

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

Empowering. WACOAL

A company that supports

each person's unique self

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#### Wacoal's Role and Evolution

Wacoal Corp. established the concept of “underwear” in postwar Japan and created the market. We take pride in having earned the empathy and support of many women through branding centered on “beauty” and quality appeal during the period of rapid economic growth.

The anthropometric data and research findings accumulated since 1964 are significant assets, and our commitment to product development backed by these will remain our core strength. However, in this modern era of diversifying values and purchasing behaviors, it is not enough for companies to simply provide what they arbitrarily consider “good.” What customers choose today is what they themselves see as valuable. In an era where we value

individuality, without regarding age, gender, and life stage, we are also advancing a fundamental shift in approach from the Company's point of view to the customer's.

#### Results and Challenges of the Revised Medium-Term Management Plan

The revised medium-term management plan, with fiscal 2026 as its final year, represents a fundamental reexamination of Wacoal's business structure and value proposition. Moving beyond the previous “Company's point-of-view” approach, we have simultaneously advanced multiple reform initiatives aimed at achieving a fundamental shift toward business operations from the customer's point of view.

Progress on these measures has been steady, and certain results are beginning to emerge. However, due to rapid changes in the external environment and internal trial and error, there are also areas where effects have not materialized as initially targeted. Consequently, in May 2025, we made the difficult decision to revise



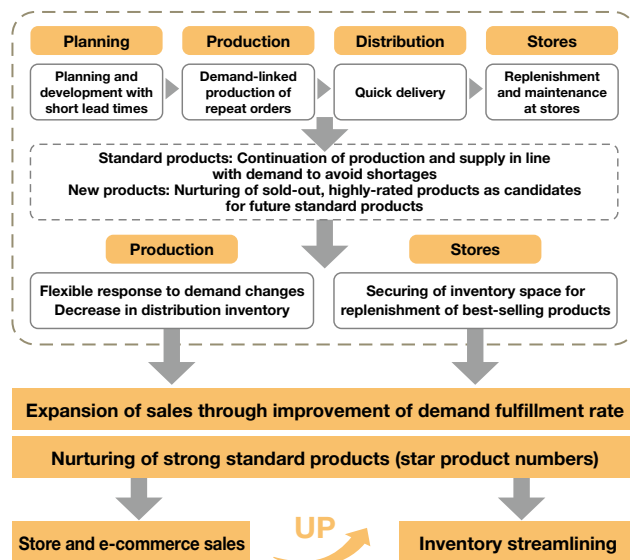
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our performance forecasts for sales revenue and business profit downward. We view this as facing reality head-on and laying the groundwork for future growth.

### ●Supply Chain Management Reform: The Challenge of Demand-Linked Production

Supply chain management reform involves shifting from the traditional supply-driven model to demand-linked production. This entails establishing a system that closely integrates planning, production, supply, and sales processes to respond to market needs within a short timeframe.

We have now reached approximately 70% of our target, and contributions to sales are gradually becoming visible through the expansion of product numbers. Furthermore, the stable operation of the automated ordering system on the sales floor prevents stockouts even in stores without sales staff (beauty advisors), thereby reducing lost opportunities. Going forward, we will further expand the scope of demand-linked production to improve inventory efficiency and profitability.



### ●Cost Structure Reform: Transition to a Profit-Generating Structure

In our cost structure reform, we have steadily implemented measures to enhance profitability, including consolidating brands and product numbers, closing unprofitable stores, and revising retail prices. As a result, our profit structure has significantly improved, and we assess that we have achieved over 90% of our initial plan.

However, cost increases due to external factors, such as rising material costs and exchange rate impacts, remain a major challenge. While price revisions have already been implemented, further flexible pricing will be required going forward. We will continue to aim for building a robust profit base capable of responding to changes in the external environment through cost reduction measures and a review of our pricing strategy.

(billions of yen)

Implemented Items	FY2024–FY2025	Cumulative Forecast for FY2026 <small>Figures announced in May 2024</small>
Brand selection and concentration	0.5	2.4
Reducing production costs	0.3	0.6
Reducing production and material costs	0.2	0.8
Improving the profit and loss of stores	1.1	1.3
Offering voluntary retirement	0.4	0.6
Optimizing other sales promotion expenses	0.9	2.0
Reducing distribution costs, etc.	0.1	0.4
Impact of cost deterioration due to exchange rate effects, etc.	-2.0	-2.0
Total	Approx. 1.5	Approx. 6.1

### ●Customer Strategy: Building Loyal Customers Through Data Utilization

In customer strategy, converting existing customers into loyal customers is a key challenge. Currently held customer data is limited to purchase history and body measurements. To achieve higher-precision personalization, acquiring and analyzing broader information such as lifestyle and values is essential.

Moving forward, we will enhance data resolution and lead the entire customer journey through initiatives like product

recommendations and point rewards, aiming to improve customer satisfaction and purchase rates.

### ●Brand Strategy: Rebuilding Value Across Generations

In brand strategy, the rebranding of “WACOAL” implemented in the previous term marked a significant milestone. While it achieved increased recognition among younger demographics, insufficient follow-up with middle-aged and older customers resulted in some customers leaving. Going forward, we will continue our approach to younger demographics while targeting middle-aged and older customers through the revival of past popular products and the reorganization of sub-brands.

Furthermore, while advancing brand consolidation and product number aggregation as part of our cost structure reform, we also realized that creating and delivering new value not found in the market—such as developing innovative products and features—is the best strategy for building brand recognition. We aim to rebuild brand value through effective communication across generations and by providing new value to the market.

### ●Brand Strategy: Strengthening CW-X and Future Outlook

CW-X is a conditioning wear brand created in 1991, based on years of research by the WACOAL Human Science Research & Development Center. By scientifically analyzing human movement, muscle load, and postural stability, and incorporating these insights into product design, it offers functional wear that supports performance enhancement and fatigue reduction.

While it has earned high praise primarily among top athletes and recreational runners, a key challenge moving forward is delivering its value to a broader customer base. Against the backdrop of an increasing interest in sports and health consciousness, it is necessary to communicate the value of CW-X to beginners at sports and those aiming for everyday health and wellness.

In March 2025, we signed a brand ambassador contract with world-class athlete Shohei Ohtani. His credibility and clout have done a lot to increase brand awareness, enabling us to reach previously untapped demographics. Moving forward, we will communicate the brand’s worldview and functionality more multifacetedly through sporting events and digital promotions.

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Additionally, in product development, we are strengthening our lineup of conditioning wear for daily life and light exercise, in addition to our existing sports-focused line. For example, we are expanding our range of products with functionalities tailored to lifestyles, such as posture support during long periods of standing or desk work, and reducing fatigue during travel.

CW-X is a brand that symbolizes Wacoal's technological prowess and research assets, serving as a pillar for creating new value beyond the realm of innerwear. Moving forward, it will continue to evolve as a brand contributing to society, leveraging Wacoal's unique perspective and quality within the domain of beauty, comfort, and health.



### Organizational Restructuring: Pursuing Speed and Unity

A common challenge across all revised medium-term management plan initiatives is the pace of reform. Recognizing this, we implemented an organizational restructuring in April 2025, establishing a new unified structure that consolidates functions from planning to ordering. The aim is to achieve both faster decision-making and optimized supply chain management.

Furthermore, all departments in the Kansai region were consolidated into the head office, and sales functions were also transferred from regional offices to the head office. By reducing physical distance, we enhanced the quality and frequency of communication between departments, strengthening the Company's overall unity and the effectiveness of our initiatives.

In this way, the revised medium-term management plan is not merely a collection of measures, but a challenge to redefine the very foundation of Wacoal's value creation. Moving forward, we will continue to steadily implement reforms while calmly assessing

results and challenges, thereby taking solid steps toward achieving VISION 2030.

### Employee Evaluation and Expectations

Implementing transformation requires the conviction, confidence, and motivation of every single employee. Since becoming president, I have held several town hall meetings with section managers to foster their understanding of leadership roles and enhance their decision-making capabilities.

This term, we have also initiated dialogue with store beauty advisors to deepen our commitment to field-based and customer-based approaches. I hope employees will gain confidence through the experience of leveraging supply chain management reforms and brand strategies as their tools to deliver results.

From 2025, we will begin a phased revision of our human resources system, shifting the emphasis from bonuses to base monthly salary. This change is designed to provide fair and stable compensation, fostering an environment where employees feel both secure and empowered to take on new challenges.

### Wacoal's Vision and "Empowering. WACOAL"

In February 2025, we announced our new campaign slogan: "Empowering. WACOAL." This represents our resolve to deeply understand each individual's values and lifestyle, and to be a strong support for both mind and body.

This direction aligns with the essence of our revised medium-term management plan. Supporting our customers' individuality is the very foundation of our value creation. And this applies equally to our employees. I myself, as part of management, will actively instill empowerment so that our customers, employees, and everyone can move forward into the future with confidence and pride.

The revised medium-term management plan is entering its final year, leaving just five years until the achievement of VISION 2030. We must build on the reforms we have successfully executed to define a compelling long-term strategy and a detailed roadmap for growth, securing Wacoal's position as the brand customers choose

to support their holistic well-being and individuality.

We will continue to work closely with President Yajima and Vice President Miyagi of Wacoal Holdings to clarify the role and value of Wacoal Corp. within the broader group and formulate a sustainable growth strategy that anticipates the next decade of change.

