adjustments of financial instruments categorized at Level 3

The adjustments made for financial instruments categorized at Level 3 from balance at April 1, 2023 to balance at March 31, 2024 are as follows.

(Millions of yen)

	Equity securities	Others
Balance as of April 1, 2023	2,433	31
Total gains and losses		
Profit (loss) (Note)	272	-
Other comprehensive income	73	-
Purchases	75	-
Sales	(0)	-
Balance as of March 31, 2024	2,853	31
Unrealized gain (loss) on assets and liabilities held at the end of period included in net income or loss (Note)	272	-

(Note) Gains and losses recognized as profit and loss are included in the "Finance income" and "Finance costs" of 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
2,839	8,301

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

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. Breakdown of Revenue

Breakdown of the main product revenue are as follows:

(Millions of yen)

	Total
Innerwear	
Foundation and lingerie	148,365
Nightwear	6,963
Children's underwear	818
Subtotal	156,146
Outerwear/Sportswear	13,827
Hosiery	1,316
Other textile goods and related products	5,835
Others	10,084
Total	187,208

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, 2024
Contract liabilities	1,130

Revenue recognized for the fiscal year ended March 31, 2024, which had been included in the contract liabilities balance at the beginning of the fiscal year was 1,188 million yen.

Contract liabilities consist mainly of customer loyalty points.

Some of the 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	¥3,846.66
Basic loss per share	¥151.62
Diluted loss per share	¥151.62

(NOTES TO SIGNIFICANT SUBSEQUENT EVENTS)

Transfer of Shares of a Consolidated Subsidiary

At a meeting of the Board of Directors held on April 30, 2024, the Company resolved to transfer a portion of the shares of the Company's consolidated subsidiary, Nanasai Co., Ltd. (hereinafter referred to as "Nanasai") and entered into a share transfer agreement effective as of May 13, 2024. As a result of the share transfer transaction, Nanasai will be excluded from the scope of consolidation of the Company and the assets and liabilities held by Nanasai will be classified as held for sale in the fiscal year ending March 31, 2025.

1. Reason for Share Transfer Transaction

The Company has verified the productivity of domestic group companies in the process of formulating the revised medium-term management plan which was disclosed in November 2023. Although Nanasai has its strengths in sales floor construction, deployment of mannequins, and so on, the synergy of business integration with Nanasai has been diminishing compared to before partly because one of our subsidiaries, Wacoal Corp., has been promoting a business strategy to increase the ratio of sales from in-store sales to online shopping.

The Company made a resolution about the share transfer transaction because it will be highly possible to provide a consistent service of furniture and fixture sales and to manage logistics effectively.

2. Outline of the Subsidiary to be Transferred

(1) Name	Nanasai Co., Ltd.
(2) Address of the head office	Wacoal Kyoto Building, 103 Shichijo Goshonouchi Minamimachi, Shimogyo-ku, Kyoto, Japan
(3) Name and title of the representative	Takeshi Segawa, CEO
(4) Business description	Planning, design, and construction work of commercial facilities and displays; manufacture and sale of mannequins, and sale of store fixtures
(5) Date of establishment	July 1946
(6) Share capital	¥90 million
(7) Total assets	¥4,193 million (as of March 31, 2024)
(8) Net sales	¥8,032 million (fiscal year ended March 31, 2024)

3. Outline of the Counterparty of the Share Transfer Transaction

(1) Name	SENKO Group Holdings Co., Ltd.
(2) Address of the head office	Shiomi SIF Building, 2-8-10 Shiomi, Koto-ku, Tokyo, Japan
(3) Name and title of the representative	Yasuhisa Fukuda, Representative Director
(4) Share capital	¥28.4 billion
(5) Date of establishment	July 1946

4. Transfer Date

July 1, 2024 (scheduled)

5. Number of Shares Transferred, Status of Shares Held before and after Transfer

(1) Number of shares held before transfer	5,448,200 shares (Number of voting rights: 5,448,200) (% of voting rights held: 99.96%)
(2) Number of shares transferred	4,630,865 shares (Number of voting rights: 4,630,865) (% of voting rights held: 84.97%)
(3) Number of shares held after transfer	817,335 shares (Number of voting rights: 817,335) (% of voting rights held: 14.99%)

(Note) The transfer price is not disclosed due to confidentiality obligations between the parties.

Purchase of Treasury Stock

The Board of Directors adopted a resolution at a meeting held on May 15, 2024 regarding matters related to the 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 improve shareholder returns and capital efficiency.

2. Details of Purchase

   (1) Type of shares to be purchased: Common stock of the Company
   (2) Total number of shares to be purchased: 7,300,000 shares (at maximum)
   (3) Aggregate purchase amount: ¥25,000 million (at maximum)
   (4) Purchase period: From June 3, 2024 through March 21, 2025

Cancellation of Treasury Stock

The Board of Directors adopted a resolution at a meeting held on May 15, 2024 regarding matters related to cancellation of treasury stock pursuant to the provisions of Article 178 of the Companies Act.

(1) Type of shares to be cancelled: Common stock of the Company
(2) Number of shares to be cancelled: 5,500,000 shares
(3) Date of cancellation: May 24, 2024

NON-CONSOLIDATED FINANCIAL STATEMENTS

NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
Year ended March 31, 2024

(Millions of yen)

Items	Shareholders' equity								
	Share capital	Capital surplus		Retained earnings				Treasury stock, at cost	Total shareholders' equity
		Capital reserve	Other capital surplus	Legal reserve	Other retained earnings				
					Reserve for deferred gain on sale of property	General reserve	Retained earnings carried forward		
Balance as of April 1, 2023	13,260	29,294	0	3,315	4,735	90,000	5,365	(15,894)	130,075
Changes during current fiscal year									
Reversal of reserve for deferred gain on sale of property					(198)		198		-
Cash dividends							(5,168)		(5,168)
Net income							2,817		2,817
Reversal of general reserve						(10,000)	10,000		-
Repurchase of treasury stock								(10,001)	(10,001)
Cancellation of treasury stock			(8,572)					8,572	-
Restricted stock compensation			7					51	59
Exercise of stock acquisition rights			(1)					12	11
Transfer from capital reserve to other capital surplus		(29,294)	29,294						-
Net change in items other than shareholders' equity									
Total changes during current fiscal year	-	(29,294)	20,728	-	(198)	(10,000)	7,848	(1,364)	(12,281)
Balance as of March 31, 2024	13,260	-	20,728	3,315	4,536	80,000	13,212	(17,258)	117,794

(Millions of yen)

Items	Stock acquisition rights	Total net assets
Balance as of April 1, 2023	526	130,602
Changes during current fiscal year		
Reversal of reserve for deferred gain on sale of property		-
Cash dividends		(5,168)
Net income		2,817
Reversal of general reserve		-
Repurchase of treasury stock		(10,001)
Cancellation of treasury stock		-
Restricted stock compensation		59
Exercise of stock acquisition rights	(11)	0
Transfer from capital reserve to other capital surplus		-
Net change in items other than shareholders' equity		
Total changes during current fiscal year	(11)	(12,292)
Balance as of March 31, 2024	515	118,310

(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

The straight-line method is used.

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

The straight-line method is used.

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 a 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: Recognized revenue when (or as) the entity satisfies 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 receives cash payment shortly thereafter.

(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.

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 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 on investment security in Wacoal Europe Ltd. in the fiscal year ended March 31, 2024.

(NOTES TO THE NON-CONSOLIDATED BALANCE SHEETS)

	(Millions of yen)
1. Accumulated depreciation of property, plant and equipment:	35,943
2. Receivables from subsidiaries and affiliated companies and payables to subsidiaries and affiliated companies	
Short-term receivable:	6,782
Short-term payable:	28,976

3. Liabilities for guarantees

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

Lecien Corporation:	41

(NOTES TO THE NON-CONSOLIDATED STATEMENTS OF INCOME)

	(Millions of yen)
Transactions with subsidiaries and affiliated companies	
Operating revenue:	7,236
Other operating transactions:	77
Non-operating transactions:	42

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

Number of treasury stocks as of March 31, 2024

Common stock:	5,931,669 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	19
Depreciation, amortization and impairment loss	833
Allowance for doubtful accounts	1,486
Others	259
Subtotal of deferred tax assets	5,439
Valuation allowance	(4,513)
Total deferred tax assets:	925
Deferred tax liabilities:	
Reserve for deferred gain on sale of property	2,002
Others	23
Total deferred tax liabilities:	2,025
Net deferred tax liabilities:	1,099

(NOTES TO RELATED-PARTY TRANSACTIONS)

1. Subsidiaries, etc.

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	Holdings of shares; dual appointments; managerial guidance; and lease of movables and real estate	Borrowing of funds (Note 1)	13,130	Short-term borrowings from subsidiaries and affiliated companies	24,896
				Payment of interest (Note 1)	7	–	–
				Receipt of dividends	2,300	–	–
				lease of movables and real estate (Note 2)	3,076	–	–
				Fee for management guidance (Note 3)	395	–	–
Subsidiary	Peach John Co., Ltd.	100% direct	Holdings of shares; and dual appointments	Repayment of funds (Note 1)	382	Short-term borrowings from subsidiaries and affiliated companies	1,896
				Payment of interest (Note 1)	0	-	–
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)	774	-	–
Subsidiary	Unenana Cool Corp.	100% indirect	Loan	Loan (Note 4)	99	Short-term loans receivable from subsidiaries and affiliated companies	3,112
				Receipt of interest (Note 4)	13	-	–
Subsidiary	Ai Co., Ltd.	100% indirect	Dual appointments; and loan	Repayment of funds (Note 4)	34	Short-term loans receivable from subsidiaries and affiliated companies	2,789
				Receipt of interest (Note 4)	12	-	–

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 at the end of the fiscal year includes consumption taxes.

(Note 6) A total amount of ¥4,855 million in allowance for doubtful accounts is provided for doubtful accounts for the subsidiaries. Also, we recorded a total of ¥295 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:

Net income per share:

Diluted net income per share:

(NOTES TO SIGNIFICANT SUBSEQUENT EVENTS)

<u>Transfer of Subsidiary Shares</u>

At a meeting of the Board of Directors held on April 30, 2024, the Company resolved to transfer a portion of the shares of the Company's consolidated subsidiary, Nanasai Co., Ltd. (hereinafter referred to as "Nanasai") and entered into a share transfer agreement effective as of May 13, 2024.

1. Reason for Share Transfer Transaction

   The Company has verified the productivity of domestic group companies in the process of formulating the revised medium-term management plan which was disclosed in November 2023. Although Nanasai has its strengths in sales floor construction, deployment of mannequins, and so on, the synergy of business integration with Nanasai has been diminishing compared to before partly because one of our subsidiaries, Wacoal Corp., has been promoting a business strategy to increase the ratio of sales from in-store sales to online shopping.

   The Company made a resolution about the share transfer transaction because it will be highly possible to provide a consistent service of furniture and fixture sales and to manage logistics effectively.

2. Outline of the Subsidiary to be Transferred

(1) Name	Nanasai Co., Ltd.
(2) Address of the head office	Wacoal Kyoto Building, 103 Shichijo Goshonouchi Minamimachi, Shimogyo-ku, Kyoto, Japan
(3) Name and title of the representative	Takeshi Segawa, CEO
(4) Business description	Planning, design, and construction work of commercial facilities and displays; manufacture and sale of mannequins, and sale of store fixtures
(5) Date of establishment	July 1946
(6) Share capital	¥90 million
(7) Total assets	¥4,193 million (as of March 31, 2024)
(8) Net sales	¥8,032 million (fiscal year ended March 31, 2024)

3. Outline of the Counterparty of the Share Transfer Transaction

(1) Name	SENKO Group Holdings Co., Ltd.
(2) Address of the head office	Shiomi SIF Building, 2-8-10 Shiomi, Koto-ku, Tokyo, Japan
(3) Name and title of the representative	Yasuhisa Fukuda, Representative Director
(4) Share capital	¥28.4 billion
(5) Date of establishment	July 1946

4. Transfer Date

July 1, 2024 (scheduled)

5. Number of Shares Transferred, Status of Shares Held before and after Transfer

(1) Number of shares held before transfer	5,448,200 shares (Number of voting rights: 5,448,200) (% of voting rights held: 99.96%)
(2) Number of shares transferred	4,630,865 shares (Number of voting rights: 4,630,865) (% of voting rights held: 84.97%)
(3) Number of shares held after transfer	817,335 shares (Number of voting rights: 817,335) (% of voting rights held: 14.99%)

(Note) The transfer price is not disclosed due to confidentiality obligations between the parties.

Purchase of Treasury Stock

The Board of Directors adopted a resolution at a meeting held on May 15, 2024 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 enhance shareholder returns and improve capital efficiency.

2. Details of Purchase

(1) Type of shares to be purchased:	Common stock of the Company
(2) Total number of shares to be purchased:	7,300,000 shares (at maximum)
(3) Aggregate purchase amount:	¥25,000 million (at maximum)
(4) Purchase period:	From June 3, 2024 through March 21, 2025

Cancellation of Treasury Stock

The Board of Directors adopted a resolution at a meeting held on May 15, 2024 regarding matters related to cancellation of treasury stock pursuant to the provisions of Article 178 of the Companies Act.

(1) Type of shares to be cancelled:	Common stock of the Company
(2) Number of shares to be cancelled:	5,500,000 shares
(3) Date of cancellation:	May 24, 2024