

Domestic Business Strategy (A Message from Wacoal Corp. President)

Wacoal provides products and services that inspire our customers to realize their ideal self and empower them to achieve their own unique form of beauty, comfort, and health.

Keisuke Kawanishi

Representative Director, President and CEO
Wacoal Corp.



Transforming Mindsets and Addressing Change with Confidence

About a year has passed since we announced our revised medium-term management plan. In order to transform our business structure into one that can secure high profitability, we have been implementing business model reforms and strengthening our brand power, customer loyalty, and human resources. Through extensive dialogue with employees in the form of information sessions and town hall meetings, they have gained a better understanding of the direction we are heading and what we need to do, and each is steadily taking ownership of the current situation and taking action with a sense of purpose. As of now, we have reached about sixty percent of the structural reforms laid out in our revised medium-term

management plan and about thirty percent of our growth strategy. We will continue to engage in dialogue to dispel employee concerns and doubts, and in the process further strengthen our solidarity while keeping an eye on speed in execution.

Wacoal has always had the confidence of meeting market needs by carefully crafting products that fit perfectly and valued its pride and dedication to manufacturing. Contrary to this, however, Wacoal's performance began to decline around the year 2000, and the Company was unable to identify the cause or a solution. When we pursued the issues again when formulating the revised medium-term management plan, we concluded that the cause of the slump in performance was that we were too focused on manufacturing, and unable to break away from a corporate perspective and system, resulting in a lack of a customer

perspective. In other words, to see the revised medium-term management plan through to completion, we need to shift our perspective from the Company to the customer, while changing the way we think so that all employees can act according to "overall optimization." In the fiscal 2025, we have been focusing on dialogue with section managers, who play a particularly important role, and we are seeing that, unlike the Wacoal of the past, they have clearly defined what needs to be done and are working on it in a positive manner. It is important to acknowledge these positive changes, share with everyone what has been achieved against the plan, and move forward with confidence. With the final year of the plan approaching, fiscal 2026, I intend to lead the way with strong leadership and encourage the Company to work as one to realize the revised medium-term management plan.

Domestic Business Strategy (A Message from Wacoal Corp. President)

Revised Medium-Term Management Plan Updating Wacoal's Direction

Wacoal needs to shift operations from the Company's to the customer's point of view to flexibly respond to changes in the market. Until now, Wacoal has required long lead times for product planning and development, making it difficult to implement promotions flexibly or adjust production. As a result of not being able to produce and deliver in line with store demand, we were caught in a vicious cycle of declining sales and profits, including lost opportunities due to stockouts, returns caused by excess in-store inventory, and an increase in the sales ratio, not to mention reduced logistics efficiency and material losses resulting from excess inventory. In the revised medium-term management plan, we aim to shorten the lead time for planning and development, and build a system that allows us to flexibly change promotions and production in response to customer needs, so that we can make only the necessary quantity of popular products and sell them out without running out of stock. This initiative will lead to a virtuous cycle, reducing lost opportunities and returns, lowering the sale ratio, and optimizing inventory levels.

Business Model Reforms Creating a Foundation for Stronger Earnings Structure

■ Supply chain management reform and cost structure reform

Supply chain management reform, which is the pillar of the business model reforms of the revised medium-term management plan, aims

to increase sales and improve inventory efficiency by supplying products in a timely manner in response to market needs and eliminating lost opportunities due to stockouts. To achieve this, it is essential to build a system of demand-linked production that plans and produces products with a short lead time and supplies them to sales floors according to demand. This fiscal year, we have modified our product categories in order to advance this demand-linked production. Previously, there were only two categories, ongoing products and new products. We have separated products that are produced continuously for five or more seasons from the ongoing product category and created a new category called "standard products." If we continue to produce a product for five seasons, it is easier to predict the materials and production process, and it becomes easier to set up a production system linked to demand. Wacoal's product lineup was previously biased toward new products, but from now on, we will focus on developing strong standard products and expanding the scope of demand-linked production.

However, there are also challenges. From the plant's perspective, it has been possible to make products with high productivity by taking advantage of economies of scale, precisely because the plant has produced many products in large lots at once in a planned manner. Demand-linked production, which requires timely production in small lots, requires a completely opposite approach to increasing productivity, and there is a conflict of interest between the department that decides the production volume of products and places orders, and the department that is responsible for production. This is a challenge that arose in the

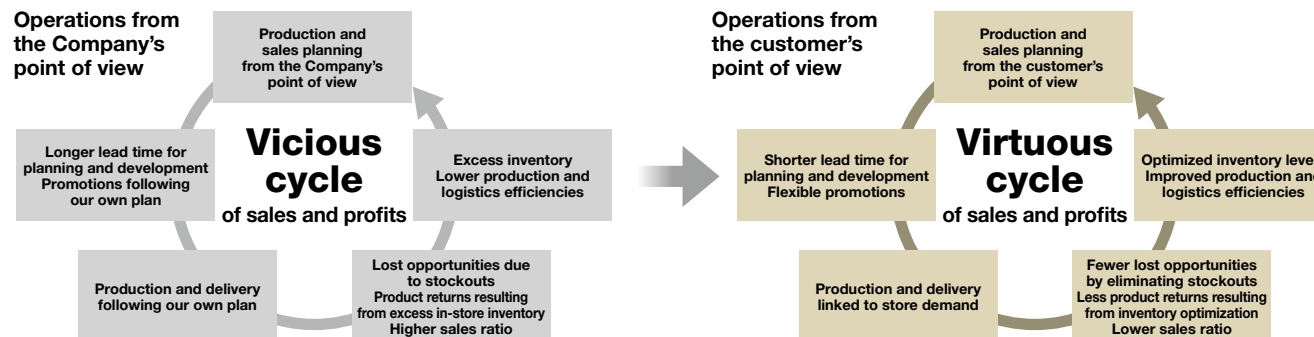
pursuit of "overall optimization" rather than "partial optimization," and that needed to be solved in order to move forward. One of the breakthroughs in this situation was the establishment of "standard products." Rather than looking at it only from the production side, this is an example of the evolution from partial optimization to overall optimization by being aware of the connection from planning and development to sales.

Growth Strategy Creating New Value

■ Brand strategy

We introduced the brand manager system in fiscal 2025 to provide products and services that are thoroughly from the customer's point of view. Under this system, we have appointed brand managers for eight brands that clearly define their target customer segments and their points of differentiation in the marketplace. These managers are clarifying the value provided by each brand. By providing consistent management from planning to sales, we are able to avoid cannibalization and partial optimization between brands and develop attractive brands with clear value propositions. In fact, in product meetings, brand managers discuss with each other and, based on the value of each brand, offer opinions and suggestions for correcting the course in a positive direction—a move never seen before. Furthermore, by clarifying the strengths of each brand, it has become easier to develop product functions, designs, and services. For example, we are now able to thoroughly explore the value we can provide by leveraging Wacoal's unique strengths, such as by considering the development of made-to-order production of highly decorative products using premium materials and a service that allows customers to order custom sizes and designs.

In terms of organization, we have integrated the product departments of our core brands, Wacoal and Wing, and are redefining the value we provide across the entire innerwear business. We will rebrand Wacoal for the fall/winter 2024 season and also revamp our communication plan. The organizational integration and brand manager system are aimed at building a system necessary to execute our growth strategy. The current situation, though, is not the final form, as we intend to continue evolving to create an optimal system.



Domestic Business Strategy (A Message from Wacoal Corp. President)

■ Customer strategy

In addition to brand strategy, we are also implementing a customer strategy to further strengthen our relationships with customers. Wacoal is working to build deep, broad, and long-lasting relationships with customers while utilizing digital transformation (DX). One issue we have experienced is that there have been many cases where customers who purchased products in-store or online did not continue to purchase products afterwards. In the future, we will develop more convenient and personalized services, such as expanding our reservation and ordering services in-store and online, and proposing products tailored to age and bone structure via our app.

Creating a Work Environment Where Employees Can Think Freely and Propose Their Ideas

Employee engagement will be of utmost importance in order to follow through on our revised medium-term management plan. As a company, we are considering how to strengthen our human capital, and we want to approach this with a quite simple attitude: to reward employees who have achieved results with fair evaluation and compensation. To achieve this, we must provide a work environment in which employees can think freely and propose their ideas. We want employees to use their imagination and proactively propose new ideas based on their own roles and authority. These opinions can motivate the department and the Company, provide value in line with customer needs, and contribute to society. Above all, I want employees to realize that these actions also lead to their own personal and professional growth.

Wacoal's reforms are understood within the Company in terms of the direction we should take and the points that need to be implemented, but we are often told by outsiders that the process of verification, improvement, and implementation is taking too long. As we approach the final year of the plan, or fiscal 2026, we intend to work together as a team of executives and employees to move the Company forward with a sense of urgency and ensure that we implement our initiatives without fail.

Wacoal's New Value Creation

At Wacoal, we aim to improve our performance by developing products and services from the customer's point of view and gaining the support and understanding of many customers. Nevertheless, the environment we find ourselves in is extremely challenging. In addition to the decline in the number of mass retailers and department stores within which we operate stores, we must produce and sell efficiently with limited resources. In order to break through this current situation, we recognize that in addition to completing the revised medium-term management plan, it is essential that we continue to create new value truly unique to Wacoal.

■ Expanding Wacoal's beauty, comfort and health business

SCANBE, an evolution of our conventional 3D measurement service, represents one of the areas where we are creating new value. By providing customers with personalized measurement data, we hope to encourage them to take an interest in their own bodies and help them realize their individuality. In March 2024, in addition to conventional 3D measurements, we launched a service we call Fashion Framework Analysis, which makes it possible for customers to do a self-diagnosis of their skeletal frame using AI. In spring 2024, we held a pop-up store at a shopping center in Shinjuku, Tokyo, which was very well received, and many customers who had no previous contact with Wacoal visited the pop-up store.

In May 2024, Wacoal was selected by the Ministry of Economy, Trade and Industry as a demonstration company for PHR* thanks to its "Solution Proposal Using 3D Body Data and PHR Data" utilizing body data accumulated since 1964 at the WACOAL Human Science Research & Development Center as well as measurement data from SCANBE. In collaboration with asken Inc., which was also selected, Wacoal plans to provide a new service that combines asken's PHR data with SCANBE at Expo 2025 Osaka, Kansai, Japan. Through this new challenge of linking SCANBE with external data, we hope that Expo 2025 Osaka, Kansai, Japan will become a new point of contact with our customers and a place to provide new interactive value.

With regard to CW-X, which offers conditioning wear, we will develop a strategy to achieve brand growth and contribute to the expansion of the "beauty, comfort, and health" business. CW-X is a clothing line developed by applying the principle of taping, and offers tights, tops, knee supports, and more. Many athletes love it because it supports the movement of muscles and joints during exercise just by wearing it. We believe that CW-X can be used not only to improve performance during exercise, but also to prevent injuries and reduce strain on the body. For this reason, we would like to consider developing products to support people who work in jobs that require physical activity, such as in the transportation and nursing care industries. Wacoal has been conducting scientific research into body shape changes and muscle movement for many years. This will enable us to continue to develop new businesses related to beauty, comfort, and health in a wide range of areas.

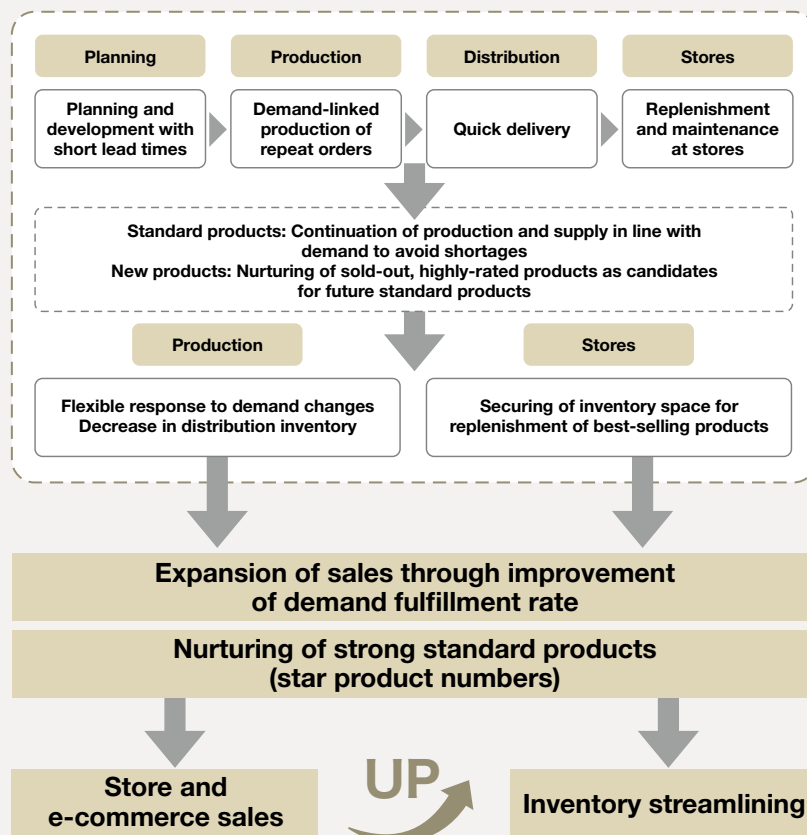
Throughout our long history, Wacoal has focused on creating shapes that make the body look beautiful, generating new value in innerwear that did not exist anywhere else, thereby stimulating customer desires. We are confident that our technology for carefully crafting products that fit each individual's body is unrivaled. We will continue to utilize this technology and develop products and services from the customer's point of view, aiming to help people empower their individuality. We will continue to create new value by providing products and services that go beyond innerwear and contribute to the individual beauty, comfort, and health of our customers.

* PHR stands for Personal Health Record. PHR refers to information such as health checkup results, including weight, blood pressure, blood sugar, etc., as well as health and medical information such as diet, exercise, sleep, etc. obtained from wearable devices and sensor-enabled equipment.

Revised Medium-Term Management Plan Initiatives in Japan

Supply Chain Management Reform

Reform Wacoal Corp.'s supply chain management (SCM) in order to respond quickly to changes in customer needs and the market environment.



Through repeated field trials at stores, we are advancing initiatives to improve the demand fulfillment rate of products and optimize the product mix in every channel to build a demand-linked business model. Through this, we aim to increase our inventory turnover ratio and transform into a business operator with high management efficiency.

Planning (Product Development and Merchandising Division) p. 21 ▶

Shortening of new product planning schedules and shortening of development lead time through the development of proto-pattern methods

Overview of initiatives

- Shortening of planning schedules through review of the meeting process
- Shortening of development lead time through proto-patterns (standardization of popular design patterns)

Production (Technology and Manufacturing Division) p. 21 ▶

Establishment of production operations capable of following changes in the market

Overview of initiatives

- Shortening of production lead time through the review of material procurement/production order timing, etc.
- Control of production prioritization in line with sales/inventory fluctuations

Stores (Sales Division) p. 22 ▶

Establishment of operations that achieve maintenance and updating of product mix (in-store inventory) in line with the number and scale of customers in stores, with a focus on standard products

Overview of initiatives

- Resolution of shortages through improvement of the automatic ordering system utilization rate
- Optimization of in-store product sales aspects through placement of in-store display advisors

Supervision (Business Administration Division) p. 22 ▶

Actions as secretariat to support the smooth progress of project and team activities

Overview of initiatives

- Strengthening of cooperation among the above teams
- Progress management and efficacy measurement for projects overall

Revised Medium-Term Management Plan Initiatives in Japan

Supply Chain Management Reform

| Initiatives by Teams

Product Development and Merchandising Division

Develop and provide products that address clear customer needs under short lead times, and nurture star product numbers



Tetsuro Ito

Corporate Officer, Head of Wacoal and Wing Product Supervising Sub-Division, Product Development and Merchandising Division, Wacoal Corp.

The Product Development and Merchandising Division bears the role of quickly responding to customer needs and changes in the market environment to create compelling products. Toward that goal, we will review our existing business processes and shorten product planning and development lead times to establish a structure under which we can continue the timely provision of products demanded by customers. Firmly adopting the customer's point of view, we intend to break away from the traditional production-centered business model to develop and nurture products that will become long-running customer favorites.

The role of the department in SCM reform and the envisioned ultimate goal

Specific initiatives for the first year of the revised plan (fiscal 2024) and a frank evaluation of progress

In fiscal 2024, we reviewed planning and development meetings and other business processes, and worked to shorten the lead time required for product development. For a number of products released in fiscal 2025, we launched operations with a lead time three months shorter than in the past. Expanding this operation beyond the current limited range of product numbers will require that we repeatedly undertake additional measures under the PDCA cycle. At the same time, I appreciate that we were able to thoroughly rethink our past way of doing things and generate solid results.

Results achieved through initiatives under the plan's first year, and newly emerging issues

It has become clear that the key to further shortening our planning and development lead time is the establishment of a mass production structure that leverages existing patterns. Our Product Supervising Sub-Division, which manages the Wacoal and Wing brands in the innerwear business, is introducing a uniquely Wacoal version of modular design, for which we are now holding discussions on the formulation of standards from a functional perspective. Incorporating these into actual business processes will take some time, but we plan to launch trial products in fiscal 2025.

Fiscal 2025 role in achieving the targets of the revised medium-term management plan through SCM reform

In addition to further shortening our planning and development lead time, we must establish a structure for creating products that are linked to customers' needs. In fiscal 2025, we integrated the EC and Catalog Business Sub-Division that operates e-commerce sites into the Product Development and Merchandising Division. We plan to further strengthen collaboration so that product reviews and purchase data received by sites can be promptly reflected in product development. By focusing on the creation of long-beloved standard products, we would like to contribute to success in capturing sales and reforming SCM.

Technology and Manufacturing Division

Improve the in-store demand fulfillment rate for best-selling products through flexible production and supply in line with demand



Teruo Fukumoto

Corporate Officer, Head of Technology and Manufacturing Division, Wacoal Corp.

The Technology and Manufacturing Division has established a demand-linked production structure and shoulders the role of delivering products that customers want, at the right time and in appropriate ways. We have pursued production efficiency enhancements and loss reduction under a unified schedule of material procurement and sewing. Toward this, we will shorten lead times through the division of material procurement and production plans in line with demand. By undertaking a transformation toward demand-linked production methods, we aim to build a supply chain geared toward speed.

In fiscal 2024, we conducted a trial of demand-linked production at the Nagasaki Factory for eight product numbers and worked to shorten production lead times from the spring and summer of 2024. By changing order timing and frequency in response to changes in product inventories, we succeeded in shortening the period spanning order to distribution and delivery from 90 to 25 days. While applicable product numbers were limited, we were able to generate results in fiscal 2025 and plan to further expand applicable product numbers and factories from the autumn and winter of 2024.

We were able to confirm that product numbers handled through demand-linked production have contributed to inventory reduction and other production efficiency improvements. Compared to our conventional production structure, however, the method will present greater burdens in ordering and factory production operations. For this reason, I expect that we will need to quantify impacts on sales and inventories and verify effects as we move forward. I believe that we also need to build a structure by which we can operate under fixed standards while making our inventory status visible.

In achieving the targets of the revised medium-term management plan, I believe that a key point will be the creation of a Wacoal version of SCM that combines our proprietary planning model and demand-linked model, all connected to business model reforms that include brand reorganization and expansion of the ratio of standard products. I want to particularly focus on the establishment of production operations that avoid shortages of standard products,* establish a production system aligned with sales trends, and switch about half of our standard products to demand-linked production by the next fiscal year.

* Standard products: Products for which five seasons (three years) or more have elapsed since release

Revised Medium-Term Management Plan Initiatives in Japan

Supply Chain Management Reform

Initiatives by Teams

Sales Division

Optimize product mix and inventory levels in stores to improve store revenue

Hirofumi Inoue

Corporate Officer,
Head of Sales Division, Wacoal Corp.



Business Administration Division

Undertake SCM reform as control manager to achieve flexible operations

Kouji Fukuda

Corporate Officer,
Head of Business
Administration Division, Wacoal Corp.



The role of the department in SCM reform and the envisioned ultimate goal

The Sales Division is responsible for delivering the products customers want, when they want them, at Wacoal stores throughout Japan. Doing so requires that we identify best-selling products in line with the characteristics of areas and stores, then steadily deploy those products in stores. To deliver necessary products without delay, we also need to properly maintain in-store inventory. By reducing shortages and optimizing inventory, we will achieve our revenue targets and create sales areas that customers find appealing.

Specific initiatives for the first year of the revised plan (fiscal 2024) and a frank evaluation of progress

In fiscal 2024, we conducted multiple field trials at a number of mass retailers to verify the correlations among optimal product mix, sales, and in-store inventory. From this, we found that sales can be maintained under minimum necessary inventory when products are deployed in line with the scale and characteristics of stores. We further confirmed that the introduction of an automated ordering system and in-store display advisors to perform in-store maintenance contribute to sales expansion. While the trial involved a limited number of stores, we sensed a considerable improvement effect.

Results achieved through initiatives under the plan's first year, and newly emerging issues

From the findings of the field trials, we confirmed that product mix optimization contributes to improved revenue. At the same time, we also saw that subsequent enforcement of in-store maintenance is essential in achieving reliable improvement. Replenishing delivered products in stores at the right time and maintaining optimal sales areas for customers require that maintenance be systematized. In fiscal 2025, we will advance business negotiations with clients to expand and introduce automated ordering systems and in-store display advisors at all mass retailers.

Fiscal 2025 role in achieving the targets of the revised medium-term management plan through SCM reform

In achieving the revised medium-term management plan, the mission of the Sales Division is raising customers' interest in Wacoal and recovering from the decrease in customer visits to stores. To do this, we must create compelling store areas where the products and services that customers want are always available. We see fiscal 2025 as a period for establishing the operations that will underlie this. In cooperation with clients and with planning, production, administration, and other departments, we will constrain losses of sales opportunities, optimize in-store inventory, and improve in-store revenue.

The Business Administration Division plays the role of a secretariat supporting the smooth progress of individual teams' activities and the project overall. To ensure the outcomes of activities and achieve project objectives, we coordinate teams, make adjustments to resolve conflicts, and construct operations that are optimized overall. Accordingly, we recognize the achievement of financial targets (sales and inventory efficiency) as our mission.

In fiscal 2024, we worked to shorten planning and development lead times and to construct a system for replenishing products in short supply at mass retailers, with a focus on field trials and on analyses of teams' current status. We confirmed that a certain degree of results can be expected from these activities. At the same time, we also found that parties' understanding of the purpose and envisioned goals of the project overall was not sufficiently aligned, resulting in inter-team cooperation that was lacking from a standpoint of overall optimization. To remedy the situation, accelerate efforts, and maximize outcomes, in fiscal 2025 we have been working to expand and strengthen the project structure.

Conducting limited-scope field trials, we found that results could be solidly achieved as long as the required conditions were in place. From this, we recognize that our greatest achievement has been ascertaining our direction for moving forward. However, it has also become clear that negative effects, such as the deterioration of production efficiency under the aim of shortened lead times, can occur more often than expected. In response, in fiscal 2025 we will inspect project activities as a whole from the perspective of overall optimization, with both positive and negative aspects considered.

Acting as a management department within Wacoal (Japan), the Business Administration Division shoulders the roles of a department with operational responsibility and of the overall secretariat for business model reform, including SCM reform. Heading into the final year of the revised medium-term management plan, in fiscal 2025 we need to demonstrate the achievements of departments' efforts and solidly depict an upward vector that connects to the next fiscal year. Toward that end, we will enforce progress management for all measures and, while closely communicating with relevant departments, will provide backup for resolving issues and achieving objectives.

Revised Medium-Term Management Plan Initiatives in Japan

Cost Structure Reform

Cost structure reform is progressing mostly as expected, with both positive and negative factors. Additional actions will be considered and implemented since the reduction effect is expected to be limited to approximately ¥6 billion due to the impact of exchange rate fluctuations and soaring raw material prices.

(billions of yen)

Implemented items	Specific activities	Implementation timing	Revised medium-term management plan initial goal	FY2024–FY2025	FY2026	3-year effect forecast
Brand selection and concentration	<ul style="list-style-type: none"> Reducing losses on returns and discounting by aggregating product numbers, etc. (Reducing production lines by approx. 40% and the number of product number by more than 10%) Reviewing sales price setting 	<ul style="list-style-type: none"> Aggregation of production lines will start at 24AW and be completed during FY2025 	1.9	0.5	1.9	2.4
Reducing production costs	<ul style="list-style-type: none"> Improving inspection process efficiency Reducing man hours by aggregating product numbers, etc. 	<ul style="list-style-type: none"> Will be completed by FY2025 	0.6	0.3	0.3	0.6
Reducing production and material costs	<ul style="list-style-type: none"> Reviewing the production system Aggregating materials and master colors 	<ul style="list-style-type: none"> Will be completed by FY2025 	0.4	0.2	0.6	0.8
Improving the profit and loss of stores	<ul style="list-style-type: none"> Reviewing the terms and conditions of business with business partners Withdrawing stores that are in the red (up to 32 stores) Optimizing personnel in order to improve productivity 	<ul style="list-style-type: none"> Considering the withdrawal from stores that are in the red and those that are not expected to revise transaction terms during FY2024 	0.9	1.0	0.3	1.3
Offering voluntary retirement	<ul style="list-style-type: none"> Optimizing personnel in order to improve productivity 	<ul style="list-style-type: none"> Will be completed by FY2024 	0.9	0.4	0.2	0.6
Optimizing other sales promotion expenses	<ul style="list-style-type: none"> Optimizing expenses for IT Optimizing advertising/promotion costs 	<ul style="list-style-type: none"> Will be completed by FY2025 	1.6	0.9	1.1	2.0
Reducing distribution costs, etc.	<ul style="list-style-type: none"> Improving distribution business profitability 	<ul style="list-style-type: none"> Will be completed by FY2025 	0.6	0.0	0.4	0.4
The impact of cost increase in FY2024 due to the impact of foreign exchange rates and sourcing costs				-2.0	—	-2.0
Total			7.0	Approx. 1.3	Approx. 4.8	Approx. 6.1

Revised Medium-Term Management Plan Initiatives in Japan

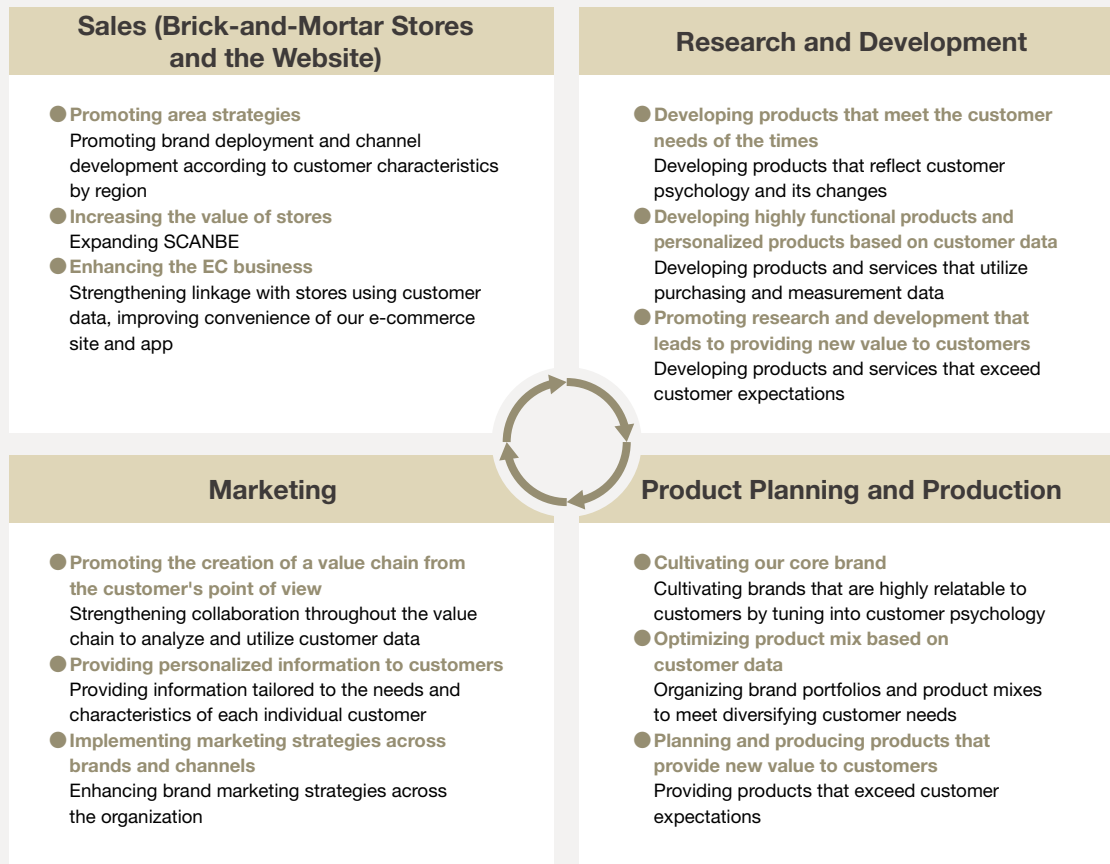
Customer Strategy

In order to build deep, broad, and long-term relationships with customers, we will utilize digital technologies to provide the best customer experience for each person.

Initiatives for building a digital-based value chain from the customer's point of view

We will restructure the entire value chain from product development to sales from the customer's point of view through the use of customer data and digital technology.

We aim to improve the value of customer experience and relations with Wacoal and increase lifetime value (LTV) by acquiring new customers and converting existing customers into loyal customers.



Pick Up

Enhancing communication through WACOAL CARNET, our official app



WACOAL
CARNET



An app full of information on Wacoal products and stores. In addition to information on products and stores, the app is full of tips on boosting one's looks, including advice on innerwear and information on beauty and health. The data measured by SCANBE can also be downloaded, making it easy to check all measurement data, including 3D images, anytime, anywhere!

Expansion of layaway and order-in service channels and stores

A service that allows you to order a product you are interested in from the Wacoal website store and check it out at the shop of your choice before purchase. If your specified store has the product in stock, you can put it on layaway; if not, you can order it in from the Wacoal website store.



Revised Medium-Term Management Plan Initiatives in Japan

Brand Strategy

With thorough brand management from the customer's point of view, we will develop an attractive brand with clear values.

Developing products and services to meet the diverse values of customers and empower them to be themselves.

Cultivating brands with a view to long-lasting relationships with customers and expanding lifetime value (LTV).

Aiming to develop new products and services in the areas of beauty, comfort, and health by leveraging the knowledge cultivated at Wacoal.

Brand portfolio tailored to market segments

- Reviewing the brand management system
- Implementing communication reconfigured from the customer's point of view
- Promoting growth strategies in the strengthening areas
(e.g., formulate strategies for the young, high premium, and senior class)
- Providing products that meet diverse customer needs

Market Segments to Focus On

		Age group					
		15 to 19 yrs old	20 to 29 yrs old	30 to 39 yrs old	40 to 49 yrs old	50 to 59 yrs old	Age 60 and above
Price range	High premium		High premium				
	Premium	Young people	WACOAL (rebranding)				Seniors
	Better						
	Moderate						
	Affordable	Affordable					
	Cost saving						

Expanding into the area of beauty, comfort, and health

- Expanding the beauty, comfort, and health business by utilizing our knowledge cultivated in the innerwear business
- Enhancing personalized services using customer data and measurement data from SCANBE
- Strengthening sports business such as CW-X

Pick Up

■ Rebranding of the core brand WACOAL (autumn/winter 2024)

Reviewing brand contact points in response to changing values that emphasize individuality and diversity. Redefining “the power underwear holds” to become a brand that allows each individual to have moments to love yourself.

Brand Message

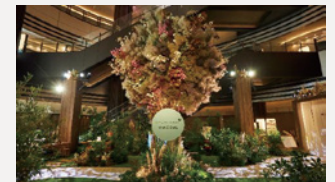
Dear Me, Love your moment.

We provide each customer with a moment to look at yourself and love yourself so that the time spent choosing underwear at the beginning of the day can turn into a precious moment to learn about your own feelings and body.

Pop-up event
embodying the new
Wacoal worldview
(September 2024)



WACOAL



Revised Medium-Term Management Plan Initiatives in Japan

Brand Strategy | The Introduction of Brand Managers

Rebrand – Toward the further evolution of brands Restart – Taking on new challenges

On April 1, 2024, Wacoal Corp. introduced eight brand managers.

Through this action, we are building a company-wide brand management system from customers' point of view.

By nurturing beloved brands and achieving efficient marketing, our brand managers will build deep, broad, and long relationships with customers as we restore Wacoal Corp. to a growth track.

Behind the introduction of the brand manager system

■ What are brand managers?

Broadly speaking, "brand manager" is not a title, but refers to a role in achieving management strategy that enhances the value of a brand from the standpoint of a manager.

■ Objectives

1. Nurturing of compelling brands that provide clear value

Through end-to-end brand management that spans product planning, sales, and profit/loss management from the customer's point of view, brand managers will nurture appealing brands that offer clear value.

2. Realization of overall optimization

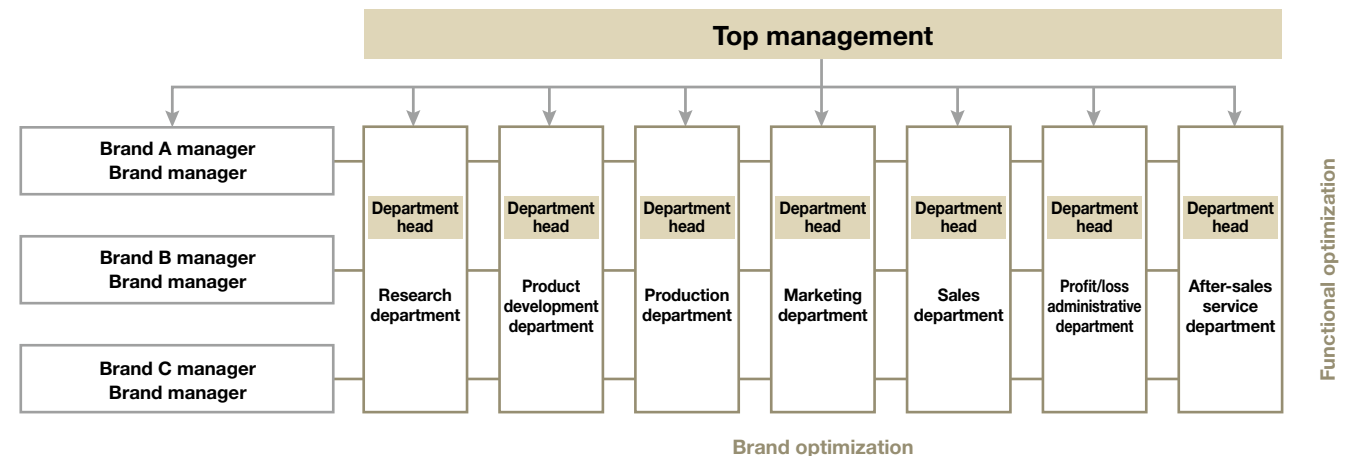
With a focus on responsibilities and authority related to brand management, brand managers will achieve overall optimization throughout the Company. We aim to eventually dissolve previous function-specific organizations and place an "end-to-end brand organization" under the Marketing Division.

■ Roles

Acting across multiple functions, brand managers will provide end-to-end brand value to customers through the value chain processes of planning, development, manufacturing, distribution, sales, and marketing, holding responsibility for achieving sustainable revenue and growth through the maximization of brand value. As necessary, brand managers will take part in decision-making on medium- to long-term brand strategies in meetings at which decisions on individual functions may impact brands.

Conceptual diagram of the brand manager system

Our existing function-specific job system and brand managers fall under a matrix structure. Pursuing optimization, expertise, and efficiency enhancements in each function, this function-specific system shoulders responsibility in fiscal 2025 for achieving sales and profit in businesses through the realization of structural reform and supply chain management reform.



Achievement of end-to-end branding activities through the combination of functional optimization (vertical) and brand optimization (horizontal)

Revised Medium-Term Management Plan Initiatives in Japan

Brand Strategy

| Interview with Brand Managers

Brand Manager for Wing

Mika Shima



Brand Manager for WACOAL

Ari Tsubouchi

What should we do?

What will change?

What will happen?

The Path Ahead for WACOAL and Wing

Following the rebranding of Wing in 2020, a rebranding for WACOAL (hereinafter “Wacoal”) was announced in the fall of 2024. Brand managers Ari Tsubouchi and Mika Shima are leading new endeavors aimed at the further evolution of the brands, based on forward-looking visions and on what has been lacking for each brand. We asked the two managers for their thoughts and aims in growing the brands. (Interview conducted at the end of July 2024)

What are you currently working on as brand managers?

Tsubouchi: Shortly before becoming a brand manager, I was the leader of Wacoal’s rebranding project, involved in the work of reaffirming and further burnishing the brand that the Company had built up. Members of the rebranding project identified and

discussed issues surrounding the questions of what Wacoal is and what we need to rethink to achieve our vision for the brand in terms of product mix, store displays, sales promotion, profit, and more. What I’m particularly focused on now as the brand manager is providing information to parties involved. I explain the new brand direction to individual departments and continue to hold dialogues so that all employees understand the new Wacoal and do what can be done in every department to realize our vision.

Shima: We carried out the rebranding of Wing in December 2020. After becoming the brand manager, I decided to redefine the value offered by the brand to make Wing even stronger. We’re now reassessing what has and hasn’t changed and what issues have arisen since the most recent rebranding, and are drawing up specific directions and measures.

What kind of challenges do you each face, and how will those change?

Tsubouchi: When we examined the image of Wacoal through customer surveys, the top responses were “high quality,” “long-established,” and “no particular thoughts.” In the past, constituent brands were placed under the Wacoal umbrella, with each brand focusing on promoting itself. As a result, each constituent brand had an image, but Wacoal, the foundation for those brands, lacks a clear image. I see this as the top issue we face. In response, we’ve moved forward under the priority of setting a brand vision for what Wacoal is, along with its core values. This thinking underlies everything we are doing in manufacturing as well as in communicating the brand.

Brand Strategy | Interview with Brand Managers

Among the Company's core values are the striking words "a moment to look at yourself and love yourself." What meaning is embedded in those words?

Tsubouchi: "A moment to love yourself" may sound a bit awkward, but it holds meanings of "time and moments for accepting yourself" and "time and moments for treasuring yourself." We want our customers to sense the simple act of selecting underwear as a time for reassessing themselves in body and soul—that is, a moment for caring for themselves, for accepting themselves.

How about Wing?

Shima: We mainly sell Wing through mass retailer channels. We initially had questions about the ages and values of customers who shop at mass retailers, what those customers seek in underwear, and whether our sales floors would be able to meet those demands. Judging from the sales situation, we couldn't help but suspect that some sort of mismatch existed. We launch new products one after another, but customers find that the standard products they've long used are out of stock, or that there's no inventory in the right sizes. I want to fix this situation.

The core values of the Wacoal brand

"A moment to look at yourself and love yourself," for everyone.

I expect that a lot of people seek out familiar underwear items at mass retailers, rather than new products.

Shima: As I mentioned, sales floors are currently centered on new products, and our standard products aren't sufficiently available. In size mix, too, product lineups are centered on standard sizes. Customers end up leaving, thinking there's nothing suitable for them there. This is huge loss for us. Pricing is also very important for us in carving out a separate niche from Wacoal. With so many low-priced underwear products available from e-commerce sites, we want to demonstrate Wing's innate value in being "a brand aligned with lifestyles" through a commitment to quality and affordability.

In honing your respective brands, do you two share information on your situations on a daily basis?

Tsubouchi: We'd been exchanging information even before the rebranding. We now share information on our situations at monthly meetings for all brand managers.

Shima: Being close in age to Ms. Tsubouchi, it's easy for us to talk about anything. I can quickly get an answer and advice in response to any question, which I find really helpful.

Tsubouchi: In future product season planning, too, we're conscious of how we can exert the respective features and strengths of Wacoal and Wing. One lesson I've learned so far is that an important part of our mission is avoiding the simultaneous release of similar products from multiple brands. While making information open without creating walls, we're tackling product development in such a way that products reflect the value and the concept of their individual brands.

What do you find rewarding and difficult in acting as brand managers?

Shima: I hadn't done any work related to Wings after joining the Company, so it was initially a surprise to me when I was appointed as a brand manager. However, I feel that the breadth of my experience has expanded greatly through my work in setting the direction of the brand and assessing and controlling the supply chain overall. I find it rewarding in a way that's different from my previous work. I hope to communicate even more closely with team members and really delve into the brand value.

Tsubouchi: Since the rebranding project stage, we've held a lot of discussions on concepts. We now have our hands full with the September rebranding launch and, honestly speaking, there really isn't enough time for the many things that have to be decided. There are a lot of things filling me with anxiety over whether we've made the right choices because the rebranding hasn't yet begun, but there are also welcome things in my briefings for other departments. I've made all kinds of requests for new ways of thinking and doing things, as well as for changes in registered categories through reworkings of expressions and brands, and I've



Brand Strategy | Interview with Brand Managers

been really grateful for the forward-looking discussions and responses that I've received. Coming this far has been tough, but it's been rewarding as well.

Making changes to the way that things have always been done would surely generate some opinions.

Tsubouchi: In some areas, such as the idea that consolidating product numbers will lead to a sales decline or that new products are necessary for sales, I ask, "Is that really so?" to gain understanding. In the Wacoal rebranding, we decided to eliminate constituent brands such as Wacoal Parfage and integrate those into the core brand, Wacoal. The disappearance of a constituent brand is a major change, and I've heard employees express anxieties, sadness, and other feelings. Responding to their comments, I explain that we have an opportunity to nurture a large foundation for what Wacoal is, and that we have to change our past method of splitting up investment across constituent brands. Wacoal already has a variety of products. New products that create innovation are important, but I think it's just as important to take care of our existing products, solidly communicating and nurturing those products. I think it's important that all employees recognize the direction of the core brand "Wacoal" under a unified image, and that we polish that brand through ongoing trial and error.

How do you want to grow your brands from here on out?

Shima: I see all of our team members as the persons who will nurture Wing. The job is naturally one that I can't do alone, and I've been tackling it with some feelings of hesitation and worry. To make Wing a brand supported by a lot of customers, we need to have all employees think and walk steadily forward, step by step, while making ongoing corrections to our path. There's no known correct

answer, so I want to build a team capable of moving forward while flexibly changing how we do things on the basis of issues and reflection, and grow the brand from there.

Tsubouchi: Underwear plays roles in etiquette, in adapting to outerwear and seasons, and in achieving beauty and comfort. But I believe it also empowers you to learn about your own feelings and body.

Our Company has accumulated body shape data and beauty advisor knowledge over many years. These things have a value that other companies can't readily attain. I want Wacoal to be a brand that, while leveraging these strengths to the fullest, places importance on the customer's point of view in every process from product development to customer service and is able to deliver empowerment to customers. To date, Wacoal has created many products with outstanding functionality. The Wacoal rebranding marks an opportunity to communicate those products once more, without their value being lost. We intend to pursue what sort of "new self and new possibilities" every feature and product can connect to. It's important that we continue on this path over the long haul, not wrapping up after a single season or a single product release, so I want to join with all employees in considering what Wacoal is.

I really look forward to seeing what kind of brands Wacoal and Wing will become and how customers will react.

Shima: For Wing, we intend to carry out analyses of the customer base and change the product lineup to match, with "innerwear as a daily necessity" on the store floor and e-commerce sites as our aim. While tackling the challenge of creating a balance of price, quality, and design that feels just right, we'll make the brand more closely aligned with customers.

Tsubouchi: Wacoal will move forward with the rebranding, issuing a news release in September and broadcasting a television



commercial film. I hope to attract customers' interest and bring them to the brand through promotions that we haven't yet done for Wacoal. However, I don't expect that this will take root with customers immediately after the rebranding. So, I feel that, while we continue to thoroughly communicate our essential brand value, we need every employee to consider and discuss what Wacoal is to enhance the brand's value.