



FY2020 to FY2022 Medium-Term Management Plan Briefing Session Material (U.S. Accounting Standards)

June 2019

Wacoal Holdings Corp.



Goals and Specific Efforts (Management Strategy from FY2020 to FY2022)

**Hironobu Yasuhara,
Representative Director and President**



➤ **70th Anniversary: To be a company that is expected to survive beyond 100 years**

Mission

We will contribute to society by helping women to express their beauty.

Vision

We, the employees and management of Wacoal, will maintain a refined corporate culture based on mutual trust and will continually strive to make the Company a global leader in the industry.

When we rephrase “maintain a refined corporate culture based on mutual trust” in modern words, it is nothing less than:

- being a company that is trusted by all stakeholders; and
- implementing management with an emphasis on ESG and creating social value, instead of focusing only on economic value.



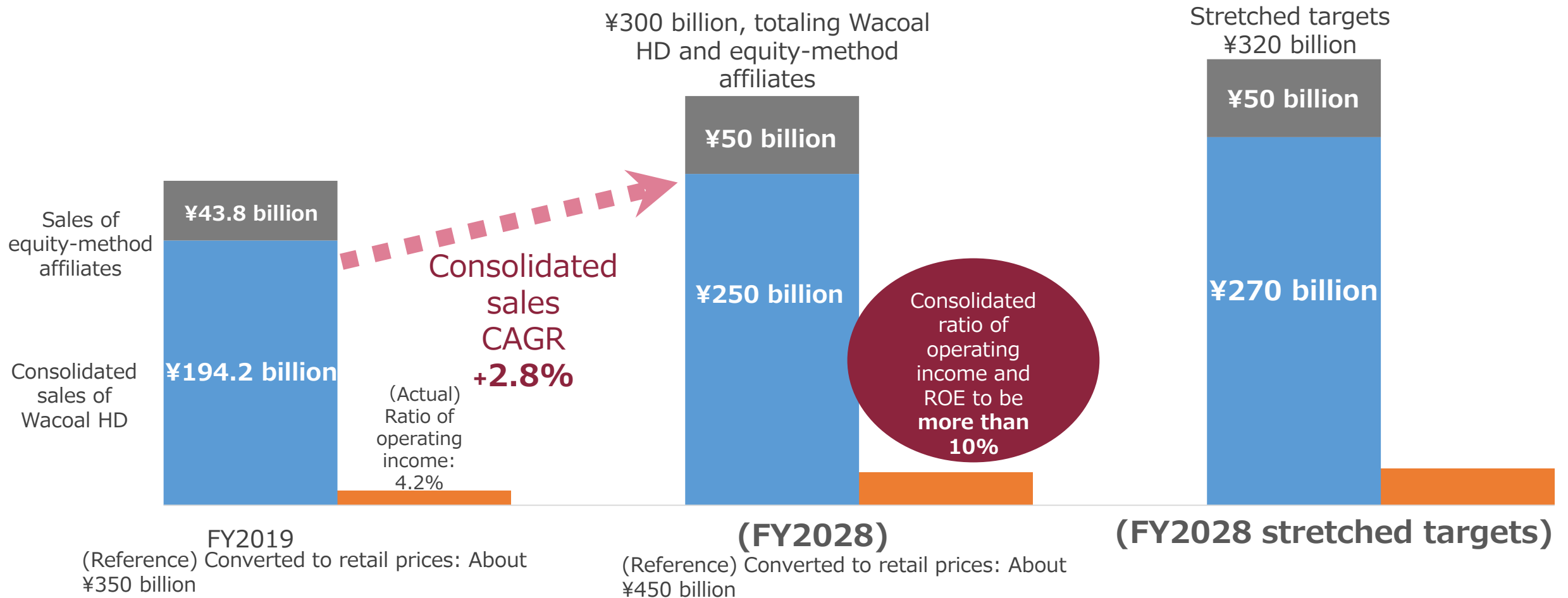
➤ **Aiming for the global Wacoal as a Group**

“The vision of “global Wacoal” means:

- 1. The Wacoal Group's products, services and actions on social issues are highly trusted by customers and all other stakeholders in the markets worldwide.**
- 2. The number of countries and regions in which we operate business keeps on increasing.**
- 3. Under the Group network, we are operating businesses in a coordinated manner on a global scale.**
- 4. We always provide pioneering products to the world market and continue to lead the field of underwear culture.**
- 5. Group mission and philosophy are instilled in employees across the world.**



- **The goals in 9 years (FY2028):**
Sales combined with equity-method affiliates (overseas joint ventures):
To exceed ¥300 billion
Consolidated ratio of operating income/ROE: Both to exceed 10%.





➤ **Face the reality, identify future demand, boldly reform, and focus on growth.**

- 1. Achieve strong growth in Japan and overseas**
- 2. Examine the potential of unprofitable businesses and brands, and promote review and structural reform of group businesses where no business will be safe from such review or structural reform**
- 3. Enhance corporate value by improving economic and social values**

With a focus on the above:

- ❑ We will respond quickly to individual business issues.
- ❑ We will establish sustainable business foundations such as CSR procurement, diversity and inclusion and focus on creating new values.
- ❑ In addition to improving profitability and capital efficiency, we will carry out appropriate shareholder return and reduction of strategically held shares, and build proper asset balance.



Results from the past 3 years

1. Breaking out of the business model that overemphasized domestic wholesale
2. Improvement of management efficiency through reorganization and sales policy review
- Return reduction, discount sales reduction
3. Completion of preparation for commercialization of next-generation customer service by digital technology
4. Growth of the second brand that is a pillar in Europe, America and China
5. Accelerated growth potential by aggressively developing e-commerce channels
6. CSR procurement operation began in collaboration with manufacturing consignees
7. Implementation of the total return ratio of over 100%

Targets for the next 3 years

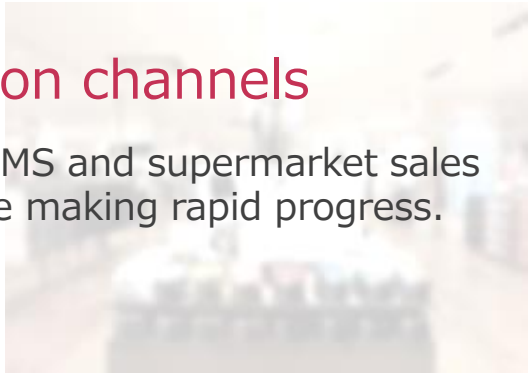
1. **To reform the conventional business model: improving the competitiveness of Peach John, Lecien, Ai, and CW-X**
2. **To carry out omni-channel policy where competitors cannot keep pace**
3. **To reduce and optimize brands and product line-up**
4. **To launch high value-added new products that can sell both domestically and internationally**
5. **To cooperate with major e-commerce websites or enhance our own e-commerce websites, with an eye on national and regional characteristics**
6. **Growth investment and business foundation improvement for strengthening the businesses in countries and regions where the business scale is small**
7. **Group-wide restructuring of competitive value chain structure and supply chain network**



New 3-Year Medium-Term Management Plan

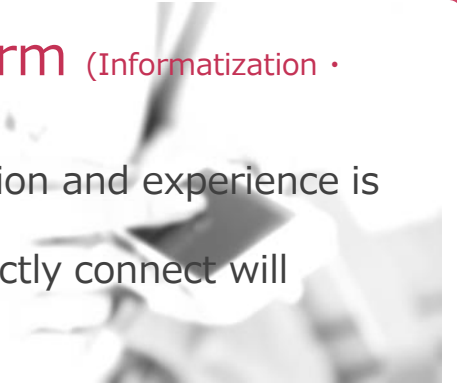


Change in the distribution channels



- Stagnating department store/GMS and supermarket sales
- E-commerce and global SPA are making rapid progress.

Accelerate technology reform (Informatization · always spend time with a terminal)

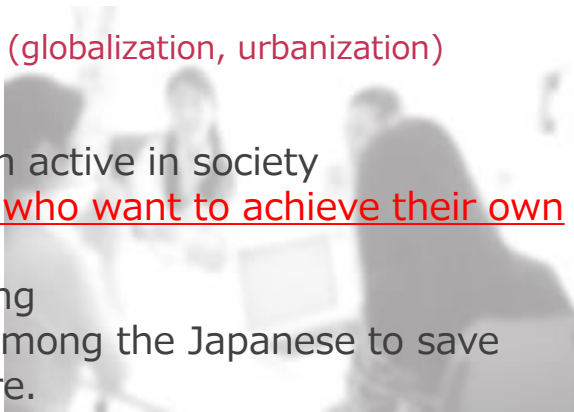


- Digitization at the time of consumption and experience is accelerated.
- A society where consumers can directly connect will expand. (SNS community, C2C, D2C)

Further spread of diverse values

- Consumers obtain information from various networks and make their own consumption choice -

Change in consumers (globalization, urbanization)



- Increasing number of women active in society
- Increasing number of people who want to achieve their own beauty (personalization)
- Development of casual clothing
- There is a continuous trend among the Japanese to save money with anxiety in the future.

Trend of industry and industrial structure



- Disappearance of companies that can produce high quality underwear
- It is difficult to secure sales personnel.
- Social and ethical business activities are the challenge.



Positive comments

1. Wacoal's business efficiency improvement results are reflected in gross profit rate, and it will continue to be positive.
2. Wacoal's development in next-generation customer service using digital technology cannot be imitated by the other companies. It is promising.
3. We are having a highest expectation in growth in the Chinese market. We are interested in how Wacoal is strategically depicting business expansion in China in the long-term (10-20 years).
4. We value the strengths including brand value, competitive advantage of Wacoal's unique value chain, and quality control in the own factories.
5. Wacoal is prioritizing and working on social issues such as CSR procurement faced by the apparel industry and employment of foreign technical interns, ahead of other companies.

Negative comments

1. The domestic subsidiaries that cannot stop the decline in business results need to be taken care of.
2. We are concerned about the moral hazard of Wacoal's domestic subsidiaries. They not only degrade corporate value, but also detract the motivation of the employees in the Group.
3. We feel that raising awareness at the subsidiary and business unit levels is essential to improve capital efficiency that falls short of the expected ROE level.
4. We would like Wacoal to try to clarify medium- and long-term growth investment areas that have not yet reached the initial plans.
5. Isn't the reduction of strategically held shares or capital policy becoming a goal?



Priority Strategies for the Medium-Term Management Plan FY2020 – FY2022	Basic Policies		
	Achieve strong growth in Japan and overseas	Review and structural reform where no business will be safe from such review or structural reform	Improving economic and social values
1. Sustainable growth and improved profitability of Wacoal Corp	◎	◎	◎
2. Revitalization of domestic consolidated subsidiaries	◎	◎	
3. Acceleration of the expansion and growth of overseas businesses	◎		◎
4. Reform of Group's production and supply systems		◎	◎
5. Challenge to the expansion of the business portfolio and new business	◎	◎	
6. Enhancement of social value (work on ESG challenges)			◎
7. Management with capital cost in mind			◎



1. Sustainable Growth and Improved Profitability of Wacoal Corp.



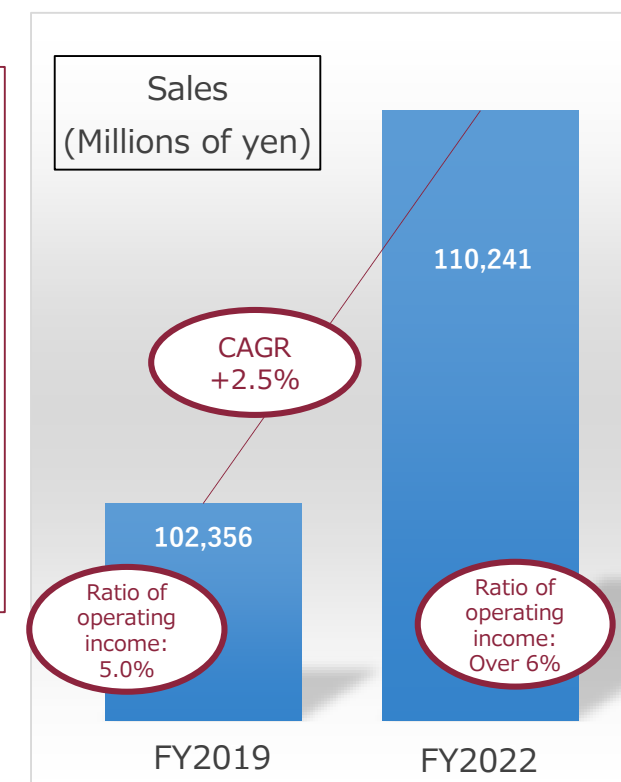
➤ **Through all business activities including product planning, production, communication and sales, we will establish “deeper, wider, and longer” relationships with each customer, enhance brand value, and achieve solid growth.**

1. Market Environment

- ① Conversion of business categories of the department stores and GMS and supermarkets, and closure of unprofitable stores
- ② Increasing presence of global SPA as innerwear competitors
- ③ Diffusion of cheap items (i.e. pajamas and men’s underwear, knit lingerie, baby and kids)
- ④ Activation of the bra market in pursuit of comfortable products
- ⑤ Increasing awareness of size behind digital technology and customized wear
- ⑥ Increasing interest in sports as a result of the Tokyo Olympics
- ⑦ Rising needs among the people over 50 years old who want to extend their healthy lifespan

2. Business Targets

- ① To establish more solid market valuation as the top brand.
To realize the sustainable sales growth again.
(Sales CAGR: 2-2.5%)
- ② To achieve stable profit growth by maximizing organizational productivity (over 6% of ratio of operating income)





➤ Transforming into a company that holds and uses the world's largest body and mind (preference) data

- Nationwide development of strategic stores based on Wacoal's omni-channel
- Realization of customized wear business based on personal data and health support related business

To create the "future" of the customer experiences for innerwear

To create new products and services based on personal data



Nationwide development

- "3D smart & try"
3D body scanner/Customer-consultation AI (Installing 100/3 years)
- Floor reform
<Place to sell⇒ Place to experience>
- Collaboration with e-commerce

To provide personalized customer services at any sales floors

- To increase repeat customer ratio
- To obtain young people
- To optimize sales opportunities

To be a company that holds and uses the world's largest body and mind data

- Use them for research and development
- New product and service development
- Next-generation business development, such as health area

Top line growth of wholesale, retail and our own e-commerce

"3D body scanner + personalized app"

"Digitalization of customer records"

"Customer-consultation AI"

Collaboration between "stores" and "e-commerce"

https://www.wacoal.jp/smart_try/

Priority Strategy of Wacoal Corp. (2): Market Strategy (Number One Strategy)



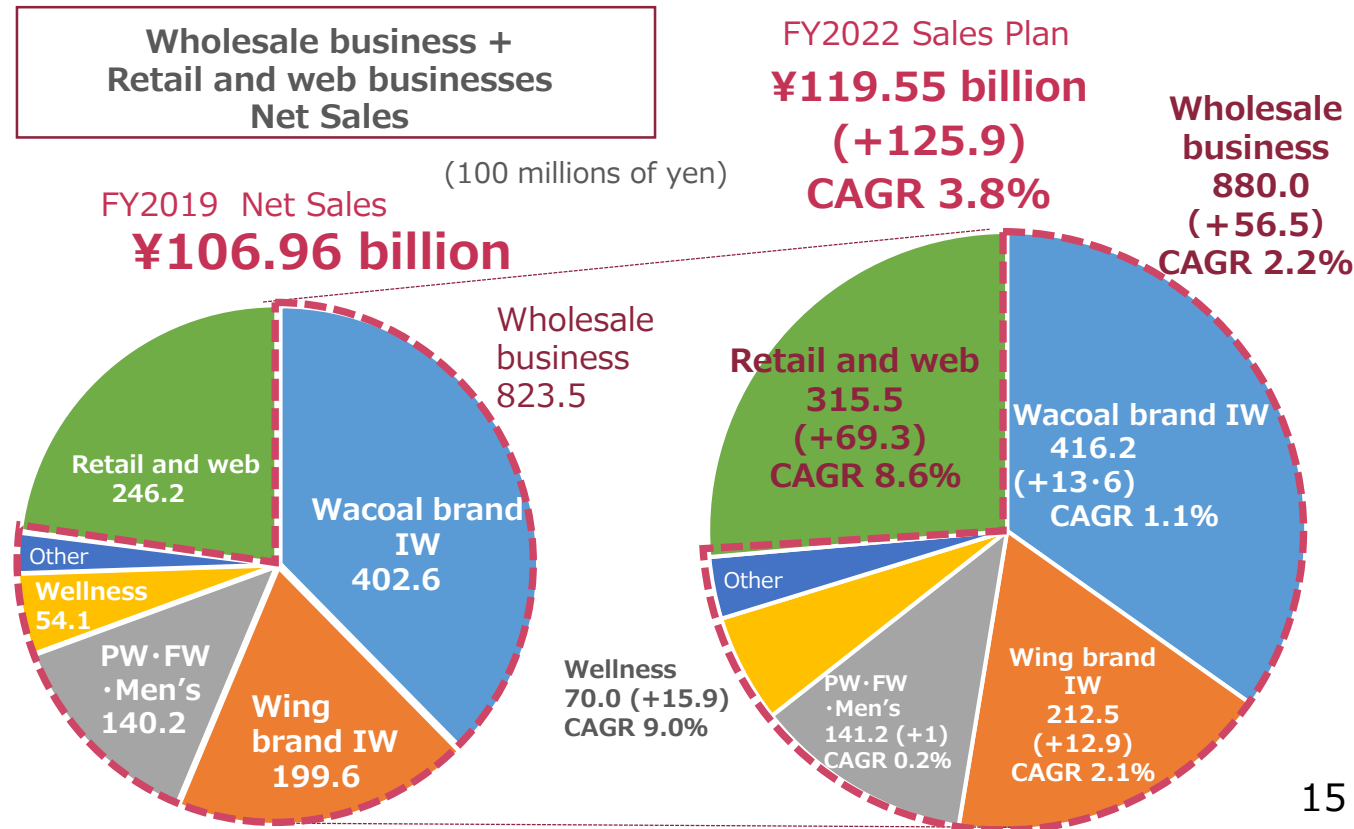
- **To reduce product brands and groups in the wholesale business, and review transaction conditions with department stores (selection and concentration)**
 - To review the brand definition and strengthen the power of each product group, and, at the same time, make efforts to expand market share (from 63 to 50 groups (20% reduction))
 - To review the business practices and transaction conditions with department stores and improve profitability
- **To strengthen corporate brand communication that conveys "Wacoal's feelings for the body"**
 - To enlighten the importance of size, raise the value of underwear, gain support among introductory population (teens) and mature population (in the 50s to 60s)
- **To enhance the growth potential by strengthening measures that take advantage of the characteristics of each channel and products other than innerwear**

Strategies to strengthen by innerwear and channels

Department stores	To enhance the Wacoal brand value by strengthening prestige and semi-order bras
GMS and supermarkets	To expand self-store sales by comfort bra "Date."
Directly managed retail stores	To actively implement advertising and promotion to raise brand recognition
Our own e-commerce site	To develop apps to strengthen cooperation with department stores and specialty stores

Strategies to strengthen the range of products other than innerwear

CW-X	To acquire female user centered on "sports bra"
Pajamas	To improve the added value of the "Think Sleeping" brand
Junior	To acquire introductory generation by expanding recognition of the "Pulili" brand
Men's	To enhance business efficiency by brand integration
Shoes	To continuously strengthen pumps for work



Priority Strategy of Wacoal Corp. (3): To strengthen Business Foundations (All For One strategy) Investment Fields/Structural Reform



- To implement “work style and rest style reform” to increase output (To increase productivity per worker and beauty advisor)
- To realize increased added value of products (new material development and manufacturing technologies), reduction of material disposal and distribution costs, and optimization of company-wide inventory
- To improve profitability of the business that proposes culture and beauty (sensibility) (examination of tangible and intangible asset value maximization)

Operating income per office worker

Up 60%

(Comparison between FY2022 target and FY2019 result)

Inventory turnover rate

3.3 turnover

(Comparison between FY2022 target and FY2018 result + 0.4 turnover)

3-year cumulative investment

¥11.5 billion

- 3D body scanner installation: ¥0.5 billion
- Remodel of directly managed retail stores: ¥1 billion
- IT system renewal: ¥7.5 billion
- Building renovation: About ¥1 billion

Store sales per beauty advisor at department store

Up 13%

(Comparison between FY2022 target and FY2018 result)

3-year cumulative advertisement expenses

¥22.5 billion

(Comparison with previous 3-year cumulative +6%)

Out of which, investment in corporate brand communication: ¥2 billion



2. Revitalization of Domestic Consolidated Subsidiaries



➤ **To implement transformation and reform from traditional business models**

- The old sales and marketing style is no longer valid, and urgent reform of our business model is required.
- There is no way that underwear and swimwear demand will improve dramatically in Japan.
- A key is to build a foundation that can be extended overseas and form alliances with other companies.
- In the first half of the next three years, if no path is established to generate a permanent business surplus, we will shift the business to the action plan for revitalization.

Fundamental business reform

- Selection and concentration of businesses
- Alliance with distribution channels (e-commerce, etc.) and other companies
- Strengthen intra-group collaboration, reorganization of companies
- Review business structure and HR system

Decision to shift to the action plan for revitalization

1. Peach John Business

- ◆ Progress of the FY2021 business plan

2. Ai Business and Lecien Business

- ◆ To achieve the equilibrium level of operating profit and loss in FY2020.



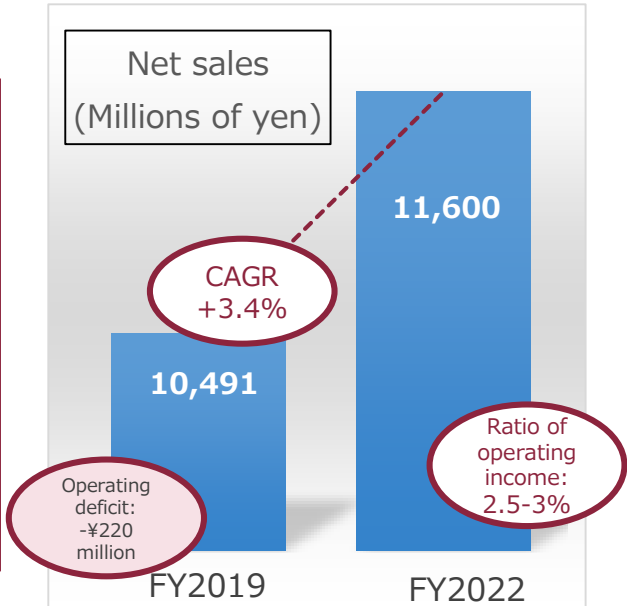
➤ **Based on the current brand value and high profile, the company will capture the consumption behavior and trends of young people, boldly focus on e-commerce, and regenerate into "a brand that can win in e-commerce."**

1. Market trends to achieve the growth

- ① Rapid expansion of the e-commerce market in Japan and overseas
- ② Consumption behavior of young people who want to try various inexpensive cute things
- ③ Increasing fans in Greater China (China, Hong Kong, Taiwan)

2. Business targets

- ① To form a basis for creating a 5% ratio of operating income
 - ② Milestone: To achieve the plans in the second year of the medium-term management plan* (FY2021)
- *Modification of action plan based on result and issues of the first year is anticipated.



3. Priority strategies

- ❑ To organize and consolidate unprofitable directly managed retail stores in Japan
- ❑ To strengthen our own e-commerce website (collaboration between the flagship stores and omni-channel)
- ❑ To review product plans – Reestablishment of “Brand x Price x e-commerce channel x advertisement”
- ❑ To accelerate growth of business in China (opening stores + collaboration with third-party e-commerce websites)
- ❑ To grow in Greater China - To open stores in Taiwan (Taichung, Kaohsiung)
- ❑ To use Wacoal products effectively



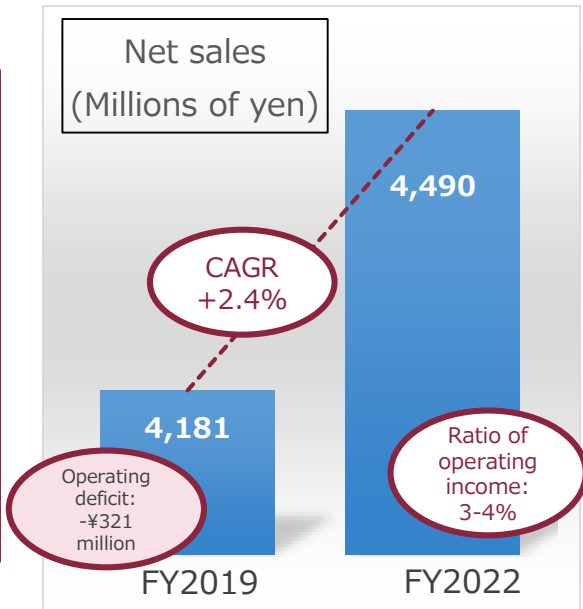
➤ **The company will establish the high-value added “San-ai Resort” brand by combining swimwear and underwear and gaining support from adult women. We will also develop the Chinese market.**

1. Market trends to achieve the growth

- ① Swimwear needs among the adult population who want to cover the body shape
- ② Lack of swimwear for the wealthy women in Asia
- ③ Detailed size development that only the Wacoal Group can achieve

2. Business targets

- ① To review the business model to achieve a 5% ratio of operating income
- ② Milestone: Balance of operating profit and loss in the first year of the medium-term management plan (FY2020)



3. Priority strategies

- ❑ To effectively utilize the domestic customer database of Wacoal
- ❑ To develop value-added swimwear utilizing the results of Human Science Research Center
- ❑ To begin e-commerce sales in China
- ❑ To improve profitability by reducing seasonal/special event stores and increasing in-house product ratio



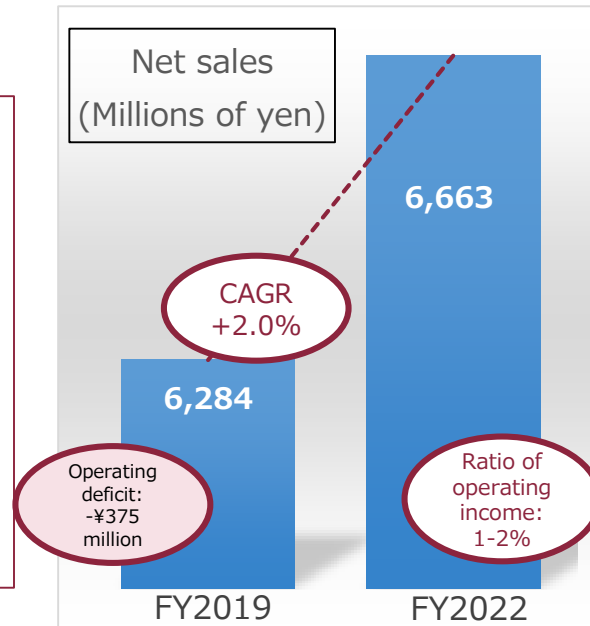
➤ The company will be reorganized into a simple, flat business structure in anticipation of shrinking business of domestic OEM destinations and declining demand from material destinations. In addition, it will develop a new business model in collaboration with GMS and supermarkets. At the same time, it will start OEM supply to overseas.

1. Business environment

- ① Sales of PB innerwear for GMS and supermarkets in Japan, which account for a majority of sales, will inevitably dwindle.
- ② The Material Business producing clothing lace and the Art and Hobby Business selling handicraft products will be less competitive.

2. Business targets

- ① To establish a foundation that can create a business surplus on a regular basis
- ② Milestone: Balance of operating profit and loss in the first year of the medium-term management plan (FY2020)



3. Priority strategies

- ❑ To develop a new business model for domestic GMS and supermarkets
- ❑ To begin overseas OEM supply (Taiwan, South Korea, etc.)
- ❑ To cancel unprofitable business (embroidered lace for outerwear, etc.)
- ❑ To utilize the supply capacity of affiliate factories in cooperation with Wacoal Corp.



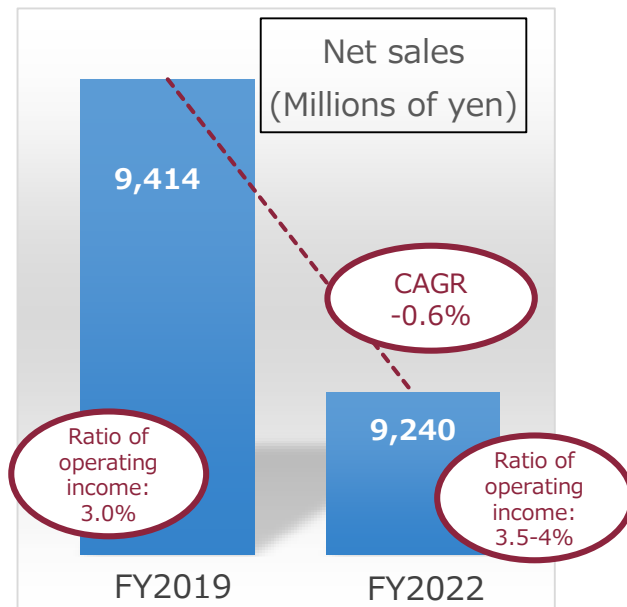
➤ The company will enhance its position as an advanced mannequin company and develop value-added products. At the same time, it will develop new industries as a customer of construction business. Meanwhile, it will enhance the management with a focus on profit.

1. Market trends to achieve the growth

- ① Increased needs for artificial intelligence (AI) as an alternative to human labor and eco compatible (eco-friendly) mannequins
- ② Enhanced demands for interior finish work with refined taste for the restaurant industry and public facilities

2. Business targets

- ① To attain the gross profit rate by business
- ② To challenge the ratio of operating income of 4% based on ①



3. Priority strategies

- ❑ To develop service mannequins which enable unmanned customer service and sales forecast with evolved Interactive mannequin program (IMP), made from biodegradable materials or paper
- ❑ To develop construction business customers in new industries in addition to department stores and apparel manufacturers
- ❑ To enhance business efficiency using the low construction period
- ❑ To strengthen the management with a focus on profit – Item number consolidation, joint delivery within the same industry, review of unprofitable overseas business
- ❑ Working style reform (Reduction of total working hours by 20%, renewal of the core ERP)





3. Acceleration of the Expansion and Growth of Overseas Businesses



➤ **The key is to strengthen the e-commerce business.**

- It is essential to strengthen collaboration with third-party e-commerce websites and integrate our own e-commerce websites and CRM like we did in Japan, taking into account China, which is the world's largest e-commerce market, and the US, where significant growth in e-commerce sales will continue.
- In addition, we will carry out growth investment to strengthen the countries and regions where business scale is small including India, Latin America and Europe.
- We will try to gradually expand CSR procurement operations at overseas affiliates as well.

New growth investment amount (three-year cumulative total) (excluding production equipment)

¥2.5 billion

- US: To strengthen the directly managed retail store business
- Europe: To develop our own e-commerce website and expand the region
 - Europe and US: PLM software
- China: Logistics and other infrastructure development for e-commerce business
 - Asia: To establish a common e-commerce platform
 - India: Investment in growing businesses



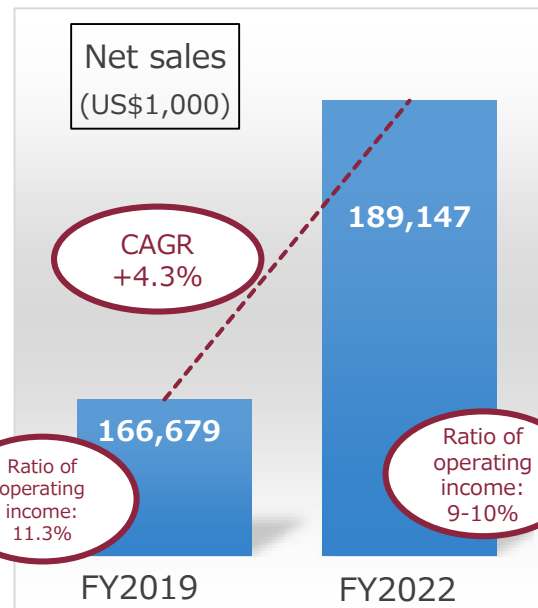
➤ **We will maintain the top market share in department stores in the U.S. and strive to improve the market share. At the same time, we will strengthen e-commerce and directly managed retail stores, achieve non-continuous growth through business investment in growing markets, and reform cost structure to solidify the foundation for achieving net sales of ¥30 billion in the Americas.**

1. Market environment

- ① Sales of department stores in the United States are declining, while e-commerce market is rapidly expanding.
- ② Exhaustion of stores that can provide high-quality service
- ③ Increasing brand recognition in neighboring countries (Canada, Brazil)

2. Business targets

- ① Improvement of gross profit rate (2-2.5 points)
- ② Appropriate balance between growth investment and operating income (*)
(Ratio of operating income: 9-10%)
- ③ *Due to the rise of rents of directly managed retail stores and offices as well as the increase in upfront investment for strengthening e-commerce, etc.



3. Priority strategies

- ❑ To reform the mobile site, strengthening e-commerce by implementing CRM. (towards e-commerce sales composition of 35%)
- ❑ To establish a business model of the directly managed retail stores and carry out its test outside the US.
- ❑ To pursue product development ability and fitting quality (improvement of superiority).
- ❑ Productivity improvement and cost structure reform coupled with process engineering, implementation of PLM, factory expansion, logistics maintenance, etc.
- ❑ To strengthen the business in Canada and Brazil and expand the business in Chili.
- ❑ To start new management system led by President M. Kauffman.





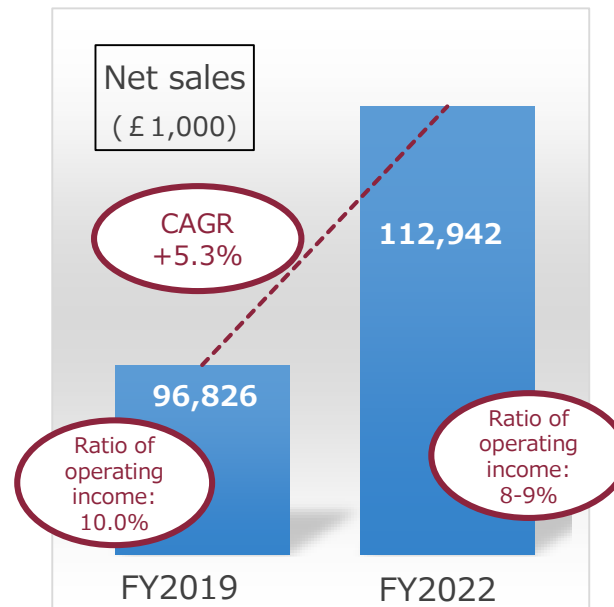
➤ **We will develop full-figured products that we excel at, expand brand portfolio marketing according to country, region, and channel characteristics, and achieve stable growth and profit generation.**

1. Market environment

- ① Trend to respect the diversity of beauty
- ② Sluggish business or failure of UK department stores
- ③ Accelerated expansion of the e-commerce market, while price competition among third-party e-commerce websites prevails
- ④ Opacity of Brexit

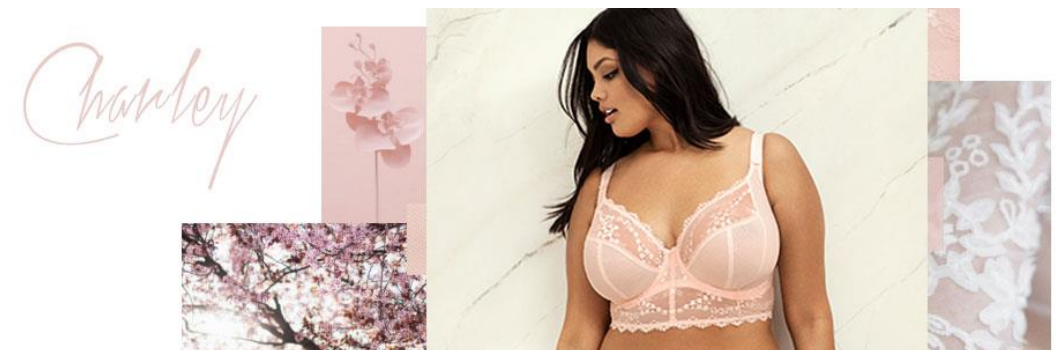
2. Business targets

- ① To give top priority to growth investment (B2B, B2C site, office and distribution warehouse, ERP update, affiliated plants, etc.)
- ② Appropriate balance between growth investment and operating income (Ratio of operating income: 8-9%)



3. Priority strategies

- ❑ To strengthen full-figured brand "Goddess" after "elomi"
- ❑ To expand the areas to use the renewed our own e-commerce website (B2C). To review partnership strategy with third-party e-commerce websites.
- ❑ To implement support and strategic initiatives for revitalizing specialty store channels. (strengthening B2B systems, proposal by data analysis, review of incentives)
- ❑ To expand the business in Europe (Germany, Italy and Spain)
- ❑ To enhance capacity and productivity of the affiliate factory in Sri Lanka (joint venture)
- ❑ Integration and modernization of offices and distribution warehouses





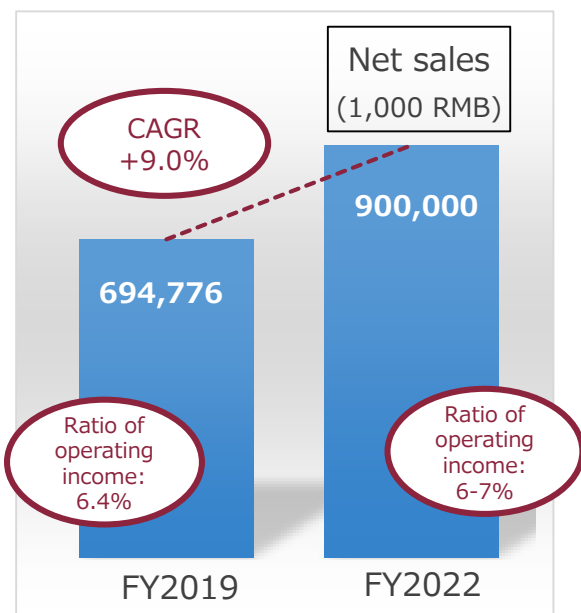
➤ We will strengthen branding and marketing in the e-commerce market by enhancing collaboration with Japan, and make efforts to acquire young customers and new customers. At the same time, we will carry out marketing investment and business foundation improvement that can sustain high growth.

1. Market environment

- ① Consumption expansion among young people
- ② Accelerated growth of the world's largest e-commerce market
- ③ Overwhelming competition by global brands, and early arrival of the brand selection

2. Business targets

- ① Prioritized investment to secure growth
- ② Creation of the current ratio of operating income (Ratio of operating income: 6-7%)



3. Priority strategies

- ❑ Flexible arrangement of the "Japanese origin" brand that captures the fast-moving young people
- ❑ To shore up prestigiousness of "Salute" (rebranding)
- ❑ To strengthen growth capability of the e-commerce business (utilization of customer database, increasing and strengthening information contents)
- ❑ To expand the in-store share of department stores, and make effective use of outlet channels
- ❑ To develop a rational business base that can respond to growth - Logistics base, backbone IT system, management system, mechanism of waste loss reduction





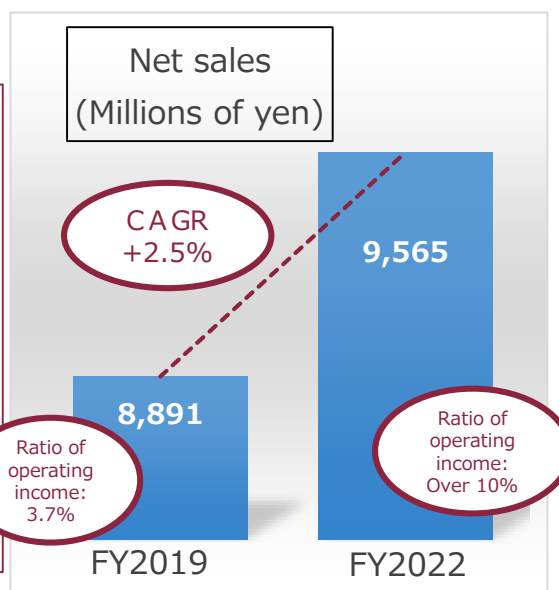
- To achieve accelerated growth of the Indian business and balance of operating profit and loss
- In addition to strengthening our ability to respond to the growing e-commerce market, we will enhance regional collaboration and improve business efficiency

1. Our business environment in Asia

- ① Wacoal India (Sales corporation, Established in FY2016)
- End of FY2019: Directly managed retail stores: 12; sales: ¥120 million
- ② Small-scale sales corporations (Hongkong, Singapore, the Philippines, etc.)
- ③ Sewing factories (China, Vietnam and Myanmar), material factory (Thailand)
- ④ Equity-method companies that perform manufacturing and sales (Taiwan, South Korea and Thailand)

2. Business targets

- ① To accelerate growth of the Indian business
- ② To improve business efficiency by strengthening regional collaboration
- ③ To get the material factory in Thailand on track
- ④ Ratio of operating income: Double digits



3. Priority strategies

- ❑ To expand the business in India and achieve the balance of operating profit and loss (FY2022 net sales: ¥1.8 billion)
-Acceleration of opening stores (directly managed retail stores + department stores), strategic marketing investment
- ❑ To develop our own e-commerce platform common in Asia
- ❑ To enhance brand image and value in Asia and improve marketing efficiency
- ❑ To improve cost by enhancing technical quality and productivity of the ASEAN factories
- ❑ New market development (Turkey, etc.)



*Including consolidated adjustment



4. Reform of Group's Production and Supply Systems

- We will establish a Group-wide production management system that can supply competitive products and materials beyond the boundaries of brands and regional businesses.
- Furthermore, we will identify the future supply and demand of each business and reorganize the factory system in anticipation of optimal supply capacity (capacity, quality/cost, scrap and build).

1. Environment and issues of the production and supply business

- ① Production system emphasizing vertical division according to brand and regional business
- ② Regional arrangement of factories that effectively supply high value-added products
- ③ Expansion of utilization of the material factory in Thailand
- ④ Organization of the supply system to the growing markets including China and India
- ⑤ Declining operating rate of the factories under Lecien

Capital investment amount (three-year cumulative total)

¥1.5 billion

- Material factory in Thailand (A Tech): ¥400 million (Dyeing machine, accessories for warp knitting, etc.)
 - Vietnam: ¥300 million (e.g. increasing production facility)
 - Dalian: ¥200 million (increasing production facility including bonding machine)
- In addition, building repair costs, equipment maintenance, etc.

2. Priority strategies

- ❑ To reinforce the Group's production planning and management system
- To strengthen the ASEAN bases, facilitate in-house production, and use the capacity of the Lecien factories
- ❑ To expand supply bases for bonding and non-sewing products
- ❑ To develop high-quality, high-value-added production capacity for Europe and the US (Dominican Republic)
- ❑ To establish a global materials representative meeting (to improve material superiority and promote standardization)
- ❑ To improve production technology such as molding and mass production, and conduct standardization at domestic and overseas factories





5. Challenge to the Expansion of the Business Portfolio and New Business



➤ We will be aware of “selection and concentration” of the business areas and implement growth investment to achieve discontinuous growth from a medium- to long-term perspective.

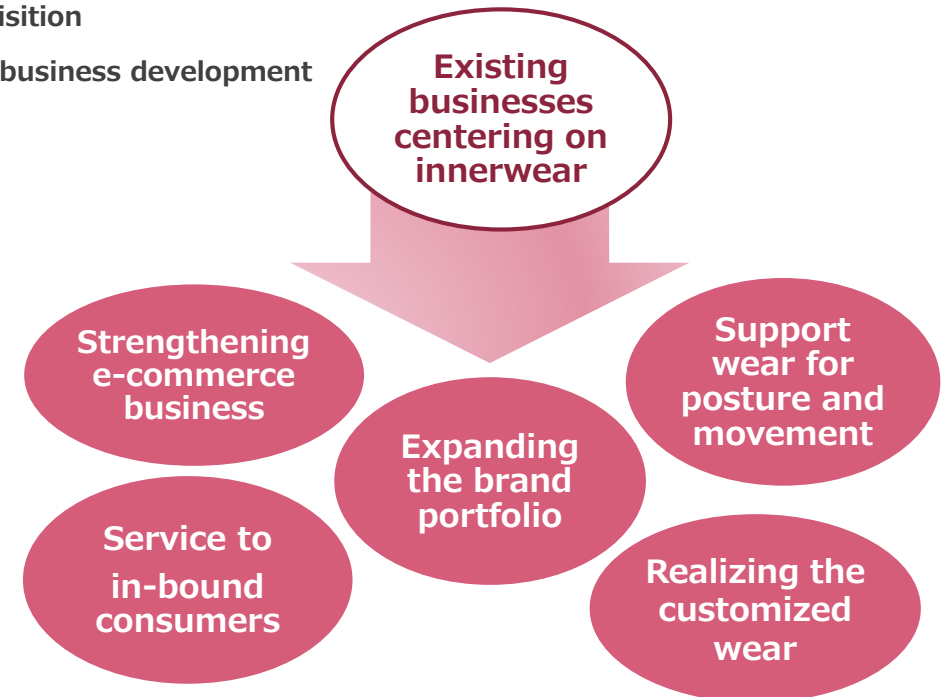
1. “Selection and concentration” of the business areas 2. Growth investment

❑ Wacoal should have a trusted and fifty-fifty relationship with consumers (customers) and be a “valued” presence that will support the realization of their own beauty.

❑ “Values” provided through the businesses

①Beauty, ②Comfort, and ③Well-being

- ① Business/capital alliance
- ② Acquisition
- ③ New business development





6. Enhancement of Social Value (Work on ESG Challenges)



➤ To value people and the environment

- From product planning and development to material procurement, production, and sales, we have a unique network and build a value chain, and our greatest management resource is human resources.
- We will establish close partnerships with all suppliers and business partners, and comply with and respect social requirements such as “human rights,” “working practices,” “environment” and “ethics” together.

A vibrant climate based on human rights, ethics and diversity

- To improve CSR procurement efforts (continuous improvement and expansion of the target areas)
- Advertising expression respecting diverse values
- To support breast care issues across the world (Contributing 1% level of final profit to the solution of global breast care issues.)
- To satisfy both “job satisfaction” and “ease of work” -
Development of an outcome-oriented environment and diverse working environment
 - Creating new value by encouraging diversity and inclusion

Coexistence with the global environment and local communities

- Implementation of plastic removal for packaging materials, etc.
- Reduction of discarded unsold products
- Reduction of resource loss at the production stage by creating smart factories
- Conservation of kyo-machiya townhouses/townscape and value improvement of local communities



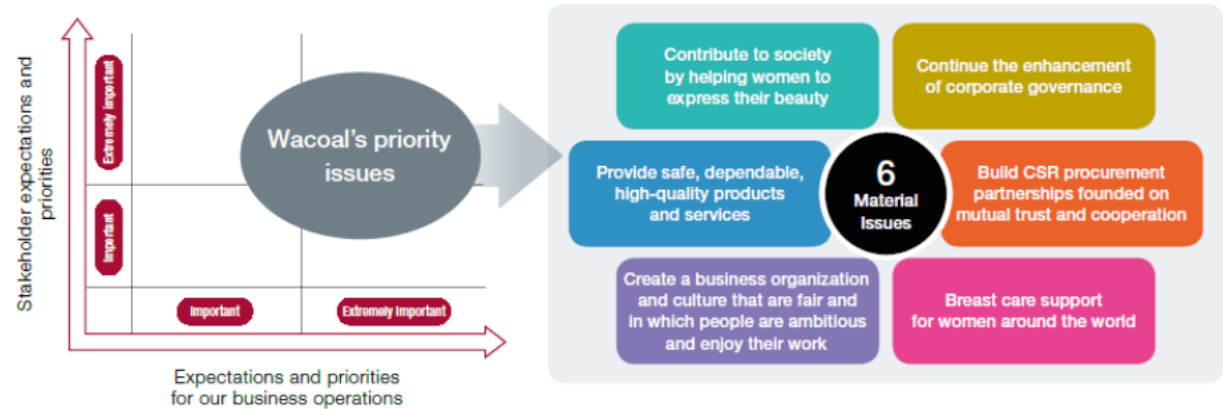
➤ **We will strive to work on trusted corporate activities based on active dialogue with all stakeholders. At the same time, we will optimize the value allocation for each stakeholder.**

Development of corporate governance

- To improve effectiveness according to the principles of the corporate governance code
 - Analysis and evaluation of the effectiveness of the Board of Directors
 - Increasing transparency of appointment and remuneration of the directors
 - Reduction of strategically held shares (*To be described later)
- To develop Business Continuity Plan/Business Continuity Management (BCP/BCM)
- To strengthen measures against the information leakage risk of personal information, etc.
- To strengthen appropriate disclosure of information related to corporate value improvement/corruption
 - Medium- to long-term vision, KPI, future risks
 - Succession plan

We have identified 6 material issues relevant to our business activities and our commitment to:

sustainable development **a society that values diversity** **highly transparent organizational structures**





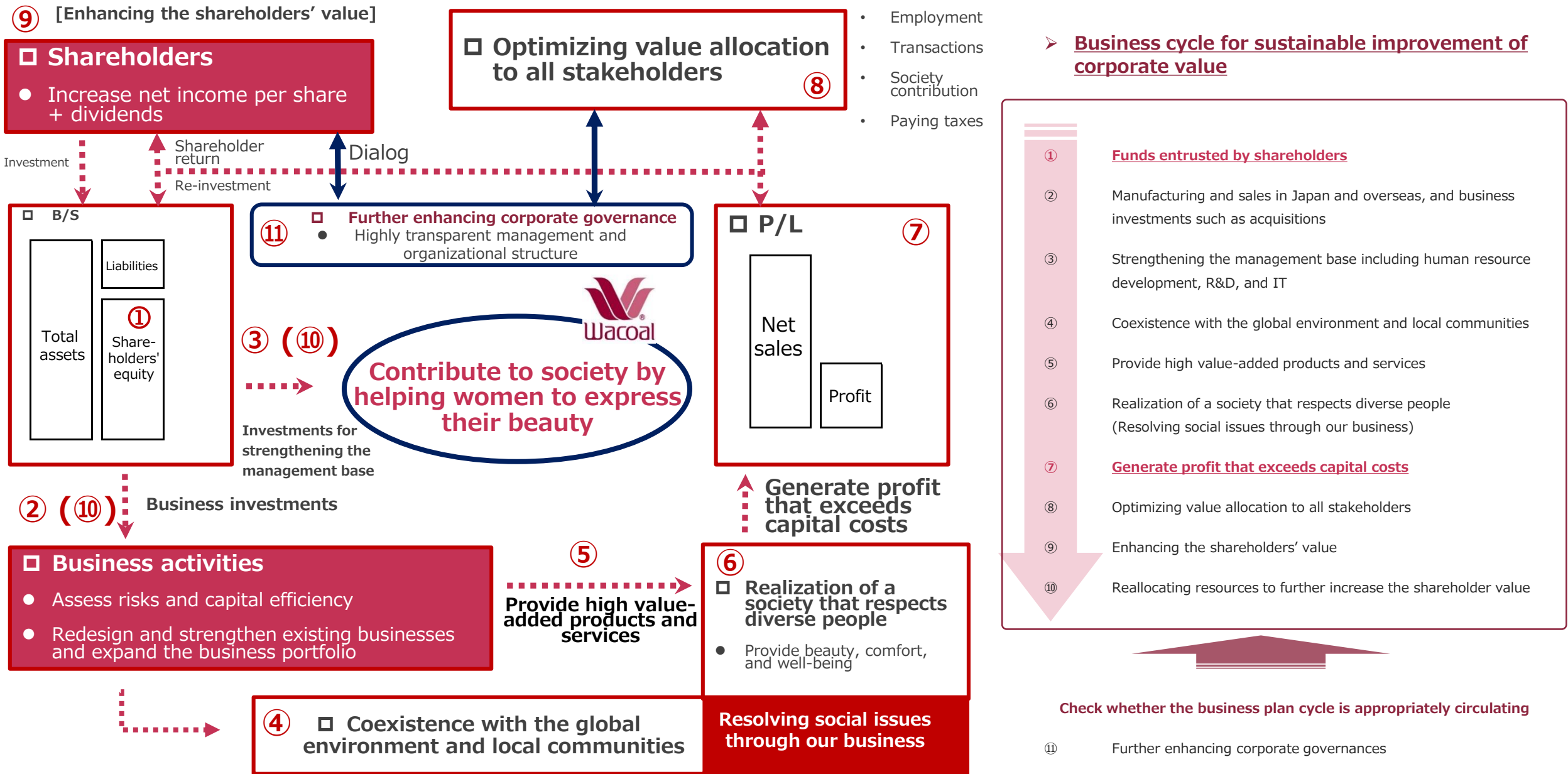
Performance Objectives and Financial Strategy (Management Plan from FY2020 to FY2022)

**Akira Miyagi,
Director, General Manager of Corporate Planning**



7. Management with Capital Cost in Mind

Toward Sustainable Corporate Value Improvement: Concept of Resources Allocation





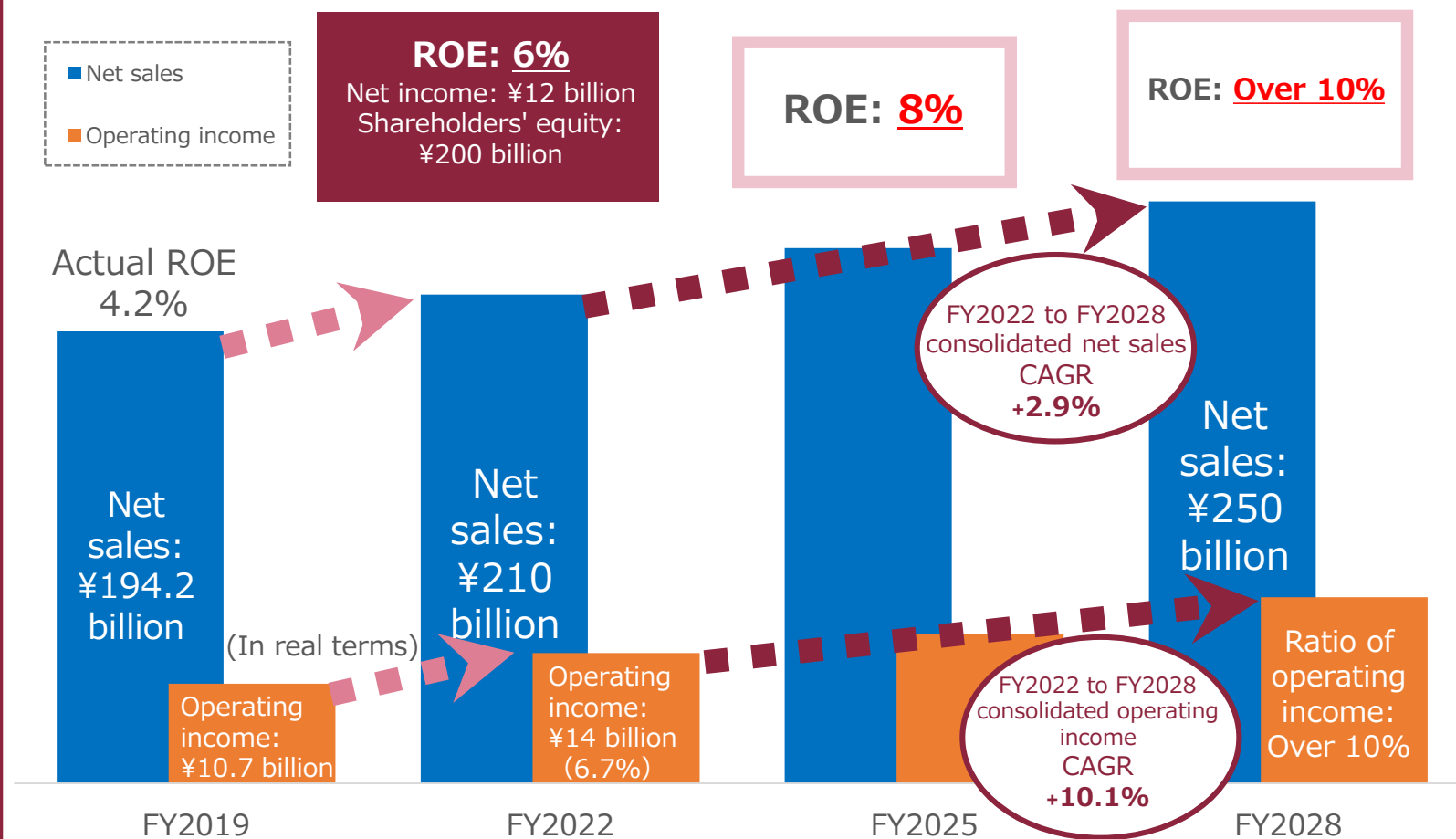
Medium-Term Management Plan (FY2022)

Consolidated net sales:
¥210 billion

Operating income:
¥14 billion
(Ratio of operating income:
6.7%)

Net income attributable to
Wacoal Holdings Corp.:
¥12 billion

ROE: 6%



Management Objectives (2): Net Sales and Operating Income of Each Business Segment for FY2022



(Millions of yen)

	FY2022 plan		FY2019 results		Comparison between FY2019 and FY2022		
		Distribution ratio		Distribution ratio	Amount	%	CAGR
Consolidated net sales	210,000	100	194,201	100	15,799	+8.1%	+2.6%
Wacoal Business (Domestic)	119,700	57.0	113,400	58.4	6,300	+5.6%	+1.8%
Wacoal Business (Overseas)	61,600	29.3	53,100	27.3	8,500	+16.0%	+5.1%
Peach John Business	11,600	5.5	10,491	5.4	1,109	+10.6%	+3.4%
Other	17,100	8.1	17,210	8.9	- 110	- 0.6%	- 0.2%

	FY2022 plan		FY2019 results		Comparison between FY2019 and FY2022		
		% to Sales		% to Sales	Amount	%	CAGR
Operating income	14,000	6.7	4,879	2.5	9,121	+186.9%	+42.1%
Wacoal Business (Domestic)	7,850	6.6	6,325	5.6	1,525	+24.1%	+7.5%
Wacoal Business (Overseas)	5,300	8.6	4,581	8.6	719	+15.7%	+5.0%
Peach John Business	350	3.0	- 5,859	-	6,209	-	-
Other	500	2.9	- 168	-	668	-	-

Exchange rate assumptions: 1USD = 110.00 yen; 1GBP = 145.00 yen; 1CNY = 16.50 yen

Management Objectives (3): Forecast for FY2020 (This Term) (Consolidated Statements of Income)



(Millions of yen)

	FY2020 plan		FY2019 results		YoY	
		Distribution ratio		Distribution ratio	Amount	%
Consolidated net sales	200,000	100.0	194,201	100	5,799	+3.0%
Cost of sales	92,100	46.0	89,804	46.2	2,296	+2.6%
Sales profit	107,900	54.0	104,397	53.8	3,503	+3.4%
Selling, general and administrative expenses	96,900	48.5	93,684	48.2	3,216	+3.4%
A: Impairment charges on goodwill and other intangible assets	—	0.0	5,834	3.0	- 5,834	—
Operating income	11,000	5.5	4,879	2.5	6,121	+125.5%
Other income (expenses)	1,000	0.5	2,894	1.5	- 1,894	- 65.4%
B: Valuation gain (loss) on marketable securities and investments – net	—	—	- 5,570	—	5,570	—
Income before income taxes and equity in net income of affiliated companies	12,000	6.0	2,203	1.1	9,797	+444.7%
Net income attributable to Wacoal Holdings Corp.	9,000	4.5	341	0.2	8,659	—

In real terms (reference figure)

Operating income not taking into account A	11,000	5.5	10,713	5.5	287	+2.7%
Income before taxes and equity in net income of affiliated companies not taking into account A and B	12,000	6.0	13,607	7.0	- 1,607	- 11.8%
Net income not taking into account A and B	9,000	4.5	9,636	5.0	- 636	- 6.6%

Exchange rate assumptions: 1USD = 110.00 yen; 1GBP = 145.00 yen; 1CNY = 16.50 yen

Management Objectives (4): Net Sales and Operating Income of Each Business Segment for FY2020



(Millions of yen)

	FY2020 plan		FY2019 results		YoY	
		Distribution ratio		Distribution ratio	Amount	%
Consolidated net sales	200,000	100	194,201	100	5,799	+3.0%
Wacoal Business (Domestic)	116,200	58.1	113,400	58.4	2,800	+2.5%
Wacoal Business (Overseas)	55,500	27.8	53,100	27.3	2,400	+4.5%
Peach John Business	11,600	5.8	10,491	5.4	1,109	+10.6%
Other	16,700	8.4	17,210	8.9	- 510	- 3.0%

	FY2020 plan		FY2019 results		YoY	
		% to Sales		% to Sales	Amount	%
Operating income	11,000	5.5	4,879	2.5	6,121	+125.5%
Wacoal Business (Domestic)	6,600	5.7	6,325	5.6	275	+4.3%
Wacoal Business (Overseas)	4,000	7.2	4,581	8.6	- 581	- 12.7%
Peach John Business	170	1.5	- 5,859	-	6,029	-
Other	230	1.4	- 168	-	398	-

Exchange rate assumptions: 1USD = 110.00 yen; 1GBP = 145.00 yen; 1CNY = 16.50 yen



1. Increasing the shareholders' value by improving ROE

- We will work toward the sustainable improvement of shareholders' value and pursue continual profit growth and capital efficiency (ROE) improvement.
- In order to improve ROE, we will focus on improving "profitability (profit margin)" and "capital efficiency (turnover rate)," while maintaining a sound balance sheet.

2. Maintaining a sound balance sheet (shareholders' equity levels)

- In order to ensure capturing the expanding business opportunities, we will maintain the appropriate shareholders' equity levels from the perspectives below.
 - Sufficient levels for business activities' risks
 - An adequate level to support continual capital investment and investment in growth that foresees future business opportunities

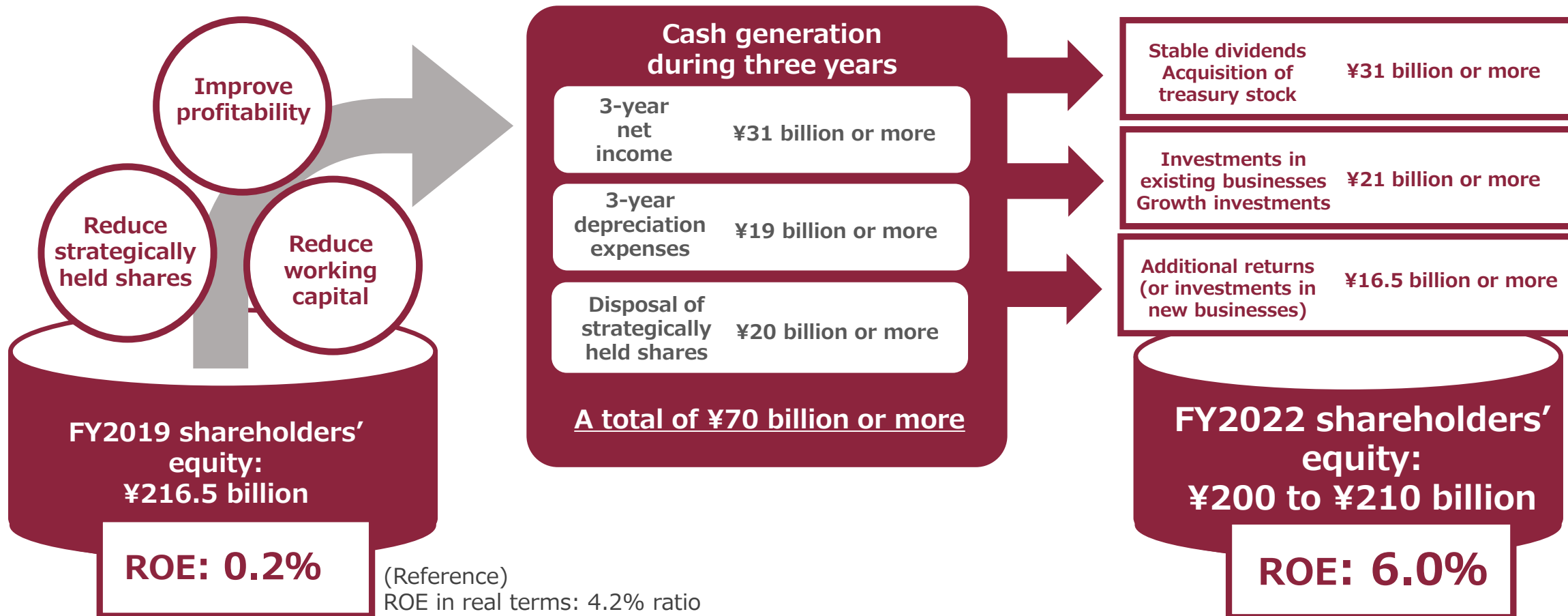
3. Policy for shareholder return

- We view the returns to shareholders as one of the management's most important issues; thus we plan to increase shareholder returns, while paying attention to the free cash flow levels and maintaining financial strength as well as the funds for strategic investments for future growth.



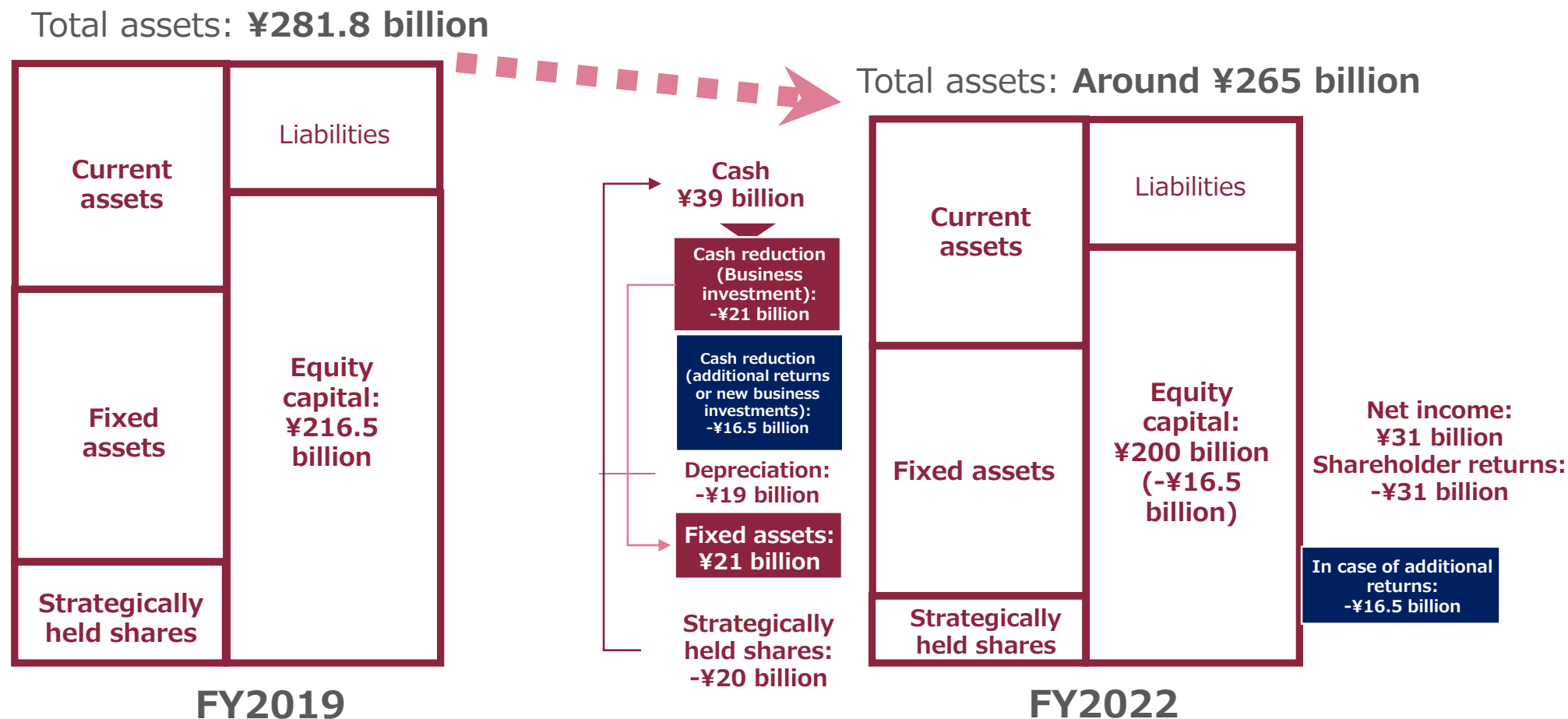
➤ **We will prioritize the investments for future growth, while pursuing enriching shareholders returns**

- Achieve an ROE of 6% which exceeds capital costs
- Maintain a total return ratio of 100%
- Reduce strategically held shares (target: 30% reduction)





➤ **Continue reducing total assets, and innovate for management with a sound and appropriate balance sheet**



Note: Starting from FY2020, in line with the changes in U.S. Accounting Standards, the accounting method of lease transactions is scheduled to change. Accordingly, there will be the increase in fixed assets and liabilities. However, the above conceptual diagram does not reflect it.



Reference Figures

Business goals of major subsidiaries : Sales and operating income [external]



(Millions of yen)

	Net Sales						Operating Income					
	FY2019 results	FY2020 target	FY2022 target	Year on Year			FY2019 results	FY2020 target	FY2022 target	Year on Year		
				Change	% Change	CAGR				Change	% Change	CAGR
Wacoal	102,356	105,327	110,241	7,885	+7.7%	+2.5%	5,099	4,300	6,694	1,595	+31.3%	+9.5%
Peach John	10,491	11,600	11,600	1,109	+10.6%	+3.4%	-220	170	350	570	-	-
Nanasai	9,414	8,800	9,240	-174	- 1.8%	- 0.6%	282	230	330	48	+17.0%	+5.4%
Lecien	6,284	6,528	6,663	379	+6.0%	+2.0%	-375	-9	140	515	-	-
Ai	4,181	4,290	4,490	309	+7.4%	+2.4%	-321	53	170	491	-	-
Wacoal International Corp. (U.S.)	18,486	18,750	20,807	2,321	+12.6%	+4.0%	2,095	1,667	1,969	-126	- 6.0%	- 2.0%
Wacoal Europe Ltd.	14,106	14,655	16,377	2,271	+16.1%	+5.1%	1,407	1,189	1,358	-49	- 3.5%	- 1.2%
Wacoal China Co., Ltd.	11,617	12,507	14,850	3,233	+27.8%	+8.5%	746	758	899	153	+20.5%	+6.4%

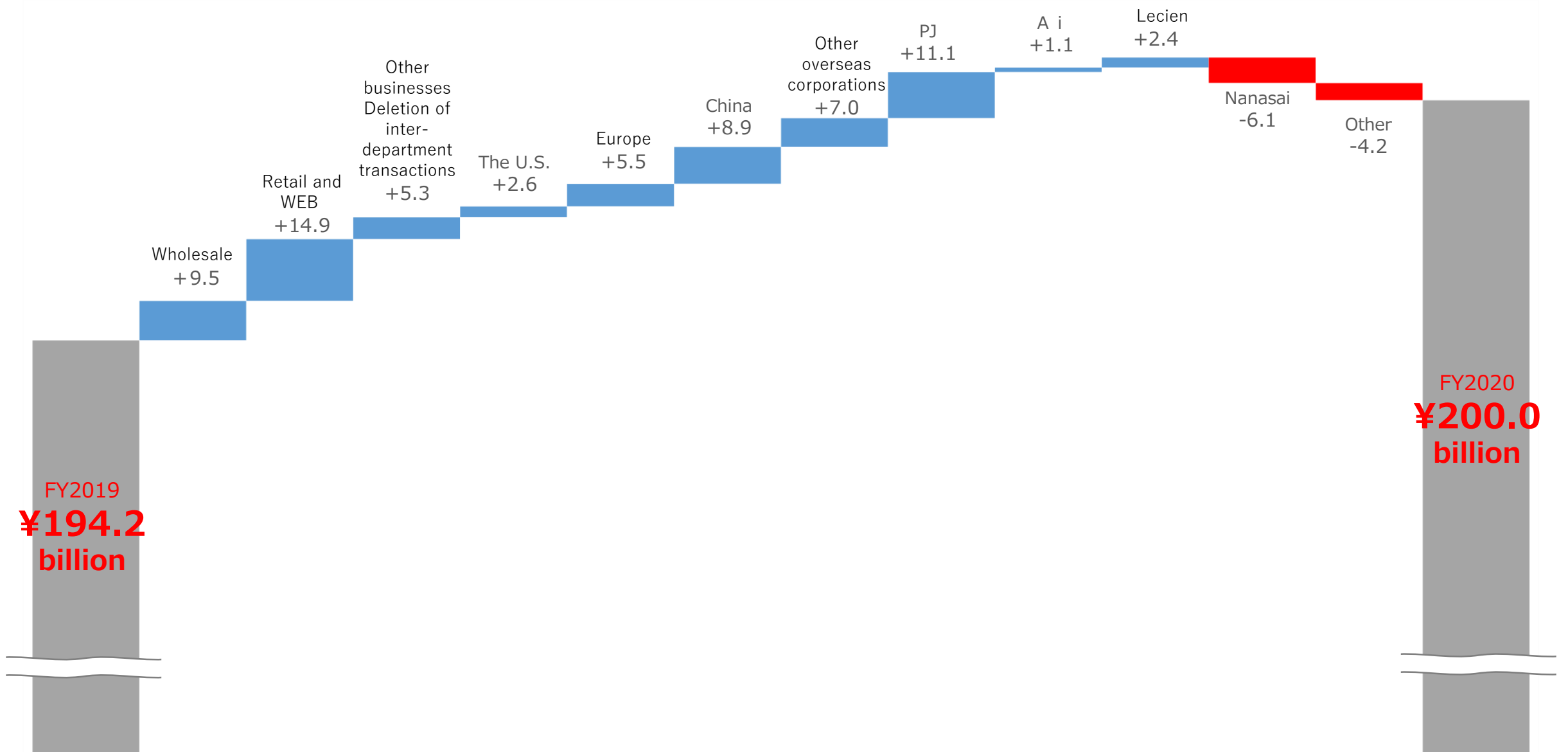
Major Subsidiaries (Local Currency Basis)

Wacoal International Corp. (U.S.)	166,679	170,465	189,147	22,468	+13.5%	+4.3%	18,900	15,150	17,900	-1,000	- 5.3%	- 1.8%	(USD'000)
Wacoal Europe Ltd.	96,826	101,062	112,942	16,116	+16.6%	+5.3%	9,658	8,198	9,368	-290	- 3.0%	- 1.0%	(GBP'000)
Wacoal China Co., Ltd.	694,776	758,000	900,000	205,224	+29.5%	+9.0%	44,594	45,900	54,500	9,906	+22.2%	+6.9%	(CNY'000)

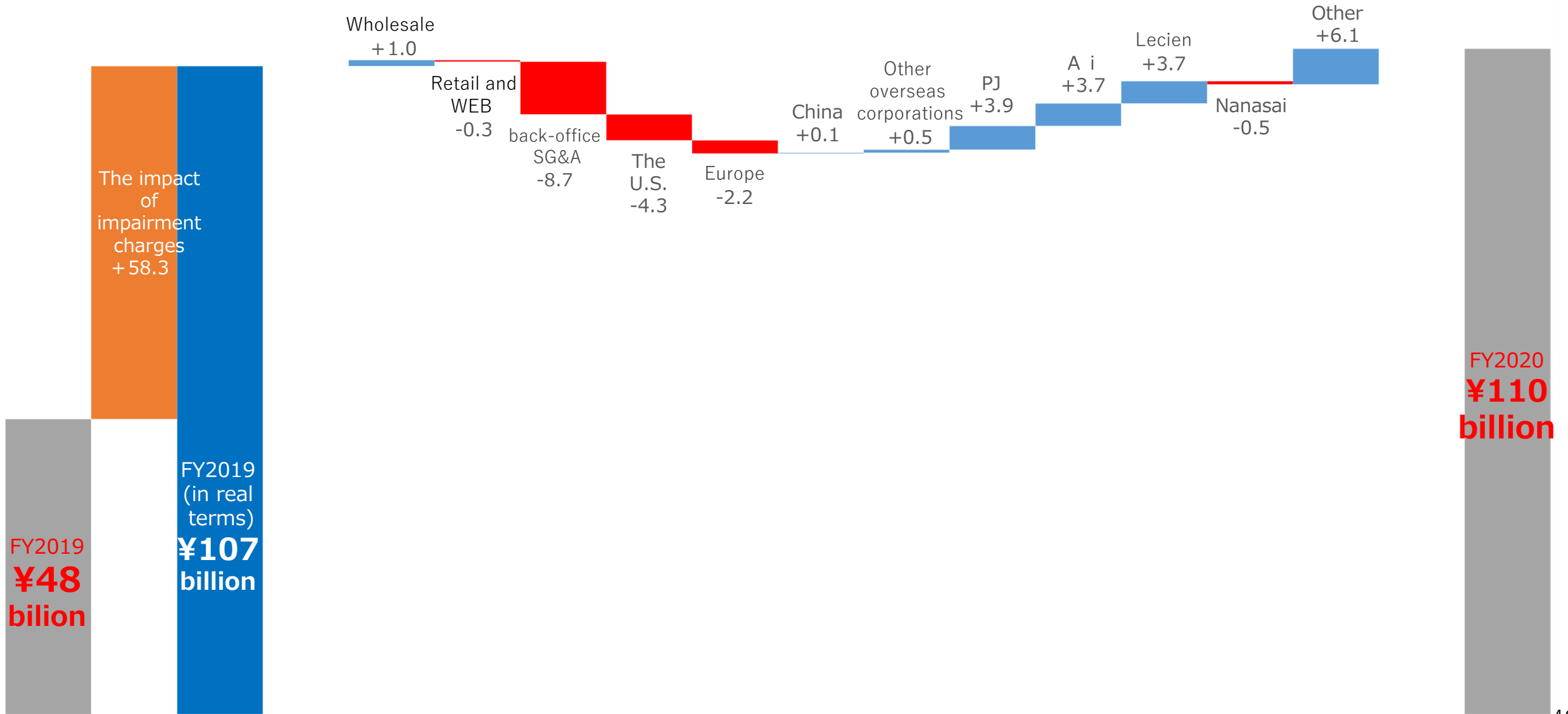
[Exchange rate]

USD	GBP	CNY
110.00 yen	145.00 yen	16.50 yen

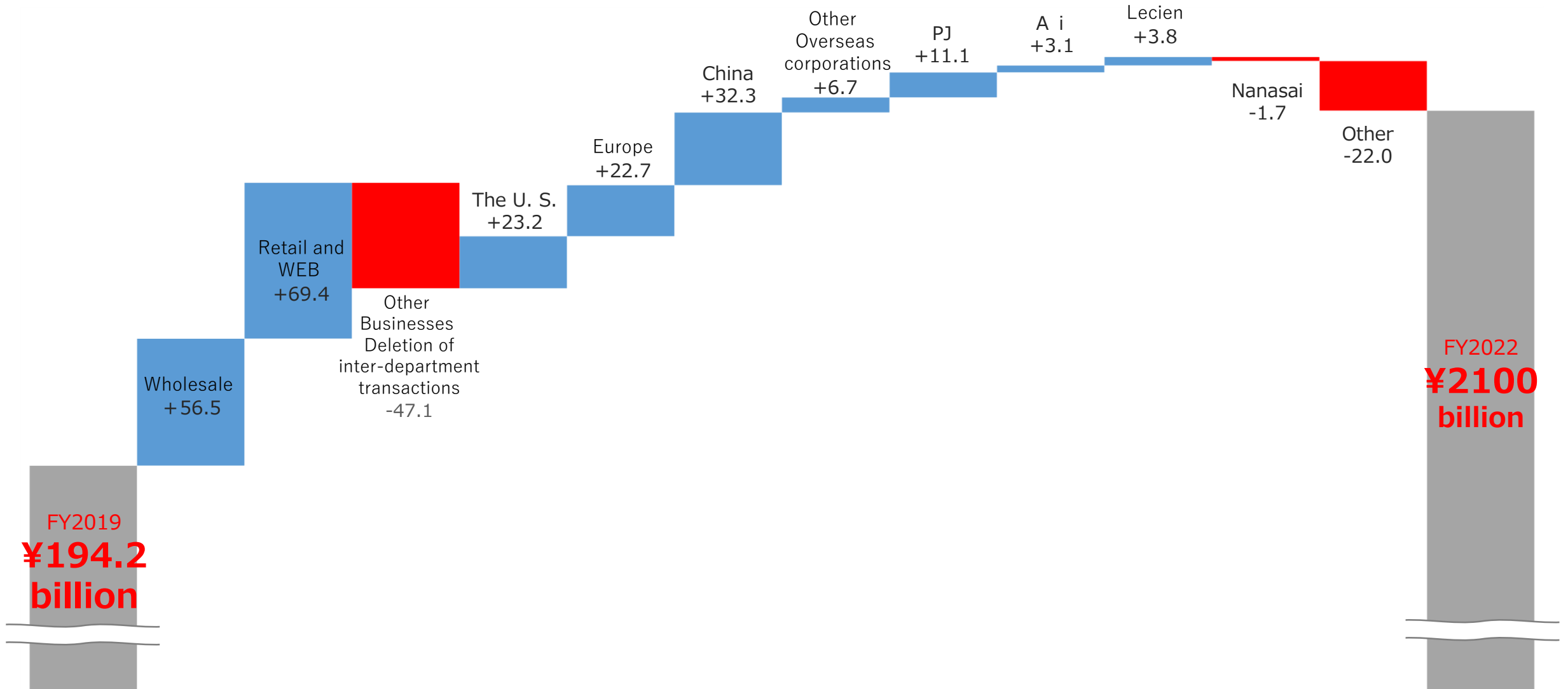
FY2020 Increase/Decrease plan in sales



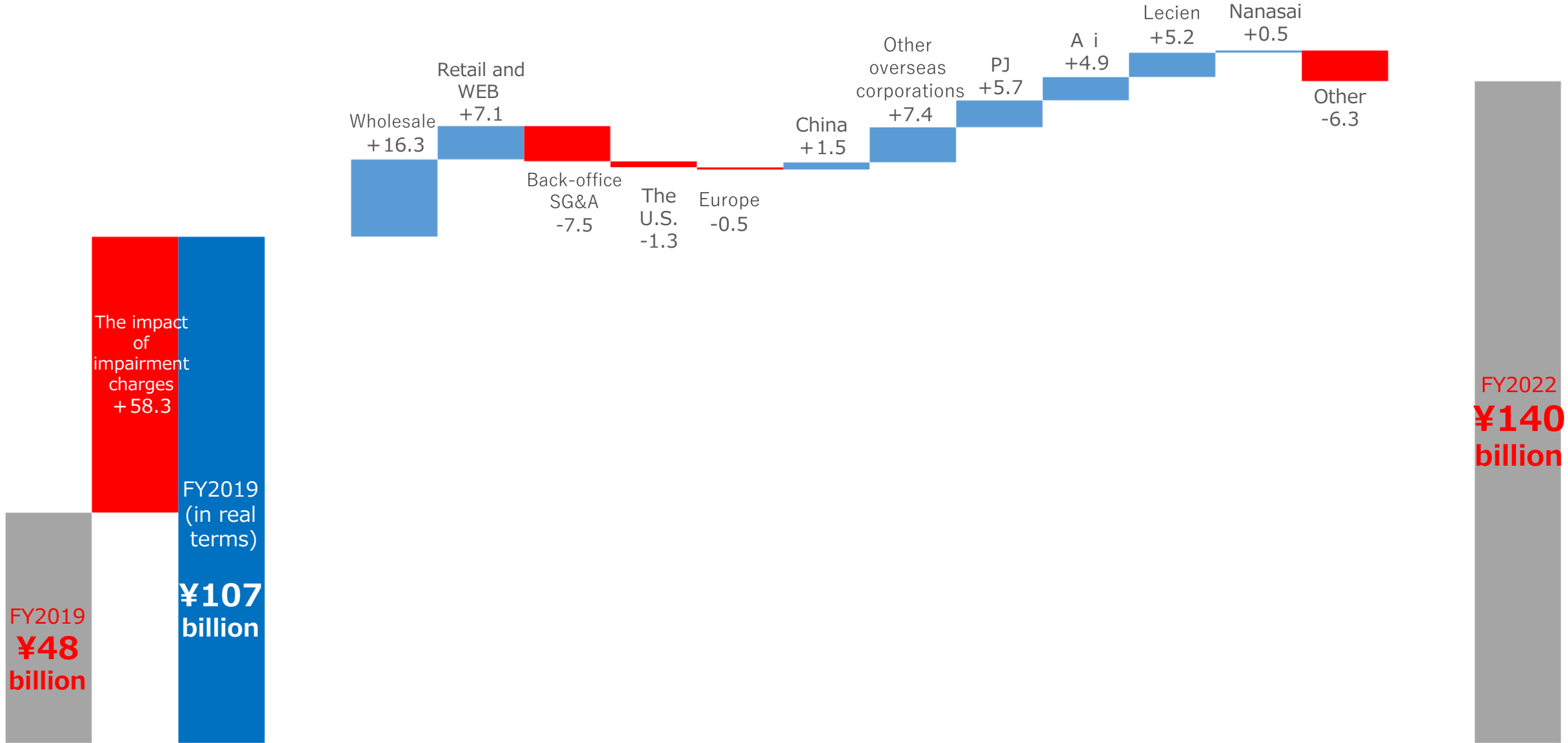
FY2020 Increase/Decrease plan in operating income



FY2022 Increase/Decrease plan in sales



FY2020 Increase/Decrease plan in operating income

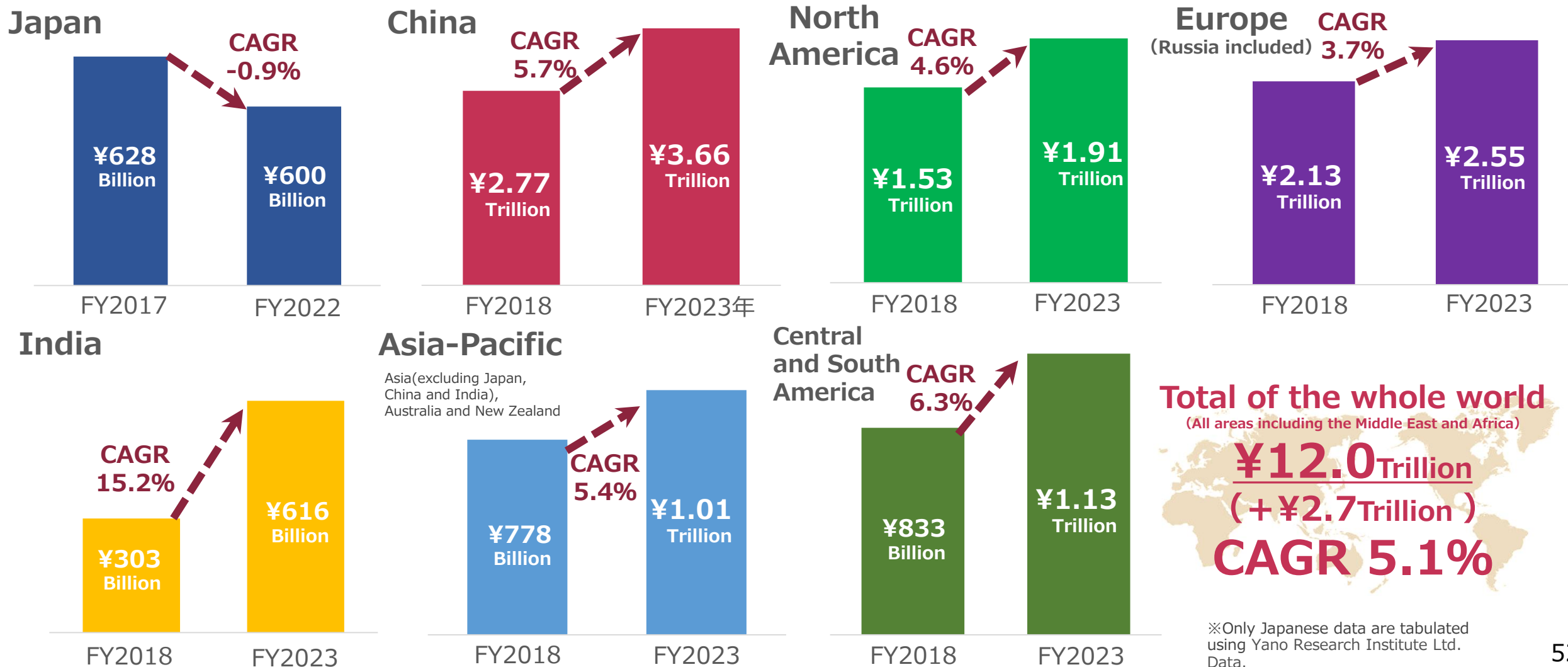


Innerwear market size



Five-year market size・Growth rate forecast (Based on retail prices)

Source: Euromonitor International Limited [2019] © All rights reserved and Yano Research Institute Ltd.(Japan only)



※Only Japanese data are tabulated using Yano Research Institute Ltd. Data.

Sales of overseas equity method affiliates (Excluding export sales)



(Millions of yen)

Company name	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Shinyoung Wacoal	13,584	18,619	18,278	18,815	16,471	17,790	17,013
Thai Wacoal	7,983	9,066	9,007	11,536	8,694	11,386	12,972
Taiwan Wacoal	8,899	10,846	11,332	11,809	10,129	10,721	10,338
Indonesia Wacoal	1,404	1,925	2,229	2,418	2,199	2,309	2,249
Wacoal Malaysia	1,026	1,273	1,370	1,258	1,085	1,186	1,253
Equity method affiliates total	32,896	41,729	42,216	45,836	38,578	43,392	43,825
ratio[%]	58.8%	48.9%	46.7%	46.9%	44.3%	45.5%	45.2%
Wacoal business(overseas)	23,081	43,636	48,107	51,869	48,423	51,888	53,100
ratio[%]	41.2%	51.1%	53.3%	53.1%	55.7%	54.5%	54.8%



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.