Fiscal Year Ending March 31, 2021 First Quarter Financial Results Presentation

[U.S. Accounting Standards]

Wacoal Holdings Corp.
July 31, 2020

[Speakers]

Hironobu Yasuhara

Representative Director, President and Corporate Officer

Tomoyasu Ito

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

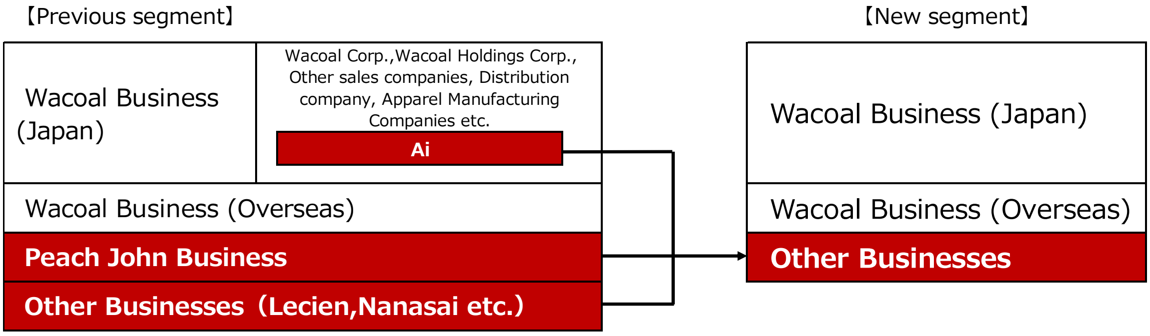
Akira Miyagi

Director and Managing Corporate Officer in charge of Group Finance

Matters Related to Business Segment Changes, etc.

Starting from the current consolidated first quarter, information on Ai Co., Ltd., which was previously presented in our “Wacoal Business (Domestic)” segment and “Peach John Business” segment, is now reflected and presented in our “Other” segment following review of certain management classification of performance within our group.
The segment information for the previous consolidated cumulative first quarter has been prepared based on the segments reported after this change.
(Please see slide 57 for an outline of the new business segment)

Outline of business segment changes



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Please see page two.

From the consolidated cumulative first quarter of the current fiscal year, some reportable segments have been changed to those based on internal reporting segments based on internal organizations. As a result of this change, the Ai and PEACH JOHN Segments, which were previously included in the Wacoal Business (Domestic) Segment, have been included in the Other Segment. Segment information for the consolidated cumulative first quarter of the previous fiscal year has been prepared based on the revised reportable segments.

Now, let us start the explanation. Thank you in advance.

Fiscal Year Ending March 31, 2021
First Quarter results (April – June)

Akira Miyagi

Director and Managing Corporate Officer
Wacoal Holdings Corp.

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Executive Summary for FY2021 1Q (Apr-Jun) Note: For China only, Jan-Mar

Both Japan and overseas businesses experienced significant declines in sales due to store closures resulting from the spread of the coronavirus outbreak
(As a result of easing lockdowns and the lifting of the state of emergency declaration, as of June, operations at stores around the world have restarted)

- **Net sales: -40% (Wacoal -47%, US -32%, Europe -53%, China -44%)**
- **Operating loss: -¥4.5 billion (Wacoal business (Japan) -¥3.1 billion, Wacoal business (overseas) -¥1 billion, Others -¥400 million)**

Net sales **¥28.6 billion** **-¥18.8 billion year over year (YoY), (-40%)**

- Though Wacoal's own EC business was strong (+91%), sales declined significantly in the wholesale and retail businesses due to the large impact of store closures
- Overseas, though there were positive effects from the new consolidation of IO Inc., sales decreased significantly in the US, Europe, China, and other overseas locations due to the impact of store closures

Operating loss **-¥4.5 billion** **-¥8.1 billion YoY**

- Though efforts to reduce costs were implemented at each company, an operating loss was recorded due to the inability to absorb the drop in sales profit brough about by decreased sales
- Domestically, Peach John turned profitable due to EC business growth and contributions from efforts to improve productivity that have been underway since last year

Losses before income taxes and equity in net income of affiliated companies **-¥2.9 billion** **-¥4.4 billion YoY**

- A loss was recorded due to the significant impact of the operating loss
- Net valuation gain of ¥800 million was recorded on securities and investments

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Miyagi: I am Miyagi. I would like to thank you for participating in the financial results briefing of Wacoal Holdings today despite your busy schedule.

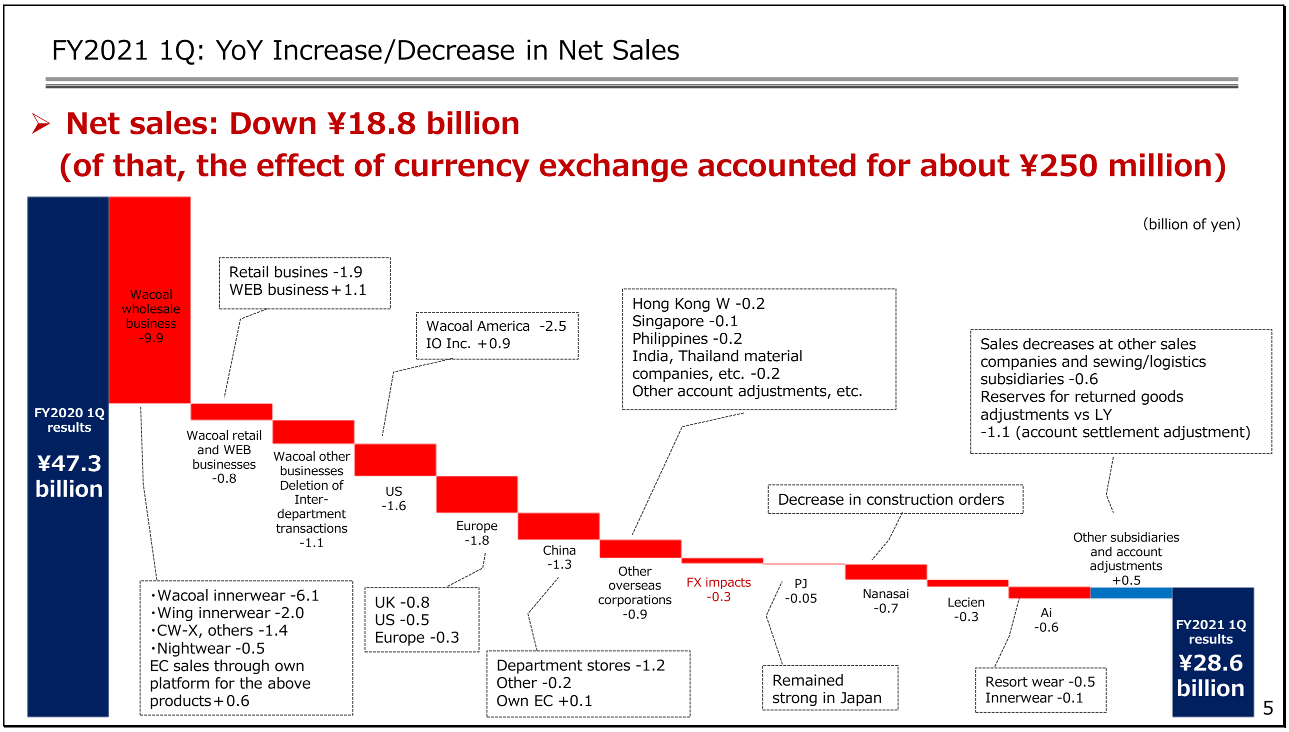
First, I will explain the results for the first quarter of the fiscal year ending March 2021 and the full-year forecast.

Please see page four. The first quarter of the current fiscal year has been summarized.

Net sales for the first quarter of the current fiscal year were JPY28.6 billion. The spread of the new coronavirus infection has resulted in a loss of approximately 4% compared with the same period in the previous year, due to the closure of shops in various areas of the world and the low consumption caused by restraint from going out.

We posted an operating loss of JPY4.5 billion. Although each company worked to reduce costs, it was unable to absorb the impact of the decline in revenues, resulting in a significant loss.

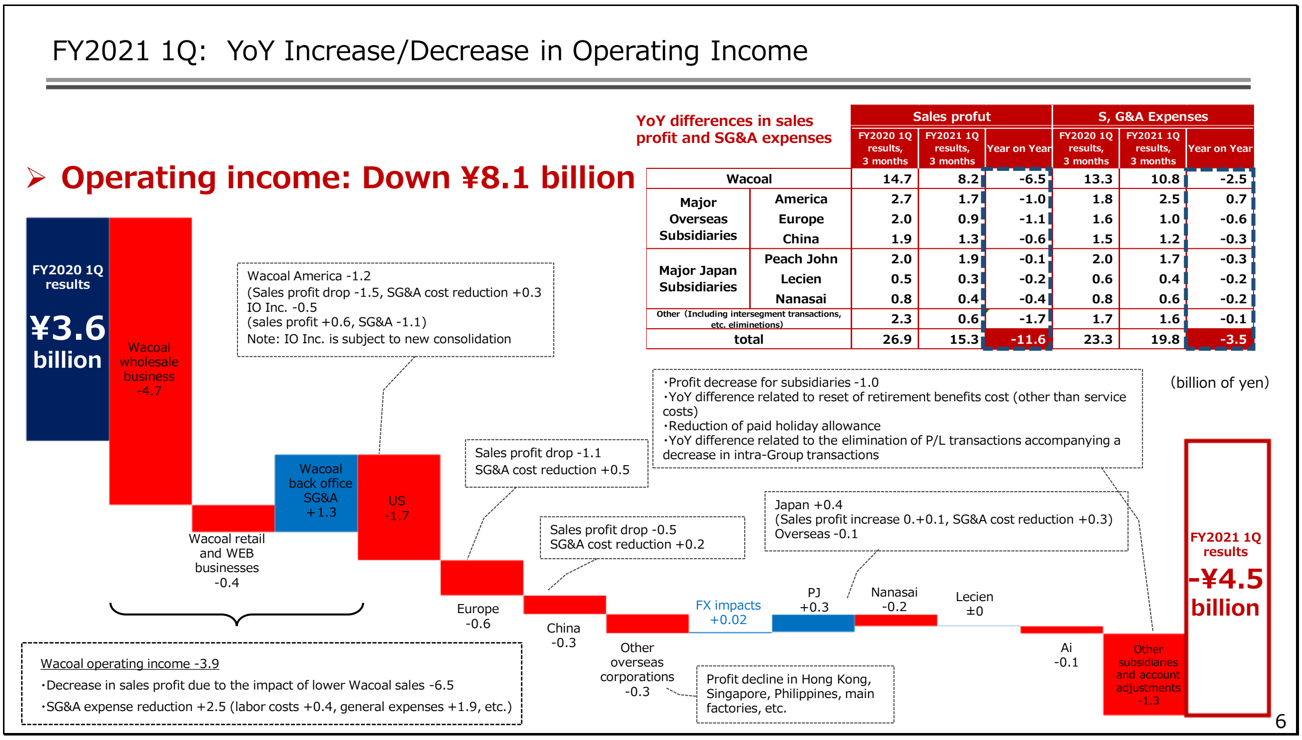
Net income (loss) before income taxes resulted in a loss of JPY2.9 billion. Net valuation gains (losses) on securities and investments totaled JPY800 million in the first quarter of the current fiscal year.



Please see page five. We explain the factors behind the YoY increase and decrease in sales in the first quarter of the current fiscal year in the waterfall chart.

In the first quarter of the current fiscal year, net sales decreased by JPY18.8 billion from the same period of the previous fiscal year. As the sequence of red boxes shows, sales in nearly all businesses declined due to the impact of store closures attributable to the spread of the infectious disease.

Particularly, in the domestic wholesale business, sales fell sharply by JPY9.9 billion, due to store closures and the impact of restraints by suppliers. Sales of the LIVELY brand of IO, which we acquired last year, totaled approximately JPY900 million, exceeding our initial target.



		Sales profut			S, G&A Expenses		
		FY2020 1Q results, 3 months	FY2021 1Q results, 3 months	Year on Year	FY2020 1Q results, 3 months	FY2021 1Q results, 3 months	Year on Year
Wacoal		14.7	8.2	-6.5	13.3	10.8	-2.5
Major Overseas Subsidiaries	America	2.7	1.7	-1.0	1.8	2.5	0.7
	Europe	2.0	0.9	-1.1	1.6	1.0	-0.6
	China	1.9	1.3	-0.6	1.5	1.2	-0.3
Major Japan Subsidiaries	Peach John	2.0	1.9	-0.1	2.0	1.7	-0.3
	Lecien	0.5	0.3	-0.2	0.6	0.4	-0.2
	Nanasai	0.8	0.4	-0.4	0.8	0.6	-0.2
Other (Including intersegment transactions, etc. eliminetions)		2.3	0.6	-1.7	1.7	1.6	-0.1
total		26.9	15.3	-11.6	23.3	19.8	-3.5

Please see page six. This section explains the factors behind changes in operating income and loss.

Operating income decreased by JPY8.1 billion from the same period of the previous fiscal year. The table on the upper right shows the amount of decrease in sales profit and the amount of reduction in expenses. Although net sales profit decreased by JPY11.6 billion, due to a decline in sales, expenses were reduced by JPY3.5 billion. For IO, which we acquired last year, we recorded a loss of approximately JPY500 million, due to our strategic investment in advertising, but we recognize it as a growth investment and is a strategic plan.

PEACH JOHN's operating income increased in Japan, due to growth in its Ecommerce Business and a reduction in various expenses.

(Reference)
Changes in sales for major companies and business units for the Jan – Jun period (rate of change)

- **Sales have been recovering since the lifting of the state of emergency declaration**
- **For June, the domestic wholesale business had favorable sales on a store basis, but was impacted by inventory control implemented by customers, etc.**
  (Note: Wacoal store-based sales are noted on slide 50)

	Net sales change rate★1					
	Jan.	Feb.	Mar.	Apr.	May	Jun.
Wholesale Business Div.	- 1.1%	- 2.8%	- 32.7%	- 71.5%	- 48.7%	- 21.7%
Retail and WEB Business Dept.	+4.9%	+2.7%	- 7.5%	- 42.7%	- 12.8%	+17.4%
* Increase / decrease rate only for in-house EC in WEB business Dept.	+13.7%	+15.4%	+21.1%	+76.4%	+106.1%	+84.6%
Wacoal（★2）	- 0.9%	- 1.8%	- 29.2%	- 72.1%	- 49.8%	- 16.3%
Wacoal America, Inc.（★3） (Local Currency Basis USD'000)	+9.1%	+2.6%	- 10.8%	- 68.3%	- 55.0%	- 26.6%
* Among Wacoal America, Inc., the rate of increase/decrease in EC sales including own and other company.	+16.7%	+34.5%	+14.3%	- 25.8%	+36.7%	+30.2%
Wacoal Europe Ltd. (Local Currency Basis GBP'000)	- 9.6%	+8.8%	- 39.9%	- 73.3%	- 54.9%	- 20.2%
Wacoal China Co., Ltd. (Local Currency Basis CNY'000)	- 3.5%	- 80.9%	- 48.2%	- 36.7%	+10.6%	- 4.6%
Peach John（Japan）	+17.5%	+20.6%	- 14.1%	- 19.0%	- 6.6%	+32.4%
Ai	+2.4%	- 14.1%	- 14.8%	- 36.1%	- 28.8%	- 20.7%
Lecien（Japan）	- 23.1%	- 7.9%	- 19.0%	- 43.9%	- 40.9%	- 38.4%
Nanasai	- 1.1%	- 7.5%	- 34.9%	- 83.8%	- 73.7%	- 50.5%

★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 Intimates Online Inc.(LIVELY) .

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Please see page seven. For reference, net sales of major companies from January to June are shown. Sales fell sharply in April and May, but recovered in June, when sales resumed at nearly all stores.

FY2021 1Q:　Financial Results Overview

(Millions of yen)

	FY2020 1Q results, 3 months	% Of sales	FY2021 1Q results, 3 months	% Of sales	Year on Year	
					Change	% Change
Consolidated net sales	47,313		28,551		-18,762	- 39.7%
Cost of Sales	20,406	43.1	13,271	46.5	-7,135	- 35.0%
Sales profut	26,907	56.9	15,280	53.5	-11,627	- 43.2%
S, G&A Expenses	23,263	49.2	19,752	69.2	-3,511	- 15.1%
Operating Income (loss)	3,644	7.7	-4,472	－	-8,116	－
Other income (expenses)	814	－	730	－	-84	- 10.3%
A:Valuation gain (loss) on marketable securities and investments – net	-2,938	－	824	－	3,762	－
Income before taxes (loss)	1,520	3.2	-2,918	－	-4,438	－
Net income attributable (loss) to Wacoal Holdings Corp.	1,192	2.5	-3,195	－	-4,387	－
Reference figure: Income before income taxes and equity in net income of affiliated companies not taking into account A	4,458	9.4	-3,742	－	-8,200	－

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Please see page eight. This report presents an overview of results for the first quarter of the current fiscal year.

FY2021 1Q: Financial Results Summary (by segment)

(Millions of yen)

	FY2020 1Q results, 3 months	ratio	FY2021 1Q results, 3 months	ratio	Year on Year Change	Year on Year % Change
Wacoal Business (Japan)	26,583	56.2	15,529	54.4	-11,054	- 41.6%
Wacoal Business (Overseas)	13,597	28.7	7,847	27.5	-5,750	- 42.3%
Other Businesses	7,133	15.1	5,175	18.1	-1,958	- 27.4%
Consolidated net sales	47,313	100	28,551	100	-18,762	- 39.7%

	FY2020 1Q results, 3 months	% Of sales	FY2021 1Q results, 3 months	% Of sales	Year on Year Change	Year on Year % Change
Wacoal Business (Japan)	1,974	54.2	-3,058	—	-5,032	—
Wacoal Business (Overseas)	1,862	51.1	-1,027	—	-2,889	—
Other Businesses	-192	—	-387	—	-195	—
Operating income (loss)	3,644	7.7	-4,472	—	-8,116	—

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Next, please see page nine. Net sales and operating income by segment are presented. From the next page, we will look back on the first quarter of the current fiscal year by segment.

FY2021 1Q: Reporting by Segment [Wacoal Business (Japan)]

Sales decreased significantly due to the impact of store closures at directly-managed stores and by customers during the state of emergency declaration

Net sales **¥15.5 billion** **-¥11.1 billion YoY (-42%)**

- **While physical stores were closed, Wacoal's own EC business achieved high growth by capturing demand from those staying at home**

Operating loss **-¥3.1 billion** **-¥5 billion YoY**

- **Wacoal's sales decreased significantly, and though efforts were made to cut costs, the decrease in sales could not be absorbed**

(Millions of yen)

	FY2020 1Q results, 3 months	ratio	FY2021 1Q results, 3 months	ratio	Year on Year Change	Year on Year % Change	comment
Wholesale Bussines Div.	20,494	–	10,562	–	-9,932	- 48.5%	■Wholesale business: In addition to store closures, the business was also affected by customer inventory controls in June ■Retail business: Sales decreased significantly due to directly-managed store closures. June store-based sales recovered to 94% YoY. ■Own EC: Sales were favorable as the business benefited from people showing self-restraint related to going out (YoY +91%, +¥1.1 billion) –As a result of the above, Wacoal net sales decreased by 46.6% ■The reset amount for adjustment reserves for returned goods was a plus as deliveries decreased (+¥1.1 billion YoY) **–As a result of the above, Wacoal business (domestic) net sales decreased by 41.6%**
Retail and WEB Business Dept.	6,326	–	5,524	–	-802	- 12.7%	
Others	-1,355	–	-2,483	–	-1,128	–	
Wacoal	25,465	95.8	13,603	87.6	-11,862	- 46.6%	
Intersegment transactions, etc. eliminetions	1,118	4.2	1,926	12.4	808	+72.3%	
Net sales	26,583	100.0	15,529	100.0	-11,054	- 41.6%	
Wholesale Bussines Div.	4,159	20.3	-526	–	-4,685	–	■Wholesale business: Operating loss of ¥500 million due to a significant decrease in sales ■Retail business: Despite the decrease in sales, losses were held to about ¥100 million due to cost cutting and rent reduction contributions ■WEB business: Profit increased due to increased sales on our own EC platform –Despite efforts to reduce costs they could not make up for the impact of decreased sales, resulting in an operating loss of ¥2.5 billion ■The total operating loss for domestic sewing factories, logistics companies, and sales companies was ¥600 million **–As a result of the above, Wacoal business (domestic) posted an operating loss of ¥3.1 billion**
Retail and WEB Business Dept.	679	10.7	237	4.3	-442	- 65.0%	
Others	-3,516	–	-2,254	–	1,262	–	
Wacoal	1,321	5.2	-2,543	–	-3,864	–	
Intersegment transactions, etc. eliminetions	653	–	-515	–	-1,168	–	
Operating income (loss)	1,974	7.4	-3,058	–	-5,032	–	

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Please see page 10.

In the first quarter of the current fiscal year, sales of the Wacoal Business (Domestic) amounted to JPY15.5 billion. In Wacoal's Ecommerce Business, sales increased by 91% YoY. However, due to the impact of store closures and self-restraint from going out, sales decreased significantly in both the wholesale and retail businesses.

We posted an operating loss of JPY3.1 billion. Despite our efforts to reduce costs, Wacoal's revenues declined.

FY2021 1Q: Reporting by Segment [Wacoal Business (Overseas)]

The spread of the coronavirus outbreak had a negative impact on operations in all countries and regions where we conduct business

Net sales **¥7.8 billion** **-¥5.8 billion YoY (-42%)**

- **Sales decreased significantly due to lockdown measures in major cites and the impact of store closures and self-restraint from going out (FX impacts -¥250 million)**

Operating loss **-¥1 billion** **-¥2.9 billion YoY**

- **Though each company made efforts to reduce costs and made use of government support measures, an operating loss was recorded due to the significant decline in sales**

(Millions of yen)

	FY2020 1Q results, 3 months	ratio	FY2021 1Q results, 3 months	ratio	Year on Year Change	Year on Year % Change	comment
Wacoal International Corp. (U.S.)	5,039	37.1	3,404	43.4	-1,635	- 32.4%	■US: Local currency basis -31%, ■IO Inc., result of new consolidation +¥900 million
Wacoal Europe Ltd.	3,517	25.9	1,668	21.3	-1,849	- 52.6%	■W Europe: Local currency basis -50% ■Each region struggled (UK -65%, US -44%, Europe-41%) ■China: Local currency basis -42% ■Though stores suffered a significant decrease in sales, EC sales at other companies remained strong (+15%)
Wacoal China Co., Ltd.	3,112	22.9	1,733	22.1	-1,379	- 44.3%	■Hong Kong -¥200 million, Philippines -¥200 million, Singapore -¥100 million, Thailand (material company) -¥100 million
Intersegment transactions, etc. eliminetions	1,929	–	1,042	–	-887	- 46.0%	
Net Sales	13,597	100.0	7,847	100.0	-5,750	- 42.3%	**–As a result of the above, Wacoal business (overseas) net sales decreased by 42.3%**
Wacoal International Corp. (U.S.)	868	17.2	-837	–	-1,705	–	■Wacoal America: Operating loss of ¥370 million ■IO Inc.: operating loss of ¥470 million
Wacoal Europe Ltd.	338	9.6	-224	–	-562	–	■Despite cost reductions, the impact of decreased sales was significant, resulting in an operating loss ■As a result of cost cutting and the utilization of government measures, profitability was secured
Wacoal China Co., Ltd.	429	13.8	117	–	-312	- 72.7%	■Hong Kong, Singapore, the Philippines and others, as well as major sewing factories saw decreased profits
Intersegment transactions, etc. eliminetions	227	–	-83	–	-310	–	
Operating income (loss)	1,862	13.7	-1,027	–	-2,889	–	**–As a result of the above, Wacoal business (overseas) recorded an operating loss of ¥1 billion**

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Please see page 11.

In the Wacoal Business (Overseas), net sales were JPY7.8 billion. As in Japan, due to store closure and self-restraint from going out due to the spread of the infectious disease, the brick-and-mortar channels in each country had difficulties.

An operating loss of JPY1 billion was recorded. In addition to cost reductions, the Company made use of government support measures in some regions, but the impact of the decline in sales was significant and resulted in a loss.

FY2021 1Q: Reporting by Segment [Wacoal Business (Other)]

Supported by the high growth of its own EC business, PEACH JOHN's sales were strong even in the COVID-19 environment

Net sales **¥5.2 billion** **-¥2 billion YoY (-27%)**

- **NANASAI (a large decrease in construction orders) and Ai (slumping demand for resort wear) were greatly affected by the spread of the coronavirus outbreak**

Operating loss **-¥400 million** **-¥200 million YoY**

- **PEACH JOHN returned to the black by increasing domestic revenue, controlling SG&A expenses, and reducing rent. Other businesses recorded operating losses**

(Millions of yen)

		FY2020 1Q results, 3 months	ratio	FY2021 1Q results, 3 months	ratio	Year on Year Change	Year on Year % Change	comment
Other	Peach John	2,587	36.3	2,538	49.0	-49	- 1.9%	■Peach John: Domestically, growth of the company's own EC business contributed, and sales increased 3.2% (overseas was sluggish) ■Struggled because PB products could not be delivered to mass retailers and specialty stores due to the impact of their inventory controls ■Sales declined due to a decrease in construction orders from customers ■Construction orders were sluggish due to the impact of the cancellation/postponement of various events and new store openings because of the spread of infectious disease ■Sales at other subsidiaries (temporary staffing companies, etc.) also decreased **—As a result of the above, net sales at other businesses decreased by 27.4%**
	Lecien	1,329	18.6	996	19.2	-333	- 25.1%	
	Nanasai	1,973	27.7	1,235	23.9	-738	- 37.4%	
	Ai	818	11.5	252	4.9	-566	- 69.2%	
	Intersegment transactions, etc. eliminentions	426	–	154	–	-272	- 63.8%	
	Net Sales	7,133	100.0	5,175	100.0	-1,958	- 27.4%	
	Peach John	-42	–	241	9.5	283	–	■Peach John: Returned to the black due to increased sales in Japan and contributions from cost cuts and rent reductions ■Lecien: Improved due in part to the positive impact of the withdraw from unprofitable businesses that was implemented last fiscal year ■Nanasai, Ai: Despite efforts to reduce costs, an operating loss was booked due to the significant impact of decreased sales ■Other subsidiaries also experienced significant profit declines as a result of decreased sales **—As a result of the above, other businesses recorded an operating loss of ¥400 million**
	Lecien	-104	–	-103	–	1	–	
	Nanasai	10	–	-181	–	-191	–	
	Ai	-67	–	-189	–	-122	–	
	Intersegment transactions, etc. eliminentions	11	–	-155	–	-166	–	
	Operating income (loss)	-192	–	-387	–	-195	–	

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Please see page 12. Other sales were JPY5.2 billion. Sales of PEACH JOHN in Japan increased due to growth in Ecommerce sales but decreased due to weak Overseas sales.

For operating income (loss), we had an operating loss of JPY400 million. PEACH JOHN returned to the black, but NANASAI and Ai suffered large operating losses, resulting in a loss in the segment total.

Let's move on. In this section, I will explain our full-year forecasts.

Full-year Forecasts for Fiscal Year Ending March 31

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FY2021: Full-year Outlook

Though a gradual recovery from consumption slump caused by the spread of the infectious disease will occur from 2Q onward, the slump is also expected to continue until the end of the fiscal year and the full-year plan has been set accordingly

- **Net sales: The impact of closures in 1Q is significant, and a decrease of -15% vs last year's results has been planned**
- **Operating loss: The loss of sales is significant, and an operating loss of about ¥5 billion has been planned**

Net sales **¥158 billion** **-¥28.8 billion YoY (-15%)**

- Sales from 2Q onward are projected to decrease 7% vs the previous year
- Wacoal business (Japan) -¥14.1 billion, Wacoal business (overseas) -¥9.1 billion, Other -¥5.6 billion

Operating loss **- ¥5 billion** **-¥11.6 billion YoY**

- Against an expected decrease in sales profit of -¥18.4 billion due to decreased sales, we expected to achieve +¥6.8 billion by controlling SG&A costs
- 1Q results: -¥4.5 billion, 2Q onward: -¥500 million
- Assuming downside risk is materialized (P.19), the budget for adjustments has been set at ¥1.2 billion

Losses before income taxes and equity in net income of affiliated companies **-¥3.7 billion** **-¥8.1 billion YoY**

- The effects of valuation gains/losses of marketable securities and investments have not been reflected in the plan

Net loss for the current FY **-¥3.7 billion** **-¥7.2 billion YoY**

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Please see page 14. This is a summary of the full-year outlook.

Net sales are expected to decline by 15% from the previous fiscal year to JPY158 billion. The plan is based on the assumption that the consumption slump caused by the spread of the infectious disease will continue until the end of the fiscal year, although it is expected to recover moderately from the second quarter onward.

We expect an operating loss of JPY5 billion. In preparation for the materialization of downside risks, an adjustment of JPY1.2 billion has been included in the plan. Details will be provided later.

As a result of the above, the Company expects to record a loss of JPY3.7 billion for both income (loss) before income taxes and net income (loss).

This is due to the spread of the infectious disease, but this is the Wacoal's first loss since its establishment in 1949. We take this very seriously, and we intend to take various measures with a sense of speed to achieve early profitability.

FY2021: Prerequisites for formulating the full-year plan

➢ **Though a gradual recovery from the slump in consumption will occur from 2Q onward, the slump is also expected to continue until the end of the fiscal year**

- Japan : Last fiscal year, the demand rush prior to the consumption tax increase and its repercussion greatly impacted the difference with the previous year (Returning to the sales level in 4Q of the fiscal year before last (FY2019) has been set as one benchmark)
- Overseas: We expect a slump in physical store channels, primarily in Europe and the US

		FY2021 Quarterly increase/decrease in sales plan (YoY/Comparison with 2 years ago)					
		2Q target		3Q target		4Q target	
		Year on Year	Comparison with two years ago	Year on Year	Comparison with two years ago	Year on Year	Comparison with two years ago
Wacoal		-20%	-10%	+5%	-5%	+10%	±0
Overseas	America Wacoal	-15%	-15%	±0	+5%	±0	±0
	Wacoal Europe	-40%	-25%	-15%	-15%	+5%	-10%
	Wacoal China	-10%	-10%	+5%	±0	+5%	+10%

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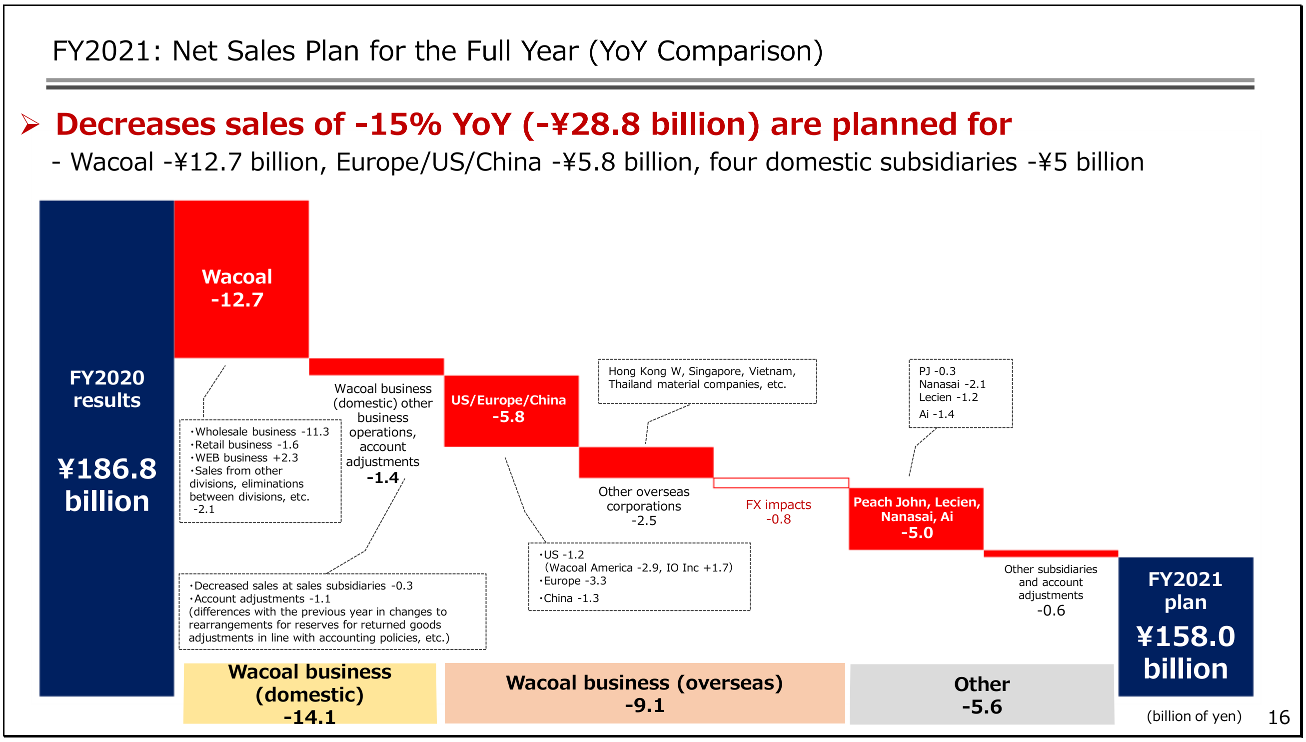
Please see page 15.

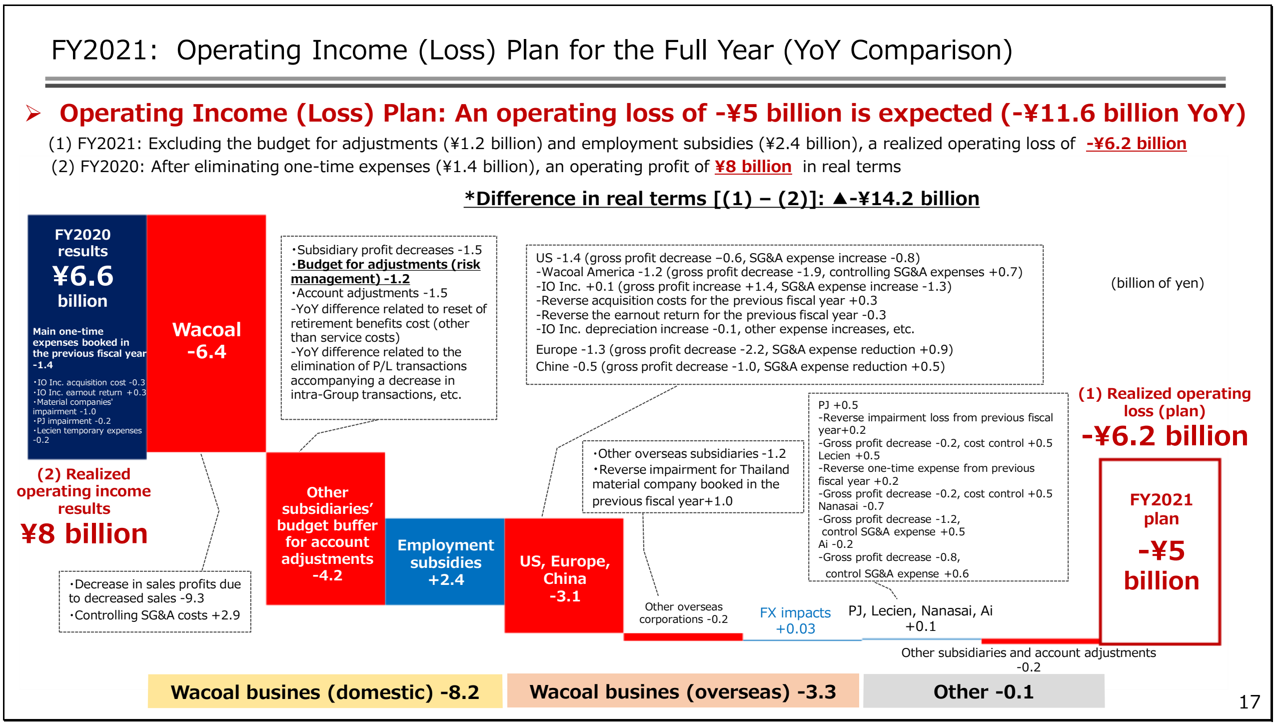
I would like to explain the prerequisites for the formulation of the full-year plan. Despite differences by region, we expect net sales in each country to decline from the same period of the previous fiscal year due to the impact of the spread of the infectious disease, at least until the second quarter. Wacoal is expected to finally recover to the level of normal sales in the fourth quarter, as can be seen from the comparison with the sales figures of the fiscal year before the previous fiscal year, in which there are a few special factors, such as the consumption tax hike.

Overseas, we expect Wacoal's sales in China, where the infectious disease was quickly resolved, and Wacoal's sales in the United States, where the ecommerce ratio is rising, to return to the previous fiscal year's level by the end of the fiscal year. On the other hand, in Wacoal Europe, the pace of recovery is expected to remain moderate due to difficulties in the brick-and-mortar sales channel.



Please see page 16. I will explain the factors behind the changes in net sales from the previous fiscal year.

Net sales are expected to decline by JPY28.8 billion from the previous fiscal year. Specifically, we expect lower revenues at JPY12.7 billion for Wacoal, JPY5.8 billion for three countries in Europe and America, and JPY5 billion for four domestic subsidiaries.



Please see page 17. This section explains the factors behind the changes in operating income and loss from the previous fiscal year.

Operating income is expected to decrease by JPY11.6 billion from the previous fiscal year. We expect that employment subsidies related to the infectious disease will contribute JPY2.4 billion to earnings as these subsidies will result in a reversal of operating expenses since we adopt US GAAP.

Excluding one-time expenses such as impairment losses, operating income in real terms for the previous fiscal year was JPY8 billion. On the other hand, the current operating loss in real terms was JPY6.2 billion, after eliminating JPY2.4 billion of the employment subsidies and JPY1.2 billion of the adjustment budget in preparation for the materialization of downside risk. As a result, we expect a decline in real terms to be JPY14.2 billion.

FY2021: SG&A Plan for the Full Year

➢ **The cost reduction plan in real terms which excludes temporary expenses is -¥4.2 billion**

- 1Q cost reduction of -¥3.5 billion, from 2Q onward, IT and brand investment will be prioritized for future growth
- Continuous reduction of nonessential expenses (estimated additional reduction of ¥1-¥2 billion (not reflected in plan)

(billion of yen)

		Sales profut			SG&A expenses and general administrative expenses			(reference) Reduction of SG&A expenses and general administrative expenses in 1Q
		FY2020 1Q results, 3 months	FY2021 1Q results, 3 months	Year on Year	FY2020 1Q results, 3 months	FY2021 1Q results, 3 months	Year on Year	
Wacoal		56.5	47.2	-9.3	53.4	50.5	-2.9	-2.5
Major Overseas Subsidiaries	America	9.7	9.1	-0.6	9.3	10.1	0.8	0.7
	Europe	7.6	5.4	-2.2	6.3	5.4	-0.9	-0.6
	China	6.7	5.7	-1.0	5.7	5.2	-0.5	-0.3
Major Japan Subsidiaries	Peach John	7.1	6.9	-0.2	7.2	6.7	-0.5	-0.3
	Lecien	1.9	1.7	-0.2	2.2	1.7	-0.5	-0.2
	Nanasai	3.3	2.1	-1.2	3.1	2.6	-0.5	-0.2
Other (Including intersegment transactions, etc. eliminetions)		9.0	5.3	-3.7	8.0	6.2	-18.0	-0.1
total		101.8	83.4	-18.4	95.2	88.4	-6.8	-3.5
Temporary expenses for the previous term					1.4			
Temporary expenses for this term (planned) (Employment adjustment subsidy)						-2.4		
Budget to adjust						1.2		
SG&A expenses excluding temporary expenses					93.8	89.6	-4.2	

The cost reduction plan in real terms **4.2 billion** (1Q cost reduction of -¥3.5 billion)

18

Please see page 18. I would like to explain the full-year plan for SG&A expenses.

The reduction in selling, general and administrative expenses planned for the current fiscal year is approximately JPY6.8 billion, but the reduction in real terms, excluding temporary expenses, subsidies, and the adjustment budget, is JPY4.2 billion. We have already implemented cost reductions of JPY3.5 billion in the first quarter, so cost reductions from the second quarter onward will be limited to JPY700 million. The reasons for this are that we will prioritize marketing activities for future growth from the second quarter onward, and that the cost reductions that we implemented in the fourth quarter of last year will be reversed.

We plan to continue to reduce expenses, which have a low contribution to earnings. Although this has not been reflected in the plan, we would like to reduce SG&A expenses by an additional JPY1 billion to JPY2 billion in addition to the reduction target shown on this page.

FY2021: Upside and Downside Risk Related to Operating Income (Loss)

➢ **Considering the potential realization of downside risk, the budget for adjustments has been set at ¥1.2 billion**

Upside risk		➢ Sales recovery and increased sales profit due to an early resolution of the infectious disease problem ➢ Further control of SG&A expenses ➢ Changes to earnout considerations
Downside risk	Shared	➢ Decrease in sales profit due to decreased sales resulting from prolonged impacts of the infectious disease problem
	Japan	➢ Possibility of impairment loss on tangible fixed assets of unprofitable stores ➢ Possibility of impairment loss on other tangible fixed assets (real estate, etc.)
	Overseas	➢ Possibility of impairment loss on IO Inc. and Wacoal Europe's intangible fixed assets ➢ Changes to earnout considerations

Note: It is necessary to re-evaluate impairment losses based on busines performance this fiscal year.
Furthermore, even if it is apparent, it does not lead to a decrease in cash flow, so there will be no impact on capital investment and shareholder returns.

19

Please see page 19. I would like to explain the upside and downside risks in the forecast for operating income and loss for the current fiscal year.

In terms of upside risks, we expect a sharp recovery in sales accompanying the early resolution of the infectious disease and further reductions in selling, SG&A expenses. On the other hand, downside risks include a decline in sales and profits due to the prolonged infectious disease, and impairment losses on tangible and intangible assets due to worsening profitability.

(Reference) FY2021: Full-year Plan Figures

【Full-year plan exchange rate】

USD	GBP	CNY
108.00yen	134.00 yen	15.30 yen

(Millions of yen)

	FY2020 results	% Of sales	FY2021 forecast	% Of sales	Year on Year Change	Year on Year % Change	FY2021 1H forecast	% Of sales	FY2021 2H forecast	% Of sales
Consolidated net sales	186,760	–	158,000	–	-28,760	- 15.4%	70,500	–	87,500	–
Cost of Sales	84,959	45.5	74,600	47.2	-10,359	- 12.2%	33,000	46.8	41,600	47.5
Sales profut	101,801	54.5	83,400	52.8	-18,401	- 18.1%	37,500	53.2	45,900	52.5
SG&A Expenses	94,696	50.7	88,400	55.9	-6,296	- 6.6%	40,700	57.7	47,700	54.5
Impairment charges on goodwill and other intangible assets	473	–			-473	–				
Operating Income (loss)	6,632	3.6	-5,000	–	-11,632	–	-3,200	–	-1,800	–
Other income (expenses)	1,487	–	1,300	–	-187	- 12.6%	700	–	600	–
Valuation gain (loss) on marketable securities and investments – net	-3,760	–			3,760	–				
Income before taxes (loss)	4,359	2.3	-3,700	–	-8,059	–	-2,500	–	-1,200	–
Net income attributable (loss) to Wacoal Holdings Corp.	3,472	1.9	-3,700	–	-7,172	–	-2,400	–	-1,300	–

20

Please see page 20. This is an overview of the forecast for the current fiscal year.

(Reference) FY2021: Full-year Plan Figures by Segme

【Full-year plan exchange rate】

USD	GBP	CNY
108.00yen	134.00 yen	15.30 yen

(Millions of yen)

	FY2020 results	ratio	FY2021 forecast	ratio	Year on Year Change	Year on Year % Change	FY2021 1H target	ratio	FY2021 2H target	ratio
Wacoal Business (Japan)	106,112	56.8	92,000	58.2	-14,112	- 13.3%	39,500	56.0	52,500	60.0
Wacoal Business (Overseas)	50,552	27.1	41,500	26.3	-9,052	- 17.9%	18,900	26.8	22,600	25.8
Other Businesses	30,096	16.1	24,500	15.5	-5,596	- 18.6%	12,100	17.2	12,400	14.2
Net Sales	186,760	100	158,000	100	-28,760	- 15.4%	70,500	100	87,500	100

	FY2020 results	% Of sales	FY2021 forecast	% Of sales	Year on Year Change	Year on Year % Change	FY2021 1H target	% Of sales	FY2021 2H target	% Of sales
Wacoal Business (Japan)	6,121	5.8	-2,100	–	-8,221	–	-1,500	–	-600	–
Wacoal Business (Overseas)	1,493	3.0	-1,800	–	-3,293	–	-1,200	–	-600	–
Other Businesses	-982	–	-1,100	–	-118	–	-500	–	-600	–
Operating income (loss)	6,632	3.6	-5,000	–	-11,632	–	-3,200	–	-1,800	–

21

Next, page 21. Net sales and operating income and loss by segment are presented.

(Reference) FY2021: Full-year Plan Figures for Major Subsidiaries

【Full-year plan exchange rate】

USD	GBP	CNY
108.00yen	134.00 yen	15.30 yen

(Millions of yen)

		Net Sales						Operating income (loss)					
		FY2020 results	FY2021 forecast			Year on Year		FY2020 results	FY2021 forecast			Year on Year	
			1H	2H	Full year	Change	% Change		1H	2H	Full year	Change	% Change
Wacoal Business (Japan)	Wacoal	99,224	37,400	49,100	86,500	-12,724	- 12.8%	3,140	-3,000	-300	-3,300	-6,440	–
Wacoal Business (Overseas)	Wacoal International Corp. (U.S.)	19,194	8,388	9,468	17,856	-1,338	- 7.0%	401	-945	-27	-972	-1,373	–
	Wacoal Europe Ltd.	12,988	3,928	5,463	9,391	-3,597	- 27.7%	1,007	-384	123	-261	-1,268	–
	Wacoal China Co., Ltd.	11,081	4,272	5,250	9,522	-1,559	- 14.1%	923	359	85	444	-479	- 51.9%
Other Businesses	Peach John	10,480	5,300	4,840	10,140	-340	- 3.2%	-351	350	-200	150	501	–
	Lecien	5,760	2,130	2,440	4,570	-1,190	- 20.7%	-478	-40	30	-10	468	–
	Nanasai	8,717	3,162	3,408	6,570	-2,147	- 24.6%	218	-256	-237	-493	-711	–
	A i	3,597	1,156	1,084	2,240	-1,357	- 37.7%	-269	-291	-199	-490	-221	–

Major Overseas Subsidiaries（Local Currency Basis）

Wacoal International Corp. (U.S.)	176,508	77,688	87,668	165,336	-11,172	- 6.3%	3,694	-8,751	-249	-9,000	-12,694	– (USD'000)
Wacoal Europe Ltd.	93,954	29,310	40,769	70,079	-23,875	- 25.4%	7,290	-2,862	922	-1,940	-9,230	– (GBP'000)
Wacoal China Co., Ltd.	702,223	279,234	343,133	622,367	-79,856	- 11.4%	58,468	23,500	5,500	29,000	-29,468	- 50.4% (CNY'000)

22

Next, please see page 22. The full-year forecasts for major subsidiaries are presented, so we would like you to see more details later.

(Reference) FY2021: Outlook for Q2 Onward

【Full-year plan exchange rate】

USD	GBP	CNY
108.00yen	134.00 yen	15.30 yen

(Millions of yen)

	1Q				2Q~4Q total			
	FY2020 results	FY2021 results	Year on Year Change	Year on Year % Change	FY2020 results	FY2021 forecast	Year on Year Change	Year on Year % Change
Consolidated net sales	47,313	28,551	-18,762	- 39.7%	139,447	129,449	-9,998	- 7.2%
Sales profut	26,907	15,280	-11,627	- 43.2%	74,894	68,120	-6,774	- 9.0%
S, G&A Expenses	23,263	19,752	-3,511	- 15.1%	71,433	68,648	-2,785	- 3.9%
Impairment charges on goodwill and other intangible assets (A)				–	473		-473	–
Operating Income (loss)	3,644	-4,472	-8,116	–	2,988	-528	-3,516	–
Reference figure : Operating income (loss) not taking into account A	3,644	-4,472	-8,116	–	3,461	-528	-3,989	–

23

Please see page 23. These forecasts are for the second quarter and beyond.

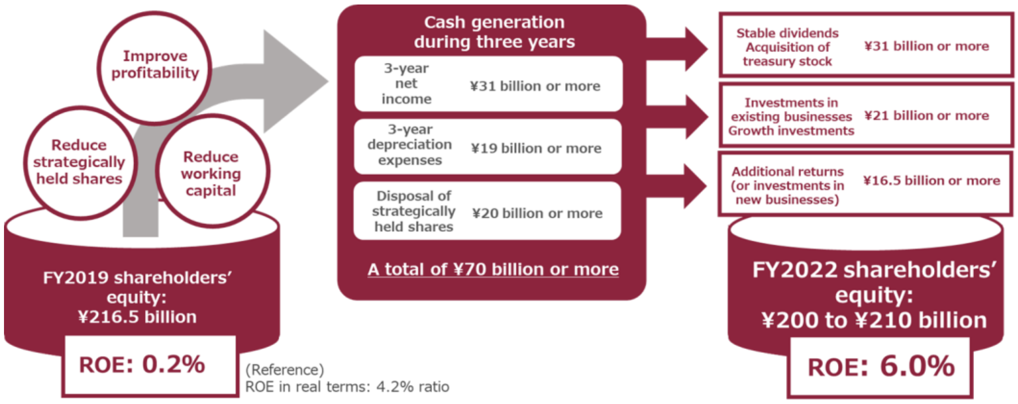
Net sales from the second quarter to the fourth quarter are expected to improve due to a gradual recovery in consumer spending from the first quarter but decline by 7% YoY. In conjunction with the decline in sales, the company expects to post a cumulative operating loss of JPY500 million from the second quarter to the fourth quarter.

Basic Policy for Capital Policy in the Current Medium-Term Management Plan (disclosed June 13, 2019)

Note: In the event of significant fluctuations in business performance or financial demand due to the spread of infectious disease, we will consider reviewing the policy

While prioritizing investment for future growth, we will also strive to enhance shareholder returns

- **Achieve ROE of 6% that exceeds the cost of capital**
- **Maintain a total return ratio of 100%**
- **Reduce cross-shareholdings (Target: 30% reduction)**



24

Please see page 24. I would like to explain our capital policy and shareholder returns.

This is the basic capital policy in the current medium-term management plan announced in June 2019. There are no changes to the basic policy at this point in time, but in the event of further changes in business performance or capital demand due to the spread of the infectious disease, the Company will consider reviewing the basic policy.

FY2021: Dividend Plan and Repurchase of Treasury Stock

- **Annual dividend forecast: ¥40/share**
  (¥20/share for both mid-year and year-end distributions)
  - Interim dividend forecast is ¥20/share, a decrease of ¥20 from the previous year
  - Year-end dividend forecast is ¥20/share, the same as the previous year
  - As the timing of a conclusion to the infectious disease problem cannot be predicted, priority will be given to securing liquidity on hand
- **Regarding the repurchase of treasury stock, determinations will be made after assessing business conditions going forward**

	Dividend per share			Total amount of dividends (Millions of yen)	Payout ratio*
	Interim	Year-End	Annual		
FY3/2020	40円	20円	60円	3,808	58.6%
FY3/2021（revised）	20円	20円	40円	–	–
Change from the previous year	▲20円	±0	▲20円		

*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.

25

Please see page 25. 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 the infectious disease is enormous and securing liquidity on hand is an urgent issue when the timing of convergence is uncertain.

From the perspective of the current earnings forecast, financial stability, and stable dividends to shareholders, the interim dividend forecast is JPY20 per share, a decrease of JPY20 from the previous fiscal year, and the year-end dividend forecast is JPY20 per share, the same as the previous fiscal year. As a result, the annual dividend forecast is JPY40 per share.

Regarding the repurchase of treasury stock, we will decide to resume the repurchase after examining our future business conditions.

FY2021: Investment Plan

- **Investments (acquisition of intangible/tangible fixed assets) of approximately ¥5 billion are planned**
- **Concerning, non-urgent new investments, we will reconsider the timing of implementation**
- **We will carry out investments aimed at future growth, such as costs of introducing 3D body scanners into stores, IT-related costs related to omni-channel strategic construction, and expanding logistics companies due to the strengthening of our own EC business**

FY2021 investment plan	amount
IT-related investment ,etc (wacoal)	1.4
Interior finish work for directly retail stores, etc（wacoal）	0.3
Building renovation, etc（wacoal）	1.3
Domestic Subsidiaries	0.4
Overseas Subsidiaries	1.6
total	5.0

Note: In order to secure liquidity on hand at Group companies, at the end of July we borrowed ¥40 billion from financial institutions (Japan only)

26

Please see page 26. I would like to explain the investment plan for the current fiscal year.

We plan to invest approximately JPY5 billion for the current fiscal year. Regarding non-urgent new investments, although we will reconsider the timing of implementation, we will invest in future developments, including the cost of introducing 3D body scanners into stores, IT-related costs related to the development of our omni-channel strategy, and the expansion of distribution warehouses in line with the strengthening of in-house EC.

We borrowed JPY40 billion from financial institutions to ensure the liquidity on hand of group companies. We will steadily implement initiatives for future growth while ensuring the stability of our financial base.

FY2021 1Q: Capital Policy and Shareholder Returns

Concerning cross-shareholdings, only one issue was sold in FY2021 1Q

Note: Calculated at the book value as of March 31, 2019

(Billions of yen)

		FY2021 1Q results, 3 months	Medium-Term Management Plan Period (FY2020-FY2022) total	Medium-Term Management Plan Period (FY2020-FY2022) plan
Cash generation	Net income attributable to Wacoal Holdings Corp.★	-3.8	2.7	31.0 or more
	depreciation costs	1.5	7.5	19.0 or more
	Sales of strategically-held shares	0.0	15.3	20.0 or more
	合計	-2.3	25.5	70.0 or more

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

		FY2021 1Q results, 3 months	Medium-Term Management Plan Period (FY2020-FY2022) total	Medium-Term Management Plan Period (FY2020-FY2022) plan
Used Cash	Growth investment, Capital expenditures	1.5	17.7	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	1.2	6.2	
	Purchase of treasury stock	0	7.7	
	(Number of shares acquired)	0	(2,797thousand shares)	
	total	2.7	31.6	

■Major KPI

Status of sales of strategically-held shares (Wacoal Corp.)	Sale amount	0	13.6	20.0
	Progress toward target	0%	68%	
	Number of strategic stocks sold completely	1	13	

(Billions of yen)

Major investments and investment amount in the FY2021 1Q	
detail	amount
IT-related investment ,etc (wacoal)	0.7
Interior finish work for directly	0.1
Building renovation, etc (wacoal)	0.1
Domestic Subsidiaries	0.1
Overseas Subsidiaries	0.5
total	1.5

27

Please see page 27. This is the last page. This is the investment results for the first quarter of the current fiscal year and the progress of the plan to sell the cross-shareholdings during the current medium-term management plan period. As there is no significant progress in this first quarter, I will not provide an explanation.

That's all from me, so I would like to finish my explanation. This is an extremely challenging year, but we will continue to work to recover to sustainable growth as quickly as possible. Thank you very much for your attention.

Wacoal Group initiatives focused on the "with" and "after" novel coronavirus periods

Hironobu Yasuhara

Representative Director, President, and Corporate Officer
Wacoal Holdings Corp.

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Yasuhara: I am Yasuhara. Thank you for taking time out of your busy schedule to participate in our financial results briefing today.

In the first quarter, the spread of the infectious disease worldwide resulted in extremely severe results. The outlook for the fiscal year ending March 2021 is also very difficult. While the scale of the challenges we face is enormous, we must calmly take the outcomes of the pandemic and accelerate our transformation to realize our long-term vision. Today, I would like to explain the Group's initiatives for the new era.

The Impact of COVID-19

We expect the fight against COVID-19 to be a long-term battle

- We expect it to take about one and a half to three years for normalcy to return
- As conditions differ greatly from region to region, there are no clear scenarios for convergence. It will take more time before a reasonable judgment can be made regarding the extent COVID-19 will affect the market environment and business performance over the medium- to long-term.
- Customers' awareness and values are changing, however, the future following such change is still unclear.
- Based on the premise of considering the "with" and "after" coronavirus business environment, "there will be no return to how things once were"
- **It is necessary to make major changes, not only in terms of the products in demand, how they are sold, and touch points with customers, but also in terms of Wacoal's corporate structure**

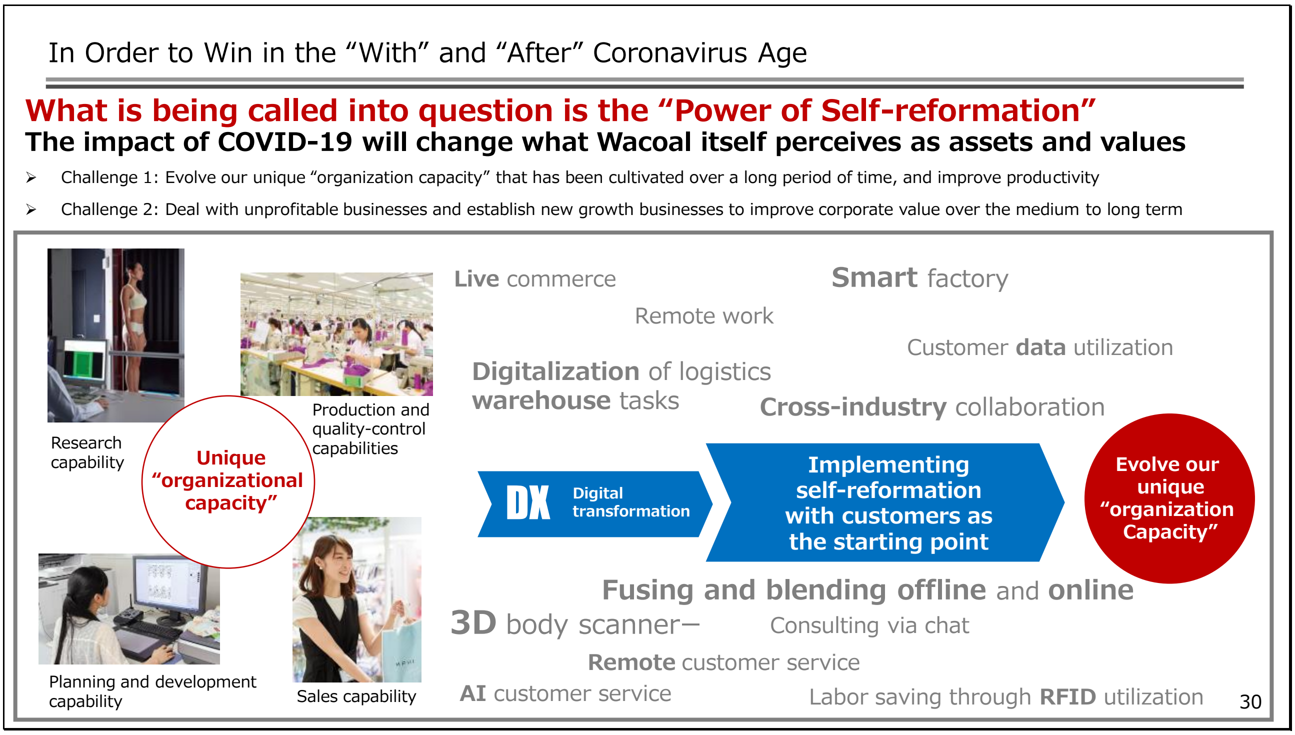
29

Please see page 29. First, I would like to talk about the impact of the infectious disease.

I have been involved in management for many years, but this is my first time seeing the impact on the businesses that we operate in all countries and regions in the world. In addition, as conditions differ greatly from region to region, there are no clear scenarios for convergence.

The fight against the new coronavirus will certainly be a long-term battle. It may take at least a year and a half, or if it is long, it may take about three years until the world returns to normal.

We should consider the business environment after corona based on the assumption that everything will never be reverted to its original state. We recognize the need to change greatly, not only in terms of the products in demand, how they are sold, and touch points with customers, but also in terms of Wacoal's corporate structure.



Please see page 30.

The most important item in order to survive in the face of severe environmental changes is described. It is a "self-reformation skill." The impact of the infectious disease may have led to changes in Wacoal's assets and values, so it is necessary to thoroughly inspect and update the value chain.

Fortunately, over the past few years, we have pursued the omni-channel strategy that integrates online and offline channels. In addition to the introduction of 3D body scanners and Ai customer service at stores, the use of RFID has begun. By combining the strengths that Wacoal has cultivated over a long period of time, such as its research capabilities and sales capabilities, with digital products, Wacoal will strive to evolve its organizational capabilities so that it can create the value demanded by the new era.

Basic Policies in light of the Medium-term Management Plan (MTMP) and Spread of COVID-19 (announced May 20,2020)

Face reality, ascertain future demand, and then boldly implement reform

[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

31

Page 31 presents our basic policies in light of the spread of the infectious disease. I talked about this in detail in May, so I will omit the explanation today. The next page will explain how we will implement the reforms we have set out in this section, aiming to create a highly profitable management structure.

Current Medium-term Management Plan (MTMP): Initiative Going Forward

With an eye on the next three-year plan, decisively implement "profit structure reform" during the current MTMP period

- FY 2021: (1) Ascertain future demand, and determine what to "change" and what to "discontinue"
  (2) Start reforms once the direction becomes clear
- FY 2022: Complete structural reforms with a focus on the next three years (formulate measures for new medium-term plan)
  ⇒Complete constitutional changes and structural reform, and aim to return to sustainable growth from FY2023

Process going forward

Current MTMP: 2nd fiscal year (FY2021)	Current MTMP: final fiscal year (FY2022)	New MTM (FY2023 – FY2025)	
Decisively implement profit structure reform (build a foundation for the next MTMP)		Start as the "reborn Wacoal"	Establish highly profitable management structure
Ascertain future demand, and determine what to "change" and what to "discontinue" ➢ Implement reform without hesitation once direction is clear ➢ Ascertain changes in consumers and markets ➢ Start organizational reform focusing on changes at hand	**Complete structural reform aimed at realizing a highly profitable management structure** ➢ Deal with unprofitable businesses (abolish, consolidate, etc.) ➢ Continue strategic investment ➢ Formulate next three-year plan	**Start the new three-year plan with a "lean" corporate structure** ➢ Further increase productivity ➢ Accumulate non-financial assets (strengthen human and intellectual assets) ➢ Investment for discontinuous growth	

32

Please see page 32. This section explains the initiatives in the current medium-term management plan.

First, for the current fiscal year, we will make it a period for us to consolidate what we need to do and what we need to stop looking at after corona. As I have explained earlier, we are making progress in our digital reform initiatives, which are essential for future growth. Due to the impact of the spread of the infectious disease, the period for verifying the effects has been extended, but we will steadily proceed without ceasing.

On the other hand, we have been reforming the earnings structure of the Wacoal Group since the previous fiscal year, but it has also been taking time to verify it due to the impact of the spread of the infectious disease. We will face the reality, identify future demand, and clarify what needs to be done.

The next fiscal year, which means the fiscal year ending March 2022, will be the final year of the structural reforms that take the next three years into account. We will complete structural reforms for a lean management structure by resolutely liquidating unprofitable businesses while continuing to invest in growth. In order to return to a growth trajectory and ensure the creation of sustainable profits over the next three years, the remaining year and a half will be an important period, so we will work with no compromise.

Details of Initiatives in Each Segment (FY2021 – FY2022)

With an eye on the next three-year plan, decisively implement "profit structure reform" during the current MTMP period

	FY2021		
	Already underway	**To be implemented this FY**	**Initiatives for FY2022**
Wacoal business (Japan)	**Details of Wacoal Corp's efforts are explained separately starting on slide 34**		
	【Overall】…Review spending plan 【Directly operated sewing factories in Japan】 …Adjust production for fall/winter products …Discuss future role for factories in Japan	【Overall】…Review spending plan 【Sales companies】 …Consider role within the Group and ideal form	【Logistics companies】 …Prepare initiatives for deliveries to individuals 【Sales companies】…Reorganize as needed
		【Directly operated sewing factories in Japan】…strengthen competitiveness (reorganize as needed)	
Wacoal business (Overseas)	【Overall】…Review spending plan 【Europe, US, China】 …Continue to strengthen EC business …Integrate IO Inc.'s logistics operations 【China】…Continue to collaborate with Japan on products	【Asia, excluding China】 …Discuss and ascertain regional strategy (Hong Kong, etc.) …Stat developing EC business 【Overseas production factories】 …(for Japan) expand ASEAN production ratio	【US】…Maintain IO Inc.'s high growth 【Europe】…Strengthen development in Europe 【Asia, excluding China】…Reorganize as needed 【Material companies (Thailand)】 …Strengthen competitiveness, start supplying to Group
Other	【Overall】…Review spending plan 【Peach John, Lecien】 …Verify results of reforms implemented up to the previous FY …(PJ) Strengthen offline/online cooperation	【Unprofitable subsidiaries】 …Ascertain future demand from an overall optimization perspective …Consider role within the Group and ideal form 【Overseas businesses/production factories】 …Ascertain future demand and regional strategies	【Unprofitable subsidiaries】 …Withdraw, cut loose, reorganize 【Overseas businesses/production factories】 …Reorganize as needed …Strengthen competitiveness and coordination within the Group

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Please see page 33.

By segment, we have organized what we are already doing, what we will do in the current fiscal year, and what we will do by the end of the next fiscal year. With this plan, we will identify future demand, review the roles and modalities of each subsidiary and business within the Group from the perspective of total optimization, and reorganize and separate businesses, as necessary. Next, Wacoal Corp.'s initiatives will be explained by President Ito.

Despite an extremely challenging business environment, we plan to complete reforms during the period of the current medium-term management plan with a view to achieving regrowth and sustainable profit generation over the next three years. We will report the progress to you as needed, but I would be grateful if you could give me some advice through dialogue.

That's all from me. Thank you very much for your attention.

Wacoal Corp. initiatives focused on the “with” and “after” novel coronavirus periods

Tomoyasu Ito

Director, Vice President Corporate Officer
Wacoal Holdings Corp.
Representative Director, President and Corporate Officer
Wacoal Corp.

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Awareness of Changes in the Market Environment Due to the Pandemic

Impact of spreading infectious disease	**The traditional business model has stalled, touchpoint replacements accelerated** ➢ As the number of opportunities for going out decreases, each person’s “sense of values” is rapidly changing ➢ In line with lifestyle and workstyle changes, consumption behavior and “Places people gather” are changing ➢ Online positioning becomes more important **⇒It is necessary to speed up actions aimed at establishing a competitive advantage for the medium to long term**
What should be implemented in an accelerated manner during the current MTMP	**Prepare a foundation for a return to growth over the next three years** **Using the pandemic as an opportunity, accelerate business structural reform** ➢ Ascertain future demand with an eye on the “with” and “after” coronavirus periods ➢ In line with channel reform, transition to a “self-managed business (directly managed stores, own EC) ➢ Fuse and blend store and EC operations (improve customer experience) ➢ Develop and evolve a unique business model via efficient use of customer data ➢ Accelerate initiatives aimed at improving profitability (decrease the fixed cost ratio which remains high)

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Ito: I would like to explain Wacoal Corp.’s initiatives. Thank you in advance. Page 35.

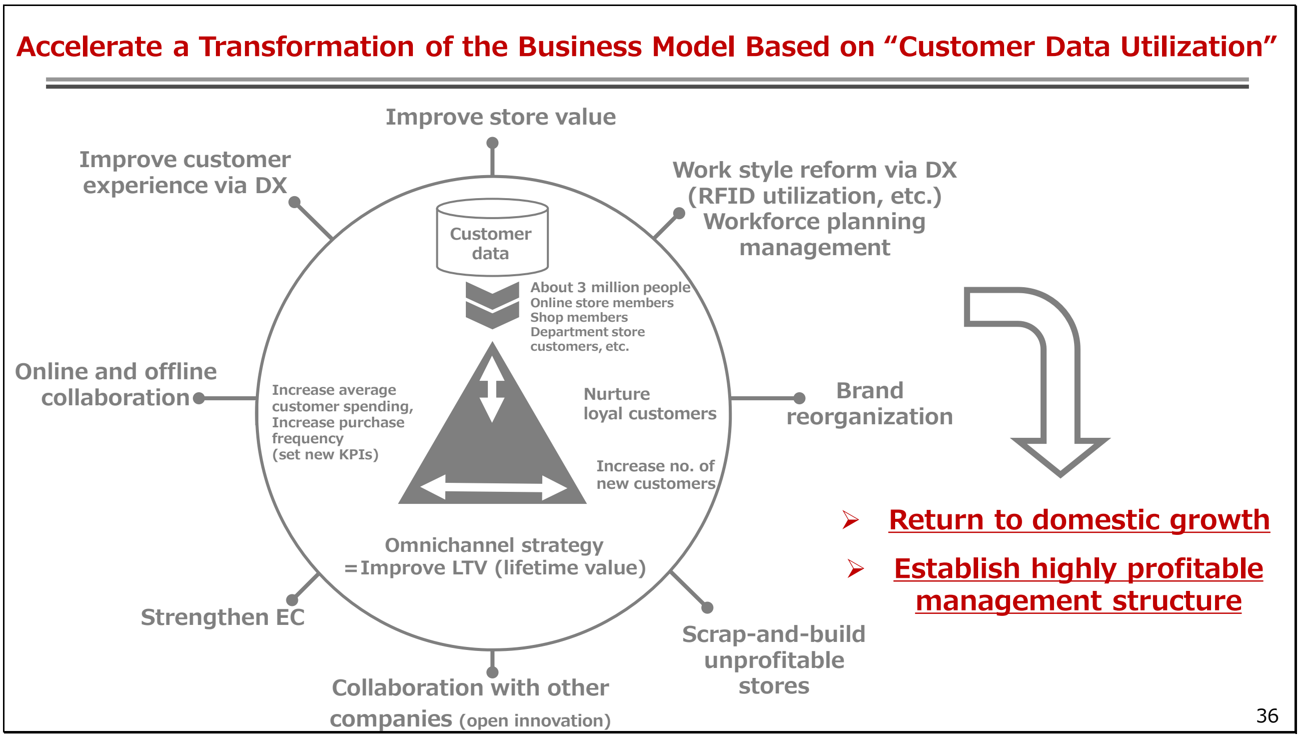
The spread of the infectious disease has had a variety of impacts, and the sense of values has greatly changed. This means that there have been major changes in the direct business model that we excel in, which is the purchase and sale of products based on our stores.

For example, looking at the current situation for people's gathering places, people's flow is shifting to rural areas or suburban areas rather than urban areas, and problems within the commercial facilities themselves, and problems with the structures of shops are also changing.

Moreover, this is also our case, but the EC purchasing structure online has greatly increased at the same time. I think these are big changes.

What we should accelerate now is to think of how to increase profits and maintain points of contact, including the current real store structures and environments themselves to improve, and how to make digital investments in EC and stores, in which we have been investing. How we link and integrate them and create customers taking these two points into account will be the key.

Another is the improvement of profitability, in particular, including the fixed cost, which remains high. I think that how to improve this through our internal and external collaborations will be the key.



Please see page 36. This means that we will build deep, broad, and long-term relationships over the three-year period of the current medium-term management plan.

Over the past several years, we have been able to manage our customers directly. Approximately 3 million people have made Wacoal's purchases over the past five years, and we regard this as 3 million customers of the directly managed EC and department stores. In reality, while using other media, more than five years on purchasing, but in terms of the list, we have additional 2.5 million people, so to some extent, we understand that we have about 5.5 million customers. In my opinion, the key points are to increase the number of contact points with loyal customers, and how we acquire new customers under the pyramid and expand them.

As explained by Yasuhara, for the left part of this diagram, we will work on increasing the speed of our business through digital investment, and for the top part, we have been improving the value of our stores by redefining the value of [inaudible] stores themselves and offline stores. For the bottom part regarding collaboration with other companies, I will explain later, but in such contexts, I think the key point is how to create contact points with areas that are not traditional Wacoal's business areas.

With respect to the right part, it is about how to change our profit structure including such DX. I believe that we will center on brand restructuring particularly through [inaudible] of unprofitable offline stores, including the elimination and consolidation of stores.

Strengthen Online Collaboration and Transition to a Self-managed Business

Rapidly changing market environment due to COVID-19

Fusing and blending off/online operations becomes even more important

- **Transition to a "self-managed business based on customer data utilization"**
  (Note: self-managed business: a business model wherein we manage and administer stores, inventory, and customer data ourselves)
- **Further strengthen EC collaboration and realize an improved customer experience ~Improve LTV (lifetime value)~**

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Please see page 37, especially the middle part that I just talked about. I would like to briefly explain the importance of collaboration and cooperation between offline and online, and the transition in the context of the self-managed business.

Image of Business Model for FY2025

Have online operations account for 25% of net sales, and have directly managed stores account for 40% of the offline portion

- Raise the portion of the business we directly manage ourselves (directly-managed stores, own EC) to about 50%
- Maintain/strengthen relationships with customers by considering and opening tenant positions in the department store channel
- More thorough management of store profit and loss (implement optimal staffing)

	Ratio FY2020	Ratio FY2025
Online	about 15%	about 25%
Offline	about 85%	about 75%

	Business model	channel	Ratio FY2020	Ratio FY2025
Offline	Self-managed business	Directly managed store (Including tenant store openings in department stores)	about 20%	about 40%
	Wholesale business	Department Stores	about 80%	about 60%
		GMS Supermarket		
		Specialty Stores		

Note: Calculated excluding the Spiral business, Remamma business, sales to the Wacoal Group, etc. 38

Please see page 38.

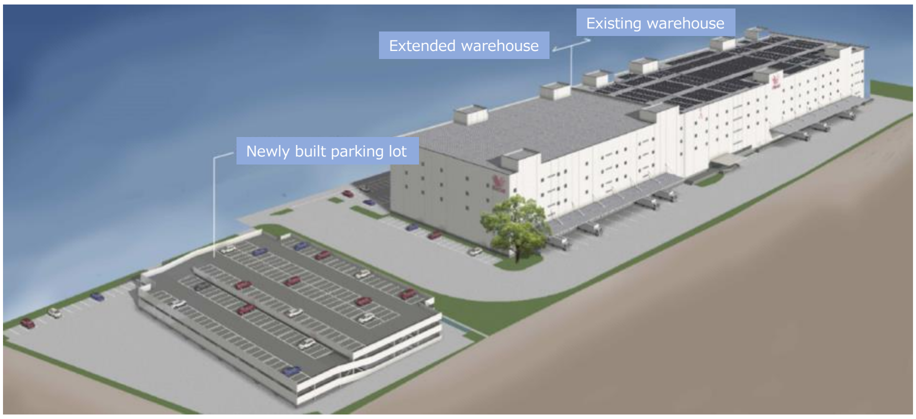
Currently, the balance between EC sales and store sales is 15% for online and 85% for offline in the fiscal year ended March 2020. For the fiscal year ending March 2025, we are working to improve our EC technology to 25% online and 75% offline.

Currently, offline stores account for 20% of total sales, while the wholesaling business model, including mainly department stores, mass retailers, and specialty stores, accounts for 80% of total sales. We are moving forward and aiming to achieve our targets of 40% for our direct managed stores and 60% for the wholesaling business by the end of March 2025. Accordingly, we anticipate that the proportion of direct business, including EC and directly managed stores, will be approximately 50%.

Topics: Logistics Reform

Unify logistics and warehouse operations to strengthen our own EC business growth and improve the efficiency of shipping operations

- Expand the Moriyama distribution center, aiming to start operations in the fall of 2022
- Insource the currently outsourced operations that deliver product to individuals
- Build a system that not only realizes efficient logistics operations, but also flexibly responds to changes in the retail environment going forward
- Total investment of ¥4.7 billion (FY2020 about ¥1 billion, FY2021 about ¥3.3 billion, FY2022 about ¥400 million)



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Please see page 39.

In terms of sales expansion of EC itself, we originally envisaged a line of JPY7 billion under the current medium-term management plan, which is a front-line investment of JPY7 billion announced in the previous fiscal year. However, at this stage, it is probably going to be around JPY7.5 billion in the current fiscal year. To support this, we are working to expand the Moriyama Distribution Center in the fall of 2022 in order to enhance individual delivery.

Customer Data Utilization

Rapidly changing market environment due to COVID-19

Fusing and blending off/online operations becomes even more important

- **Transition to a "self-managed business based on customer data utilization"**

  (Note: self-managed business: a business model wherein we manage and administer stores, inventory, and customer data ourselves)

- **Further strengthen EC collaboration and realize an improved customer experience ~Improve LTV (lifetime value)~**

Customer Data Utilization

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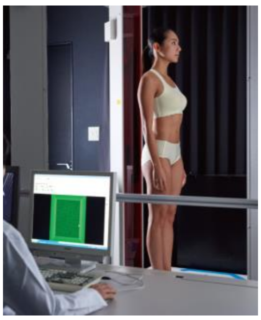
Please see page 40. The other point is how to deal with customers in the future, how to broaden our customer base, and build deeper relationships. The key point is the utilization of customer data.

Customer Data Held by Wacoal

Leverage our customer data ~transform all activities, using customer data as the starting point~



Purchase Data	Body measurement data	3D body measurement data
Store members/Own EC members Dept. Store customer data, etc. About 3 million people	Accumulated measurement data for about 45,000 people People who have continually had their measurements taken (every 5 years): about 1,000 people	For about 20,000 people

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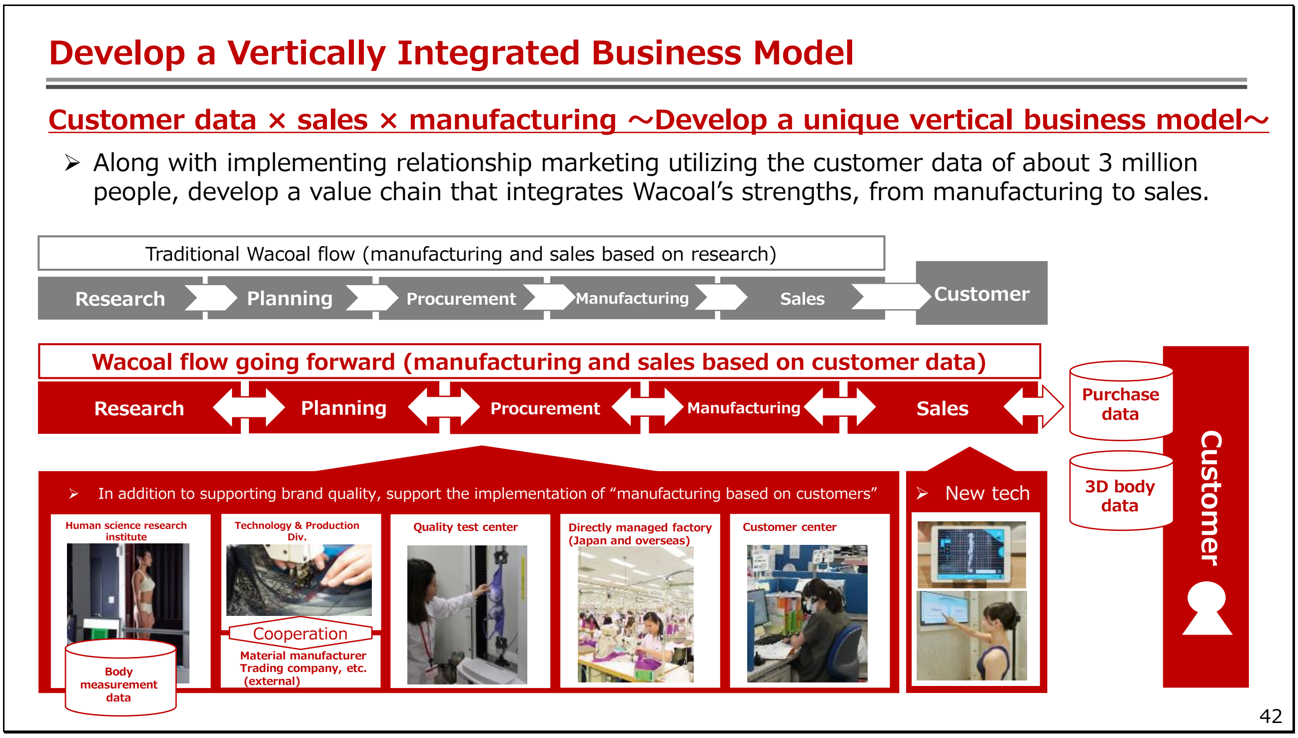
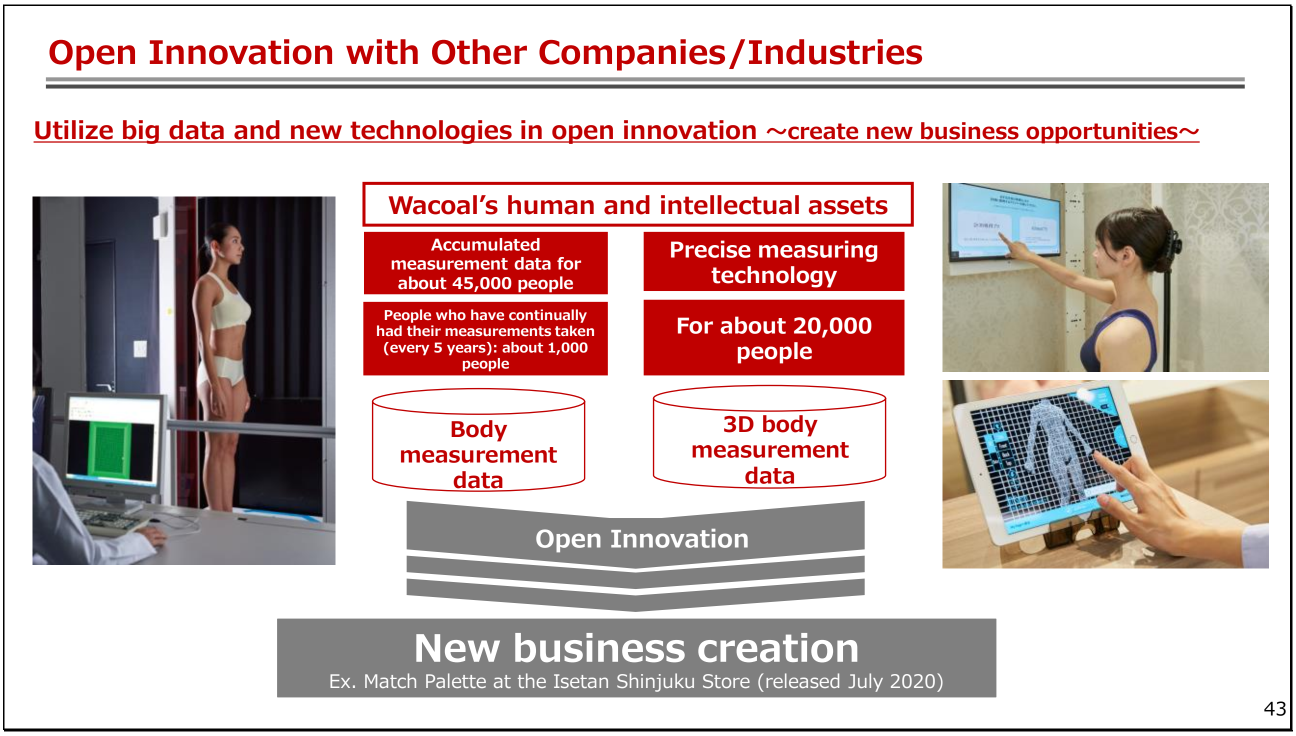
Please see page 41. At present, we have been able to capture the purchasing data of approximately 3 million people, as I mentioned earlier. Furthermore, we have about 45,000 pieces of data which have been collected at Human Science Research Center since 1969. In addition, 3D data itself, which was introduced in the predecessor regulations, totaled approximately 20,000 people. However, our strengths lie not in each of them being independent, so we would like to utilize a variety of data in relation to the customer purchasing data and the body data itself through customer management.



Please see page 42. As an example, this is a value chain that ranges from manufacturing to sales. The flow of this business used to involve planning and procurement under various hypotheses based on the body research data and deliver products to customers. However, with the customer management system, including the 3D, we can verify such hypotheses and apply them to our manufacturing as well as to the whole marketing. In other words, we would like to develop products through a unique perspective on how physical changes can lead to changes in psychology and lead to purchases.



Please see page 43.

This shop was developed by our 3D Smart & Try in the course of our recent efforts with Isetan. AI analyzes the sizes based on 3D, which was created based on the human science research, and also realizes a story of customer service that has been created at offline stores of our beauty advisors. We did this with Isetan. We would like to cooperate with the outside world in the form of open innovation for the software part of our business.

By doing this, we want to connect with the touch points that Wacoal has never had before. We also want to contribute to expanding the hem of the pyramid.

Initiatives Aimed at Realizing a Highly Profitable Management Structure

Improve management efficiency by thoroughly inspecting the value chain

(1) Review low-profit businesses

- Dept. store business: review the sales floor environment and terms and conditions, and optimize the number of sales staff
- Other low-profit businesses: ascertain future demand, and decide "businesses that should be terminated" and execute accordingly

(2) Reorganize the brand and optimize inventory in line with touchpoint changes

- Reduce the number of brands/groups (start from autumn and winter of 2021. Decided to reduce about 30%)
- Examine the role and positioning of products other than innerwear, and implement further consolidation

(3) Reduce fixed costs by optimizing personnel deployment

- The total personnel expense ratio to sales exceeds 30% due to the decline in the top line (including labor cost for manufacturing personnel)
- Implement planning management for personnel (optimize personnel allocation by taking stock of operations and adjust hiring accordingly)

⇒Aim to bring the total personnel cost ratio **down to below 25% (plan)** over the span of the next three-year plan (FY2023-2025)

While strengthening profitability, build an organizational structure that can respond to changes in the business environment (spring 2021)

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Next, please see page 44. This describes the recovery of profitability or improvement of profitability as the other major pillar. We have listed three points. Basically, what should be done with low-profit businesses.

The first is the Department Store Business. It is not just department stores, but we increase the speed and focus on the profitability of stores. For example, there are about 400 sales floors in department stores today, and about one-third of them has been unprofitable. It is expected that this corona situation will increase inconvenience a little more, and in this situation, how we can create real stores, including a business model.

This is not just department stores but, as explained earlier, while we assess the future demand for the business, we also want to judge which business to discontinue.

Second, by doing so, we can reduce the right stock or the number of brand groups on which it is based. In other words, we will reduce SKU by approximately 30% by autumn and winter of 2021, so we will make further progress in concrete terms. We are also considering modalities of other products other than underwear in the same manner.

For a major point, we have been increasing productivity by focusing on the portion of total personnel costs as part of our personnel plans since the previous fiscal year. However, the decline in sales from the second half of the fourth quarter of the previous fiscal year caused total personnel costs to exceed 30% of manufacturing personnel costs, SG&A expenses, and the manufacturing business. We would like to accelerate the process of bringing such costs to 25% as soon as possible, taking the personnel plan, including the recruiting process, into account. I would like to use this axis to strengthen profitability.

Details of Wacoal Corp. Initiatives (FY2021 – FY2022)

	FY2021		Initiatives for FY2022
	Already underway	**To be implemented this FY**	
Overall management	【Coronavirus measures】 …Analyze/share the impact of COVID-19 …Reduce costs, secure liquidity at hand …Adjust production to avoid overstocking	【Organizational structure】 …Reorganize to facilitate response to environmental changes 【Medium- to long-term strategy】 …Strategic discussion eyeing the next three years	【Organizational structure】 …Verify new organizational structure, bring on track 【Medium- to long-term strategy】 …Create next three-year plan, set KPIs
Growth strategy (omnichannel strategy)	【Omnichannel strategy】 …Verify effectiveness at stores with installed 3D system …Continue customer database integration and analysis 【On/offline cooperation】 …Link marketing between directly managed stores and own EC	【 On/offline cooperation】 …Mutually send customers between directly managed stores and EC …Raise the EC ratio of the retail business to over 15% …Review the sales staff evaluation system …Build collaboration between own EC and wholesale customers	【On/offline cooperation】 …Mutually send customers between physical stores and EC …Strengthen own EC business 【3D body scanner】 …Create efficient operations and accelerate installation
Business structure reform (value chain inspection)	【Department store measures】 …Department store project launched …Examine store staff and P&L management method 【Brand positioning and inventory optimization】 …Determine brands/groups to consolidate 【Personnel planning management】 …Take stock of operations and discuss appropriate personnel allocation …Control hiring, primarily sales staff	【Department store measures】 …Review the sales floor environment and terms and conditions 【Brand positioning and inventory optimization】 …Ascertain touchpoint changes …Reclassify product weighting in response to changes 【Personnel planning management】 …Appropriately allocate personnel in anticipation of new organization …Develop new roles, control hiring	【Department store measures】 …review the sales floor environment and terms and conditions 【Brand positioning and inventory optimization】 …Develop new brand strategy …Optimize entire inventory 【Unprofitable businesses】 …Withdraw as needed 【Personnel planning management】 …Switch to new roles, control hiring
ESG	【 Coronavirus measures】 …Develop/maintain remote work environment …Support "health and safety" of customers/employees	【Environment】 …Led by the supply chain environment project, reduce waste and develop environmentally friendly materials	【HR】 …Revise work styles and the evaluation system based on remote work, and consider introducing a system to improve job satisfaction

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Finally, regarding page 45, we have organized what we are already doing, what we will do in the current fiscal year, and what we will do in the next fiscal year. Since June, which was last month, we have been discussing our management strategies for the entire company with the specific items described in the current direction, so I would like to explain this at a new stage.

Thank you very much for your continued support. Thank you for your attention.