

[Translation]



February 10, 2023

To whom it may concern:

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CEO
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Announcement of Revisions to the Forecast of Consolidated Business Results
and Recognition of Impairment Charges (IFRS)

We hereby announce that we have revised the forecast of our consolidated business results for the fiscal year ending March 31, 2023 (April 1, 2022 – March 31, 2023), which we announced on November 11, 2022, as follows:

Details

1. Revised Forecast of Consolidated Business Results for the Fiscal Year Ending March 31, 2023

(International Financial Reporting Standards)

(Unit: Millions of Yen, unless otherwise indicated)

	Revenue	Business Profit	Operating Profit	Profit Before Income Taxes and Equity in Net Profit of Affiliated Companies	Net Profit Attributable to Owners of Parent	Basic Earnings per Share (in Yen)
Previous Forecast (A)	200,000	5,000	8,000	10,500	8,000	131.22
Revised Forecast (B)	190,000	2,000	(5,500)	(3,000)	(4,000)	(66.26)
Variance (B - A)	(10,000)	(3,000)	(13,500)	(13,500)	(12,000)	
Variance as Percentage (%)	(5.0)	(60.0)	-	-	-	
(Reference) Results for the Previous Fiscal Year ended March 31, 2022	172,072	494	3,291	4,083	1,732	27.83

*Our group voluntarily implements the International Financial Reporting Standards (“IFRS”) starting from the first quarter of the fiscal year ending March 31, 2023, and the results for the previous fiscal year have been reclassified to conform to IFRS.

2. Reason for Revisions

While we accelerate our efforts to improve profitability and reform business structure in our Wacoal Business (Domestic), we expect our business environment to continue to remain challenging, as was the case for the current consolidated cumulative third quarter. Also, in our Wacoal Business (Overseas) segment, we expect revenue and business profit to fall below the previous forecast as our business in the United States continues to be sluggish due to the slowdown in consumer spending as well as the impact of inventory adjustments by suppliers, and as our business in China remains challenging due to the implementation of strict COVID-19 activity restrictions. Our operating profit is expected to fall below the previous forecast as a result of the recognition of impairment charges on goodwill and intangible assets with respect to our consolidated subsidiary, Wacoal International Corp. (U.S.).

The revised forecast hereby reflects the impact of the result and changes described in the “Announcement Regarding Result of Implementation of the Flexible Retirement Program and Revision to the Flexible Retirement Program” disclosed separately on February 10, 2023.

3. Recognition of Impairment Charges

In 2019, Wacoal International Corp. (U.S.), our consolidated subsidiary, acquired Intimates Online, Inc., which distributes the “LIVELY” brand, to create growth opportunities and strengthen competitiveness in the e-commerce market. However, in light of the changes in the external environment factors, including the tighter data privacy regulations on digital marketing and the recent slowdown in consumer spending, we reassessed the recoverable amount by Wacoal International Corp. (U.S.), and will record an impairment charge of 10,109 million yen, of which 8,344 million yen, 1,236 million yen and 529 million yen were in respect of goodwill, intangible assets and right-of-use assets, respectively. As we implement IFRS, the impairment charges will be recorded as other expenses affecting our operating profit. The effect of this change on profit for the fiscal year ending March 31, 2023 is a decrease of 9,820 million yen.

4. Result of Implementation of the Flexible Retirement Program and Revision to the Flexible Retirement Program

As described in the “Announcement Regarding Result of Implementation of the Flexible Retirement Program and Revision to the Flexible Retirement Program” disclosed on February 10, 2023, we expect an increase in other expenses associated with the Flexible Retirement Program implemented at Wacoal Corp., our consolidated subsidiary, of approximately 700 million yen. On the other hand, following a partial revision to the Flexible Retirement Program implemented at Wacoal Corp., we expect a decrease in cost of sales, and selling, general and administrative expenses of approximately 1,000 million yen.

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