

New Medium-Term Management Plan (Fiscal 2020–Fiscal 2022)

Aiming to realize our vision of a “Global Wacoal” that we have set out for the medium-to-long term, in the current fiscal year we began a new three-year, medium-term management plan. Wacoal will evolve into a company that develops strong relationships of mutual trust with stakeholders globally by taking maximum advantage of the Group’s management resources and network, strengthening systems that consistently realize innovative products, and pioneering new fields in innerwear culture.

Target Profile

A Globalized Wacoal Group

Medium- to Long-Term Targets (Fiscal 2028 Targets)

<p>Net Sales</p> <p>¥300.0 billion</p> <p>(Including equity-method affiliated companies sales)</p>	<p>Operating Margin and ROE</p> <p>Above 10%</p>
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Overview of the New Management Plan

Face reality, identify future demand, reform boldly, and focus on growth

Basic Policies and Priority Strategies

Basic Policies	Priority Strategies
<ol style="list-style-type: none"> 1. Achieve strong growth in Japan and overseas 2. Analyze the growth potential of underperforming businesses and brands and then review and reform the structures of the Group’s businesses without making any special exceptions 3. Heighten enterprise value by enhancing both economic and social value 	<ol style="list-style-type: none"> 1 Advance business measures <ul style="list-style-type: none"> • Sustain growth and enhance the profitability of Wacoal Corp. • Revitalize domestic consolidated subsidiaries • Expand and grow overseas businesses • Reorganize the Group’s production and supply systems • Take on the challenges of business portfolio expansion and new businesses 2 Enhance social value (Tackle ESG issues) 3 Conduct business management with an awareness of equity cost

Enhance profitability and capital efficiency while achieving appropriate shareholder returns, reducing strategic shareholdings, and realizing a proper asset balance

Numerical Targets	Net Sales	Operating Income (Operating Margin)	Net Income Attributable to Wacoal Holdings Corp.	ROE
Fiscal 2022 targets	¥210.0 billion	¥14.0 billion (6.7%)	¥12.0 billion	6%
Fiscal 2020 targets	¥200.0 billion	¥11.0 billion (5.5%)	¥9.0 billion	—
Fiscal 2019 results	¥194.2 billion	¥4.9 billion (2.5%)	¥0.3 billion	0.2%

Note: The above numerical targets do not take into account the effect on business results of valuation gains or losses on marketable securities and investments, which due to U.S. GAAP amendments must be recognized as other income or expenses in the statements of income or loss.

Strategies, Tasks, and Measures

Priority Strategies	Core Tasks	Concrete Measures
1	Sustain the Growth and Enhance the Profitability of Wacoal Corp. ▶ P.34	<ul style="list-style-type: none"> ● Evolve into one of the world's leading companies in the aggregation and utilization of data on customer physiques and preferences <ul style="list-style-type: none"> • Develop differentiated stores throughout Japan based on the omni-channel strategy and strengthen service infrastructure • Create new products and services by leveraging multifaceted personal data on customers ● Reduce product groups and product varieties and review terms of transactions with department stores in the wholesale business ● Enhance the corporate brand by strengthening communication ● Reform work styles and leave systems to heighten productivity ● Advance personnel measures that heighten job satisfaction
	Revitalize Domestic Consolidated Subsidiaries ▶ P.38	<p>Peach John: Capture demand arising from behavior and trends among young consumers and focus boldly on e-commerce</p> <p>Ai: Combine research findings and data accumulated through the development of swimwear and innerwear to establish San-ai Resort as a value-added brand that earns the endorsement of "adult" women</p> <p>Lecien: Select and concentrate business fields with a strong focus on gross profit; develop a new business model through collaboration with general merchandise stores; begin supplying overseas affiliates as an original equipment manufacturer</p> <p>Nanasa: Develop new value-added mannequins and acquire new customers in interior construction businesses</p>
	Expand and Grow the Overseas Business ▶ P.40	<p>United States: Reinforce leading share of the department store market even further and begin developing new distribution channels and business opportunities; reform cost structure while solidifying foundations for net sales of ¥30 billion in the Americas</p> <p>Europe: Realize stable growth and profit generation by strengthening the development of products for the fuller figure, which is a category in which we have particular competence, and by expanding and enhancing the brand portfolio and marketing activities based on the characteristics of countries, regions, and sales channels</p> <p>China: Foster younger customers and other undeveloped customer groups by stepping up collaborative marketing and branding with Japan in the e-commerce market; establish business foundations that can sustain strong growth</p>
	Reform the Group's production and supply systems	<ul style="list-style-type: none"> ● Establish a Groupwide production management system that supplies competitive products and materials in a manner that transcends the boundaries of brands and regional businesses ● Build an optimal supply system in anticipation of overseas business growth (Increase production capacity in the ASEAN region and Dominica, etc.)
	Pursue the expansion of the business portfolio and new business	<ul style="list-style-type: none"> ● Invest to realize rapid improvements in growth while staying focused on medium- to long-term viewpoints and the selection and concentration of business fields
2	Enhance social value (Tackle ESG issues) ▶ P.42	<ul style="list-style-type: none"> ● Strengthen measures for CSR-focused procurement (Improve continuously and extend coverage) ● Enhance awareness of respect for value diversity in proposing advertising expressions ● Provide support related to breast care issues in regions worldwide ● Offer job satisfaction and employee-friendly workplaces <ul style="list-style-type: none"> • Establish environments that enable various work styles • Promote diversity and inclusion to create new value
		<ul style="list-style-type: none"> ● Take steps to eliminate plastic from product packaging ● Reduce the disposal of unsold products ● Reduce resource wastage at the production stage by introducing smart factories ● Conserve the traditional townhouses and townscape of Kyoto
3	Conduct business management with an awareness of equity cost ▶ P.28	<ul style="list-style-type: none"> ● Optimize the distribution of value to all stakeholders ● Increase shareholder value by enhancing ROE ● Achieve reform through business management focused on realizing a sound, appropriate balance sheet ● Enhance measures for maintaining shareholder returns <ul style="list-style-type: none"> ● Invest for future growth and enhance shareholder returns <ul style="list-style-type: none"> • Realize ROE of 6%, above equity cost • Maintain a total payout ratio of 100% • Reduce strategic shareholdings (Target: 30% reduction)