Fiscal Year Ended March 31, 2020 Business Results Presentation

-Final Version [U.S. Accounting Standards]

Wacoal Holdings Corp.
May 20, 2020

US-based Intimates Online, which was acquired as a subsidiary, has been consolidated since the second quarter of this term under review, and the results are included and disclosed in Wacoal International Corp. (The U.S.) in the overseas Wacoal business segment. (In this presentation, Intimates Online is sometimes referred to as "IO.")

[Speakers]

Hironobu Yasuhara

Representative Director, President and Corporate Officer

Tomoyasu Ito

Vice President Corporate Officer; Representative Director, President and Corporate Officer of Wacoal Corp.

Akira Miyagi

Director and Managing Corporate Officer in charge of Group Finance

Full Year Consolidated Business Performance Forecast for FY2021

The Group's business activities have been significantly impacted by the suspension of store operations and curfews for the prevention of the spread of the novel coronavirus. In addition to the continuation of measures to prevent the spread of the infection, sluggish personal consumption caused by the expected worsening of employment and income environments will continue to adversely affect our Group's management, sales and profit.

As it is difficult to assess the impact of the novel coronavirus on the Group and reasonably forecast the earnings at this moment, we have not yet decided on a consolidated earnings forecast for FY2021, and will announce it as soon as the details become clear.

See page two. As we have already announced on May 15, our business activities have been greatly influenced by measures to prevent the expansion of COVID-19, such as the suspension of business operations of our stores and restrictions on outings.

At this time, it is difficult to assess the impact of COVID-19 on our Group and rationally calculate our performance outlook. Therefore, we have yet to determine our consolidated performance forecasts for the fiscal year ending March 2021.

As soon as the details become clear, we will disclose the information. We appreciate your understanding.

Now, let us start the explanation. Director Miyagi, please.

Results of FY2020 4Q (Jan. to Mar.) and Full-Year Business Results

Akira Miyagi

Wacoal Holdings Corp.

Director and Managing Corporate Officer

FY2020 4Q (Jan. to Mar.) Executive Summary

Sales declined significantly in Japan, Europe and the U.S. in March due to the spread of the infection.

- **Net sales and operating income fell short of the revised estimate by ¥4.2 billion and ¥0.4 billion, respectively.**
- **Impairment charge on intangible assets (¥0.5 billion) was posted for Thai material companies (not reflected in the revised estimate).**
- **Operating income fell below the revised estimate despite the efforts to control SG&A expenses. (profit increased from the previous term as the range of impairment charges was reduced.)**

Net sales **¥42.7 billion**

[Down ¥4.2 billion (-9%) year on year] [Reached 86% of the plan total and fell short of it by ¥6.7 billion] [Reached 91% of the revised estimate and fell short of it by ¥4.2 billion]

- Business was directly affected by the decrease of customers due to voluntary restraint from going out, a decline in demand from foreign visitors to Japan, and lockdown in major cities overseas.
  (Refer to P8 to see the sales conditions of major corporations from Jan. to Mar.)
- Slump in consumption after the tax hike, record-breaking mild winter, and the spread of the infection caused the domestic department store channel to struggle significantly.
  (Wacoal: Sales at stores in the department stores; March: Down 41%, 4Q: Down 23% (Refer to P39))

Operating loss **¥3.2 billion**

[Up ¥3.1 billion year on year] [Fell short of the plan total by ¥4.1 billion] [Fell short of the revised estimate by ¥0.4 billion]

- Due to the dropped sales, gross margin declined ¥2 billion compared with the revised estimate, and impairment charges amounted to ¥0.5 billion (not reflected in the revised estimate) = Profit declined by ¥2.5 billion.
- Reduction in SG&A expenses accompanying the rapid business deterioration, buffers reflected in the revised estimate, etc.= Reduction of approx. ¥2.1 billion. **Fell short of the revised estimate by ¥0.4 billion.**
- Breakdown of intangible assets for the current term (Trademark rights of Peach John: ¥0.2 billion; goodwill of Thai material companies, etc.: ¥0.3 billion)
  (Impairment charges of ¥5.8 billion on intangible assets of Peach John, etc., in the same period of the previous year)

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Miyagi: I would like to thank you for your participation in Wacoal Holdings' financial results briefing today, despite your busy schedule. I would first like to report on the fourth-quarter and full-year business performance for the fiscal year ended March 2020.

Page four shows a summary of the Q4. Sales fell sharply in March as a result of the expansion of COVID-19 and fell short of the revised earnings forecast announced on January 31 by JPY4.2 billion, to JPY42.7 billion. Operating loss was JPY3.2 billion, JPY400 million lower than the revised plan. As a result of the decline in net sales, gross margin decreased by JPY2 billion, and impairment loss on intangible assets, which was not reflected in the revised plan, was recorded at approximately JPY500 million. However, due to factors such as a reduction in selling, general and administrative expenses, the results were almost in line with the revised plan.

Loss on impairment of intangible assets of JPY500 million was comprised of impairment loss of JPY200 million for PEACH JOHN's trademark rights and JPY300 million for goodwill and other intangible assets recorded during the period under review. As a result, the remaining trademark rights of PEACH JOHN amount to approximately JPY500 million. The goodwill for PEACH JOHN does not remain. Currently, the balance of goodwill is JPY11.6 billion for Intimates Online (IO), and JPY10.8 billion for Wacoal Europe, for a total of JPY22.3 billion.

Net Sales per Quarter by Business Segment for FY2020 (YoY Increase/Decrease)

(Millions of yen)

		1Q		2Q		3Q		4Q		Q4 comments
		Change	% Change	Change	% Change	Change	% Change	Change	% Change	
Net sales	Wholesale Business Div.	-454	- 2.2%	1,855	+8.2%	-2,725	- 13.1%	-2,756	- 15.1%	●The Wholesale Business was affected by the prolonged slump in consumption after the tax hike and a decrease in the number of customer visits due to the spread of the infection. ●The WEB Business remained healthy. ●The sales of directly managed retail stores dropped slightly in 4Q due to a decline in the number of customer visits in March despite the contribution of the opening of new stores.
	Retail end WEB Business Department	508	+8.7%	560	+9.1%	-32	- 0.5%	14	+0.2%	
	Others	249	–	68	–	-49	–	-244	–	
	Wacoal	303	+1.0%	2,483	+9.1%	-2,806	- 10.7%	-2,986	- 12.7%	
	Intersegment transactions, etc. eliminetions	-380	–	-631	–	405	–	-79	–	
	Wacoal Business (Japan)	-77	- 0.3%	1,852	+6.0%	-2,401	- 8.6%	-3,065	- 11.4%	**●The Wacoal Business (Japan) posted a decrease of ¥3.1 billion in sales due to the poor performance of the Wacoal Wholesale Business. (The decrease in sales in the Wholesale Business for the full year was approx. ¥4 billion [down 5%].)**
	Wacoal International Corp. (U.S.)	-329	- 6.1%	-8	- 0.2%	514	+14.7%	531	+12.0%	●The sales of IO in 4Q were ¥0.55 billion. (Posted approx. 1 million dollars for E-commerce sales adjustments and provisions for sales returns accompanying accounting integration) ●U.S. Wacoal's sales in 4Q were at the same level as the previous year on a local currency basis.
	Wacoal Europe Ltd.	-452	- 11.4%	47	+1.4%	-44	- 1.5%	-669	- 17.7%	●Sales declined 15% in Europe on a local currency basis because of the struggles in department stores and the impact of the infection.
	Wacoal China Co., Ltd.	-37	- 1.2%	-129	- 4.2%	-263	- 10.7%	-107	- 3.7%	
	Intersegment transactions, etc. eliminetions	-313	–	-347	–	-453	–	-489	–	
	Wacoal Business (Overseas)	-1,131	- 7.7%	-437	- 3.1%	-246	- 2.2%	-734	- 5.6%	●In China, the sales in 4Q (from Oct. to Dec.) increased 2% on a local currency basis.
	Peach John Business	-120	- 4.4%	116	+4.2%	-143	- 5.6%	136	+5.5%	●Peach John's sales were weak, mainly in the Mail Order Business, in the same period last year. In reaction to this, sales augmented.
	Lecien	-166	- 11.1%	-72	- 4.2%	-58	- 4.0%	-228	- 14.0%	●The number of orders for Lecien dropped for both product and material businesses.
	Nanasai	-607	- 23.5%	234	+9.8%	-3	- 0.2%	-320	- 12.5%	●Nanasai was affected by the recoil from the completion of delivery of the works in the same period last year and a decline in the number of orders from customers.
	Intersegment transactions, etc. eliminetions	41	–	2	–	0	–	-14	–	
	Other Businesses	-732	- 16.4%	164	+3.7%	-61	- 1.6%	-562	- 12.5%	(Reference) The impact of the spread of the infection on sales is estimated to be -¥3 billion.
	Total	-2,060	- 4.2%	1,695	+3.2%	-2,851	- 6.3%	-4,225	- 9.0%	

Quarterly net sales and operating profit trends by business segment are summarized on pages five to six. Please refer to the trends of net sales on page five.

The decrease in the 4Q outpaced the decrease in the Q3, when domestic sales fell sharply, in reaction to the rush in demand prior to the tax hike.

In the Wacoal Business (Domestic), sales declined sharply by JPY3.1 billion, due to the warm winter and the slump in the Wholesale business caused by the spread of the infectious disease. In Europe, too, net sales declined significantly.

Operating Income per Quarter by Business Segment for FY2020 (YoY Increase/Decrease)

		1Q		2Q		3Q		4Q	
		Change	% Change	Change	% Change	Change	% Change	Change	% Change
Operating income	Wholesale Business Div.	62	+1.5%	1,338	+26.3%	-1,522	- 39.1%	-1,581	- 69.6%
	Retail end WEB Business Department	87	+14.6%	292	+68.9%	-148	- 18.4%	-153	- 87.4%
	Others	-533	–	-244	–	-169	–	612	–
	Wacoal	-384	- 22.5%	1,386	+60.7%	-1,839	–	-1,122	–
	Intersegment transactions, etc. eliminetions	271	–	51	–	283	–	811	–
	Wacoal Business (Japan)	-113	- 5.7%	1,437	+48.4%	-1,556		-311	–
	Wacoal International Corp. (U.S.)	-302	- 25.8%	-447	- 61.6%	-432	–	-513	–
	Wacoal Europe Ltd.	-111	- 24.7%	-10	- 2.9%	25	+43.9%	-304	- 54.2%
	Wacoal China Co., Ltd.	-86	- 16.7%	-36	- 10.0%	-48	–	180	–
	Intersegment transactions, etc. eliminetions	16	–	158	–	-206	–	-972	–
	Wacoal Business (Overseas)	-483	- 20.6%	-335	- 22.4%	-661	–	-1,609	–
	Peach John Business	-97	–	11	+8.7%	283	–	5,311	–
	Lecien	26	–	45	–	101	–	-275	–
	Nanasai	-99	- 90.8%	82	+86.3%	-36	–	-11	- 21.2%
	Intersegment transactions, etc. eliminetions	13	–	14	–	-5	–	21	–
	Other Businesses	-60	–	141	–	60	–	-265	
	Total	-753	- 17.1%	1,254	+27.3%	-1,874	- 86.0%	3,126	–

Q4 comments

- ●Gross margin of the Wholesale Business decreased approx. ¥1.7 billion (a reduction in expenses by approx. ¥0.1 billion) as a result of dropped sales.
- ●Profit declined for the Retail and WEB Businesses in 4Q as SG&A expenses augmented.
- ●Despite the efforts to reduce expenses, such as advertising costs and travel expenses, of the whole company following the spread of the infection, Wacoal's operating income fell approx. ¥1.1 billion in 4Q from the previous year.
- ●Changes in consolidation adjustments from the previous term (inventory valuation, retirement benefit expenses, etc.), after posting the impairment charges of Ai in the previous term
- **●Profit of the Wacoal Business (Japan) decreased approx. ¥0.3 billion.**
- ●The operating loss of IO in 4Q was approx. ¥0.6 billion (including depreciation).
- ●In Europe, profit dropped as sales fell and SG&A expenses increased.
- ●In China, the reduction of SG&A expenses due to withdrawal of unprofitable stores contributed to the increase of profit in 4Q (from Oct. to Dec.).
- ●Breakdown of impairment charges of the Thai materials companies (property, plant and equipment of ¥0.76 billion + intangible assets of ¥0.28 billion)
- **●Profit of the Wacoal Business (Overseas) fell approx. ¥1.7 billion.**
- ●Impairment charges (¥0.19 billion) were posted for Peach John on its trademark rights.
- (Profit grew after posting the impairment charges of ¥5.64 billion on intangible assets in the previous term).
- ●Suspension of publication of catalogs and store withdrawals caused Peach John's profit to increase in Japan, but its profit overseas was sluggish.
- ●Lecien posted business restructuring costs for withdrawal of some businesses.

(Reference) A decline of about ¥1.5 billion is expected in the gross profit rate due to the spread of the infection.

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See page six. Operating profit increased in Q4, partly due to the absence of JPY5.6 billion of an impairment loss on intangible assets of PEACH JOHN, which was recorded in the same period of the previous fiscal year. The Wacoal Business (Overseas) reported a decline of JPY1.6 billion, mainly due to an operating loss of approximately JPY600 million of IO, which we acquired, in Q4, and an impairment loss of JPY1 billion on fixed assets of a materials company in Thailand.

(Reference) Net Sales from Jan. to Mar. by Major Corporations for FY2020 (YoY Increase/Decrease)

Sales declined significantly in March.
EC sales increased but failed to make up for the sluggish growth of physical stores.
(See P46 for EC sales ratio by country.)

(Millions of yen)

	Net sales★1					
	Jan.		Feb.		Mar.	
	Change	% Change	Change	% Change	Change	% Change
Wholesale Business Div.	-51	- 1.1%	-162	- 2.8%	-2,544	- 32.7%
Retail Business Div.	67	+3.6%	9	+0.9%	-163	- 11.5%
WEB Business Dept.	54	+9.3%	37	+5.3%	11	+1.8%
* Increase / decrease rate only for in-house EC in WEB business Dept.		+13.7%		+15.4%		+21.1%
Wacoal（★2）	-58	- 0.9%	-133	- 1.8%	-2,280	- 29.2%
Peach John（Japan）	151	+17.5%	125	+20.6%	-119	- 14.1%
Ai	-2	- 1.1%	-14	- 7.5%	-74	- 34.9%
Lecien（Japan）	13	+2.4%	-90	- 14.1%	-120	- 14.8%
Nanasai	-117	- 23.1%	-57	- 7.9%	-345	- 19.0%
Wacoal America, Inc.（★3） (Local Currency Basis USD'000)	982	+9.1%	425	+2.6%	-1,539	- 10.8%
* Among Wacoal America, Inc., the rate of increase/decrease in EC sales including own and other company.		+16.7%		+34.5%		+14.3%
Wacoal Europe Ltd. (Local Currency Basis GBP'000)	-806	- 9.6%	721	+8.8%	-3,955	- 39.9%

★1 The figure before the transfer of internal expenses.Shows year-on-year changes, including internal sales.
★2 In addition to the three businesses listed, the figures include sales of other businesses and eliminations between business divisions.
★3 The figures for Wacoal America only are disclosed. It is not the figures of sales of Wacoal International including Internate Online inc.(LIVELY）.

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See page seven. As a reference material, we have presented the status of major companies from January to

March, although the figures do not reflect the settlement adjustments. Sales declined significantly in March due to the impact of the expansion of COVID-19. The above is the report for Q4.

Executive Summary of FY2020

An extremely tough year due to the slump in personal consumption after the tax hike, mild winter and the spread of the infection

- **Net sales: -¥7.4 billion** <Wacoal Business (Japan): -¥3.7 billion
  Wacoal Business (Overseas): -¥2.5 billion, out of which, foreign currency translation amount is ¥1.8 billion>
- **Operating income in real terms(*): -¥3.6 billion** <Wacoal Business (Domestic): -¥0.5 billion Wacoal Business (Overseas): -¥3.1 billion>
  (*) Impairment charges on goodwill and other intangible assets are excluded in the figures.

Net sales **¥186.8 billion**
[Down ¥7.4 billion (-4%) year on year] [Reached 93% of the plan total and fell short of it by ¥13.2 billion] [Reached 98% of the revised estimate and fell short of it by ¥4.2 billion]

- Sales grew in the Wacoal Retail and Web Businesses (¥1.1 billion) while sales declined in the Wholesale Business significantly (-¥4.1 billion).
- The main wholesale channels remained sluggish through the second half due to prolonged slump in consumption after the tax hike (Wholesale Business: First half: ¥1.4 billion; second half: -¥5.5 billion)
- In the overseas business, the newly-consolidated IO contributed (¥1.3 billion), but sluggish Thai material companies reduced sales.

Operating income **¥6.6 billion**
[Up ¥1.8 billion (36%) year on year] [Reached 60% of the plan total and fell short of it by ¥4.4 billion][Reached 95% of the revised estimate and fell short of it by ¥0.4 billion]
Operating income in real terms excluding impairment charges on goodwill and other intangible assets: ¥7.1 billion
[Down ¥3.6 billion (-34%) year on year] [Reached 65% of the plan total and fell short of it by ¥3.9 billion]

- The U.S.: Down ¥1.7billion: Operating loss of IO: ¥ 1.25 billion; one-time expense related to acquisition: ¥0.2 billion; reduced profit of existing businesses, etc.
- Europe: Down ¥0.4 billion: Profit declined with the enhancement of advertising activities to increase brand recognition and establishment of the in-house EC website.
- Overseas and others: Down ¥1 billion: Posting of ¥0.8 billion of impairment charges on property, plant and equipment of Thai material companies, etc.

Income before taxes **¥4.4 billion**
[Up ¥2.2 billion (98%) year on year] [Reached 36% of the plan total and fell short of it by ¥7.6 billion]
[Reached 46% of the revised estimate and fell short of it by ¥5.1 billion]
*Unrealized valuation gain (loss) on marketable securities and investments is not reflected in the plan total and revised estimate.

- Valuation gain (loss) on marketable securities and investments for the current term: -¥3.8 billion (a loss of ¥5.6 billion in the previous term: Up ¥1.8 billion)
- Increase in retirement benefit expenses (¥1.2 billion)

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Next, see page eight. I would like to explain our performance in the fiscal year ended March 2020. As described on the top, the year under review was a very difficult year. Total net sales amounted to JPY186.8 billion, a decrease of JPY7.4 billion from the previous fiscal year.

In the Wacoal Business (Overseas), sales decreased by JPY2.5 billion, of which JPY1.8 billion was due to the impact of the Japanese yen appreciation. In the Wacoal Business (Domestic), sales decreased by approximately JPY3.7 billion, due to sluggish sales through the main channel of the wholesale business, despite increases in the Directly Managed Store business and the In-House E-commerce business.

Operating profit increased due to the reaction of the impairment loss recorded in the previous fiscal year at PEACH JOHN, but when compared with real figures that do not take impairment loss into account, profit decreased by JPY3.6 billion.

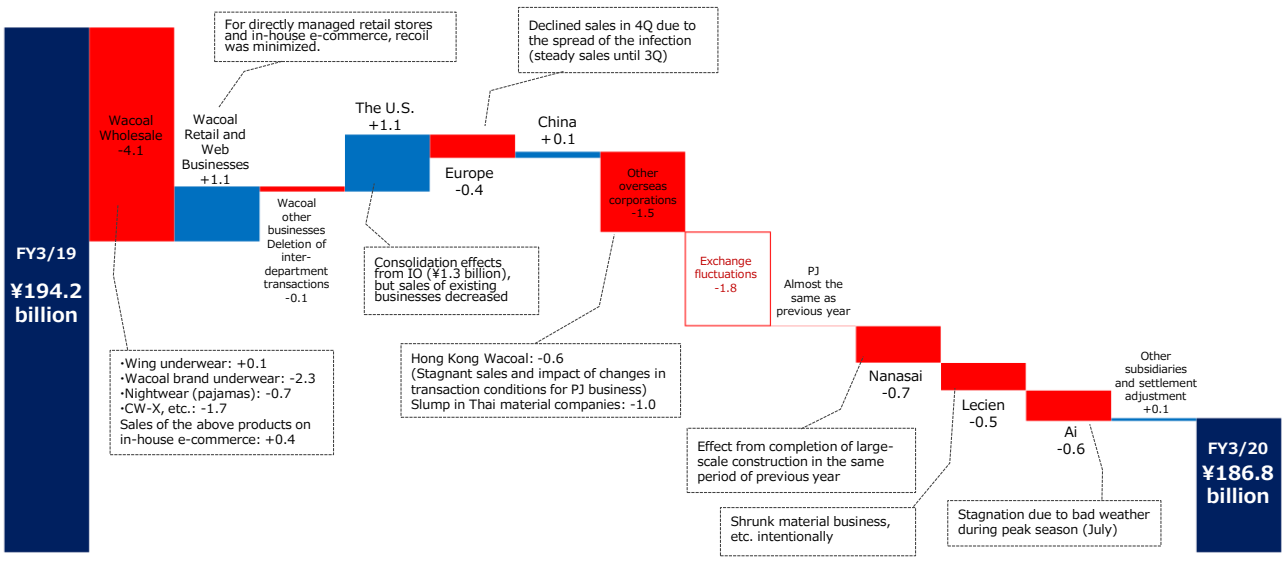
Of this amount, JPY3.1 billion decreased in the Wacoal Business (Overseas), comprising JPY1.7 billion in the United States, JPY400 million in Europe and JPY1 billion in other Asian countries. In the US business, the main factors behind this were the inclusion of operating losses from newly consolidated IO and the recording of acquisition costs. The decrease in other Asian countries was due to impairment loss on fixed assets recorded by a materials company in Thailand.

Income before income taxes doubled from the previous fiscal year to JPY4.4 billion. The Company posted a valuation loss on marketable securities in the fiscal year under review but declined from the amount recorded in the previous fiscal year.

YoY Increase/Decrease in Net Sales for FY2020

➢ **Net Sales: Down approx. ¥7.4 billion**
(About ¥1.8 billion effect from foreign currency translation)

(billion of yen)



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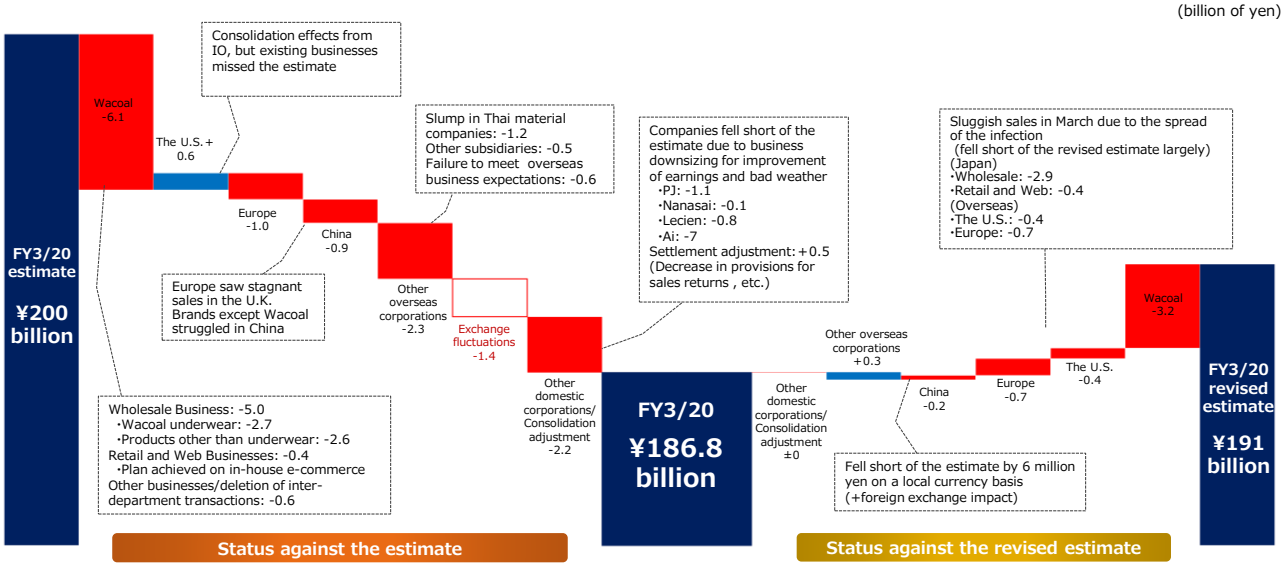
See page nine. I will explain the status of net sales in the fiscal year under review through a waterfall graph. First, Wacoal's Retail, Web, and US businesses made a positive contribution. In the US business, the consolidation effect of the acquired IO, amounting to JPY1.3 billion, also contributed positively.
Red boxes are negative factors. Sales in Wacoal's Wholesale business decreased by JPY4.1 billion. In addition to a decline in orders for warp knitting in the materials companies in Thailand, sales decreased for Nanasai, Lecien, and Ai.

Net Sales Progress for FY2020

➢ **Net Sales: Missed the estimate at ¥13.2 billion** **(About ¥1.5 billion effect from foreign currency translation)**
Missed the revised estimate at ¥4.2 billion

(billion of yen)



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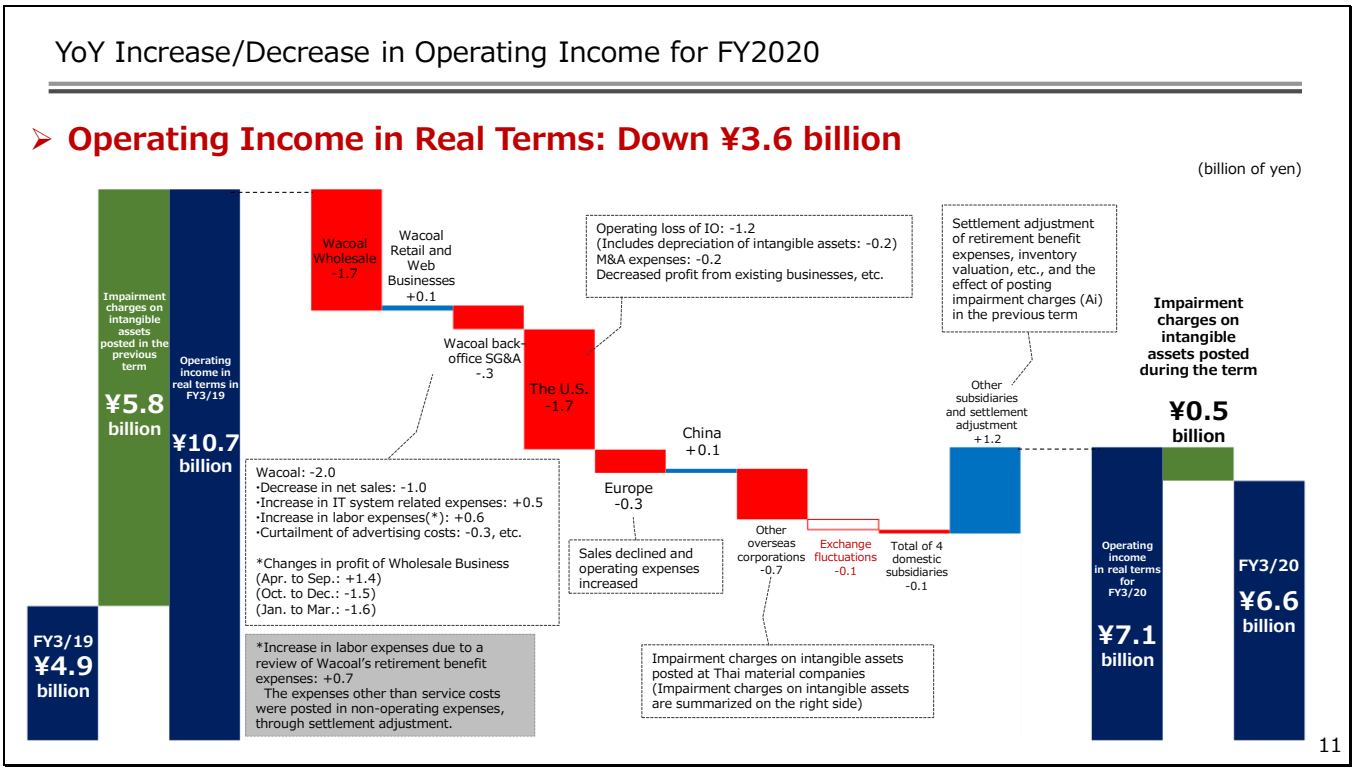
See page 10. The left-hand side shows the difference from the initial plan, and the right-hand side shows the difference from the revised plan announced in January, while the actual figure is shown in the middle. Net sales as a whole fell short of the initial target by JPY13.2 billion. Wacoal's Retail and Web businesses, as well as the US business, to which IO's new consolidation contributed, achieved the target, but others did not.

Compared to the revised plan, the actual results fell short by JPY4.2 billion, as I explained earlier.



See page 11. Real operating profit declined by JPY3.6 billion. The US business posted a decline of JPY1.7 billion, due to the operating loss of IO, the recording of one-time expenses related to the acquisition, and the poor performance of existing businesses.

Wacoal's Wholesale business, which struggled in the second half of the year, also posted a decline of JPY1.7 billion.

At Wacoal, which revised its retirement benefit obligations, personnel expenses increased by approximately JPY700 million, but the effect on consolidated operating profit was slightly more than JPY100 million, due to the reclassification in consolidation adjustments. The settlement adjustment is shown in the blue box on the right-hand side of the table.

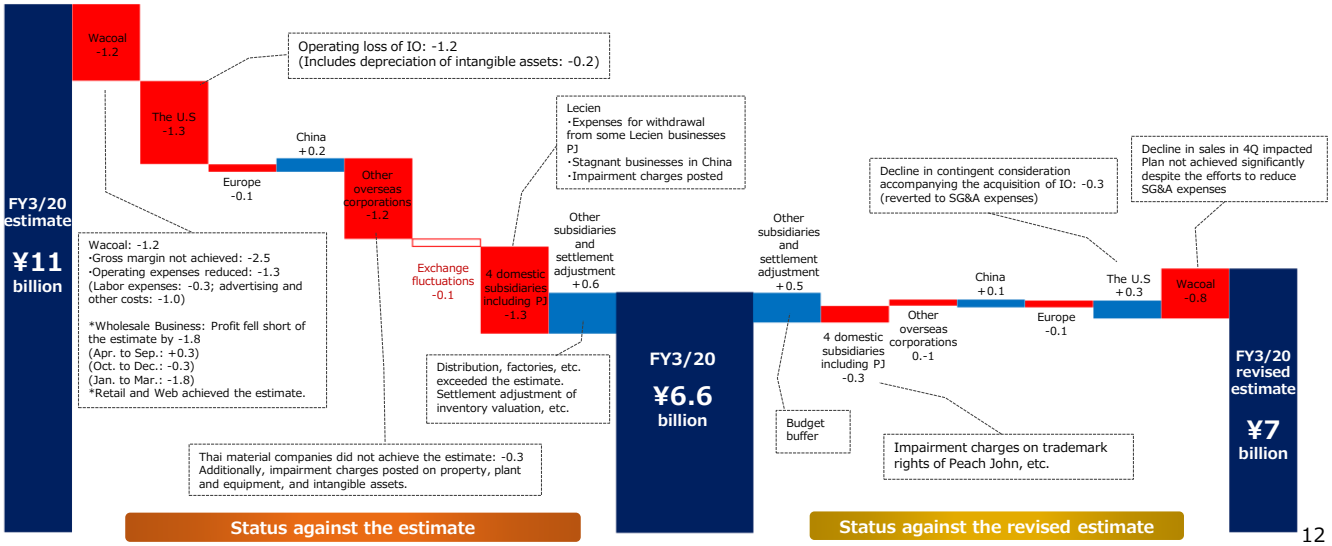
Operating Income Progress for FY2020

➢ **Operating Income: Missed the initial estimate at ¥4.4 billion**

(About ¥0.1 billion effect from foreign currency translation)

(billion of yen)

Missed the revised estimate at ¥0.4 billion



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See page 12. Operating profit fell short of the original target by JPY4.4 billion. While many companies have not reached the target due to falling sales, due to a slump in business, losses from acquisitions, one-time expensed, and impairment losses on fixed assets, Wacoal's Retail, Web, and China businesses were able to achieve their targets.

Consolidated Financial Results Summary for FY2020

(Millions of yen)

	FY2019 results	% Of sales	FY2020 results	% Of sales	FY2020 initial plan (Announced on May 15, 2019)	% Of sales	FY2020 revised plan (Announced on January 31, 2020)	% Of sales	Year on Year Change	Year on Year % Change	Compared to the initial plan Change	Compared to the initial plan % Change	Compared to the revised plan Change	Compared to the revised plan % Change
Consolidated net sales	194,201		186,760		200,000		191,000		-7,441	- 3.8%	-13,240	- 6.6%	-4,240	- 2.2%
Cost of Sales	89,804	46.2	84,959	45.5	92,100	46.1	87,200	45.7	-4,845	- 5.4%	-7,141	- 7.8%	-2,241	- 2.6%
Sales profut	104,397	53.8	101,801	54.5	107,900	54.0	103,800	54.3	-2,596	- 2.5%	-6,099	- 5.7%	-1,999	- 1.9%
S, G&A Expenses	93,684	48.2	94,696	50.7	96,900	48.5	96,800	50.7	1,012	+1.1%	-2,204	- 2.3%	-2,104	- 2.2%
A: Impairment charges on goodwill and other intangible assets	-5,834	–	-473	–					5,361	–	-473	–	-473	–
Operating Income	4,879	2.5	6,632	3.5	11,000	5.5	7,000	3.7	1,753	+35.9%	-4,368	- 39.7%	-368	- 5.3%
Other income (expenses)	2,894	–	1,487	–	1,000	–	1,424	–	-1,407	- 48.6%	487	+48.7%	63	+4.4%
B: Valuation gain (loss) on marketable securities and investments – net	-5,570	–	-3,760	–		–	1,076	–	1,810	–	-3,760	–	-4,836	–
Income before taxes	2,203	1.1	4,359	2.3	12,000	6.0	9,500	5.0	2,156	+97.9%	-7,641	- 63.7%	-5,141	- 54.1%
Net income attributable to Wacoal Holdings Corp.	341	0.2	3,472	1.8	9,000	4.5	6,500	3.4	3,131	–	-5,528	- 61.4%	-3,028	- 46.6%
Reference figure (i): Operating income not taking into account A	10,713	5.5	7,105	3.8	11,000	5.5	7,000	3.7	-3,608	- 33.7%	-3,895	- 35.4%	105	+1.5%
Reference figure (ii): Income before taxes not taking into account A and B	13,607	1.1	8,592	4.6	12,000	6.0	8,424	4.4	-5,015	- 36.9%	-3,408	- 28.4%	168	+2.0%

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Page 13 is a summary of results for the fiscal year under review. The ratio of profit to sales continued to improve.

Consolidated Financial Results Summary by Operation Segment for FY2020

(Millions of yen)

	FY2019 results		FY2020 results		FY2020 initial plan (Announced on May 15, 2019)		FY2020 revised plan (Announced on January 31, 2020)		Year on Year		Compared to the initial plan		Compared to the revised plan	
		ratio		ratio		ratio		ratio	Change	% Change	Change	% Change	Change	% Change
Wacoal Business (Japan)	113,400	58.4	109,709	58.7	116,200	58.1	112,800	59.1	-3,691	- 3.3%	-6,491	- 5.6%	-3,091	- 2.7%
Wacoal Business (Overseas)	53,100	27.3	50,552	27.1	55,500	27.8	51,500	27.0	-2,548	- 4.8%	-4,948	- 8.9%	-948	- 1.8%
Peach John Business	10,491	5.4	10,480	5.6	11,600	5.8	10,400	5.4	-11	- 0.1%	-1,120	- 9.7%	80	+0.8%
Other Businesses	17,210	8.9	16,019	8.6	16,700	8.4	16,300	8.5	-1,191	- 6.9%	-681	- 4.1%	-281	- 1.7%
Consolidated net sales	194,201	100	186,760	100	200,000	100	191,000	100	-7,441	- 3.8%	-13,240	- 6.6%	-4,240	- 2.2%

	FY2019 results		FY2020 results		FY2020 initial plan (Announced on May 15, 2019)		FY2020 revised plan (Announced on January 31, 2020)		Year on Year		Compared to the initial plan		Compared to the revised plan	
		% Of sales		% Of sales		% Of sales		% Of sales	Change	% Change	Change	% Change	Change	% Change
Wacoal Business (Japan)	6,325	5.6	5,782	5.3	6,600	5.7	6,100	5.4	-543	- 8.6%	-818	- 12.4%	-318	- 5.2%
Wacoal Business (Overseas)	4,581	8.6	1,493	3.0	4,000	7.2	1,300	2.5	-3,088	- 67.4%	-2,507	- 62.7%	193	+14.8%
Peach John Business	-5,859	–	-351	–	170	1.5	-270	–	5,508	–	-521	–	-81	–
Other Businesses	-168	–	-292	–	230	1.4	-130	–	-124	–	-522	–	-162	–
Operating income	4,879	2.5	6,632	3.6	11,000	5.5	7,000	3.7	1,753	+35.9%	-4,368	- 39.7%	-368	- 5.3%

Net sales and operating profit by segment are shown on page 14. Beginning on the next page, we will look back on the fiscal year under review by segment.

Report by Operation Segment for FY2020 (1): **Wacoal Business (Japan)**

*Overview of Wacoal is also explained on P37-39 of the reference.

Wholesale Business remained sluggish (CAGR of the last two years: -4%), and the growth of Retail and Web Businesses failed to make up for losses.

Net sales **¥109.7 billion**

[Down ¥3.69 billion (-3.3%) year on year] [Reached 94.4% of the plan total and fell short of it by ¥6.49 billion] [Reached 97.3% of the revised estimate and fell short of it by ¥3.09 billion]

- **Wholesale…Installed 3D systems (6 stores) and completed customer data maintenance but challenges remain for its operation**

Operating income **¥5.78 billion**

[Down ¥0.54 billion (-8.6%) year on year] [Reached 87.6% of the plan total and fell short of it by ¥0.81 billion) [Reached 94.8% of the revised estimate and fell short of it by ¥0.31 billion]

- **The proportion of fixed costs rose as the topline fell. The company started personnel planning and management to control expenses but is still halfway there.**

(Millions of yen)

	FY2020 results	Year on Year		Compared to the initial plan (Announced on May 15, 2019)		Compared to the revised plan (Announced on January 31, 2020)		Full year comment
		Change	% Change	Change	% Change	Change	% Change	
Wholesale Bussines Div.	78,266	-4,080	- 5.0%	-5,034	- 6.0%	-2,930	- 3.6%	■Prolonged sluggishness in sales of major wholesale channels (since Oct.) ■Challenges remain for recovery of products excluding underwear. ■Use of members' data in marketing was optimized in directly managed retail stores and the E-commerce business. -As a result, Wacoal's sales declined 3%. ■The sales of Ai fell due to the impact of unseasonable weather in the summer. ■**The sales of the Wacoal Business (Domestic) dropped 3%.**
Retail end WEB Business Dept.	25,666	1,050	+4.3%	-441	- 1.7%	-399	- 1.5%	
Others	-4,708	-102	–	-628	–	53	–	
Wacoal	99,224	-3,132	- 3.1%	-6,103	- 5.8%	-3,276	- 3.2%	
Intersegment transactions, etc. eliminetions	10,485	-559	- 5.1%	-388	- 3.6%	185	+1.8%	
Net sales	109,709	-3,691	- 3.3%	-6,491	- 5.6%	-3,091	- 2.7%	
Wholesale Bussines Div.	13,646	-1,703	- 11.1%	-1,804	- 11.7%	-1,204	- 8.1%	■Decreased sales in the Wholesale Business caused the profit to drop significantly. ■The plan was achieved for directly managed retail stores and the E-commerce business combined. ■IT expenses related to omni-channel construction increased. (*Wacoal's labor expenses increased approx. ¥0.7 billion due to a review of its retirement benefit expenses. In accordance with accounting policies, approx. ¥0.5 billion of this amount has been reclassified as non-operating expenses through consolidation adjustment.) ■**The operating income of the Wacoal Business (Domestic) fell 9%.**
Retail end WEB Business Dept.	2,075	78	+3.9%	105	+5.3%	-140	- 6.3%	
Others	-12,581	-334	–	539	–	584	–	
Wacoal	3,140	-1,959	- 38.4%	-1,160	- 27.0%	-760	- 19.5%	
Intersegment transactions, etc. eliminetions	2,642	1,416	+115.5%	342	+14.9%	442	+20.1%	
Operating income	5,782	-543	- 8.6%	-818	- 12.4%	-318	- 5.2%	

See page 15. In the Wacoal Business (Domestic), net sales decreased by JPY3.7 billion from the previous fiscal year to JPY109.7 billion. The average growth rate in the Wholesale business over the past two years was minus 4%, which could not be covered by the growth of the Retail business and the Web business.

In the Wholesale business, we introduced new customer service systems, such as the 3D system, and made progress in preparing customer data. However, issues remained in terms of operations. Meanwhile, in the Retail and Web Businesses, we have built a system that enables efficient management of member data.
Operating profit decreased by approximately JPY500 million, to JPY5.8 billion. Fixed costs have remained at a high level due to the decline in the top line, and we will accelerate our cost control efforts.
At the end of this presentation material, we have summarized the details of Wacoal's business conditions as reference materials. Please refer to it.

Report by Operation Segment for FY2020 (2): **Wacoal Business (Overseas)**

*Overview of major corporations is explained on P40-43 of the reference.

Strengthened EC in the U.S. and acquired IO (LIVELY) to reach out to young customers.

Net sales **¥50.6 billion**
[Down ¥2.5 billion (-5%) year on year] [Reached 91.1% of the plan total and fell short of it by ¥4.9 billion] [Reached 98% of the revised estimate and fell short of it by ¥0.9 billion]

- **Department store channels (physical stores) were stagnant mainly in the U.S. and Europe while sales in EC channels, on which the company is focusing, grew in each country (the U.S.: +18%; Europe: +10%; China: +17%)**

Operating income **¥1.5 billion**
[Down ¥3.1 billion (-67%) year on year] [Reached 37% of the plan total and fell short of it by ¥2.5 billion) [Reached 115% of the revised estimate and exceeded it by ¥0.2 billion]

- **Absorption of operating loss of IO, one-time expense related to acquisition, poor performance of Thai material companies, and impairment charges on property, plant and equipment**

(Millions of yen)

	FY2020 results	Year on Year		Compared to the initial plan (Announced on May 15, 2019)		Compared to the revised plan (Announced on January 31, 2020)		Full year comment
		Change	% Change	Change	% Change	Change	% Change	
Wacoal International Corp. (U.S.)	19,194	708	+3.8%	444	+2.4%	-412	- 2.1%	■Up 6% on a local currency basis in the U.S. ■Brand portfolio was expanded with the acquisition of "LIVELY."
Wacoal Europe Ltd.	12,988	-1,118	- 7.9%	-1,667	- 11.4%	-661	- 4.8%	■Down 3% on a local currency basis in Europe ■U.K. business struggled due to slowdown in department store channels: Down 10%
Wacoal China Co., Ltd.	11,081	-536	- 4.6%	-1,426	- 11.4%	-177	- 1.6%	■Up 1% on a local currency basis in China
Intersegment transactions, etc. eliminetions	7,289	-1,602	- 18.0%	-2,299	- 24.0%	302	+4.3%	■Promoted withdrawal from unprofitable department stores ■Down ¥1 billion for two material companies (the number of orders for core products declined) in Thailand
Net Sales	50,552	-2,548	- 4.8%	-4,948	- 8.9%	-948	- 1.8%	■Down ¥0.6 billion for Hong Kong Wacoal (due to sluggish sales caused by political instability and changes in transaction conditions for Peach John)
Wacoal International Corp. (U.S.)	401	-1,694	- 80.9%	-1,266	- 75.9%	275	+218.3%	■Operating loss of IO: ¥1.25 billion ■One-time expense related to the acquisition was ¥0.2 billion.
Wacoal Europe Ltd.	1,007	-400	- 28.4%	-182	- 15.3%	-110	- 9.8%	■Profit declined for existing businesses. ■Labor expenses increased.
Wacoal China Co., Ltd.	923	10	+1.1%	165	+21.8%	126	+15.8%	■Expenses augmented due to advertising activities to increase brand recognition and the renewal of in-house EC website. ■Reduced rents and labor expenses due to the withdrawal from unprofitable stores contributed.
Intersegment transactions, etc. eliminetions	-838	-1,004	–	-1,224	–	-98	–	■Impairment charges on property, plant and equipment, and intangible assets were posted for Thai material companies.
Operating Income	1,493	-3,088	- 67.4%	-2,507	- 62.7%	193	+14.8%	■The operating income of the Wacoal Business (Overseas) decreased 67%.

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See page 16. Net sales in the Wacoal Business (Overseas) decreased by JPY50.6 billion, or excluding the impact of foreign currency exchange, by JPY700 million. Amid a slump in the Department Store business, particularly in Europe and the United States, we expanded our brand portfolio by acquiring IO, which operates LIVELY brands, in order to acquire the Millennial Generation. In addition, the EC business, our core issue, was able to achieve strong growth in each country.
Operating profit decreased significantly due to operating loss of acquired IO, and a slump in the business performance of materials companies and the recording of an impairment loss in Thailand.
IO posted net loss of approximately JPY1.2 billion, which was below the initial plan, due to the impact of lower sales and an increase in selling, general and administrative expenses accompanying an increase in SNS advertising expenses. However, we believe this loss will be a growth investment for the future.

Report by Operation Segment for FY2020 (3): **Peach John and Other Businesses**

*Overview of major corporations is explained on P44-45 of the reference.

Peach John: Domestic sales improved by closing unprofitable stores and suspending publication of catalogs. Challenges remain for business in China.

Net sales **¥10.5 billion**
Almost the same as in the previous fiscal year [Reached 90% of the plan total and fell short of it by ¥1.1 billion][Reached 101% of the revised estimate and exceeded it by ¥0.1 billion]

Operating loss **-¥0.4 billion** [Up ¥5.5 billion year on year] [Fell short of the plan total by ¥0.5 billion] [Fell short of the revised estimate by ¥0.1 billion]

Other: Lecien to withdraw from unprofitable business (product business (OEM orders, etc.) and material business (embroidery thread and lace) to be focused in future)

Net sales **¥16 billion**
[Down ¥1.2 billion (-7%) year on year] [Reached 96% of the plan total and fell short of it by ¥0.7 billion) [Reached 98% of the revised estimate and fell short of it by ¥0.3 billion]

Operating loss **-¥0.3 billion** [Down ¥0.1 billion year on year] [Fell short of the plan total by ¥0.5 billion) [Fell short of the revised estimate by ¥0.2 billion]

(Millions of yen)

		FY2020 results	Year on Year		Compared to the initial plan (Announced on May 15, 2019)		Compared to the revised plan (Announced on January 31, 2020)		Full year comment
			Change	% Change	Change	% Change	Change	% Change	
Peach John Business	Net Sales	10,480	-11	- 0.1%	-1,120	- 9.7%	80	+0.8%	■Suspension of publication of catalogs and withdrawal from unprofitable stores in Japan ■The business in Hong Kong struggled. ■The business in China struggled.
	Operating Income	-351	5,508	–	-521	–	-81	–	■Impairment charges of ¥0.19 billion on trademark rights posted (balance of ¥0.49 billion)
Other	Lecien	5,760	-524	- 8.3%	-768	- 11.8%	-75	- 1.3%	■Sales in the material business dropped while OEM sales exceeded those in the previous term.
	Nanasai	8,717	-697	- 7.4%	-83	- 0.9%	-283	- 3.1%	■Sales decreased due to the recoil from large-scale construction projects in the previous term.
	Intersegment transactions, etc. eliminetions	1,541	29	+1.9%	169	+12.3%	76	+5.2%	
	Net Sales	16,019	-1,191	- 6.9%	-681	- 4.1%	-281	- 1.7%	■Sales of other segments fell 7%
	Lecien	-478	-103	–	-469	–	-10	–	■One-time expense accompanying the withdrawal of some businesses, including apparel, was posted.
	Nanasai	218	-64	- 22.7%	-12	- 5.2%	-37	- 14.5%	■Profit declined as sales fell.
	Intersegment transactions, etc. eliminetions	-32	43	–	-41	–	-115	–	
	Operating Income	-292	-124	–	-522	–	-162	–	■Operating loss was posted for other segments.

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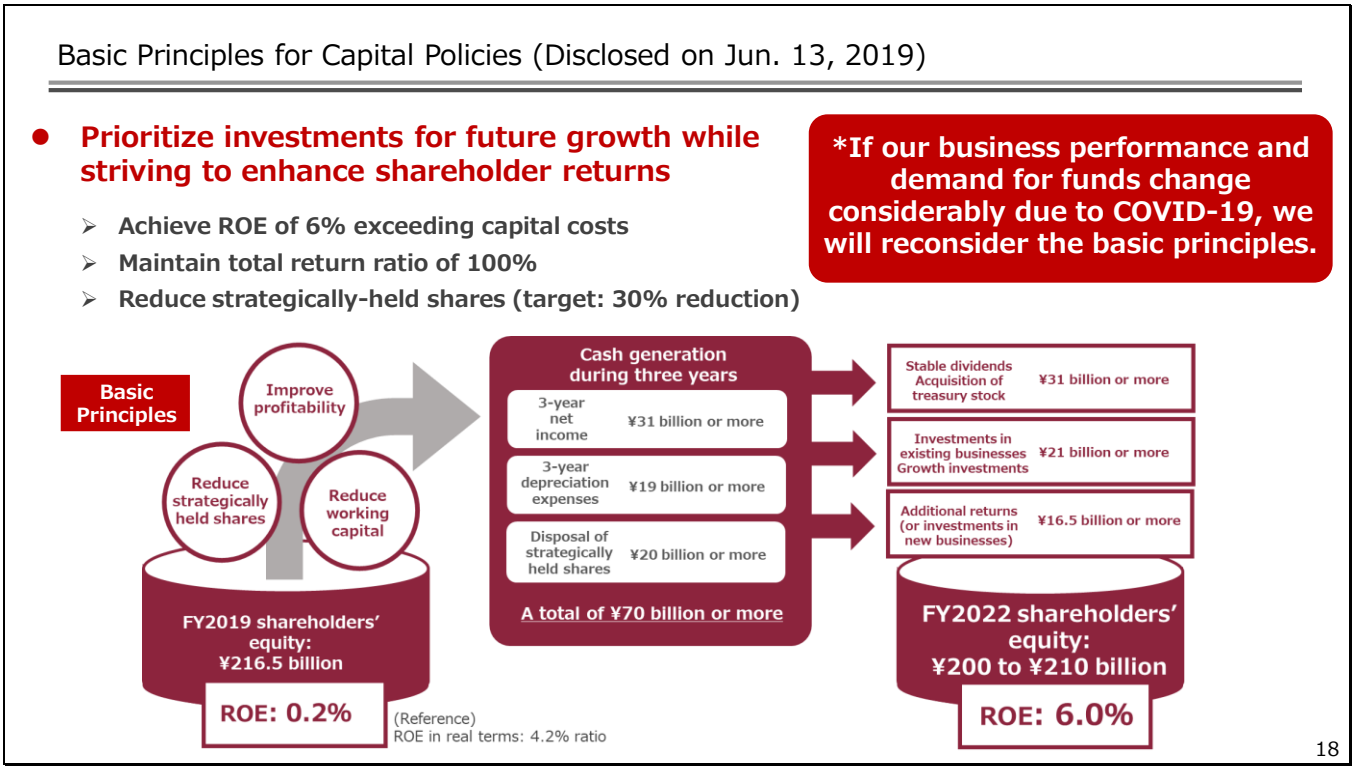
See page 17. In the PEACH JOHN Business, sales were basically unchanged from the previous fiscal year. In order to improve business efficiency, sales in the Mail-Order business decreased, due to the suspension of catalog publishing. However, sales in the Domestic Store business, which conducted withdrawals of some unprofitable stores, increased due to strong sales of regular products and strong sales at discount sales.
As for operating profit, the Chinese business continued to record an operating loss, and an impairment loss of approximately JPY200 million was recorded for trademark rights. As a result, the segment posted an operating loss. In Japan, positive signs have begun to emerge, with an operating profit.
In Other businesses, the Group recorded an operating loss, partly due to the recording of one-time expenses in Lecien, associated with the withdrawal from the Apparel business.



See page 18. This section explains our capital policy and shareholder returns. This statement presents our approach to improving capital efficiency and shareholder returns in our three-year medium-term management plan announced in June.

We plan to generate cash of JPY50 billion over the three-year period and sell strategic shareholdings of JPY20 billion or more. At the same time, we intend to achieve a total return ratio of 100% through expeditious share buybacks and other measures. In addition, we will continue to make investments, and we plan to provide additional returns and make investments thorough funds obtained from the sale of shares. There are no changes to the basic policy at this time, but in the future, we will assess the impact of the spread of infection on business performance and capital demand and will consider reviewing the basic policy if necessary.

Overview of the Financial Measures and Related Issues for FY3/2020

We invested for strengthening e-commerce in the U.S. Total return ratio remained over 100%.

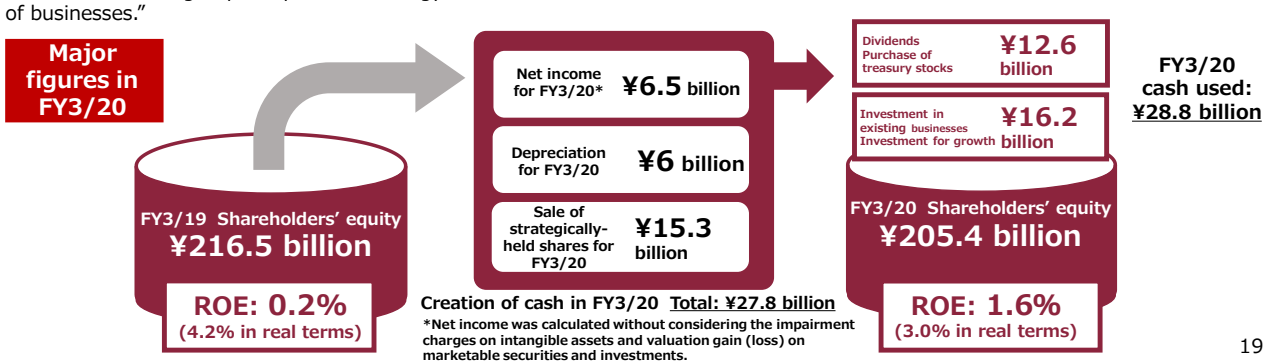
1. Net income in real terms: Down ¥3.1 billion

The "earning capacity" as an enterprise declined.
It is indispensable to regain the "earning capacity."

2. At present, we need to put importance on the stability of our financial base.

Assuming the lingering pandemic, we will take "defensive" measures for a whole.
To raise credit lines of financial institutions, postpone new investments, and reduce remunerations.
The entire Wacoal group will put more energy into "selection and concentration of businesses."

- **Consolidated operating income ratio: 3.6%** (+1.1pt)
  In real terms, excluding impairment charges: 3.8% (-1.7pt)
- **Consolidated ROE: 1.6%** (+1.4pt)
  In real terms, excluding impairment charges and valuation loss: 3.0% (-1.2pt)



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See page 19. The following is a brief overview of our financial policy during the fiscal year under review. Net income, which excludes impairment losses and gain on securities investments, decreased by approximately JPY3.1 billion. It is a fact that profitability is declining, and we recognize this recovery as an absolute issue. Now, however, it is difficult to anticipate the impact of the spread of this infectious disease, so we are placing importance on the stability of our financial base. In the near term, we will shift to a defensive stance, but at the same time, we will further concentrate on and select businesses in order to transform ourselves into a highly profitable company.

The fiscal year ended March 2020 generated net income of JPY6.5 billion, depreciation and amortization of JPY6 billion, and sales of strategic stockholdings of JPY15.3 billion, for a total net generation of approximately JPY28 billion. Meanwhile, in terms of investment, we acquired IO as a growth investment aimed at strengthening EC in the United States. Including IT investment for the establishment of an omni-channel, total investments amounted to JPY16.2 billion.

Regarding shareholder returns, the Company paid cash dividends of JPY4.9 billion, and repurchased shares of JPY7.7 billion, for a total of JPY12.6 billion. As a result of the spread of infectious disease, we announced the discontinuation of share buyback, which we had planned to be conducted by the end of April. However, we maintained the total return ratio of more than 100% per year. For the time being, we will prioritize securing liquidity on hand, but we intend to assess the situation.

Capital Policies and Shareholder Returns

➢ Selling strategically-held shares: ¥13.6 billion (progress rate: 68%)

***Book value as of the end of Mar. 2019 *Actual selling amount: ¥15.3 billion**

(Billions of yen)

		FY2020 4Q results	FY2020 results	Medium-Term Management Plan Period (FY2020-FY2022) plan
Cash generation	Net income attributable to Wacoal Holdings Corp.★	-2.2	6.5	31.0 or more
	depreciation costs	1.6	6.0	19.0 or more
	Sales of strategically-held shares	5.0	15.3	20.0 or more
	total	4.4	27.8	70.0 or more
Used Cash	Growth investment, Capital expenditures	1.9	16.2	68.5 or more ·Dividend/Reasury stock: ¥31billion or more ·Investmen in existing business t/Growth investment: ¥21billion or more ·Additional returns or investment in new business: ¥16.5billion or more
	Dividend payment	0.0	4.9	
	Purchase of treasury stock	2.7	7.7	
	(Number of shares acquired)	(969 thousand shares)	(2,797 thousand shares)	
	total	4.6	28.8	

★Net income was calculated without consideration for valuation gain (loss) on marketable securities and investments.

■Major KPI

Status of sales of strategically-held shares (Wacoal Corp.)	Sale amount	4.4	13.6	20.0
	Progress toward target	22%	68%	
	Number of strategic stocks sold completely	0.2	1.2	

(Billions of yen)

Major investments and investment amount in the FY2020	
detail	amount
The acquisition of IO	9.2
IT-related investment ,etc (wacoal)	3.2
Interior finish work for directly retail stores, etc (wacoal)	0.6
Building renovation, etc (wacoal)	0.5
Domestic Subsidiaries	0.5
Overseas Subsidiaries	2.2
total	16.2

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See page 20. With regard to the sale of strategic shareholdings, we made steady progress and fully sold 12 issues during the full fiscal year. The sales value amounted to JPY13.6 billion as of the end of March 2019, representing a progress rate of approximately 70% against the three-year target of JPY20 billion.

Regarding the Year-End Dividend for the Current Term

Unfortunately, the year-end dividend was revised to 20 yen/share
(including the special dividend of 4 yen/share).

- **The latest dividend forecast: 40 yen/share → 20 yen/share**
- **Combined with the interim dividend of 40 yen/share, the annual total is 60 yen/share.**
- **As it is impossible to predict when the pandemic will end, we prioritize liquidity on hand.**
- **The dividend in the next term is still to be determined.**
  (It will be announced as soon as the disclosure of a reasonable earnings forecast becomes possible.)

	Dividend per share			Total amount of dividends (Millions of yen)	Payout ratio*
	Interim	Year-End	Annual		
FY3/2019	36yen	36yen	72yen	4,732	49.1%
FY3/2020 (initial estimate)	40yen	40yen	80yen	–	–
FY3/2020 (revised)	40yen	20yen	60yen	3,808	58.6%
Revised amount	±0	-20yen	-20yen		
Change from the previous year	+4yen	-16yen	-12yen		

*Payout ratio was calculated from net income in real terms without considering the impairment charges on intangible assets and valuation gain (loss) on marketable securities and investments.

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See page 21. I will explain the year-end dividend for the current fiscal year. Our basic policy is to pay stable dividends while taking into account consolidated results. Nevertheless, the impact of the spread of

infectious disease is enormous and it is impossible to anticipate when it will be over, so, securing liquidity on hand is an urgent issue.
Regrettably, we downwardly revised our most recent dividend forecast of JPY40 per share for the year-end dividend to JPY20 per share. Combined with the interim dividend of JPY40 per share, the annual dividend will be JPY60 per share, a decrease of JPY12 from JPY72 per share for the previous fiscal year.
It is difficult at this time to assess the impact of infectious disease on the Group and reasonably calculate our earnings forecasts, so we have not decided on our consolidated earnings forecasts for the fiscal year ending March 31, 2021 and dividends for the next fiscal year.
We will disclose the forecast as soon as it becomes possible to disclose a reasonable forecast.

Regarding Disclosure in the Future

If there is any event that would entail significant changes, we will disclose it immediately. The employees of our group companies around the world will share a "sense of crisis" and a "passion for the future" to overcome the unprecedented crisis.
We would appreciate your continued support.

[Disclosure policies in the Future]

- The consolidated full year business performance forecast for FY3/21 will be announced as soon as the details become clear.
- If there is any event that would entail a significant impact, we will disclose it immediately.
- The online sessions for briefing the results for 1Q and 3Q will be held.
  (The sessions are, in principle, scheduled to be held in the evening of the date of announcement of financial results.)
- As for monthly information, we will report not only figures, but also our business information briefly.
  (The updating date is around the 15th day of each month in Japan, and around the 25th day of each month outside Japan.)
- Executives will work on IR activities proactively, to deepen engagement with investors.

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See page 22. I will explain our future disclosure policies. The Company will disclose its consolidated earnings forecasts as soon as the details become clear. In addition, we will proactively disclose information in the event of an incident that is expected to have a significant impact on our business performance.
In addition, we will hold financial results briefings in the first and third quarters for the purpose of enhancing understanding of our business conditions. We will also provide more detailed explanations of the status of each Group company in the monthly information disclosed on our website on a monthly basis.
Directors and corporate auditors will also actively engage in IR activities and engage in dialogue with stakeholders.
This year is expected to be an extremely challenging year, but we would like to overcome these difficulties with a healthy sense of crisis among all executives and employees. Thank you very much for your continued support. Thank you for your attention.

For a Fresh Start of Wacoal Group

Hironobu Yasuhara

Wacoal Holdings Corp.
Representative Director, President and Corporate Officer

This is Yasuhara. Thank you for participating in our briefing today.
First, for those who die of COVID-19, I offer my sincere prayers.
I can also imagine that you are working with anxiety in a new environment, such as telecommuting. I think at this time you get tired easily, so please take care of yourself.
Mr. Miyagi has reported on the financial results of the fiscal year ended March 2020. Last year, we launched a new medium-term management plan. Wacoal introduced a customer service system that utilizes 3D body scanners and Artificial Intelligence (AI). Through these and other initiatives, we worked to improve the customer experience through innovation. We also worked to create an environment that enables efficient use of the customer database in order to integrate physical stores and ecommerce.
In our International business, we promoted initiatives aimed at creating growth opportunities and strengthening competitiveness in ecommerce, which is one of our challenges. As part of these initiatives, we acquired LIVELY brand in the United States and made it a wholly owned subsidiary.
Although we have been implementing the measures described above to achieve our goals, the year was extremely challenging due to the prolonged slump in demand following the consumption tax hike, voluntary ban on leaving home due to the spread of the infectious disease, and the resulting decline in the number of customers visiting our stores.
In addition, as described in the materials disclosed on May 15, the prolonged impact of the infectious disease has continued to make the management of the Group extremely difficult globally.
Today, I would like to report on the impact of the infectious disease on our business and explain my understanding of this pandemic and the Wacoal Group's basic policies for a fresh start.

Impact of COVID-19 on Our Business (1)

1. The impact on our business administration is extremely high.

- As a state of emergency was declared around the world, economic activities are significantly stagnant around the world. Due to the suspension of business operations of our stores, restrictions on outings, etc. for preventing the spread of novel coronavirus, our group's business activities suffered significant adverse effects globally. In addition, the downturn of consumer spending, etc. caused by the deterioration of the employment and income environments is estimated to keep producing adverse effects on our sales and profit.

2. Business conditions in each country

(*The EC sales ratio of each major company in FY2020 is written on p.46.)

- The EC channel grew, but sales nosedived in each country, due to the temporary closure of physical stores.
- In-house EC sales in April: +76% for Wacoal; +77% for Peach John; +33% for Wacoal America, Inc.

	Business situation	Mar.		Apr. (Preliminary Report)	
		Net sales	EC sales only	Net sales	EC sales only
Wacoal (Japan)	●After the state-of-emergency declaration (April 7), all department stores and directly managed stores are closed (only some mass retail stores are open). ●Business restarts in some areas after May 11	-29%	Own EC site +21%	-72%	Own EC site +76%
Peach John (Japan)	●After the state-of-emergency declaration (April 7), all directly managed stores are closed ●Business restarts in some areas after May 11	-14%	Own EC site -13%	-19%	Own EC site +77%
Wacoal America, Inc.*	●All stores are closed as of the end of April	-11%	EC+14% (EC sales including own and other company)	-68%	Own EC site +33%
Wacoal Europe Ltd.	●Closed in almost all areas as of the end of April (Some stores in Australia are open)	-40%	Third party EC sites -22%	-74%	Third party EC sites ±0%
Wacoal China Co., Ltd.	●After the city blockade on January 23, it resumed operations by the end of March (There are the limitation of business hours and a ban on activities for attracting customers). ●As of April 20, all stores have resumed business (excluding the two stores scheduled to be renovated).	See P.25 for sales information			

★ The figures for Wacoal America only are disclosed. It is not the figures of sales of Wacoal International including Intemate Online inc.(LIVELY) . (Wacoal International Corp.(U.S.) sales including Intemate Online inc.: -47%)

See page 24. First, I would like to explain the impact of the infectious disease on our business. The first point to note is that the impact of the infectious disease on our business operations is extremely high and has a negative impact.

Economic activities in various countries and regions are being restored as measures against the spread of the infectious disease such as suspension of store operations and restrictions on outings have been gradually lifted. Light signs are starting to appear, but I think it will take a lot of time before we can get back on the days when we could enjoy shopping.

In addition, there are concerns about a slump in consumer spending due to deteriorating employment and income environments. Should the second and third wave of infections occur, there is a risk that consumer spending will stagnate further. The high percentage of our business outside Japan is also a risk in this situation.

As the second point, we described the business conditions of each country. Sales in Japan, the US and Europe declined by about 70% in April. The E-commerce business is performing well, but it is still far from being able to make up for the decline at physical stores.

On the other hand, sales of PEACH JOHN, in which EC business accounts for a large proportion, declined only by about 20%. Also, although is not shown here, the US's LIVELY sales more than doubled from the previous year.

Looking only at this number, some people would point out that shift to EC was delayed, but I do not think so. Considering the scale of sales, physical stores play an important role in inner wear products and are selected by customers as the purchasing channel.

However, this was the first time that we could not operate all our stores globally at the same time, and we could not anticipate this. What will become important in the future is how customers' values and purchasing behaviors will change and how we will respond to them.

Impact of COVID-19 on Our Business (2)

3. Recovery situation in China

- Each city was locked down on Jan. 23, and in mid-Feb., only about 30% (100 stores) were in operation, and the vacation of the Chinese New Year was extended. As a result, sales declined by 80%.
- In March, the operation of some stores was resumed, but due to the limitation of business hours and a ban on activities for attracting customers, customer traffic was sluggish, and sales declined by 50%.
- In April, all shops were reopened, and sales at stores resumed to about 70%.

	Jan.	Feb.	Mar.	1Q	Apr. (Preliminary Report)
	Net sales	Net sales	Net sales	Net sales	Net sales
In stores	+1%	-94%	-66%	-51%	-32%
Third party EC sites	-6%	+29%	+19%	+15%	-56%*
Other	-32%	-69%	-52%	-50%	–
Wacoal China Co., Ltd. Total	-4%	-81%	-48%	-42%	-37%

*EC sales in Wacoal China in April 2019 increased significantly (+ 182%) due to promotion measures by EC mall operators. Sales fell in April 2020 due to the reaction.

- **In the case in China, it took several months to recover from the pandemic, but the degree of recovery is resumed to about 70%.**
- **For the period from Sep. to Dec. in Japan, it is necessary to take into account the impact of the consumption tax hike in the previous term (the rush demand and the recoil from it).**

Move on to page 25. This is a summary of sales in China from January to April. I would like to use China as an example to infer how Japan, Europe, and the United States are heading toward recovery in the future.
In China, cities were blocked on January 23, and only about 30% of the stores, or only 100 stores, were able to operate in mid-February. In addition, the Chinese New Year was prolonged. As a result, net sales in February declined by 80%.
In March, the shops gradually resumed business, but net sales declined by about 50%, due in part to limited business hours and a ban on activities for attracting customers. In April, we resumed sales at all of our stores, and our store-based net sales resumed to about 70%.
Looking at China as a precedent, it will take several months from the spread of the infectious disease to the commencement of store operations, but net sales is still at about 70%. Therefore, we expect sales in other regions to recover to about 70% from Q2 onward at the earliest.
In Japan, we anticipate a further decline due to last year's rush demand prior to the consumption tax hike. I expect various recovery stories to be envisioned, but here is why we are drawing very harsh scenarios.

Impact of COVID-19 on Our Business (3)

4. The distribution channel, consumer value, and buying behavior changed rapidly.

- **It is essential to discern "irreversible changes" and "temporary effects." A hypothesis is formulated, but a hasty judgment is risky.**

■Business environment as of the release of the Medium-Term Management Plan in Jun. 2019 (change and trend of consumption behavior)

	■Trend of the distribution channel	■Change of consumers	■Technological innovation	■Trends in the industry and the industrial structure
1 year ago	・Downturn of department stores/ GMS and supermarkets ・Rapid growth of EC and global SPAs	・Increase of women flourishing in society ・Outfits becoming casual ・Money-saving trend	・Acceleration of digitization for consumption ・Society where residents are directly connected to one another	・It's difficult to secure sales staff ・Decrease of high-quality manufacturers
Present	Decline of existing distribution channels, and acceleration of shift to EC. How the roles of stores will change is still unknown.	Telecommuting became one of workstyles. Outfits became casual. On the other hand, there remains the money-saving trend.	Enterprises that cannot carry out digital transformation will not survive. Customer-oriented reform for the digitized society is important.	・Downturn of the middle/high-class apparel market, and acceleration of the survival of the fittest in the industry ・New country risk (materials)

5. A sense of crisis has emerged within the Wacoal Group.

- **Will the strengths and values we have cultivated so far be used in new lifestyles?**
  - "Whether our close customer relations will be accepted"
  - "Whether we will be able to provide customers with products and services they want in new lifestyles in the future"
  - "Whether conventional business models can tolerate the reform of the sales channel"

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See page 26. As I mentioned a little before, the most significant impact of the infectious disease is the rapid changes in distribution channels, consumer value, and buying behavior. At present, it is difficult to judge how these changes and where they will head over to.

It is important to calmly assess whether the changes in the future are irreversible or temporary. Many assumptions are being made within the Company, but we are not able to make a rush to judgment. While there will be no change in the direction that should be taken, such as the promotion of digital reforms and the emphasis on consumer-oriented business, we would like to calmly assess changes in consumer values and distribution.

In the medium-term management plan announced in June last year, we explained the business environment surrounding us. In just one year since then, the world has changed so much.

We were able to discover the problem that suppliers for some materials were concentrated in China and realized that all our value chains need to be inspected.

One of my straightforward perceptions is that this pandemic has pushed the clock forward. Second, it made the issues that were not visible. And the third thing is that it led us into the situation where there is no time to lose.

The impact of the infectious disease is not just negative. A sense of crisis has emerged within the Wacoal Group. Will the strengths and values we have cultivated so far be used in new lifestyles, or will our close customer relations be accepted in the future? These various senses of urgency will be the driving force behind the creation of new services.

Recently, one of our employees was selected as the Woman Leaders in AI of IBM. One of the 35 people selected worldwide. This system recognizes women who have made use of AI technology and contributed to business innovation. She questioned the conventional way to serve customers and developed an automated measurement service. In this way, I am convinced that employees who make use of the evolving

digital technologies and create new services will continue to emerge in the future.
This is the impact of COVID-19 on us.

Our Policy for Coping with the Spread of COVID-19

[Basic policy]

Give top priority to the "health and safety" of customers, employees, and business partners.

(*We recognize that the balance between maintaining such services as trial fitting and consideration of health and safety is especially important.)

[Short-term policy]

Thoroughly reduce costs and ensure the stability of the Company's financial base with the deteriorating business conditions in mind

1. Carry out a bold review of the measures and expenditure plans that have been implemented so far across all business domains
2. Strengthen liquidity on hand in preparation for the prolongation of the infectious disease
3. Adjust production for avoiding excess inventory caused by a decline in sales

[Medium- to long-term policies]

Thoroughly inspect the value chain and implement reforms: A turning point toward a highly profitable management structure

1. Review the current cost structure (Promote initiatives to reduce fixed costs)
2. Accelerate our digital transformation efforts both in Japan and overseas
3. Review and reorganize touch points with customers (to respond to the changes in major channels)
4. Develop products and services that customers expect in new lifestyles, and strengthen our ability to respond to new customer needs and sales styles

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See page 27. Now, I would like to explain how we will put in place a path toward renewed growth. Three policies were established on a time scale.
First, the basic policy is to give top priority to the health and safety of our customers, employees and business partners. While it is natural that we will take measures to prevent infectious diseases based on instructions from governments in each country, as emergency declarations are gradually being lifted, efforts for health and safety are moving on to the next stage.
We have been offering such services as trial fitting in proximity to our customers, but the balance between maintaining these services and giving consideration to the health and safety of our employees and customers is an important issue. I think various cases will emerge in the future, but we would like to deal with them in a careful manner.
Next, our short-term policy is to thoroughly reduce costs and ensure the stability of the Company's financial base with the deteriorating business conditions in mind. Three items are organized here and will be explained later.
Finally, our medium- to long-term policy is the thorough inspection of the value chain and the implementation of reforms. We must make this pandemic a turning point toward a highly profitable management structure. The four items are summarized here. I will explain after this. I would like to put in place a path toward renewed growth based on the above three policies.

[Short-term policy]

Thoroughly Reduce Costs and Ensure the Stability of the Company's Financial Base with the Rapidly Deteriorating Business Conditions in Mind

1. Carry out a bold review of the measures and expenditure plans that have been implemented so far across all business domains

- Reduce advertising costs, etc. through the review of marketing activities
- Cancel events, such as exhibitions, promote an in-depth work style reform, and reduce expenses for business trips, etc.
- Reduction in executive remuneration (Monthly remunerations: Down 30% for the chairperson and the president; down 20% for other directors and auditors)
- Review the timing of new investments

2. Strengthen liquidity on hand in preparation for the prolongation of the infectious disease

- Expand the borrowing facilities from financial institutions for securing liquidity on hand for each group company
- Reexamine our future cash level based on the lessons learned from this situation

	FY2016	FY2017	FY2018	FY2019	FY2020
Cash and cash equivalents	34,059	33,995	29,487	30,133	27,905
Time deposits	2,131	2,722	4,296	4,004	797
Marketable securities	1,880	1,457	1,567	446	656
Liquidity on hand	38,070	38,174	35,350	34,583	29,358
Ratio of liquidity on hand	2.25	2.34	2.17	2.14	1.89

examaine

New KPI

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See page 28. This section explains the short-term policy by each of the items listed.

First, as is obvious, we will carry out a bold review of the measures and expenditure plans that have been implemented so far across all business domains. We will review our existing business activities on a zero basis, reduce advertising and other costs, promote an in-depth work style reform, and reduce business trips. We will also review the timing of new investments. In addition, we have already resolved and announced a reduction in executive remuneration.

In addition, in preparation for the prolongation of the infectious disease, we will strive to strengthen liquidity on hand. The Group has already expanded its borrowing facilities from financial institutions and is working to secure liquidity on hand for Group companies. In addition, based on the lessons learned from this situation, we have decided to reexamine our future cash level.

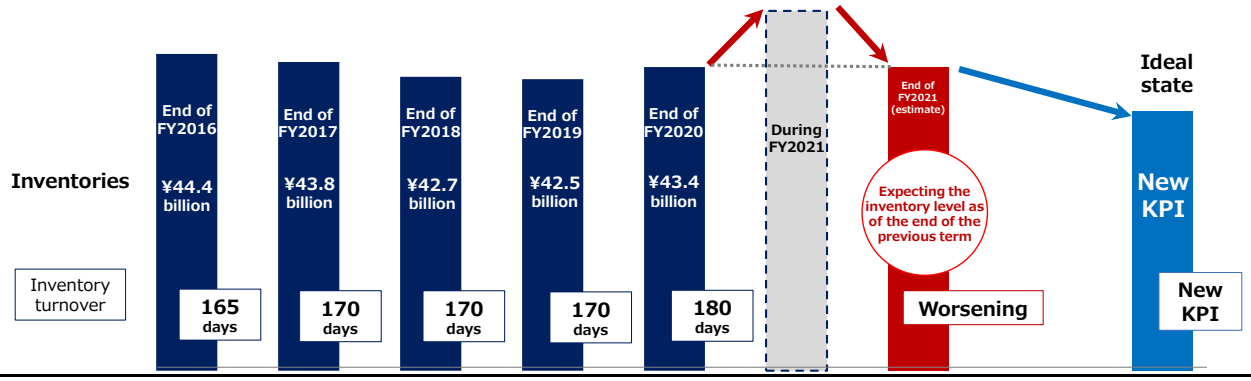
The slide summarizes the liquidity on hand and the liquidity ratio over the past few years. Until recently, we had secured liquidity by doubling the average liquidity ratio. However, considering the current situation, we will consider setting a new liquidity ratio in the future.

[Short-term policy]

Thoroughly Reduce Costs and Ensure the Stability of the Company's Financial Base with the Rapidly Deteriorating Business Conditions in Mind

3. Adjust production for avoiding excess inventory caused by a decline in sales (Tightening of management of working capital)

- Due to the sluggish sales caused by COVID-19, stocks became excessive temporarily, we plan to reduce inventory levels to the level at the end of the previous fiscal year by adjusting the production of Autumn/Winter products and the next Spring/Summer products (*In the Wacoal Business (Domestic), we have ordered a 20% decrease in production output.)
- The inventory amount has been decreasing in the past few years, but inventory turnover became the longest in history, due to the decline in the top line. (*During the reconsideration of mid/long-term strategies, the ideal inventory level (KPI) and achievement processes were discussed.)



See page 29. The third issue in our short-term policy is to avoid excess inventory caused by a decline in sales. We assume that inventories will temporarily become excessive due to sluggish sales caused by the infectious disease. However, we plan to reduce inventory levels to the level at the end of the previous fiscal year by adjusting the production of Autumn/Winter products and the next Spring/Summer products at all our subsidiaries.

In recent years, we have worked to reduce inventories. However, as a result of the decline in the top line, inventory turnover at the end of the previous fiscal year increased to a record high of about 180 days. In the medium-to long-term policies that I will explain later, we will also consider the ideal level of inventory and establish KPIs and achievement processes.

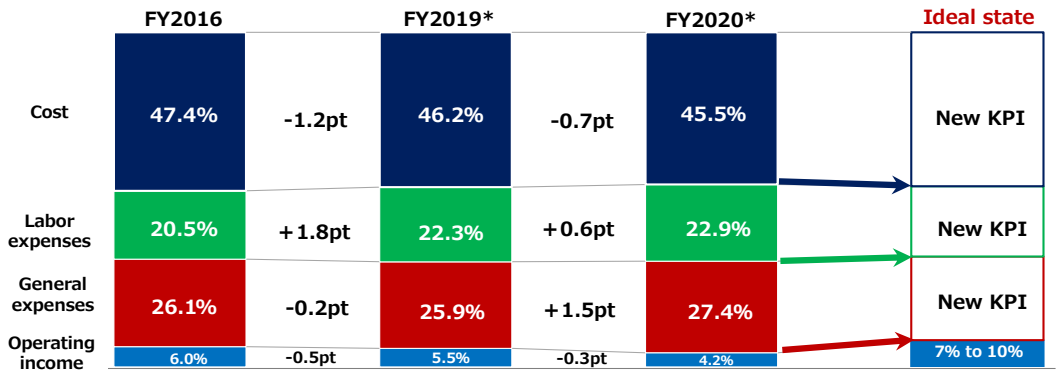
[Medium- to long-term policies]

Thoroughly Inspect the Value Chain and Implement Reforms:
A Turning Point Toward a Highly Profitable Management Structure

1. Review the current cost structure (Promote initiatives to reduce fixed costs)

- Check and review business models while considering ideal fixed costs in each company (lowering of the break-even point ratio)
- Estimate future demand in all businesses, and conduct "business selection and concentration" further

  Make it clear "what we stop," "what we start for the future," and "for what we revise the course while we continue it."
- Implement further staffing plan management
- Set the ideal state (KPI) of the cost structure and discuss achievement processes



*Calculated after removing impairment charges on intangible assets

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See page 30. Next, I will explain our medium- to long-term policies.

The first is a review of the cost structure. In other words, we will promote initiatives to reduce fixed costs. With the drop in the top line in the last few years, our Group's expense level has risen to a very high point, exceeding 50% in the year ended March 2020.

Reviewing the cost structure is an urgent issue, and we will examine how the cost structure can be suited to the business. At the same time, we will identify future demand in all our businesses, and make it clear what we stop, what we start for the future, and for what we revise the course while we continue it. We will also discuss the ideal form of the cost structure and work to restore profitability by establishing KPIs and achievement processes.

[Medium- to long-term policies]
Thoroughly Inspect the Value Chain and Implement Reforms:
A Turning Point Toward a Highly Profitable Management Structure

2. Accelerate our digital transformation (DX) efforts both in Japan and overseas (Utilization of the customer database, cementing of cooperation between stores and EC, and improvement in customer experience (CX))

[Japan]

Keep enhancing omni-channel strategies for constructing "deep, broad, and long" relationships with customers (To discern changes in purchase behavior and correct courses if necessary)

- **Check all business thoroughly for offering customer experience-oriented services and value**
- Promote the collaboration and fusion (mutual introduction of customers) between physical stores and e-commerce
- Establish efficient operation methods for customer databases in all businesses (to reel in active customers in a strategic manner)
- **Revise the course of operation of customer service systems using 3D systems and Artificial Intelligence to respond to new lifestyles**

[Overseas]

Keep improving the EC business. Check each business thoroughly, under the "customer-experience-based ideas" like in Japan

- **For Asian corporations for which the shift to EC has not progressed other than the companies in the U.S., China, and Europe, we will establish a platform at an accelerated pace.**
  (*Since the shift to EC had not progressed at all, they suffered significant damage from the pandemic.)
- Acceleration of growth of the EC business according to the circumstances of each region.
  -Acceleration of growth of LIVELY -Cooperation with e-commerce operators in China, etc.

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See page 31. We have described initiatives that we will continue to strengthen. We will accelerate our digital transformation efforts both in Japan and overseas to deepen our relationships with customers and improve the efficiency of our business operations.

First, in Japan, we will continue to strengthen our omni-channel strategy based on the keywords of "deep, broad, and long." While we will carefully assess changes in purchasing behavior and revise our course as needed, we recognize that digital reform is essential for growth.

We will provide services and value tailored to changes in customers and achieve renewed growth by promoting collaboration and fusion between physical stores and ecommerce, establishing efficient operation methods for customer databases, and revising the course of operation of customer service systems using 3D systems and Artificial Intelligence to respond to new lifestyles.

Overseas too, as in Japan, we will thoroughly inspect each business and strengthen our EC business based on customer-experience-based ideas.

[Medium- to long-term policies]

Thoroughly Inspect the Value Chain and Implement Reforms:
A Turning Point Toward a Highly Profitable Management Structure

3. Review and reorganize touch points with customers (to respond to the changes in major channels) -Check and review management systems for revenue-focused store operation

[Japan]

Consider responses in anticipation of a business model conversion of department stores (switch to Self-Operated (Building Lease) business)

- The goal is revenue-focused store operation. It is essential to realize efficient staffing and management of store profits and losses.
- Discuss the balance among the businesses of wholesale, self-operation (building lease), directly managed stores, and in-house EC
  <Set the ideal state (KPI) and discuss achievement processes >

[Overseas]

Improve EC (covering the negative factors of off-line business with improved EC), and promote the cultivation of countries or regions where business scale is small

- Physical stores in not only the U.S. and the U.K., but also other regions will fall into dire straits.
  <Set the ideal state (KPI) and discuss processes for achieving it>

4. Develop products and services that customers expect in new lifestyles, and strengthen our ability to respond to new customer needs and sales styles

- Review the brand portfolios and reconfigure our product mix according to the new values
- Discuss new customer service methods and conduct test marketing (such as live commerce and chat consulting)
- Carefully watch where the value judgment of "beauty" of women around the world goes, and determine the direction

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See page 32. The third medium- to long-term initiative is to review and reorganize touch points with customers.

First, in Japan, we will consider responses in anticipation of a business model conversion of department stores, which are in an ongoing slump. One option is to switch from Wholesale business to Self-Operated business, the so-called Building Lease business. But what is important is how to build a store management system that emphasizes profitability, including efficient staffing and management of store profits and losses. In addition, we will simulate the future and set KPIs and achievement processes for the balance between sales and profits in the Wholesale, Building Lease, Directly Managed Stores, and In-House E-commerce businesses.

The fourth medium- to long-term policy is to develop products and services that customers expect in new lifestyles, and to strengthen our ability to respond to new customer needs and sales styles.

As customer values change, distribution channels may change significantly. In addition, there is a possibility that falling incomes will further reduce the acceptability of prices. We will review the brand portfolios we are developing in each country once again and reconfigure our product mix according to the new values. In addition, we will consider new customer service methods in place of close customer service styles and conduct test marketing.

In any event, what matters is where the value judgment of the beauty of women around the world goes through the experience of the pandemic. We will watch carefully and determine the direction calmly.

Schedule (Provisional)

In the spring of 2021, we plan to hold a session for explaining concrete measures for our mid/long-term policy against COVID-19 and the vision for the final year of the Medium-Term Management Plan.

	Basic policy	Activities in 2020
Short-term policy	1 Carry out a bold review of the measures and expenditure plans that have been implemented so far	● Cost reduction is underway. ●Production adjustment will start with products to be sold in the fall/winter season.
	2 Strengthen liquidity on hand in preparation for the prolongation of the infectious disease	
	3 Adjust production for avoiding excess inventory caused by a decline in sales	
Medium- to long-term policies	1 Review the current cost structure (Promote initiatives to reduce fixed costs)	●Share the awareness of the environment. ●Discern the future after changes carefully, and set a hypothesis to solve problems. ●Predict demand in a calm manner, and determine "what we continue" and "what we stop." ●Test the hypothesis regarding the change in customers' value. ●Determine our ideal state, KPI, and achievement processes.
	2 Accelerate our digital transformation (DX) efforts both in Japan and overseas	
	3 Review and reorganize touch points with customers	
	4 Develop products and services that customers expect in new lifestyles, and strengthen our ability to respond to new customer needs and sales styles	

Schedule from now on	
31 July 2020	Session for announcing and briefing the results for FY2021 1Q Disclosure of the full-year earnings forecast for FY2021 *We will hold an online briefing session.
30 October 2020	Session for announcing the results for FY2021 2Q
4 November 2020	Session for briefing the results for FY2021 2Q
29 January 2021	Session for announcing and briefing the results for FY2021 3Q *We will hold an online briefing session.

33

Go to page 33. I explained our new policies, which factored in the impact of the infectious disease. Because this infection has occurred worldwide, the changes that occur in pos-COVID-19 period are expected to vary from country to country and from region to region. We will predict a situation after the changes and make various hypotheses for renewed growth, but we recognize that it will take some time to determine whether they will be effective in behavioral patterns and consumption activities after the pandemic. There is no scenario of immediately returning to the original state after the store has started operations, so we will decide the direction that we should take by calmly judging the situation after the changes.

At the same time, we will pursue business selection and concentration without waiting for the establishment of a high-profit structure. In the previous fiscal year, we implemented a variety of measures to improve profitability, but we do not know whether the results will be achieved in the post-COVID-19 world. We will monitor the achievements we have made so far and take new measures as necessary.

In order to transform ourselves into a highly profitable Wacoal Group by taking advantage of this pandemic, it may be necessary to make strict decisions, but we will implement these decisions with determination. Details of the medium-to long-term policy announced today will be reported at financial results briefings and other occasions. We would also like to inform you of the regrowth story, including the KPI and the process, by around the Spring of 2021.

Lastly

Evolve into a company that is even more needed and trusted by society

"Lighting up for encouragement," which illuminates Wacoal Shin-Kyoto Bldg.
(Hachijo Exit of Kyoto Station) (From May 1)

Page 34 is the last slide. I am confident that I can survive this difficult situation as I have experienced SARS in China. It is important that all Group employees worldwide share a sense of crisis and thought about the future. All of us must work hard together to build a relationship of mutual trust with all our stakeholders. We are prepared for a very challenging year, but after we overcome our difficulties, we will evolve into a company that is even more needed and trusted by society. I would like to ask for your continued support. Thank you very much for your attention.

Reference

Financial Results by Major Corporations for FY2020

(Millions of yen)

		Net Sales										Operating Income									
		FY2019 results	FY2020 results	FY2020 target		Year on Year		Compared to the initial plan		Compared to the revised plan		FY2019 results	FY2020 results	FY2020 target		Year on Year		Compared to the initial plan		Compared to the revised plan	
				FY2020 initial plan	FY2020 revised paln	Change	% Change	Change	% Change	Change	% Change			FY2020 initial plan	FY2020 revised paln	Change	% Change	Change	% Change	Change	% Change
Wacoal Business (Japan)	Wacoal	102,356	99,224	105,327	102,500	-3,132	- 3.1%	-6,103	- 5.8%	-3,276	- 3.2%	5,099	3,140	4,300	3,900	-1,959	- 38.4%	-1,160	- 27.0%	-760	- 19.5%
	Ai	4,181	3,597	4,290	3,750	-584	- 14.0%	-693	- 16.2%	-153	- 4.1%	-321	-269	53	-141	52	–	-322	–	-128	–
Wacoal Business (Overseas)	Wacoal International Corp. (U.S.)	18,486	19,194	18,750	19,606	708	+3.8%	444	+2.4%	-412	- 2.1%	2,095	401	1,667	126	-1,694	- 80.9%	-1,266	- 75.9%	275	+218.3%
	Wacoal Europe Ltd.	14,106	12,988	14,655	13,649	-1,118	- 7.9%	-1,667	- 11.4%	-661	- 4.8%	1,407	1,007	1,189	1,117	-400	- 28.4%	-182	- 15.3%	-110	- 9.8%
	Wacoal China Co., Ltd.	11,617	11,081	12,507	11,258	-536	- 4.6%	-1,426	- 11.4%	-177	- 1.6%	913	923	758	797	10	+1.1%	165	+21.8%	126	+15.8%
Peach John Business	Peach John	10,491	10,480	11,600	10,400	-11	- 0.1%	-1,120	- 9.7%	80	+0.8%	-220	-160	170	-270	60	–	-330	–	110	–
Other Businesses	Lecien	6,284	5,760	6,528	5,835	-524	- 8.3%	-768	- 11.8%	-75	- 1.3%	-375	-478	-9	-468	-103	–	-469	–	-10	–
	Nanasai	9,414	8,717	8,800	9,000	-697	- 7.4%	-83	- 0.9%	-283	- 3.1%	282	218	230	255	-64	- 22.7%	-12	- 5.2%	-37	- 14.5%
Major Overseas Subsidiaries ((Local Currency Basis)																					
	Wacoal International Corp. (U.S.)	166,679	176,508	170,465	180,421	9,829	+5.9%	6,043	+3.5%	-3,913	- 2.2%	18,900	3,694	15,150	1,167	-15,206	- 80.5%	-11,456	- 75.6%	2,527	+216.5% (USD'000)
	Wacoal Europe Ltd.	96,826	93,954	101,062	99,509	-2,872	- 3.0%	-7,108	- 7.0%	-5,555	- 5.6%	9,663	7,290	8,198	8,105	-2,373	- 24.6%	-908	- 11.1%	-815	- 10.1% (GBP'000)
	Wacoal China Co., Ltd.	694,776	702,223	758,000	708,066	7,447	+1.1%	-55,777	- 7.4%	-5,843	- 0.8%	54,594	58,468	45,900	50,114	3,874	+7.1%	12,568	+27.4%	8,354	+16.7% (CNY'000)

Overview of Wacoal for FY2020 (1) <Net Sales and Operating Income of Major Business Segments>

Sales increased in the Retail and Web Businesses that actively utilized customer data. Challenges remain for the Wholesale Business regarding 3D and customer data utilization

Net sales **¥99.2 billion**

[Down ¥3.1 billion (-3%) year on year] [Reached 94% of the plan total and fell short of it by ¥6.1 billion) [Reached 97% of the revised estimate and fell short of it by ¥3.3 billion]

- Sales remained sluggish in the Wholesale Business (FY2019: -¥2.7 billion from the previous term; FY2020: -¥4.1 billion from the previous term) CAGR over the last two years: -4%
- Sales were steady in the Retail and Web Businesses (FY2019: +¥0.2 billion from the previous term; FY2020: +¥1 billion from the previous term) CAGR over the last two years+2.5%

Operating income **¥3.1 billion**

[Down ¥2 billion (-38%) year on year] [Reached 73% of the plan total and fell short of it by ¥1.2 billion) [Reached 80% of the revised estimate and fell short of it by ¥0.8 billion]

- Gross profit rate continued to improve (Wholesale Business and Retail Business improved 0.1 points and 0.4 points, respectively)
- SG&A ratio rose to 53% as labor expenses grew due to a review in retirement benefit expenses. (*before consolidation adjustment) (up 2.5 points from the previous term)
  (*SG&A ratio is calculated against sales, including internal sales.)

(Millions of yen)

	FY2020 results	Year on Year		Compared to the initial plan		Compared to the revised plan	
		Change	% Change	Change	% Change	Change	% Change
Wholesale Business Div.	78,266	-4,080	- 5.0%	-5,034	- 6.0%	-2,930	- 3.6%
Retail end WEB Business Department	25,666	1,050	+4.3%	-441	- 1.7%	-399	- 1.5%
Others	-2,985	-13	+0.4%	-78	+2.7%	-24	+0.8%
Net sales total (Including internal sales)	100,946	-3,043	- 2.9%	-5,554	- 5.2%	-3,354	- 3.2%
Net sales total (External customers only)	99,224	-3,132	- 3.1%	-6,103	- 5.8%	-3,276	- 3.2%
Wholesale Business Div.	13,646	-1,703	- 11.1%	-1,804	- 11.7%	-1,204	- 8.1%
Retail end WEB Business Department	2,075	78	+3.9%	105	+5.3%	-140	- 6.3%
Others(Intersegment transactions,etc.)	-12,481	-234	+1.9%	1,619	- 11.5%	684	- 5.2%
Wacoal Operating income	3,140	-1,959	- 38.4%	-180	- 5.4%	-760	- 19.5%

Overview of Wacoal for FY2020 (2) <Wholesale Business>

- **Business, mainly in department stores, was stagnant in general (sales decreased by double digits for almost all products except underwear).**
- **Wing's underwear products, mainly sold at GMS and supermarkets, achieved the estimate thanks to the aggressive promotional measures.**

Sales of each business in Wholesale Business Division of Wacoal Corp.

(Millions of yen)

		1Q	2Q	3Q	4Q	FY2020 results	Year on Year		Compared with Target	
							Change	% Change	Change	% Change
Innerwear Business	Wacoal	-4%	+11%	-15%	-18%	37,930	-2,334	-6%	-2,731	-7%
	Wing	+11%	+8%	-3%	-7%	20,414	450	+2.3%	14	+0.1%
Personal Business	Wacoal	-10%	+6%	-18%	-25%	4,739	-622	-12%	-491	-9%
	Wing	-38%	-10%	-26%	+18%	562	-104	-16%	292	+108.3%
Family wear Business	Wacoal	-17%	-6%	-26%	+21%	2,811	-595	-17%	-354	-11%
Good Age Business	Wacoal	-2%	-8%	-10%	-56%	–	–	–	–	–
Hosiery Business	Wacoal	-3%	-2%	-27%	-23%	–	–	–	–	–
Men's inner Business	Wacoal	-9%	+2%	-13%	-10%	–	–	–	–	–
Above 3 businesses total		–	–	–	–	4,254	-341	-7%	-865	-17%
Wellness Business	CW-X、Wacoal	-8%	+3%	-25%	-27%	4,610	-801	-15%	-1,160	-20%
Others		–	–	–	–	2,946	267	+10.0%	262	+9.7%
Wholesale Business Div. total		-2%	+8%	-13%	-15%	78,266	-4,080	-5%	-5,034	-6%

Overview of Wacoal for FY2020 (3) <Change in Sales at Stores (Increase/Decrease)>

- **Prolonged slump in demand after the consumption tax hike and a decline in the number of customers due to a voluntary restraint on going out since March**
- **In the Retail Business (directly managed retail stores), reinforcement of measures for products and marketing for member customers was successful.**
- **Sales of the in-house EC kept growing by double digits throughout the year.**

Quarterly change in sales at stores □by sales channel of Wacoal Corp.

		1Q	2Q	3Q	4Q	total
Wholesale	Department store	-6%	+8%	-14%	-23%	-9%
	GMS,Supermarket (Wacoal Brand)	-4%	+15%	-18%	-16%	-5%
	GMS,Supermarket (Wing Brand)	+4%	+19%	-5%	-11%	+0%
	Specialty Stores	+4%	+6%	-6%	-11%	-2%
	Sports Chains	-11%	+11%	-22%	-28%	-12%
	Third Party EC Sites	-7%	+5%	-8%	-3%	-3%
Retail	Directly Managed Stores	+6%	+6%	+0%	-2%	+3%
	Wacoal's Own EC Site	+18%	+24%	+11%	+17%	+17%
	Catalog mail-order	+10%	+6%	-13%	-13%	-4%

Overview of Wacoal International Corp. (The U.S.) for FY2020

Promoted initiatives to create growth opportunities and strengthen competitiveness in EC, and acquired IO "LIVELY"

Net sales **¥19.2 billion**

[Up ¥0.7 billion (4%) year on year] [Reached 102% of the plan total and exceeded it by ¥0.4 billion] [Reached 98% of the revised estimate and fell short of it by ¥0.4 billion]
(*Reference) Local-currency base: [Up 6% year on year] [Reached 104% of the plan total]

- Wacoal America: Physical stores: -8%; EC: +18% (Department store EC sites: +16%; Third party EC sites: +9%; Wacoal's own EC site: +27%) EC ratio: 34% (up +5.4pt)
- IO: Net sales were ¥0.3 billion smaller than the estimate (¥ 1.6 billion) resulting from the dropped effectiveness of attracting customers due to a change in advertisement operation methods for the main social networking sites and the posting of provisions with the unification of accounting standards.
  (*Reference: +31% from the previous term of IO between Aug. and Sep.)

Operating income **¥0.4 billion**

[Down ¥1.7 billion (-81%) year on year] [Reached 24% of the plan total and fell short of it by ¥1.3 billion] [Reached 318% of the revised estimate and exceeded it by ¥0.3 billion]
(*Reference) Local-currency base: [Down 80.5% year on year] [Reached 24.4% of the plan total]

- IO: ¥0.55 billion smaller than the estimate (an operating loss of ¥0.7 billion) (due to declined sales, increased SG&A expenses and the posting of depreciation)

◆Quarterly change in sales in major channels and regions (in local currency)

			1Q	2Q	3Q	4Q	total	ratio★
Channel	Store	Department store	-12%	-9%	-4%	-6%	-8%	62%
		Outlet·Directly Managed Store	-23%	-30%	-11%	-22%	-23%	
		Store sales total	-12%	-10%	-4%	-6%	-8%	
	EC	Department store EC site	-2%	+19%	+62%	+9%	+16%	34%
		Third Party EC site	-2%	+5%	+25%	+19%	+9%	
		Wacoal's Own EC Site	+17%	+33%	+24%	+35%	+27%	
		EC sales total	+4%	+19%	+36%	+22%	+18%	
Area		America	-7%	-2%	+7%	+3%	-1%	92%
		Canada	+2%	-5%	+2%	+0%	-1%	4%
		Other area	+1%	-16%	+6%	-47%	-17%	4%

Performance of major subsidiaries (USD'000)

	Wacoal America, Inc.	IO
Net sales	168,685	11,967
(Year on Year)	-1%	–
Operating profit and loss	14,830	-11,494
(Year on Year)	-22%	–

*IO sales are calculated based on sales from August to March.

Overview of Wacoal Europe for FY2020

The U.K. business struggled, but sales grew until 3Q as business in North America and Europe was steady. Sales fell in 4Q with the spread of the infection.

Net sales **¥13 billion**
[Down ¥1.1 billion (-8%) year on year] [Reached 89% of the plan total and fell short of it by ¥1.7 billion] [Reached 95% of the revised estimate and fell short of it by ¥0.7 billion]
(*Reference) Local-currency base: [Down 3% year on year] [Reached 93% of the plan total]

- By region, the U.K struggled due to poor performance of the core department stores (The U.K.: -10%; Europe: -1%; North America: +3%)
- Third party EC sites: +10% (Third party EC sites ratio: 21%, up 3pt)
  *Full-scale operation started in the second half with the completion of the renewal of the in-house EC site.

Operating income **¥1 billion**
[Down ¥0.4 billion (-28%) year on year] [Reached 85% of the plan total and fell short of it by ¥0.2 billion] [Reached 90% of the revised estimate and fell short of it by ¥0.1 billion]
(*Reference) Local-currency base: [Down 25% year on year] [Reached 89% of the plan total]

- Gross profit rate decreased 0.4 points (improved through 3Q, but worsened in 4Q).
- Expenses increased due to enhancement of advertising activities to increase brand recognition and the posting of expenses for the renewal of the in-house EC site.

◆(Europe) Quarterly change in sales in major channels and brands (in local currency)

			1Q	2Q	3Q	4Q	total	ratio
Channel	store	Department store	-27%	+7%	+0%	-14%	-10%	21%
		Specialty store	-5%	+10%	+2%	-19%	-4%	52%
		Directly Managed Store	-15%	-6%	-1%	-3%	-7%	6%
	EC sites	Third party EC site/other	+19%	+29%	+4%	-9%	+10%	21%
Brand		Fantasie	-5%	+20%	-2%	-17%	-2%	34%
		Freya	-17%	+1%	-8%	-18%	-11%	24%
		Goddess	-13%	+3%	-2%	-1%	-4%	5%
		Elomi	+6%	+15%	+16%	-7%	+7%	24%
		Wacoal	-8%	+8%	+10%	-24%	-4%	12%
		B.Tempted	-16%	-17%	-17%	-29%	-19%	1%

Overview of Wacoal China for FY2020

Maintained high growth of EC by strengthening ties with e-commerce operators

Net sales **¥11.1 billion**
[Down ¥0.5 billion (-5%) year on year] [Reached 89% of the plan total and fell short of it by ¥1.4 billion] [Reached 98% of the revised estimate and fell short of it by ¥0.2 billion]
(*Reference) Local-currency base: [Up 1.1% year on year] [Reached 92.6% of the plan total]

- EC sales excluding Peach John: +35% EC sales ratio: 20% (+5pt)
- Started the sale of the Japanese brand "AMPHI" to acquire a new customer base.

Operating income **¥0.9 billion**
[Up 1% year on year] [Reached 122% of the plan total and exceeded it by ¥0.2 billion] [Reached 116% of the revised estimate and exceeded it by ¥0.1 billion]
(*Reference) Local-currency base: [Up 7% year on year] [Reached 127% of the plan total]

- Gross profit rate was improved by reducing the sales composition ratio of the brand with low profitability (Peach John).
- Labor expenses and rent declined as a result of withdrawing from unprofitable stores.

◆(China) Quarterly change in sales in major channels and brands (in local currency)

		1Q	2Q	3Q	4Q	total	ratio
Channel	Department store	+2%	-3%	-4%	+1%	-1%	75%
	Third party EC site	+22%	+26%	+17%	+7%	+17%	25%
Brand	Wacoal	+6%	+11%	+1%	5%	+6%	84%
	Salute	-11%	-16%	-15%	-7%	-13%	8%
	LA ROSABELLE	-42%	-19%	-74%	-92%	-57%	1%
	Peach John	+3%	-38%	-28%	-28%	-25%	7%

Overview of Other Asian Regions for FY2020

Figures including the sales of Hong Kong Wacoal, Wacoal International Hong Kong, Wacoal Singapore, Philippine Wacoal, Wacoal India, (Factories) Dalian Wacoal, Guangdong Wacoal, Vietnam Wacoal, Myanmar Wacoal, A-Tech, G-Tech and 1 other company, and settlement adjustment of Wacoal Business (Overseas)

Posted impairment charges due to sluggish sales at Thai material companies caused by the decrease of orders for core products (warp knitting and circular knitting materials)

Net sales **¥7.3 billion**
[Down ¥1.6 billion (-18%) year on year] [Reached 76% of the plan total and fell short of it by ¥2.3 billion] [Reached 96% of the revised estimate and fell short of it by ¥0.3 billion]

- Hong Kong Wacoal: -¥0.6 billion: Stagnant sales due to political instability and changes in transaction conditions for Peach John Hong Kong affected sales. (Over-the-counter sales of Peach John in the Hong Kong region are now posted to the Peach John business segment.)
- Thai material companies: -¥1 billion: Their performance was affected by the decrease of orders for their main products due to the excessive stocks of clients and the delay in new product development.

Operating loss **-¥0.8 billion**
[Down ¥1 billion year on year] [Fell short of the plan total by ¥1.2 billion] [Fell short of the revised estimate by ¥0.1 billion]

- Impairment charges on property, plant and equipment at Thai material companies posted: Approx. ¥1.1 billion

Overview of Two Material Companies in Thailand (A-Tech and G-Tech) for FY2020

Net sales **¥2.4billion** (Down ¥1 billion year on year; fell short of the plan total by ¥1.1 billion)

Operating loss **-¥0.4 billion** (Almost the same as previous year; fell short of the plan total by ¥0.3 billion)

Overview of Wacoal India for FY2020

Net sales **¥0.21 billion** (Up ¥0.09 billion year on year; fell short of the plan total by ¥0.02 billion)

Operating loss **-¥0.13 billion** (Down ¥0.05 billion year on year; fell short of the plan total by ¥0.01 billion)

Overview of 4 Domestic Subsidiaries for FY2020 (PJ and Ai)

Peach John: Domestic sales improved thanks to the steady sales of regular products, closing of unprofitable stores and suspension of publication of catalogs. Challenges remain for business in China.

Net sales **¥10.5 billion**
Almost the same as previous year [Reached 90% of the plan total and fell short of it by ¥1.1 billion] [Reached 101% of the revised estimate and exceeded it by ¥0.1 billion]

Operating loss **-¥0.4 billion**
[Up ¥5.5 billion year on year] [Fell short of the plan total by ¥0.5 billion] [Fell short of the revised estimate by ¥0.1 billion]
(*Reference) Excludes impairment charges: -¥0.16 billion [Up ¥0.06 billion year on year] [Fell short of the plan total by ¥0.33 billion]

◆Peach John Sales by domestic business·Quarterly change

		1Q	2Q	3Q	4Q	total	ratio
Japan	Mail-order	-13%	-3%	-11%	+14%	-4%	44%
	Store	-3%	+10%	+4%	-1%	+3%	56%

◆Peach John Sales by overseas business·Quarterly change

		1Q	2Q	3Q	4Q	total
Overseas ★★	Hong Kong	-24%	-31%	-36%	-23%	-29%
	Taiwan (stores+EC)	+5%	+2%	+0%	+30%	+8%
	Shanghai·Beijing etc (Directly Managed Store)	-19%	-24%	-23%	-23%	-22%
	Shanghai·Beijing etc (Third party EC site)	+9%	-48%	-23%	-33%	-29%
	Shanghai·Beijing etc total	-2%	-41%	-23%	-30%	-26%

★★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 June.)

Ai: Sales were sluggish in July due to bad weather, but grew almost as planned in other months. The swimwear business was transformed into the resort wear business.

Net sales **¥3.6 billion**
[Down ¥0.6 billion (-14%) year on year] [Reached 84% of the plan total and fell short of it by ¥0.7 billion] [Reached 96% of the revised estimate and fell short of it by ¥0.2 billion]

Operating loss **-¥0.3 billion**
[Up ¥0.05 billion year on year] [Fell short of the plan total by ¥0.3 billion] [Fell short of the revised estimate by ¥0.1 billion]

◆Ai Sales by division·Quarterly change

	1Q	2Q	3Q	4Q	total	ratio
Resort wear (A former name of Swimwear)	-12%	-21%	+3%	-27%	-18%	68%
Innerwear	+0%	+0%	-2%	-1%	-1%	32%

Overview of Domestic Subsidiaries for FY2020 (Lecien and Nanasai)

Lecien: Unprofitable businesses, including the apparel business, were withdrawn.
OEM order for the core innerwear products turned positive.

Net sales **¥5.8 billion**
[Down ¥0.5 billion (-8%) year on year] [Reached 88% of the plan total and fell short of it by ¥0.8 billion] [Reached 99% of the revised estimate and fell short of it by ¥0.1 billion]

Operating loss **-¥0.5 billion**
[Down ¥0.1 billion year on year] [Fell short of the plan total by ¥0.5 billion] [Progressed according to the revised estimate]

◆Lecien Sales by division･Quarterly change	1Q	2Q	3Q	4Q	total	ratio
Manufacturing business (A former name of Innerwear,Apparel Div.)	+3%	+3%	+13%	-10%	+2%	75%
Material business (A former name of Material,Art Hobby Div.)	-9%	-3%	-19%	-14%	-11%	23%
EC planning and sales business (Wacoal's Own EC Site･Third party EC site)	+20%	+24%	+16%	+22%	+20%	2%

Nanasai: Sales declined due to the recoil of completion of large-scale interior work of a department store which occurred in the previous term.

Net sales **¥8.7 billion**
[Down ¥0.7 billion (-7%) year on year] [Reached 99% of the plan total and fell short of it by ¥0.1 billion] [Reached 97% of the revised estimate and fell short of it by ¥0.3 billion]

Operating income **¥0.2 billion**
[Down 23% year on year] [Reached 95% of the plan total] [Reached 85% of the revised estimate]

◆Nanasai Sales by division･Quarterly change	1Q	2Q	3Q	4Q	total	ratio
Rental and lease	-13%	-8%	-10%	-17%	-12%	21%
Production sales	-21%	-21%	-16%	-32%	-23%	16%
Construction	-27%	+33%	-7%	-13%	-4%	63%

Summary of the EC Sales Ratio of Each Major Company in FY2020

		FY2020	
		EC ratio	YoY
Wacoal (Japan)	Own EC channel only	5.0%	+0.8pt
Peach John (Japan)	Own EC channel only	39.8%	-1.2pt
Wacoal America, Inc.	Total of own company and other companies' EC channels	33.7%	+5.4pt
Wacoal Europe Ltd.	Other companies' EC channel only	20.5%	+2.4pt
Wacoal China Co., Ltd.	Other companies' EC channel only	23.8%	+3.3pt

*The sales of Wacoal (Japan) products via third party EC sites are still to be calculated.

Information within this document with respect to business plans, forecasts, strategies and other statements, including business performance figures, is based on Wacoal's assumptions in the light of the information currently available, and in no way precludes the uncertainties and risks inherent in these forward-looking statements.

Furthermore, actual business results may, as a result of numerous factors, differ significantly from those expressed in statements in this document.