

Consolidated Financial Summary for the Third Quarter of the Fiscal Year Ending March 31, 2022

**January 31, 2022
Wacoal Holdings Corp.**

[Speaker]

Akira Miyagi

Director and Managing Corporate Officer in charge of Group Finance

Supplementary material (1): Changes from the same period last year

- Effective from this current fiscal year, domestic sales for the Peach John brand in China, which to date were previously recorded in the Wacoal Business (Overseas) segment, are now be recorded in the Peach John Business segment (past segment results have been retroactively adjusted)
- Effective from the current fiscal year, Wacoal China Co., Ltd. sales at department stores, etc. have been changed to state the total amount (based on retail prices at stores). No retroactive adjustments have been made for the impact of this change. Note: Impact on sales in 3Q of this fiscal year: 1,543 million yen

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Miyagi: Everyone, good day. My name is Akira Miyagi, Director and Managing Corporate Officer of Wacoal Holdings Corp.

Thank you very much for taking the time to watch this video overviewing the financial results.

Now, I would like to start by going over Wacoal Holdings's financial results for the third quarter of the fiscal year ending March 2022.

Please turn to page two.

Here, it explains the changes in accounting principles that have been applied since this fiscal year.

The first change is the change in the allocation in the account of sales for the brand Peach John in China. The second is a change in revenue recognition for Wacoal China. The impact of these changes on the sales of Wacoal China in the third quarter is approximately JPY1.5 billion.

Supplementary material (2): Special factors in the same period last year

- Since the Company has adopted US GAAP, the employment adjustment subsidy is reverted to “Cost of Sales” and “SG&A Expenses,” and this is a factor that boosted the “Operating income/loss” in the previous year
- In the last fiscal year (ending March 31, 2021), the effect of government support in each country, such as employment adjustment subsidies, was about ¥5.3 billion (3Q total 4.5 billion yen)
- In the current fiscal year (ending March 31, 2022), the impact of reversing these profit contributions will occur

(billion of yen)

		FY2021			
		1H	3Q	4Q	Total
The reduction in rent	Japan	0.25	0.00	0.00	0.25
The reduction in social insurance premiums	China	0.16	0.08	0.03	0.27
Reducing labor costs by taking a temporary leave	US·UK	0.80	0.08	0.02	0.90
Employment subsidies	Japan·UK etc.	2.74	0.39	0.79	3.92
Total amount of temporary support for the effects of the spread of infectious diseases	Japan·UK etc.	3.96	0.55	0.84	5.35

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On to page three.

Next, I would like to explain the unique factors included in the results for the previous fiscal year.

During the first half of the fiscal year, with the vast spread of COVID-19, we experienced government support measures such as employment adjustment subsidies. Since we have adopted the US GAAP, the employment adjustment subsidy acted as a reversal in funds for both the cost of sales and selling, and general and administrative expenses, boosting the operating income in the previous fiscal year.

In addition, reductions in rent and social insurance premiums and utilization of temporary leave are also factors that played a part in the decrease in expenses in the previous fiscal year.

These support measures boosted operating income by approximately JPY5.3 billion in the previous fiscal year, of which approximately JPY4.5 billion influenced the results for the third quarter of the previous fiscal year. In the current fiscal year, the impact of these profit contributions will mostly like be reversed.

- Sales increased on a YoY basis due to a recovery in Europe and the US and continued strong performance by Peach John
- Wacoal remains in a gradual recovery since the lifting of the state of emergency declaration
- Operating income dropped due to the impact of lower sales at Wacoal and operating losses in the US and China

Net sales ➤ **¥42.8 billion** YoY +¥1 billion (+2.4%) vs 2 years ago +¥0.2 billion (+0.4%)

- Though Europe remained strong, the growth pace in the US slowed due to product shortages and digital regulations. For China, both EC and stores were sluggish.
- Wacoal's sales declined due to factors such as client purchasing restraint and sales through our key sales channels staying at the same level YoY
- At Peach John, collaborative items made with famous celebrities that were launched in October contributed to sales growth

Operating income ➤ **¥1.1 billion** YoY -¥1.6 billion (-59.7%) vs 2 years ago +¥0.8 billion (+253.3%)

- Europe and Peach John secured high levels of profit due to increased sales
- Wacoal continued to strive to reduce costs, but profits declined due to dropping sales
- An operating loss was posted for the US due to continued investment in growth and deteriorating profit margins caused by soaring raw material prices and transportation costs when procuring products
- In real terms income decreased ¥1 billion, excluding temporary effects such as employment adjustment subsidies and temporary leave (3Q: ¥0.6 billion)

Continuing to page four. I would like to give you all an overview of the last three months.

Net sales were JPY42.8 billion, an increase of 2.4% from the same period of the previous year.

In addition to experiencing solid sales in Europe and Peach John, sales in the United States also secured an increase despite the loss of selling opportunities due to a shortage of top-selling products.

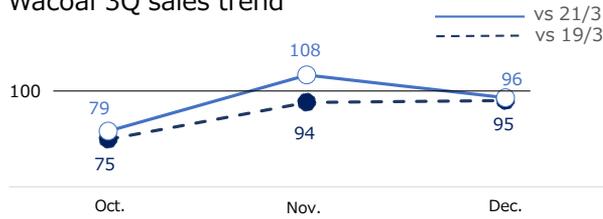
On the other hand, Wacoal Business domestic sales have decreased due to a slow recovery after the lifting of the declaration of the state of emergency.

Also, in China, sales were sluggish due to the deterioration of the business environment with the spread of COVID-19 and the struggle with EC.

Operating income was JPY1.1 billion, a decrease of 59.7% from the previous fiscal year. Although Europe and Peach John secured high-profit levels, Wacoal's overall profits dropped due to the impact of the decline in sales, with the addition of operating losses in the United States and China. An overview of the significant subsidiaries will be explained in the following pages.

➤ **Wacoal: 3Q net sales -5% (1Q +33%, 2Q -17%)**
 ➤ **China: 3Q net sales (including internal sales, local currency basis) after excluding the impact of changes to the total amount stated -22%**

Wacoal 3Q sales trend



【Net sales】

- ✓ Sales through our key sales channels have gradually recovered since the lifting of the SOE declaration
- ✓ Recovered to about 90% of the level of Mar 2019, before the tax increase

【Operating profit/loss】

- ✓ Despite cost-cutting efforts, profits declined due to dropping sales
- ✓ Sales margins deteriorated due to the impact of the Vietnam factory shutdown
- ✓ Continued management of personnel planning to optimize workforce

Wacoal China 3Q sales trend



【Net sales】

- ✓ Stores were sluggish due to the impact of stricter regulations accompanying the spread of COVID-19
- ✓ EC struggled despite promotional efforts such as live commerce

【Operating profit/loss】

- ✓ 3Q operating loss due to the substantial decrease in sales and the absence of government support in the same period the previous year

Please turn to page five.

Wacoal's sales have gradually recovered since the end of September with the lifting of the declaration of the state of emergency; nevertheless, sales were down 5% due to the effects of supplier purchasing restraints.

In the fiscal year ended March 31, 2019, when there was still no influence of COVID-19 or the consumption tax hike, roughly 90% of sales had recovered. With regards to operating income, although we had made efforts to reduce expenses, the impact of drops in sales and the suspension of operations at our Vietnam factory caused deterioration of the profit margin

Net sales of Wacoal China were sluggish due to the tightening of regulations to prevent the spread of COVID-19 after July, and sales of EC also experienced a drop. Net sales for the three months were very severe, with a significant 22% decline in net sales, excluding the impact of accounting changes.

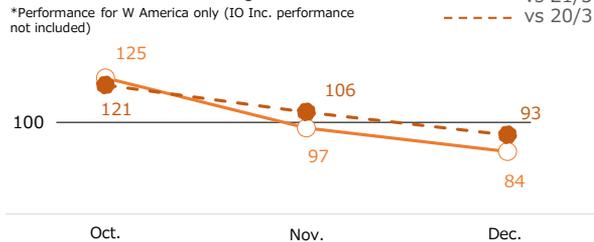
In terms of operating income, due to the struggling sales and the flipping of government support in the previous fiscal year, we faced an operating deficit.

FY2022 3Q (Oct-Dec): Business Conditions at Major Subsidiaries (2) Note: For China only, Jul-Sep

➤ **US: 3Q net sales (including internal sales, local currency basis) +3%** *Wacoal America +4%, IO Inc. +1%
 ➤ **Europe: 3Q net sales (including internal sales, local currency basis) +23%** *UK +28%, Europe +10%, US +6%

Wacoal America 3Q sales trend

*Performance for W America only (IO Inc. performance not included)



【Net sales】

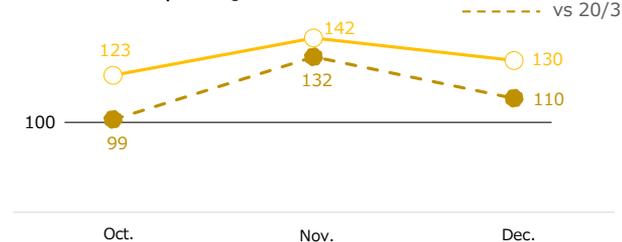
- ✓ W America: Loss of delivery opportunities due to shortages of top-selling products
- ✓ IO Inc: Sluggish EC growth due to digital privacy regulations, etc.

【Operating profit/loss】

- ✓ Continued strategic investment directed toward in-house EC growth
- ✓ Operating loss due to deteriorating sales margins caused by soaring transportation costs

Wacoal Europe 3Q sales trend

vs 21/3 (solid line) vs 20/3 (dashed line)



【Net sales】

- ✓ Strong performance in major operating regions: UK, US, Europe
- ✓ Key sales channels (specialty stores, department stores, EC) also recovered to a high level

【Operating profit/loss】

- ✓ Profit increase secured due to higher sales

For Wacoal America, Inc., sales increased by only 4% in three months due to the impact of shortages of our top-selling products.

In addition, Intimates Online, Inc., hereinafter referred to as IO, Inc., also maintained its sales level to that of the previous fiscal year as a result of weak marketing due to soaring social media advertising costs and tightening regulations on digital privacy. Operating income faced an operating deficit as a result of continued strategic investment for growth in addition to the rising costs due to soaring transportation fees for raw materials.

Wacoal Europe Ltd., supported by a strong recovery in consumer spending, sales in the United States, United Kingdom, and Europe for the current consolidated third quarter, also exceeded the pre-pandemic level across all areas.

In addition, the operating income also increased due to the increase in revenue. This is the overview of the three months for the main subsidiaries.

- Sales increased significantly in the US and Europe on the back of a strong recovery in personal consumption accompanying loosened restrictions related to COVID-19
- Wacoal remained at the same level YoY due to the prolonged impact of COVID-19 infections
- Though an increase in operating profit was secured, results fell below our plan (not disclosed) due to the delay in Wacoal's recovery

Net sales ➤ **130.2 billion** YoY +¥15.3 billion (+13.3%) vs 2 years ago -¥13.8 billion (-9.6%)

- The US and Europe exceed pre-pandemic levels on the back of a strong recovery in personal consumption
- Peach John exceeded the high hurdle set during the same period last year due to the success of high-profile marketing initiatives

Operating income ➤ **¥5.1 billion** YoY +¥1.1 billion (+27.8%) vs 2 years ago -4.7 billion (-48.4%)

- Significant profit growth in the US and Europe due to increased sales. Peach John, which continues to perform well, maintained a high profit level YoY
- Despite the promotion of personnel planning management, etc. as a part of profit structure reform, results fell short of the profit plan due to the delay in recovering sales
- Profit improved to ¥5.6 billion in real terms, excluding temporary effects such as employment adjustment subsidies and temporary leave

Income before taxes ➤ **¥5.5 billion** YoY -¥5.3 billion (-49.1%) vs 2 years ago -¥10.1 billion (-64.7%)

- A net valuation loss of ¥1.6 billion was recorded on securities and investments (a net valuation gain of ¥5.7 billion was recorded for the same period last year)

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From page seven onwards, I will explain the results for the cumulative third quarter.

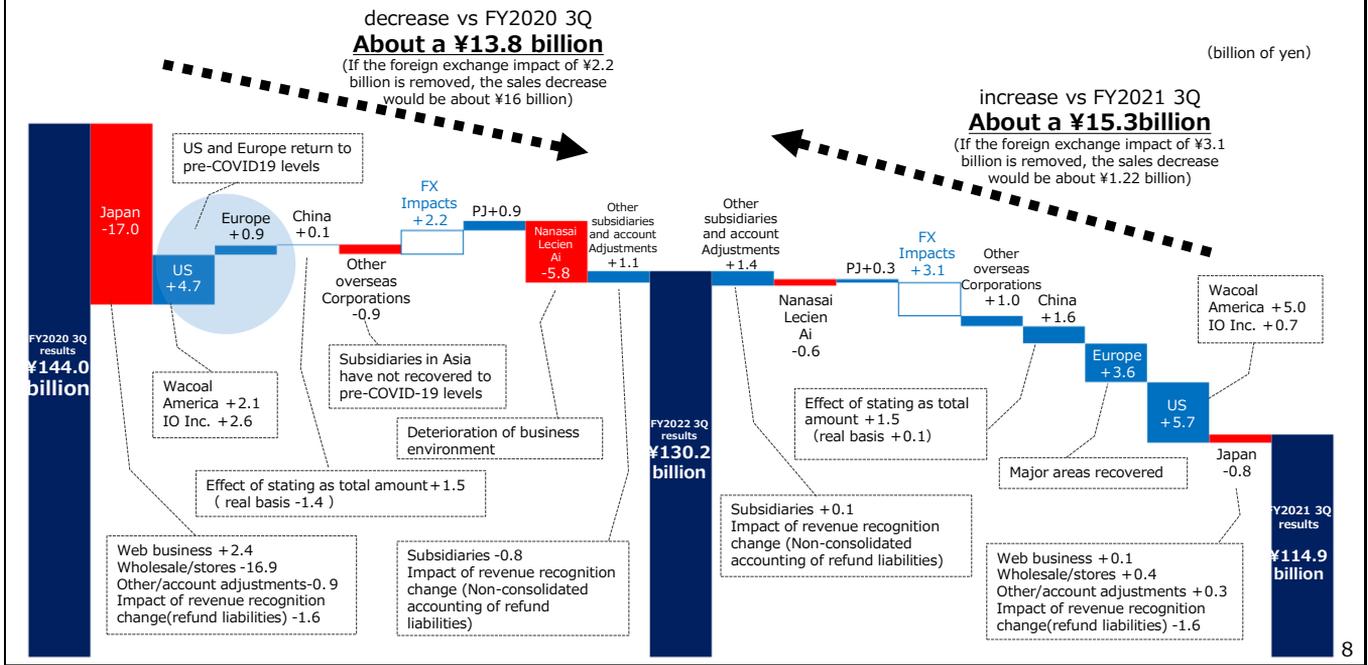
For the current cumulative third quarter, consolidated sales were JPY130.2 billion, an increase of 13.3% as compared to the corresponding period of the previous fiscal year. The business of our group during this period has remained difficult domestically. At the same time, our business environment in the United States, Europe, and Peach John significantly improved due to loosened restrictions in relation to COVID-19.

Operating income was JPY5.1 billion, an increase of 27.8% from the previous fiscal year. Although there was a turnover of profit contributions such as employment adjustment subsidies, the increased sales in Europe, the United States, Peach John's high-profit levels, and Wacoal's efforts to reduce cost contributed significantly.

Due to a valuation loss on marketable securities and investments of JPY1.6 billion, consolidated income before income taxes and equity in net income of affiliated companies decreased by 49.1% as compared to the corresponding period of the previous fiscal year.

To reiterate, we have adopted US GAAP, under which equity securities held by the Company and consolidated subsidiaries are measured at fair value, and any change from the beginning of the period is recognized as other income expenses. Regarding valuation gains/losses on marketable securities and investments, a valuation gain of approximately JPY5.7 billion was recorded in the previous fiscal year. However, as a result of a valuation loss of JPY1.6 billion in the current fiscal year, income before income taxes dropped significantly.

FY2022 3Q: Increase/Decrease in Net Sales (YoY and vs 2 Years Ago)



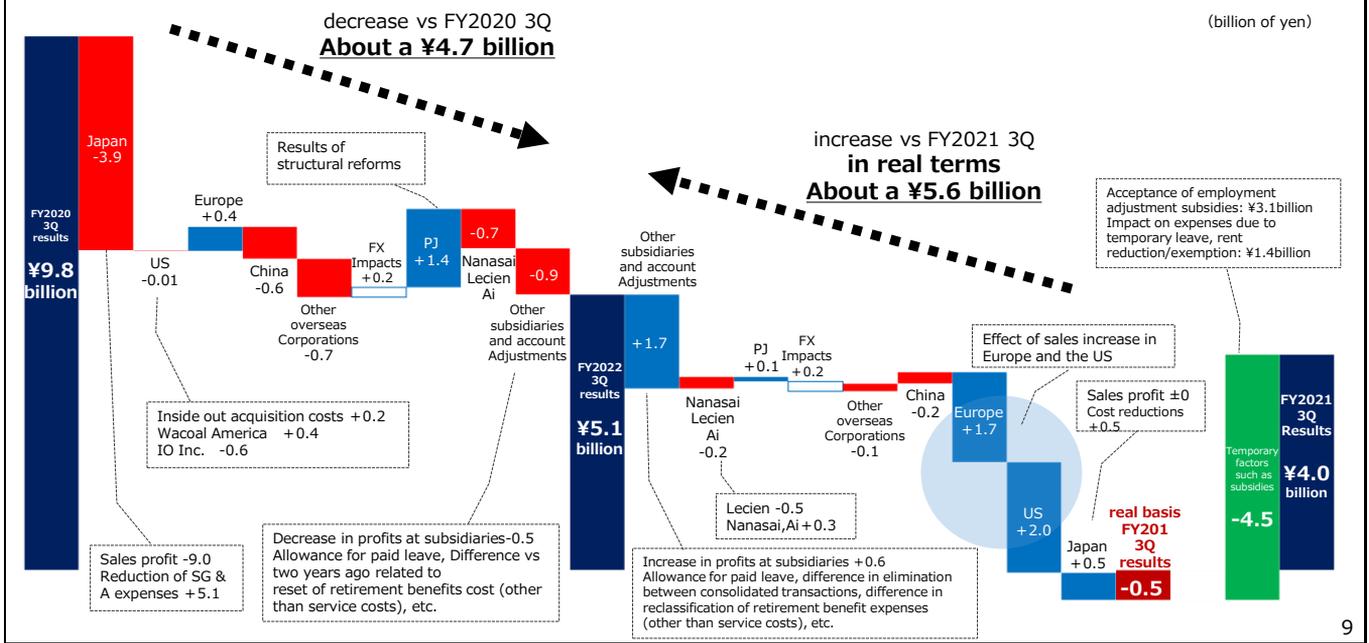
Please turn to page eight. Next, the factors that increase or decrease sales are summarized in the waterfall analysis.

The right side is the comparison with the previous term, and on the left side is the comparison with the previous-previous term. As shown in the box on the right, the recovery of business performance in the United States and Europe contributed to the increase in sales of approximately JPY15.3 billion compared to the previous fiscal year.

On the other hand, as shown in the box on the left, although the US, Europe, Peach John, etc. have exceeded the pre-pandemic levels, the recovery of Wacoal and other subsidiaries has yet to be seen, and the sales levels are far from catching up to the previous-previous term.

FY2022 3Q: Increase/Decrease in Operating Income (YoY and vs 2 Years Ago)

*The YoY difference for individual companies is calculated on a real basis after removing temporary effects such as employment adjustment subsidies



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Please turn to page nine. This page summarizes the factors that increase or decrease operating income on the basis of the waterfall analysis. Similar to the net sales analysis, the right side compares the previous term, and the left side compares the previous-previous term.

Please look at the box on the right. In the third quarter, the recovery in Europe and the United States contributed to the operating income of JPY1 billion, an improvement of JPY5.6 billion on a factual basis. The results for the previous fiscal year include temporary profit-boosting factors such as employment adjustment subsidies. After removing those temporary factors, the total operating loss for the previous fiscal year was JPY500 million.

Next, please shift your attention to the box on the left. Due to the strong influence of COVID-19, the delay in the recovery of Wacoal, and the continued struggle of China and other subsidiaries, profits have dropped by roughly JPY47 billion from the previous fiscal year.

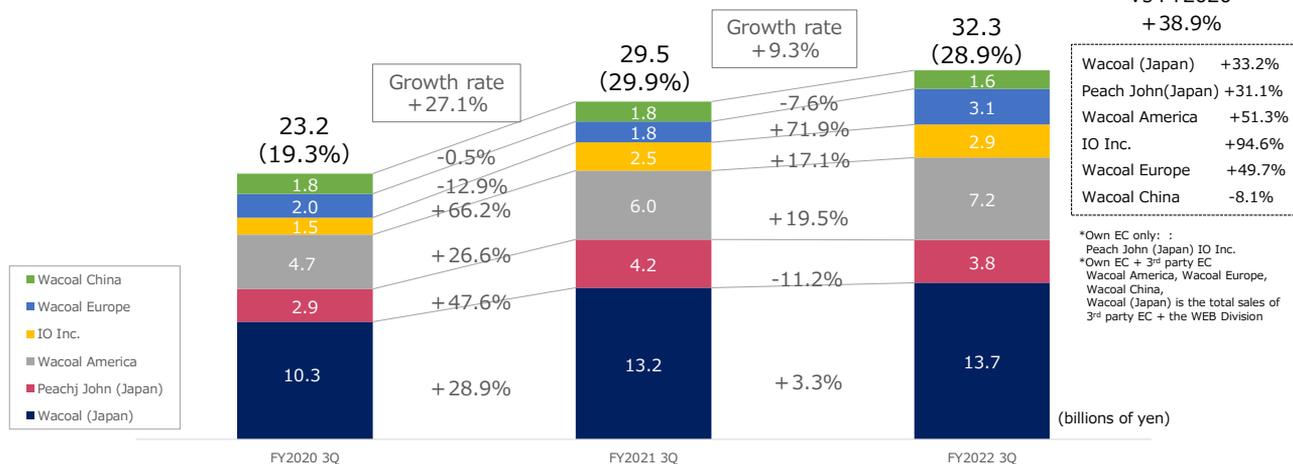
Progress of EC Business at Major Subsidiaries

*prepared based on data from before consolidation adjustments
*the rate for each fiscal year is used (including foreign exchange impact)

The EC business cleared the high level set in the same period the previous year and maintained growth

➤ The ratio for EC to total sales at the six major companies is 28.9%

FY 2022 3Q EC ratios: : Wacoal (Japan)21.7%, Peach John (Japan) 44.0%, Wacoal America 43.4%,
IO Inc. 82.2%, Wacoal Europe 25.4%, Wacoal China 21.3%



Please turn to page 10. This page summarizes the changes in EC sales of Wacoal, Peach John, Wacoal America, Inc., IO, Inc., Wacoal Europe Ltd., and Wacoal China Co., Ltd.

The Group has been focusing on strengthening its own EC even before the spread of COVID-19. Amid growing demand in the midst of COVID-19, this initiative has played a very influential part, and the total EC sales of the mentioned six companies in the previous fiscal year increased by 38.9% compared to the previous fiscal year.

Even in the current fiscal year, as a result of continuous focus on strengthening the EC business, such as improving the convenience of apps and EC websites and strengthening promotions, EC sales increased by 9.3% from the previous fiscal year, and we have been able to maintain this growth. Furthermore, the EC ratio of the total net sales of the six companies is 28.9%.

FY2022 3Q: Reporting by Segment – Wacoal Business (Japan)

Note: The performance report for major subsidiaries is noted in the reference materials (P19~)

Segment operating income declined due to being opposite the same period last year when profits were boosted due to employment adjustment subsidies

Net sales → **¥67.3 billion** YoY +¥0.4 billion (+0.6%)
Vs 2 years ago -¥15.5 billion (-19%)

Operating income → **¥2.3 billion** YoY -¥0.7 billion (-25%)
Vs 2 years ago -¥4.8 billion (-68%)

Market environment

- Though there has been a willingness for people to engage in high-spending consumption activities since the lifting of the SOE declaration, the pace of overall consumption recovery has remained slow
- Due to the prolonged pandemic situation, some clients have been showing obvious restraint with their purchasing quotas
- The casualization of fashion will continue with people spending more time at home and less time going out

Wacoal business conditions: YoY -1% (YoY excluding revenue recognition change: +1%) Vs 2 years ago -22%

- Stores: Sales remain sluggish due to the prolonged pandemic
 - *Store-based sales: department stores +7% (vs 2 years ago -28%), directly managed stores +1% (vs 2 years ago -20%)
mass retailers Wacoal -1% (vs 2 years ago -20%), Wing -4% (vs 2 years ago -20%)
- Own EC: Though we struggled to acquire new customers, results remained at the same level YoY due to improvements in the purchasing rate, etc.
 - *Own EC sales: +1% (vs 2 years ago +65%)

Wacoal cost structure reforms

- Promotion of cost controls and management of personnel planning. Profits secured by controlling expenses and bringing them down on a YoY basis.

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On to page 11. We will look back on the market environment and business results for the third quarter for each segment from this page onwards.

Net sales attributable to our Wacoal Business Domestic segment were JPY67.3 billion. In relation to the prolonged situation of COVID-19, which evidently slowed down over-the-counter sales and restraint of purchasing by suppliers, the results remained at the same level as the previous fiscal year, when we were strongly affected by COVID-19.

The domestic market environment remained to face a difficult situation, with the lack of customers visiting physical stores due to concerns about the re-expansion of COVID-19 even after the declaration of an emergency has been lifted.

In addition, with the expansion of more customers spending time at home, fashion is becoming even more casual. Under such circumstances, we exceeded the high hurdles of the previous fiscal year due to strong sales from existing customers through sales from our EC website. That said, the sales of our physical stores were far below our initial expectations.

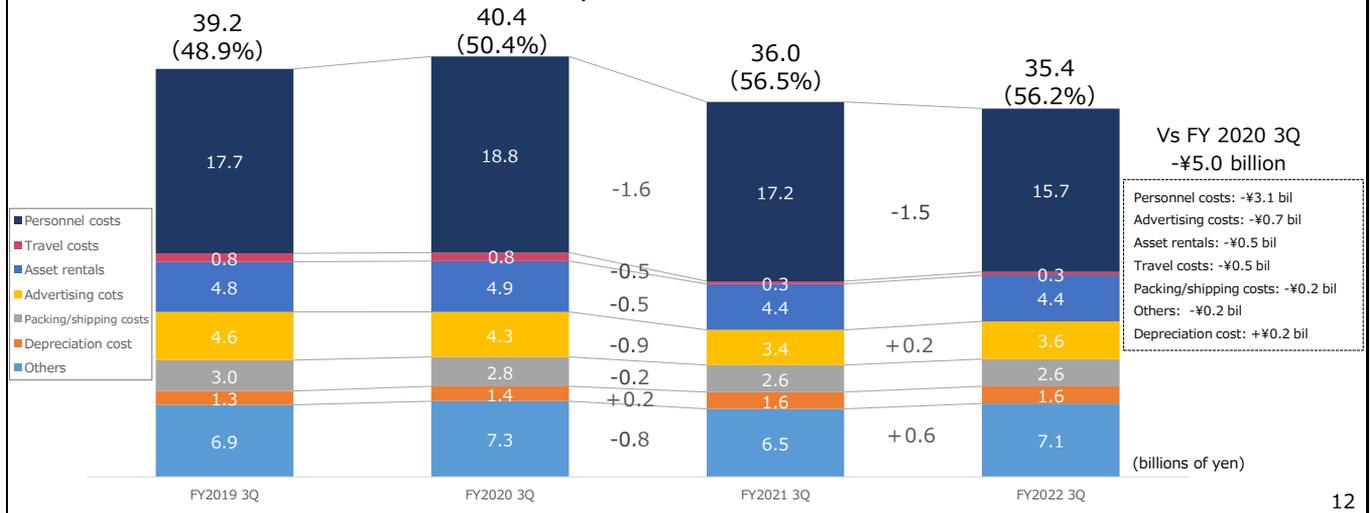
The operating income resulted in JPY2.3 billion. Although operating income is lower than the previous year due to the employment adjustment subsidy, our efforts to reduce costs as part of the profit structure reform contributed to securing a certain level of profits even when sales were sluggish.

Progress of profit structure reform at Wacoal

*prepared based on data from before consolidation adjustments

Human resource planning/management progressed as planned, but costs remained high due to a sluggish top line

- SG&A expenses decreased ¥5.0 billion vs FY2020 (on a real basis, excluding postponements and one-time effects: about ¥4.0 billion)



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Please turn to page 12. As the revenue structure reform progresses, I will explain the status of reducing Wacoal's SG&A expenses.

Centered on curbing the labor cost through the progress of strategic human resource planning management, the SG&A expenses have dropped significantly by approximately JPY5 billion compared to the fiscal year ended March 31, 2020, and even on a factual basis excluding transient factors, we have successfully decreased the cost by approximately JPY4 billion.

To reform revenue structure, Wacoal has set a goal of reducing SG&A expenses by approximately JPY4 billion in the current fiscal year, but we have been able to proceed at a pace that exceeds our initial plans. Additionally, please note that the effect of strategic human resource planning management for manufacturing labor costs included in the cost of sales is not included in the figures on the slide.

FY 2022 3Q: Reporting by Segment – Wacoal Business (Overseas)

Note: The performance report for major subsidiaries is noted in the reference materials (P19~)

Sales recovered and exceeded pre-pandemic levels, mainly in Europe and the US, where economic activity resumed

Net Sales → **¥44.5 billion** YoY +¥15 billion (+51%)
Vs 2 years ago +¥6.9 billion (+18%)

Operating income → **¥2 billion** YoY +¥2 billion
(last year same period: deficit of ¥0.02 billion)
Vs 2 years ago -¥0.7 billion (-26%)

Market environment

- Europe and the US: Many countries and regions are continuing with economic activities despite the spread of the Omicron variant
- China: Live commerce is growing rapidly as a new marketing method. Emerging Chinese domestic brands are entering the innerwear EC market
- Asia: Prolonged impact of COVID-19 in South Asia and Southeast Asia

Business conditions of major companies (figures in local currencies)

- US: Wacoal America saw a significant recovery in sales at physical stores such as department stores (dept. and physical stores +96% (vs 2 years ago -2%))
IO Inc.: EC sales on own platform slowed due to the impact of stricter digital privacy regulations, etc., but sales via wholesale outlets and directly managed stores increased
- Europe: Sales in all major areas (UK, N. America, Europe) were strong and exceeded pre-pandemic levels
- China: Decreased competitiveness in the EC channel

3Q Initiatives

- US: The digital measuring app “My Bra Fit (May 18 release)” contributed to growth in EC site visitors and average order value
- China: Implementation of live commerce by KOLs, etc. to recover EC sales

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Please turn to page 13.

Net sales of Wacoal business overseas were JPY44.5 billion.

With the economy resuming in the United States and Europe, the net sales have also shown recovery, with total segment exceeding pre-pandemic levels.

Although in China, we had successfully boosted sales with the changes in the price display, which increased net sales compared to the previous-pervious fiscal year. Despite such a positive impact, e-commerce sales did not reach the level of sales achieved in the corresponding period of the previous-pervious fiscal year due to the intensive competitive environment of other emerging brands.

Operating income was recorded at JPY2 billion. In the third quarter of the fiscal year, even though the costs of transporting raw materials in Europe and the United States significantly rose, profits increased due to increased sales.

FY 2022 3Q: Reporting by Segment – Peach John Business/Other

Note: The performance report for major subsidiaries is noted in the reference materials (P19~)

Peach John: Sales growth at directly managed stores made up for declines in EC sales

Net sales → **¥9.4 billion** YoY +¥0.3 billion (+4%)
Vs 2 years ago +¥0.9 billion(+11%)

Operating income → **¥1.6 billion** YoY -¥0.001 billion (-0.1%)
Vs 2 years ago +¥1.4 billion

Business conditions in each region

- Japan: Strong performance continues with collaborative items involving famous celebrities released in October becoming a hot topic
EC sales declined due to the high hurdle set last year (YoY -11%, vs 2 years ago +31%)
- Overseas: Sluggishness due to a decrease in customer store visits caused by the effects of the pandemic and the impact of closing unprofitable stores

Others: Below levels for the same period last year due to a worsening business environment caused by the prolonged pandemic

Net sales → **¥9 billion** YoY -¥0.4 billion (-5%)
Vs 2 years ago -¥6.2 billion (-41%)

Operating loss → **-¥0.8 billion** YoY -¥0.2 billion
(last year same period, deficit of -¥0.6 billion)
Vs 2 years ago -¥0.7 billion
(last year same period, deficit of -¥0.1 billion)

Business conditions of each company

- Lecien: Sales of private-label products for major apparel chain are sluggish. Operating loss widened due to the significant impact of lower sales
Started the reorganization of unprofitable sewing subsidiaries to improve profitability (1 company has been transferred, and 1 company is in the process of being reorganized)
- Nanasai: The construction business started to recover from October, cumulative 3Q sales exceeded those of the same period last year (YoY +5%)

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Onto page 14.

Sales attributable to our Peach John business segments were JPY9.4 billion.

Sales of our e-commerce had dropped compared to the previous fiscal year when there was higher demand with consumers staying, but in addition to the recovery of direct store purchase in the first quarter, promotion became a hot topic in the third quarter and the number of customers visiting stores significantly increased.

Operating income was recorded at JPY1.6 billion. We maintain a high-profit level against solid sales.

Overall sales attributable to our Other business segment were JPY9 billion. This is due to the spread of COVID-19. Each company continues to face a harsh business environment; however, since October, positive signs are beginning to appear, such as the recovery of the construction business of Nanasai.

We recorded an operating loss of JPY800 million. As a part of the profit structure reform, Lucian is reorganizing unprofitable subsidiaries, and each company is reviewing its operations, but the result was that it was greatly affected by sluggish sales.

Full-year consolidated earnings forecast (repost)

No change from the initial earnings forecast

- Aim to achieve the initial plan through the implementation of various measures
- If we determine it is necessary to revise our business forecast due to the impact of the Omicron variant or other factors, the new forecast will be promptly disclosed

(Millions of yen)

	FY2020 results		FY2021 results		FY2022 plan		Compared to the FY2020		Compared to the FY2021	
		% Of sale		% Of sales		% Of sale	Change	% Change	Change	% Change
Consolidated net sales	186,760	–	152,204	–	184,000	–	- 2,760	- 1.5%	31,796	+20.9%
Cost of Sales	84,959	45.5	67,798	44.5	80,000	43.5	- 4,959	- 5.8%	12,202	+18.0%
Sales profit	101,801	54.5	84,406	55.5	104,000	56.5	2,199	+2.2%	19,594	+23.2%
S, G&A Expenses	94,696	50.7	82,836	54.4	98,000	53.3	3,304	+3.5%	15,164	+18.3%
Impairment charges on goodwill and other intangible assets (A)	473	0.3	2,685	1.8	–	–	–	–	–	–
Operating Income	6,632	3.6	- 1,115	–	6,000	3.3	- 632	–	7,115	- 638.1%
Other income (expenses)	1,487	0.8	1,517	1.0	1,900	1.0	413	+27.8%	383	+25.2%
Valuation gain (loss) on marketable securities and investments – net(B)	- 3,760	–	10,390	6.8	–	–	3,760	–	- 10,390	–
Income before taxes	4,359	2.3	10,792	7.1	7,900	4.3	3,541	+81.2%	- 2,892	- 26.8%
Net income attributable to Wacoal Holdings Corp.	3,472	1.9	7,025	4.6	5,500	3.0	2,028	+58.4%	- 1,525	- 21.7%

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Please turn to page 15.

There are no changes to the full-year earnings forecast for the current fiscal year.

This said, the outlook remains uncertain, with the rise of the Omicron variant. In the future, if it becomes necessary to revise the earnings forecast, we will promptly do so.

FY 2022: 4Q Risk

➤ Negative cost impacts due to soaring transportation costs, raw material prices, etc.

1. 3Q: US: Soaring raw material prices and transportation costs when procuring products pushing up costs
Japan: Temporary cost increase due to the shutdown of Vietnam factories (*Profit margin of major subsidiaries is shown on slide 26)
2. Prospects and responses:
US: Soaring transportation costs will continue. Retail prices scheduled to change in January
(about 4~5%) *IO Inc. already raised prices at the end of September
Japan: Impact caused by Vietnam is expected to continue. On the other hand, the impact of raw material costs is expected to be limited in the current fiscal year.

➤ Other risks

Upside Risk

- Recovery in consumer activity due to loosened restrictions related to COVID-19
- Additions from curbing SG&A expenses in domestic businesses
- Increase in sales profit due to higher sales from overseas businesses and PJ business
- Efficient use of idle assets

Downside Risk

- Decline in consumer sentiment due to re-strengthening of COVID-19 measures, leading to sluggish sales and a decrease in profits in Japan and overseas
- Further deterioration of the business environment, such as the shrinking of existing distribution channels in Japan
- Impairment loss on intangible and tangible fixed assets
- An increase in one-time expenses due to additional cost structure reform measures
- Rising manufacturing costs due to soaring transportation costs and raw material prices
- Production delays due to stoppages at sewing factories once again, and the resulting loss of sales opportunities
- Recording a write-down due to a drop in the stock price

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Please turn to page 16.

First, I would like to explain the cost impact due to soaring transportation and raw materials costs.

In the United States, shipping costs for purchasing raw materials and products are soaring, a significant factor in price rising. In Japan, there was a temporary increase in costs due to the effects related to the transfer of production location due to the suspension of operations at the Vietnam factory. We anticipate that these impacts will continue in the future, but we will mitigate these impacts by revising product prices in the United States and revising procurement methods in Japan.

For reference, page 26 of the supplementary financial statements describes the trends in the profit margins of significant subsidiaries.

For other risks, please further check the contents.

FY2022 3Q: Capital Policy and Shareholder Returns

Sales of cross-shareholdings: ¥18.8 billion (progress rate 94%)

*Book value as of end of March 2019 *Actual amount of sale ¥19.5 billion

		(Billions of yen)			(Billions of yen)	
		FY2022 3Q	Medium-Term Management Plan Period (FY2020-FY2022)	Medium-Term Management Plan Period (FY2020-FY2022)	Major investments and investment	
		results	total	plan	amount in the FY2022 3Q total	
					detail	amount
Cash generation	Net income attributable to Wacoal Holdings Corp.*	4.6	13.6	31.0 or more	IT-related investment ,etc (wacoal)	2.3
	depreciation costs	4.6	16.7	19.0 or more	Building renovation, etc (wacoal)	0.2
	Sales of strategically-held shares	2.0	19.5	20.0 or more	Domestic Subsidiaries	0.4
	total	11.2	49.8	70.0 or more	Overseas Subsidiaries	1.6
*Net income was calculated without consideration for valuation gain (loss) on marketable securities and investments.						
Used Cash	Growth investment, Capital expenditures	6.7	28.5	68.5 or more	Moriyama Distribution Center expansion work	2.2
	Dividend payment	2.5	9.9			
	Purchase of treasury stock	0.6	8.3			
	(Number of shares acquired)	(278 thousand shares)	(3,075 thousand shares)			
合計		9.8	46.7		total	6.7
<small> †Dividend/Reasury stock: ¥31billion or more †Investment in existing business /Growth investment: ¥21billion or more †Additional returns or investment in new business: ¥16.5billion or more </small>						
■ Major KPI						
Status of sales of strategically-held shares (Wacoal Corp.)	Sale amount	2.6	18.8	20.0		
	Progress toward target	13%	94%			
	Number of strategic stocks sold completely	9	31			

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Please turn to page 17.

This describes the investment results for the current fiscal year and the progress towards the plan to sell strategically held shares during the current medium-term management plan.

Regarding investment, there was expansion work of a distribution center in Moriyama City, located in Shiga Prefecture, aiming for domestic EC growth. Regarding the sale of strategically held shares for the current fiscal year, the sale of approximately JPY2.6 billion was completed at the end of December, and the progress rate against the sale target set in the current medium-term management plan is 94%.

Additionally, as disclosed on November 26, we have resumed the repurchase of treasury stock since December.

That will be all for my presentation.

Thank you very much for watching.

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Reference 1: FY2022 3Q Financial Results Overview

[Exchange rate]	USD	GBP	CNY
	111.1	152.76	16.78

	FY2020 3Q		FY2021 3Q		FY2022 3Q		Compared to the FY2020 3Q		Compared to the FY2021 3Q	
	results	% Of sales	results	% Of sales	results	% Of sales	Change	% Change	Change	% Change
Consolidated net sales	144,031	—	114,901	—	130,187	—	-13,844	- 9.6%	15,286	+13.3%
Cost of Sales	63,915	44.4	50,279	43.8	56,585	43.5	-7,330	- 11.5%	6,306	+12.5%
Sales profit	80,116	55.6	64,622	56.2	73,602	56.5	-6,514	- 8.1%	8,980	+13.9%
S, G&A Expenses	70,315	48.8	60,666	52.8	68,545	52.7	-1,770	- 2.5%	7,879	+13.0%
Operating Income (loss)	9,801	6.8	3,956	—	5,057	3.9	-4,744	- 48.4%	1,101	+27.8%
Other income (expenses)	1,382	1.0	1,192	1.0	2,055	1.6	673	+48.7%	863	+72.4%
Valuation gain (loss) on marketable securities and investments - net(A)	4,486	—	5,725	—	-1,575	—	-6,061	—	-7,300	—
Income before taxes (loss)	15,669	10.9	10,873	9.5	5,537	4.3	-10,132	- 64.7%	-5,336	- 49.1%
Net income attributable (loss) to Wacoal Holdings Corp.	11,014	7.6	4,972	4.3	3,493	2.7	-7,521	- 68.3%	-1,479	- 29.7%

Reference figure: Income before income taxes and equity in net income of affiliated companies not taking into account A	11,183	7.8	5,148	4.5	7,112	5.5	-4,071	- 36.4%	1,964	+38.2%
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Reference 2 : FY 2022 3Q Financial Results Overview (by Segment) [Exchange rate]

USD	GBP	CNY
111.1	152.76	16.78

(Millions of yen)

	FY2020 3Q results		FY2021 3Q results		FY2022 3Q results		Compared to the FY2020 3Q		Compared to the FY2021 3Q	
	ratio		ratio		ratio		Change	% Change	Change	% Change
Wacoal Business (Japan)	82,872	57.5	66,935	58.3	67,340	51.7	-15,532	- 18.7%	405	+0.6%
Wacoal Business (Overseas)	37,531	26.1	29,475	25.7	44,454	34.1	6,923	+18.4%	14,979	+50.8%
Peach John Business	8,444	5.9	9,038	7.9	9,365	7.2	921	+10.9%	327	+3.6%
Other Businesses	15,184	10.5	9,453	8.2	9,028	6.9	-6,156	- 40.5%	-425	- 4.5%
Consolidated net sales	144,031	100	114,901	100	130,187	100	-13,844	- 9.6%	15,286	+13.3%

	FY2020 3Q results		FY2021 3Q results		FY2022 3Q results		Compared to the FY2020 3Q		Compared to the FY2021 3Q	
	% of sales		% of sales		% of sales		Change	% Change	Change	% Change
Wacoal Business (Japan)	7,113	8.6	3,008	4.5	2,268	3.4	-4,845	- 68.1%	-740	- 24.6%
Wacoal Business (Overseas)	2,686	7.2	-22	-	2,002	4.5	-684	- 25.5%	2,024	-
Peach John Business	109	1.3	1,553	17.2	1,552	16.6	1,443	+1,323.9%	-1	- 0.1%
Other Businesses	-107	-	-583	-	-765	-	-658	-	-182	-
Operating Income (loss)	9,801	6.8	3,956	3.4	5,057	3.9	-4,744	- 48.4%	1,101	+27.8%

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Reference 3 : FY 2022 3Q Results for Major Subsidiaries [Exchange rate]

USD	GBP	CNY
111.1	152.76	16.78

(Millions of yen)

		Net Sales								Operating income (loss)											
		FY2020 3Q results		FY2021 3Q results		FY2022 3Q results		Compared to the FY2020 3Q		Compared to the FY2021 3Q		FY2020 3Q results		FY2021 3Q results		FY2022 3Q results		Compared to the FY2020 3Q		Compared to the FY2021 3Q	
		Change	% Change	Change	% Change	Change	% Change	Change	% Change	Change	% Change	Change	% Change	Change	% Change	Change	% Change	Change	% Change		
Wacoal Business (Japan)	Wacoal	78,749	62,546	61,766	- 16,983	- 21.6%	- 780	- 1.2%	4,927	581	996	- 3,931	- 79.8%	415	+71.4%						
Wacoal Business (Overseas)	Wacoal International Corp. (U.S.)	14,241	12,790	19,331	5,090	+35.7%	6,541	+51.1%	479	- 1,051	480	1	+0.2%	1,531	-						
	Wacoal Europe Ltd.	9,875	7,027	11,937	2,062	+20.9%	4,910	+69.9%	750	212	1,349	599	+79.9%	1,137	+536.3%						
	Wacoal China Co., Ltd.	8,288	6,502	8,845	557	+6.7%	2,343	+36.0%	733	483	150	- 583	- 79.5%	- 333	- 68.9%						
Peach John Businesses		7,865	9,038	9,365	1,500	+19.1%	327	+3.6%	168	1,553	1,552	1,384	+823.8%	- 1	- 0.1%						
Other Businesses	Lecien	4,363	3,430	2,470	- 1,893	- 43.4%	- 960	- 28.0%	- 162	149	- 350	- 188	-	- 499	-						
	Nanasai	6,480	3,949	4,157	- 2,323	- 35.8%	208	+5.3%	177	- 299	- 215	- 392	-	84	-						
	A i	3,083	1,377	1,498	- 1,585	- 51.4%	121	+8.8%	- 118	- 441	- 260	- 142	-	181	-						

Wacoal International Corp. (U.S.)	131,044	120,540	173,995	42,951	+32.8%	53,455	+44.3%	4,406	- 9,914	4,306	- 100	- 2.3%	14,220	-	(USD'000)
Wacoal Europe Ltd.	71,670	51,579	78,141	6,471	+9.0%	26,562	+51.5%	5,433	1,559	8,833	3,399	+62.6%	7,274	+466.5%	(GBP'000)
Wacoal China Co., Ltd.	521,231	423,008	527,090	5,859	+1.1%	104,082	+24.6%	46,145	31,440	8,954	- 37,191	- 80.6%	- 22,486	- 71.5%	(CNY'000)

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Reference 4 : Monthly Changes in Net Sales for Major Business Units (rate of increase/decrease)

	Monthly sales (increase / decrease rate) * The lower part from April to December is compared to the 20/3 period.															
	Jan.	Feb.	Mar.	4Q (China1Q)	Apr.	May	Jun.	1Q (China2Q)	Jul.	Aug.	Sep.	2Q (China3Q)	Oct.	Nov.	Dec.	3Q (China4Q)
Wacoal	-20%	-25%	-8%	-18%	+168%	+39%	+5%	+46%	-12%	-17%	-18%	-15%	-21%	+8%	-4%	-6%
					-25%	-30%	-12%	-23%	-15%	-34%	-39%	-30%	-13%	+8%	+0%	-2%
Wacoal America, Inc.	-2%	-27%	+5%	-10%	+284%	+149%	+56%	+131%	+37%	+47%	+29%	+37%	+25%	-3%	-16%	+4%
					+22%	+12%	+14%	+16%	+25%	+5%	+23%	+17%	+21%	+6%	-7%	+8%
Wacoal Europe Ltd.	-36%	-32%	+49%	-12%	+287%	+124%	+64%	+121%	+31%	+36%	+21%	+30%	+23%	+42%	+30%	+32%
					+2%	+1%	+31%	+11%	-0%	+13%	+5%	+6%	-1%	+32%	+10%	+13%
Wacoal China Co., Ltd.	-17%	+547%	+52%	+53%	+22%	-3%	-10%	+21%	-12%	-28%	-15%	-19%	-14%	-19%	+26%	-5%
					-23%	+7%	-14%	-11%	-21%	-16%	-21%	-19%	-3%	-28%	+21%	-8%
Peach John (Japan)	+9%	+21%	+19%	+16%	+40%	+9%	-9%	+8%	-13%	-3%	+3%	-5%	+15%	+6%	+5%	+8%
					+13%	+1%	+20%	+11%	+21%	+9%	-6%	+8%	+31%	+29%	+28%	+29%
Lecien (Japan)	-6%	-27%	-20%	-18%	+18%	-10%	-4%	+1%	-27%	-34%	-29%	-30%	-37%	-20%	-24%	-27%
					-25%	-36%	-24%	-28%	-36%	-48%	-37%	-40%	-53%	-41%	-48%	-47%
Nanasai	-35%	-31%	-41%	-37%	+8%	-12%	-7%	-2%	+0%	-22%	-14%	-13%	+153%	-5%	+2%	+39%
					-39%	-48%	-43%	-43%	-9%	-40%	-63%	-48%	+38%	-49%	-14%	-14%
Ai	-48%	-51%	-12%	-39%	+181%	+48%	-18%	+23%	+43%	-3%	-23%	+9%	-15%	-8%	-0%	-7%
					-54%	-61%	-59%	-59%	-44%	-61%	-53%	-53%	-33%	-31%	-27%	-30%

*1 The figure before the transfer of internal expenses. Shows year-o-n-year changes, including internal sales. □

*2 The figures for Wacoal America only are disclosed. It is not the figures of sales of Wacoal International including Intimates Online Inc.(LIVELY) □

*3 Wacoal America, Inc., Wacoal Europe Ltd., and Wacoal China Co., Ltd. show year-on-year changes (rates of increase / decrease) on a local currency basis.

*4 Wacoal China Co., Ltd. is shown year-on-year changes (rates of increase / decrease) on a net basis.

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Reference 5 : Monthly Changes in Wacoal (Japan) Net Sales by Channel and Store basis (rate of increase/decrease)

	Monthly store-based sales trends (increase / decrease rate) * The lower part from April to December is compared to the 20/3 period.															
	Jan.	Feb.	Mar.	4Q	Apr.	May	Jun.	1Q	Jul.	Aug.	Sep.	2Q	Oct.	Nov.	Dec.	3Q
Department Stores	-33%	-17%	+27%	-9%	+393%	+73%	-17%	+40%	+14%	-25%	-26%	-7%	-4%	+3%	-1%	-1%
					-36%	-53%	-23%	-38%	-11%	-43%	-48%	-35%	+0%	-15%	-17%	-12%
GMS, Supermarket (Wacoal Brand)	-15%	-8%	-8%	-10%	+156%	+36%	-9%	+29%	+10%	-44%	-24%	-20%	-10%	+9%	-5%	-1%
					-26%	-30%	-4%	-17%	-38%	-56%	-37%	-37%	+6%	+27%	-18%	+5%
GMS, Supermarket (Wing Brand)	-14%	-7%	+0%	-8%	+138%	+16%	-17%	+16%	-2%	-30%	-12%	-18%	-10%	+7%	-6%	-2%
					-20%	-30%	-9%	-21%	-22%	-30%	-51%	-35%	+10%	+15%	-14%	+3%
Specialty Stores (Real store)	-2%	-5%	+10%	+1%	+162%	+62%	-15%	+30%	-8%	-18%	-17%	-14%	-4%	-4%	+0%	-2%
					-13%	-26%	-22%	-21%	+7%	-12%	-30%	-12%	-2%	-2%	+15%	+5%
Sports Chains	-47%	-42%	+18%	-31%	+36%	+40%	-12%	+13%	+81%	-19%	-15%	+14%	+0%	-13%	+3%	-4%
					-62%	-47%	-62%	-50%	+8%	-45%	-55%	-31%	-38%	-44%	-27%	-37%
Third Party EC Sites	+30%	+1%	+20%	+18%	+43%	+1%	+15%	+11%	+18%	+15%	+2%	+12%	-9%	+11%	-3%	+2%
					+24%	+25%	+46%	+32%	+25%	+31%	+0%	+17%	+19%	+35%	+37%	+31%
Directly managed store	-33%	-10%	-7%	-20%	+232%	+71%	-18%	+33%	-5%	-24%	-26%	-19%	-7%	-5%	+0%	-4%
					-27%	-33%	-16%	-32%	-6%	-26%	-32%	-21%	-7%	-13%	-16%	-12%
Wacoal's Own EC Site	+38%	+45%	+22%	+34%	-8%	-13%	+5%	-6%	+7%	+12%	+7%	+9%	+6%	+11%	-6%	+3%
					+62%	+79%	+94%	+79%	+53%	+75%	+44%	+56%	+37%	+76%	+68%	+61%
Catalog mail-order	+39%	-10%	+2%	+5%	+21%	-11%	+5%	+5%	+47%	+33%	+0%	+20%	-9%	+2%	-1%	-3%
					-6%	+5%	+8%	+14%	-2%	-39%	-2%	+5%	-10%	+14%	+23%	+5%
Total of monthly store-based sales	-15%	-7%	+9%	-5%	+121%	+27%	-11%	+23%	+6%	-20%	-15%	-9%	-6%	+4%	-2%	-1%
					-20%	-27%	-7%	-18%	-4%	-23%	-37%	-22%	+3%	+4%	-5%	+0%

Note: For store-base sales, only actual results for stores where the data can be ascertained are being disclosed

Note: Directly-managed store sales from April 2021 onward are calculated excluding in-house EC sales of brands that are sold through directly-managed stores.

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Reference 6 : Monthly Changes in Net Sales by Channel for Major Overseas Subsidiaries (rate of increase/decrease)

		Monthly Changes in Net Sales by Channel for Major Subsidiaries (rate of increase/decrease) * The lower part from April to December is compared to the 20/3 period.															
		Jan	Feb	Mar	4Q (China3Q)	Apr	May	Jun	1Q (China2Q)	Jul	Aug	Sep	2Q (China3Q)	Oct	Nov	Dec	3Q (China2Q)
Wacoal America, Inc.	Department Stores Real	- 8%	- 49%	- 24%	- 32%	+1,260%	+1,540%	+185%	+495%	+69%	+89%	+36%	+62%	+75%	+1%	- 14%	+21%
	Department Store EC	- 9%	- 13%	+30%	+3%	+1,957%	+235%	+15%	+114%	- 1%	- 16%	- 13%	- 9%	- 7%	+2%	- 17%	- 7%
	Third Party EC Sites	- 18%	- 6%	+31%	+4%	+202%	- 22%	- 17%	+27%	+37%	+46%	+35%	+47%	- 19%	- 62%	+46%	- 18%
	Wacoal's Own EC Site	+36%	+33%	+81%	+48%	+34%	- 4%	- 4%	+8%	+4%	+11%	+39%	+16%	- 5%	+17%	- 34%	- 8%
	Total	- 2%	- 27%	+5%	- 10%	+284%	+149%	+56%	+131%	+37%	+47%	+29%	+37%	+25%	- 3%	- 16%	+4%
Wacoal Europe Ltd.	Department	- 57%	- 51%	+16%	- 36%	+682%	+1,232%	+216%	+393%	+70%	+5%	+21%	+26%	+15%	+77%	+49%	+42%
	Independent (Specialty Store)	- 38%	- 35%	+34%	- 18%	+331%	+118%	+72%	+127%	+42%	+60%	+33%	+45%	+31%	+50%	+15%	+32%
	Third Party EC Sites	- 16%	- 10%	+64%	+11%	+274%	+167%	+54%	+142%	+5%	+62%	+2%	+20%	+4%	+3%	+135%	+35%
	Total	- 36%	- 32%	+49%	- 12%	+287%	+124%	+64%	+121%	+31%	+36%	+21%	+30%	+23%	+42%	+30%	+32%
Wacoal China Co., Ltd.	Department Stores Real-MALL·Outlet, etc	- 24%	+2,061%	+137%	+88%	+33%	+5%	- 1%	+10%	- 9%	- 33%	- 15%	- 20%	- 6%	- 21%	- 17%	- 15%
	Third Party EC Sites	+39%	- 14%	- 27%	- 13%	- 7%	- 29%	- 15%	- 18%	- 27%	- 6%	- 4%	- 11%	- 47%	- 17%	- 7%	- 21%
	Total	- 17%	+547%	+52%	+53%	+22%	- 3%	- 10%	+21%	- 12%	- 28%	- 15%	- 19%	- 14%	- 19%	+26%	- 5%

*1 The figure before the transfer of internal expenses. Shows year-o-n-year changes, including internal sales. □

*2 The figures for Wacoal America only are disclosed. It is not the figures of sales of Wacoal International including Intimates Online Inc.(LIVELY). □

*3 Wacoal America, Inc., Wacoal Europe Ltd., and Wacoal China Co., Ltd. show year-on-year changes (rates of increase / decrease) on a local currency basis.

*4 Wacoal China Co., Ltd. is shown year-on-year changes (rates of increase / decrease) on a net basis.

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Reference 7 : FY2022 3Q EC Ratios at Major Subsidiaries

➢ Wacoal (Japan) has changed its aggregation method, and the total sales ratio for its own EC (including catalog shopping) and third-party EC is shown

		FY2020					FY2021					FY2022				
		1Q	2Q	3Q	4Q	total	1Q	2Q	3Q	4Q	total	1Q	2Q	3Q	4Q	total
Wacoal (Japan)	Own EC channel only	13%	12%	15%	15%	13%	35%	16%	19%	19%	21%	24%	22%	20%	-	22%
Peach John(Japan)	Own EC channel only	39%	39%	38%	43%	40%	64%	46%	45%	49%	50%	49%	43%	40%	-	44%
Wacoal America, Inc.	Total of own company and Third Party EC Sites	35%	31%	36%	36%	34%	78%	52%	47%	49%	54%	45%	44%	41%	-	43%
IO Inc.	Own EC channel only	100%	100%	100%	100%	100%	100%	97%	91%	83%	92%	85%	84%	74%	-	82%
Wacoal Europe Ltd.	Total of own company and Third Party EC Sites	22%	19%	20%	24%	21%	39%	29%	27%	32%	31%	29%	25%	24%	-	25%
Wacoal China Co., Ltd.	Other companies' EC channel only	19%	26%	18%	31%	24%	33%	31%	18%	28%	27%	19%	25%	20%	-	21%
EC ratio of major companies (Total of top 6 companies) *		20%	18%	20%	23%	20%	45%	26%	26%	30%	30%	32%	30%	25%	-	29%

*Sales total uses the rate at the time of each settlement

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Reference 8 : FY2022 3Q Profit margin of major subsidiaries

	FY2021	FY2022		
	3Q total	3Q total	YoY	Point
Wacoal (Japan)	56.5%	57.0%	+0.5%	<ul style="list-style-type: none"> The sales margin improvement is due to changes to revenue recognition standards (recording of refund liabilities) On a real-term basis, a deterioration of about 1.1 points Impact of soaring costs due to the shutdown of Vietnam factories and the accelerated clearance of discontinued brands
Peach John(Japan)	68.5%	67.5%	- 1.0%	<ul style="list-style-type: none"> Impacts of yen's depreciation and valuation losses related to inventories of sluggish overseas businesses
Wacoal International Corp.	52.2%	51.7%	- 0.5%	<ul style="list-style-type: none"> Wacoal America: Impact of soaring transportation costs for raw materials, etc., expansion of low-margin store sales (lowering of the company's EC composition ratio) IO Inc.: Impact of lowering the company's EC composition ratio, increase in wholesale weight, recording valuation losses, etc. Planning to change retail prices in response to rising costs (IO: Implemented changes in September, Wacoal America: changes scheduled for January)
Wacoal Europe Ltd.	54.6%	56.3%	+1.7%	<ul style="list-style-type: none"> Though sales margins improved due to increased sales, the plan was not achieved due to shipping cost increases and other factors
Wacoal China Co., Ltd.	61.2%	68.3%	+7.1%	<ul style="list-style-type: none"> The significant improvement in the sales margin was due to changes in the way the total price is stated (based on store prices) The gross profit margin improved by 0.9 points on a net basis A decline in the sales composition ratio at third-party EC platforms and an increase in the ratio of sales from fixed-rent stores
Wacoal Holdings Corp.	56.2%	56.5%	+0.3%	

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Reference 9: FY2022 3Q Overview of Wacoal: Net Sales and Operating Income for Major Business Units

Though physical stores recovered, COVID-19 is currently once again negatively impacting the situation; EC surpasses the high hurdle set last year

Net sales

¥61.8 billion YoY -¥0.8 billion (-1%) *YoY change excluding impact of revenue recognition change:+1%, Vs 2 years ago -¥17 billion (-22%)

- > Due to repeated SOE declarations, the number of store visitors remained lower than pre-pandemic levels
- > By securing a purchasing rate that exceeded the plan, our own EC site cleared the hurdle set during the same period last year when "stay-at-home" demand was high

Operating income

¥1 billion YoY +¥0.4 billion (+71%) Vs 2 years ago -¥5 billion (-80%)

- > Despite slumping sales, an increase in profits was secured as a result of cost reduction efforts

(millions of yen)

	FY2020 3Q	FY2021 3Q	FY2022 3Q	Compared to the FY2020 3Q		Compared to the FY2021 3Q	
	results	results	results	Change	% Change	Change	% Change
1st Brand Group	32,767	25,880	25,918	-6,849	- 20.9%	38	+0.1%
2nd Brand Group	26,116	21,701	21,931	-4,185	- 16.0%	230	+1.1%
3rd Brand Group	13,247	10,809	10,659	-2,588	- 19.5%	-150	- 1.4%
Wellness Business Department	3,622	2,322	2,536	-1,086	- 30.0%	214	+9.2%
WEB Business Department	6,252	8,529	8,601	2,349	+37.6%	72	+0.8%
Others	-3,256	-6,697	-7,879	-4,623	-	-1,182	-
Net sales total (External customers only)	78,749	62,546	61,766	-16,983	- 21.6%	-780	- 1.2%
Net sales total (Including internal sales)	80,053	63,719	62,969	-17,084	- 21.3%	-750	- 1.2%
1st Brand Group	4,536	3,780	3,495	-1,041	- 23.0%	-285	- 7.5%
2nd Brand Group	1,848	1,294	1,355	-493	- 26.7%	61	+4.7%
3rd Brand Group	1,763	920	801	-962	- 54.6%	-119	- 12.9%
Wellness Business Department	263	17	111	-152	- 57.8%	94	-
WEB Business Department	289	790	436	147	+50.6%	-354	- 44.8%
Others	-3,774	-6,221	-5,202	-1,428	-	1,019	-
Wacoal Operating income (loss)	4,927	581	996	-3,931	- 79.8%	415	+71.4%

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Reference 10: FY2022 3Q Overview of Wacoal International (US)

In addition to the loss of delivery opportunities due to out-of-stocks of top-selling products, growth of our own EC platform slowed due to digital privacy regulations, etc.

Net sales → **¥19.3 billion** YoY +¥6.5 billion (+51%) *YoY change in local currency +44%, Vs 2 years ago +¥5.1 billion (+36%)

- Wacoal America: Physical store channel +98%, EC channel +14% (Dept. store EC +21%, specialty store EC +21%, Own EC+6%)
- IO Inc.: Own EC sluggish due to impact of digital privacy regulations, etc. (cumulate sales in 3Q: \$30.4 million (+27%))

Operating income → **¥0.5 billion** YoY +¥1.5 billion *YoY change in local currency +\$14 million, Vs 2 years ago +\$1 million (+0.2%)

- Wacoal America: Increase due to higher sales, despite the impact of higher costs such as transportation expenses
- IO Inc: Results fell below plan due to lower marketing efficiency *Local currency base -\$11.5 million (same period last year: -\$10.4 million)

(Thousands of dollars)

		FY2020			FY2021			ratio	
		1Q	2Q	3Q	1Q	2Q	3Q		
Channel	Store	Department store	-2%	-5%	+5%	+495%	+62%	+21%	55%
		Outlet-Directly Managed Store	+85%	+80%	+71%	+10,142%	+170%	+75%	
		Store sales total	-1%	-5%	+6%	+507%	+63%	+22%	
	EC	Department store EC site	+45%	+20%	+11%	+114%	-9%	-7%	45%
		Wacoal's Own EC Site	+75%	+88%	+36%	+8%	+16%	-8%	
		EC sales total	+52%	+66%	+22%	+35%	+16%	-10%	
Area	America	+19%	+18%	+9%	+124%	+34%	+3%	93%	
	Canada	-3%	+11%	+77%	+527%	+127%	+60%	4%	
	Other area	-29%	+1%	-45%	+274%	+70%	-24%	3%	

		FY2020			FY2021			ratio
		1Q	2Q	3Q	1Q	2Q	3Q	
Net sales		145,971			30,396			
Compared to the FY2021 3Q		+48%			+27%			
Compared to the FY2020 3Q		+14%			+332%			
Operating profit and loss		15,968			-11,545			
(FY2021 3Q results)		541			-10,364			
(FY2020 3Q results)		12,476			-6,022			

Brand	FY2020			FY2021			ratio
	1Q	2Q	3Q	1Q	2Q	3Q	
WACOAL	+10%	+14%	+5%	+125%	+39%	+3%	73%
B.tempt'd	+106%	+49%	+69%	+309%	+37%	+24%	9%
CW-X	+45%	+48%	-7%	+3%	+40%	-22%	1%
LIVELY	-	+212%	+64%	+69%	+5%	+1%	17%

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Reference 11: FY2022 3Q Overview of Wacoal Europe

Business conditions improved significantly due to loosened restrictions related to COVID-19

Net sales → **¥11.9 billion** YoY +¥4.9 billion (+70%) *YoY change in local currency +52%, Vs 2 years ago +¥2.1 billion (+21%)

- Strong performance in each region: UK +58% (+16%), N. America +55% (+6%), Europe +48% (+10%)
*figures in () represent vs 2 years ago
- Our own EC channel, which started in FY2020, progressed beyond the plan

Operating income → **¥1.3 billion** YoY +¥1.1 billion *YoY change in local currency +£7,000,000, Vs 2 years ago +¥0.6 billion (+80%)

- Increased profit due to increased sales

		FY2020			FY2021			ratio	
		1Q	2Q	3Q	1Q	2Q	3Q		
Channel	store	Department store	-15%	-12%	-1%	+393%	+26%	+42%	18%
		Specialty store	+9%	+7%	+12%	+127%	+45%	+32%	52%
		Directly Managed Store	-8%	-18%	-17%	-11%	-50%	-12%	5%
	EC sites	Third party EC site/other	+43%	+27%	+33%	+107%	+25%	+34%	25%
Brand	Fantasia	+6%	+5%	+2%	+188%	+47%	+21%	32%	
	Freya	+0%	-8%	-2%	+97%	+2%	+39%	22%	
	Goddess	+11%	-5%	+12%	+56%	+4%	+0%	5%	
	Elomi	+28%	+34%	+38%	+119%	+50%	+52%	29%	
	Wacoal	+18%	-12%	+8%	+113%	+22%	+20%	12%	
	B.Tempted	-63%	-82%	-32%	+0%	-77%	-21%	0%	

	FY2020			FY2021			ratio
	1Q	2Q	3Q	1Q	2Q	3Q	
UK	-11%	+7%	+16%	+155%	+41%	+28%	33%
Europe	+12%	+2%	+10%	+89%	+22%	+47%	24%
North America	+29%	+10%	+6%	+130%	+26%	+29%	32%
Other	+29%	-7%	+17%	+108%	+22%	+22%	11%

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Reference 12: FY2022 3Q (Jan - Dec) Overview of Wacoal China

Though physical stores recovered, COVID-19 is currently once again negatively impacting the situation; EC struggled due to intensifying competition with emerging brands

Net sales → **¥8.8 billion** YoY +¥2.3 billion (+36%) *YoY change in local currency +25%, Vs 2 years ago +¥0.6 billion (+7%)

- Effect on sales of stating as total amount is ¥1.5 billion (Japanese currency conversion: YoY +12% on a net basis, vs 2 years ago -12%)
- Though store sales, mainly in dept. stores, were on a recovery trend as a result of being opposite the same period last year that was dealing with greater impacts from COVID-19, they slumped again due to the spread of COVID-19 infections from July onward.
- EC struggled due to a worsening competitive environment brought about by the rise of emerging brands

Operating income → **¥0.2 billion** YoY -¥0.3 billion *YoY change in local currency -78%, Vs 2 years ago -¥0.6 billion (-80%)

- Decrease due to the absence of government support measures in the same period last year, and an increase in various expenses accompanying the resumption of business activities

		FY2020			FY2021			ratio
		1 Q	2 Q	3 Q	1 Q	2 Q	3 Q	
Channel	Department Stores Real·MALL·Outlet	- 10%	- 6%	- 20%	+86%	+9%	- 21%	76%
	Agent	- 38%	- 44%	- 40%	+39%	- 12%	- 7%	3%
	Third party EC site	- 10%	- 15%	- 13%	- 12%	- 20%	- 12%	21%
Brand	Wacoal	- 9%	- 8%	- 17%	+54%	+1%	- 18%	85%
	Salute	- 3%	+10%	- 4%	+93%	+9%	- 32%	10%
	ANPHI	+227%	+169%	+42%	- 13%	- 5%	+12%	1%
	Peach John	- 45%	- 49%	- 55%	+3%	- 34%	- 35%	4%

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Document 13: FY2022 3Q Overview of other Asian Businesses

Figures include sales from Hong Kong Wacoal, Wacoal International Hong Kong, Wacoal Singapore, Philippine Wacoal, Wacoal India, (the following are factories), Dalian Wacoal, Guangdong Wacoal, Vietnam Wacoal, Myanmar Wacoal, A Tech, G Tech, and one other company, and account adjustments for Wacoal Business (overseas)

Though the business environment improved YoY, COVID-19 is still negatively impacting many countries and regions

Net sales → **¥4.3 billion** YoY +¥1.2 billion (+38%), Vs 2 years ago -¥0.8 billion (-15%)

- Hong Kong, Singapore, Philippines, India: Sales increased, recovering from the same period last year, which was greatly affected by the spread of COVID-19
- A Tech: An increase in sales was secured due to a recovery in exports, mainly to Group companies, despite sluggishness in the Thai domestic market

Operating income → **¥0.02 billion** YoY -0.3 billion (-93%), Vs 2 years ago -0.7 billion (-97%)

- Significant decrease in profit due to the major impact of Vietnam factory shutdowns

	FY2020			FY2021		
	1 Q	2 Q	3 Q	1 Q	2 Q	3 Q
Wacoal Hong Kong	- 4%	+11%	+5%	+28%	+22%	+13%
Singapore	- 26%	- 16%	- 6%	+321%	- 17%	+6%
Philippines	- 42%	- 37%	- 11%	+365%	+53%	+27%
India	- 27%	+44%	+119%	+426%	+163%	+16%
A-Tech	- 16%	- 20%	+6%	- 5%	+91%	+91%
G-Tech	- 63%	- 55%	- 55%	- 52%	+18%	+2%

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Document 14: FY2022 3Q Overview of Peach John

Though EC is below the level of the same period last year when it grew, stores are performing well. Operating income also maintained a high level

Net sales

¥9.4 billion YoY +¥0.3 billion (+4%), Vs 2 years ago +¥0.9 billion (+11%)

- Stores continued to perform well in 3Q as promotions became topical and increased customer visits
- Sales via our own EC channel declined due to the high hurdle set in the same period last year when "stay-at-home demand" increased rapidly

Operating income

¥1.6 billion YoY -¥0.001 billion (-0.1%), Vs 2 years ago +¥1.4 billion

- A high profit level on par with last year was maintained due to increased sales

		FY2020			FY2021			ratio
		1 Q	2 Q	3Q	1 Q	2 Q	3Q	
Japan	Mail-order	+40%	+20%	+36%	-17%	-11%	-5%	44%
	Store	-13%	-8%	+17%	+91%	-5%	+11%	44%
	Overseas	-44%	+552%	-36%	-71%	+952%	-45%	0%
	Other	+24%	+47%	+72%	-9%	+11%	+63%	12%

		FY2020			FY2021			ratio
		1 Q	2 Q	3Q	1 Q	2 Q	3Q	
Overseas	Hong Kong	-34%	-10%	-24%	-7%	+1%	+22%	
	Taiwan (stores+ EC)	-33%	-15%	-24%	-23%	-16%	+10%	
	Shanghai-Beijing etc (Directly Managed Store)	-53%	-68%	-61%	+25%	-42%	-66%	
	Shanghai-Beijing etc (Third party EC site)	-44%	-32%	-38%	-2%	-22%	-20%	
	Shanghai-Beijing etc total	-47%	-45%	-46%	+5%	-27%	-37%	

*Change rate based on local currency. The rate of increase or decrease in sales at retail stores and EC sites in each region.
(The figures for "Shanghai-Beijing etc" are from January to September.)

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Document 15: FY2022 3Q Overview of Domestic Subsidiaries (Lecien, Nanasai, Ai)

Lecien: Due to sluggish sales of PB products to clients, the deficit widened despite efforts to reduce costs

Net sales

¥2.5 billion YoY -¥1 billion (-28%)
Vs 2 years ago -¥1.9 billion (-43%)

Operating loss

-¥0.4 billion YoY -¥0.5 billion
Vs 2 years ago -¥0.2 billion

	FY2020			FY2021			ratio
	1 Q	2 Q	3Q	1 Q	2 Q	3Q	
Innerwear	-23%	-35%	-45%	+2%	-31%	-31%	78%
Embroidery	+10%	-2%	+7%	+8%	-14%	-16%	11%
Lace	-22%	-72%	-72%	+25%	-36%	-11%	11%

Nanasai: Business environment is gradually recovering; construction orders on the rise since 3Q

Net sales

¥4.2 billion YoY +¥0.2 billion (+2%)
Vs 2 years ago -¥2.3 billion (-36%)

Operating loss

-¥0.2 billion YoY +¥0.08 billion
Vs 2 years ago -¥0.4 billion

	FY2020			FY2021			ratio
	1 Q	2 Q	3Q	1 Q	2 Q	3Q	
Rental and lease	-37%	-31%	-29%	+11%	-6%	-7%	23%
Production sales	-30%	-23%	-32%	+16%	-15%	-28%	19%
Construction	-49%	-58%	+0%	-14%	-15%	+126%	58%

Ai: Though resort wear demand has only recovered halfway, the deficit is narrowing due to cost cuts

Net sales

¥1.5 billion YoY +¥0.1 billion (+9%)
Vs 2 years ago -¥1.6 billion (-51%)

Operating loss

-¥0.3 billion YoY +¥0.2 billion
Vs 2 years ago -¥0.1 billion

	FY2020			FY2021			ratio
	1 Q	2 Q	3Q	1 Q	2 Q	3Q	
Resort wear	-76%	-59%	-66%	+20%	+35%	-14%	53%
Innerwear	-21%	-24%	-5%	+25%	-23%	-5%	47%

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Reference 16: FY2022 Full-year Plan

[Exchange rate]	USD	GBP	CNY
	108.00	150.00	16.50

	FY2020 results		FY2021 results		FY2022 plan		Compared to the FY2020		Compared to the FY2021	
		% Of sale		% Of sales		% Of sale	Change	% Change	Change	% Change
Consolidated net sales	186,760	—	152,204	—	184,000	—	- 2,760	- 1.5%	31,796	+20.9%
Cost of Sales	84,959	45.5	67,798	44.5	80,000	43.5	- 4,959	- 5.8%	12,202	+18.0%
Sales profit	101,801	54.5	84,406	55.5	104,000	56.5	2,199	+2.2%	19,594	+23.2%
S, G&A Expenses	94,696	50.7	82,836	54.4	98,000	53.3	3,304	+3.5%	15,164	+18.3%
Impairment charges on goodwill and other intangible assets (A)	473	0.3	2,685	1.8	—	—	—	—	—	—
Operating Income	6,632	3.6	- 1,115	—	6,000	3.3	- 632	—	7,115	- 638.1%
Other income (expenses)	1,487	0.8	1,517	1.0	1,900	1.0	413	+27.8%	383	+25.2%
Valuation gain (loss) on marketable securities and investments - net(B)	- 3,760	—	10,390	6.8	—	—	3,760	—	- 10,390	—
Income before taxes	4,359	2.3	10,792	7.1	7,900	4.3	3,541	+81.2%	- 2,892	- 26.8%
Net income attributable to Wacoal Holdings Corp.	3,472	1.9	7,025	4.6	5,500	3.0	2,028	+58.4%	- 1,525	- 21.7%
Reference figure: operating income not taking into account A	7,105	3.8	1,570	1.0	6,000	3.3	- 1,105	- 15.6%	4,430	+282.2%
Reference figure: Income before income taxes and equity in net income of affiliated companies not taking into account A,B	8,592	4.6	3,087	2.0	7,900	4.3	- 692	- 8.1%	4,813	+155.9%

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Reference 17: FY2022 Full-year Plan (By Segment)

[Exchange rate]	USD	GBP	CNY
	108.00	150.00	16.50

	FY2020 results		FY2021 results		FY2022 plan		Compared to the FY2020		Compared to the FY2021	
		ratio		ratio		ratio	Change	% Change	Change	% Change
Wacoal Business (Japan)	106,112	56.8	86,133	56.6	99,300	54.0	-6,812	- 6.4%	13,167	+15.3%
Wacoal Business (Overseas)	49,808	26.7	41,355	27.2	57,250	31.1	7,442	+14.9%	15,895	+38.4%
Peach John Business	11,224	6.0	12,200	8.0	12,500	6.8	1,276	+11.4%	300	+2.5%
Other Businesses	19,616	10.5	12,516	8.2	14,950	8.1	-4,666	- 23.8%	2,434	+19.4%
Consolidated net sales	186,760	100	152,204	100	184,000	100	-2,760	- 1.5%	31,796	+20.9%
	FY2020 results	% Of sales	FY2021 results	% Of sales	FY2022 plan	% Of sales	Change	% Change	Change	% Change
Wacoal Business (Japan)	6,083	5.7	627	0.7	4,000	4.0	-2,083	- 34.2%	3,373	+538.0%
Wacoal Business (Overseas)	1,493	3.0	-2,603	—	1,140	2.0	-353	- 23.6%	3,743	—
Peach John Business	-351	—	1,591	13.0	1,100	8.8	1,451	—	-491	- 30.9%
Other Businesses	-593	—	-730	—	-240	—	353	—	490	—
Operating Income (loss)	6,632	3.6	-1,115	—	6,000	—	-632	- 9.5%	7,115	—

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Reference 18: FY2022 Full-year Plan (Major Subsidiaries)

[Exchange rate]	USD	GBP	CNY
	108.00	150.00	16.50

(Millions of yen)

		Net Sales						Operating income (loss)							
		FY2020 result	FY2021 result	FY2022 plan	Compared to the FY2020		Compared to the FY2021		FY2020 result	FY2021 result	FY2022 plan	Compared to the FY2020		Compared to the FY2021	
					Change	% Change	Change	% Change				Change	% Change	Change	% Change
Wacoal Business (Japan)	Wacoal	99,224	79,877	91,548	- 7,676	- 7.7%	11,671	+14.6%	3,140	- 2,022	3,600	460	+14.6%	5,622	-
Wacoal Business (Overseas)	Wacoal International Corp. (U.S.)	19,194	17,649	23,009	3,815	+19.9%	5,360	+30.4%	401	- 914	108	- 293	- 73.1%	1,022	-
	Wacoal Europe Ltd.	12,988	9,896	14,188	1,200	+9.2%	4,292	+43.4%	1,007	666	642	- 365	- 36.2%	- 24	- 3.6%
	Wacoal China Co., Ltd.	10,337	8,755	13,367	3,030	+29.3%	4,612	+52.7%	923	625	759	- 164	- 17.8%	134	+21.4%
Peach John Businesses		11,224	12,200	12,500	1,276	+11.4%	300	+2.5%	- 351	1,591	1,100	1,451	-	- 491	- 30.9%
Other Businesses	Lecien	5,760	4,614	5,300	- 460	- 8.0%	686	+14.9%	- 478	221	124	602	-	- 97	- 43.9%
	Nanasai	8,718	5,312	6,300	- 2,418	- 27.7%	988	+18.6%	218	- 358	- 250	- 468	-	108	-
	A i	3,597	1,700	2,636	- 961	- 26.7%	936	+55.1%	- 269	- 613	3	272	-	616	-

Major Overseas Subsidiaries (Local Currency Basis)

Wacoal International Corp. (U.S.)	176,508	166,402	213,042	36,534	+20.7%	46,640	+28.0%	3,694	- 8,621	1,000	- 2,694	- 72.9%	9,621	-	(USD'000)
Wacoal Europe Ltd.	93,954	71,360	94,589	635	+0.7%	23,229	+32.6%	7,290	4,796	4,279	- 3,011	- 41.3%	- 517	- 10.8%	(GBP'000)
Wacoal China Co., Ltd.	655,073	565,585	810,100	155,027	+23.7%	244,515	+43.2%	58,468	40,246	46,000	- 12,468	- 21.3%	5,754	+14.3%	(CNY'000)

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