

Business Goals and Measures

Sustain the Growth and Enhance the Profitability of Wacoal Corp.

In setting out a target profile for Wacoal Corp., the new medium-term management plan calls for all business activities to focus on building deeper, broader, and longer relationships with each customer, thereby heightening brand value and ensuring growth.

Although the market environment is challenging, trends that create business opportunities for us are becoming increasingly marked. We will cement our reputation in the market as the No. 1 brand and grow net sales at an average annual rate of 2.5% by continuing to implement our previous medium-term management plan's measures for developing new distribution channels. At the same time, we will raise the operating margin above 6% by fiscal 2022 through the maximization of organizational productivity.

Business Environment

Risks
<ul style="list-style-type: none"> • Changes in the business formats of department stores and general merchandise stores and the closure of unprofitable stores • Increased presence of global specialty store retailers of private label apparel as innerwear competitors • The proliferation of inexpensive items (nightwear, knit innerwear, and innerwear for infants, children, and men)

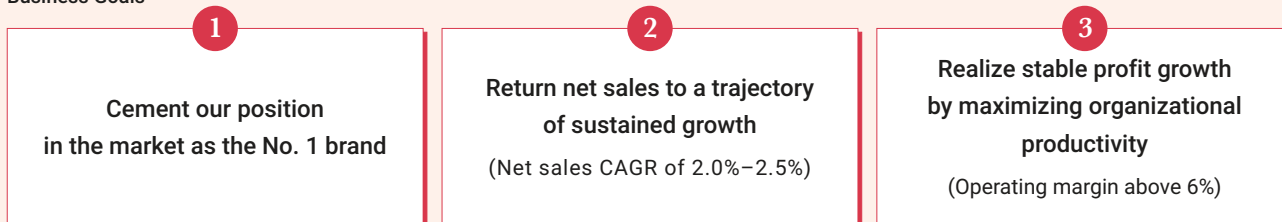
Opportunities
<ul style="list-style-type: none"> • The energization of the brassiere market through the introduction of comfort-focused products • Greater awareness of size due to digital technology and customized apparel • Increased interest in sports due to the Tokyo 2020 Olympic and Paralympic Games • Growth in demand from customers in their 50s and 60s who want to extend their healthy lifespan

Achievements in the previous three years
<ul style="list-style-type: none"> • Enhanced the management efficiency of the wholesale business <ul style="list-style-type: none"> • Completed business reorganization (Increased the efficiency of back-office departments and enhanced flexibility in the deployment of marketing personnel and in-store sales personnel) • Lowered valuation loss through the reduction of product returns and weeded out underperforming stores through store closures • Improved the profitability of the retail business <ul style="list-style-type: none"> • Improved the sales margin significantly (Reduced discount sales and increased the percentage of common products among shop brand lineups) • Improved the profit and loss of stores (Took measures to eliminate loss-making stores) • Implemented growth investment for the construction of infrastructure for the omni-channel strategy and completed preparations for its commercial introduction <ul style="list-style-type: none"> • Operated a unified information management system (Integrated data on inventories, products, and customer purchases) • Developed a 3D body scanner and a next-generation, AI-enabled customer-consultation service

Measures over the coming three years
<ul style="list-style-type: none"> • Creating distribution channels that competitors cannot match by implementing such measures as the use of digital technology to evolve customer services • Optimizing mixes of brands, products, and channels with the aim of penetrating priority markets outside the innerwear market <ul style="list-style-type: none"> • Reformulating category strategies (women's sportswear, men's innerwear, footwear, nightwear, and products for children) • Rebuilding the portfolio of innerwear brands and reducing product varieties • Cultivating customer loyalty • Tackling the declining profitability of operations that serve department stores • Addressing the low profitability of businesses that enhance culture and beauty (sensibility) in the fields of lifestyle, apparel, and innerwear <ul style="list-style-type: none"> • Moving into the black early based on time limits and preparing plans for constructive exits

Core task	Focus product planning, production, communication, and all other business activities on building deeper, broader, and longer relationships with each customer, thereby heightening brand value and ensuring growth
------------------	--

Business Goals



Key Performance Indicators (KPIs)

(¥ billion)

	2019/3 (Results)		2020/3 (Targets)
Net Sales	102.4	↗	110.2 (CAGR +2.5%)
Operating Income	5.1	↗	6.7 (CAGR +9.5%)
Operating Margin	5.0%	↗	Above 6%

KPIs for Main Businesses

	2019/3 (Results)		2020/3 (Targets)
Wholesale Business	¥82.35 billion	CAGR +2.2%	↗ ¥88.00 billion
Retail Business and Online Sales Business	¥24.62 billion	CAGR +8.6%	↗ ¥31.55 billion
Total*	¥106.96 billion	CAGR +3.8%	↗ ¥119.55 billion

* These figures are the totals of the wholesale business and the retail and online sales businesses and do not include eliminations and adjustments, etc.

Priority Strategies and Concrete Measures

<p>Innovation (ONLY ONE Strategy)</p>	<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 (page 36) <ul style="list-style-type: none"> • Develop differentiated stores throughout Japan based on the omni-channel strategy • Realize a customized wear business based on personal data and a health support-related business 																						
<p>Market penetration (NUMBER ONE Strategy)</p>	<ul style="list-style-type: none"> ● Reduce product groups and product varieties and review terms of transactions with department stores in the wholesale business (select and concentrate) <ul style="list-style-type: none"> • Redefine brands and strengthen the power of each product group (reduce product groups by 20%) • Review business practices and transaction terms with department stores to enhance profitability ● Strengthen corporate brand communication to convey "Wacoal's focus on the human physique" <ul style="list-style-type: none"> • Heighten awareness of the importance of wearing the correct size of innerwear and enhance the value of innerwear • Earn support from the entry-level (teenage) customer group and customers in their 50s and 60s ● Raise the basic level of sales growth through measures that strengthen each sales channel and non-innerwear product category by leveraging their characteristics <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2">Measures to strengthen women's innerwear sales channels</th> <th colspan="2">Measures to strengthen non-women's innerwear product groups</th> </tr> </thead> <tbody> <tr> <td>Department stores</td> <td>Enhance the value of the <i>Wacoal</i> brand by strengthening prestigious and semi-order-made brassieres</td> <td>CW-X</td> <td>Focus on sports brassieres to acquire new customers</td> </tr> <tr> <td>General merchandise stores</td> <td>Increase sales of self-service stores by stepping up rollouts of brassieres that emphasize comfort</td> <td>Nightwear</td> <td>Enhance the added value of the <i>Think Sleeping</i> brand</td> </tr> <tr> <td>Directly managed stores</td> <td>Conduct advertising and sales promotions to heighten brand profiles</td> <td>Innerwear for juniors</td> <td>Expand the entry-level (teenage) customer group by heightening the profile of the <i>Pullii</i> brand</td> </tr> <tr> <td rowspan="2">In-house e-commerce</td> <td rowspan="2">Develop an app that strengthens collaboration with department stores and specialty stores</td> <td>Men's innerwear</td> <td>Increase business efficiency by integrating brands</td> </tr> <tr> <td>Footwear</td> <td>Continue to strengthen business footwear products for women</td> </tr> </tbody> </table>	Measures to strengthen women's innerwear sales channels		Measures to strengthen non-women's innerwear product groups		Department stores	Enhance the value of the <i>Wacoal</i> brand by strengthening prestigious and semi-order-made brassieres	CW-X	Focus on sports brassieres to acquire new customers	General merchandise stores	Increase sales of self-service stores by stepping up rollouts of brassieres that emphasize comfort	Nightwear	Enhance the added value of the <i>Think Sleeping</i> brand	Directly managed stores	Conduct advertising and sales promotions to heighten brand profiles	Innerwear for juniors	Expand the entry-level (teenage) customer group by heightening the profile of the <i>Pullii</i> brand	In-house e-commerce	Develop an app that strengthens collaboration with department stores and specialty stores	Men's innerwear	Increase business efficiency by integrating brands	Footwear	Continue to strengthen business footwear products for women
Measures to strengthen women's innerwear sales channels		Measures to strengthen non-women's innerwear product groups																					
Department stores	Enhance the value of the <i>Wacoal</i> brand by strengthening prestigious and semi-order-made brassieres	CW-X	Focus on sports brassieres to acquire new customers																				
General merchandise stores	Increase sales of self-service stores by stepping up rollouts of brassieres that emphasize comfort	Nightwear	Enhance the added value of the <i>Think Sleeping</i> brand																				
Directly managed stores	Conduct advertising and sales promotions to heighten brand profiles	Innerwear for juniors	Expand the entry-level (teenage) customer group by heightening the profile of the <i>Pullii</i> brand																				
In-house e-commerce	Develop an app that strengthens collaboration with department stores and specialty stores	Men's innerwear	Increase business efficiency by integrating brands																				
		Footwear	Continue to strengthen business footwear products for women																				
<p>Strengthening of business foundations (ALL FOR ONE Strategy) and reform of investment fields and business structure</p>	<ul style="list-style-type: none"> ● Reform work styles and leave systems to heighten productivity (Improve the productivity of each office worker and beauty advisor) ● Enhance the added value of products (Develop new materials and production technologies) ● Reduce material disposal and logistics costs ● Optimize inventories on a Companywide basis ● Improve the profitability of businesses that enhance culture and beauty (sensibility) in the fields of lifestyle, apparel, and innerwear 																						

Special Feature Innovation Strategy

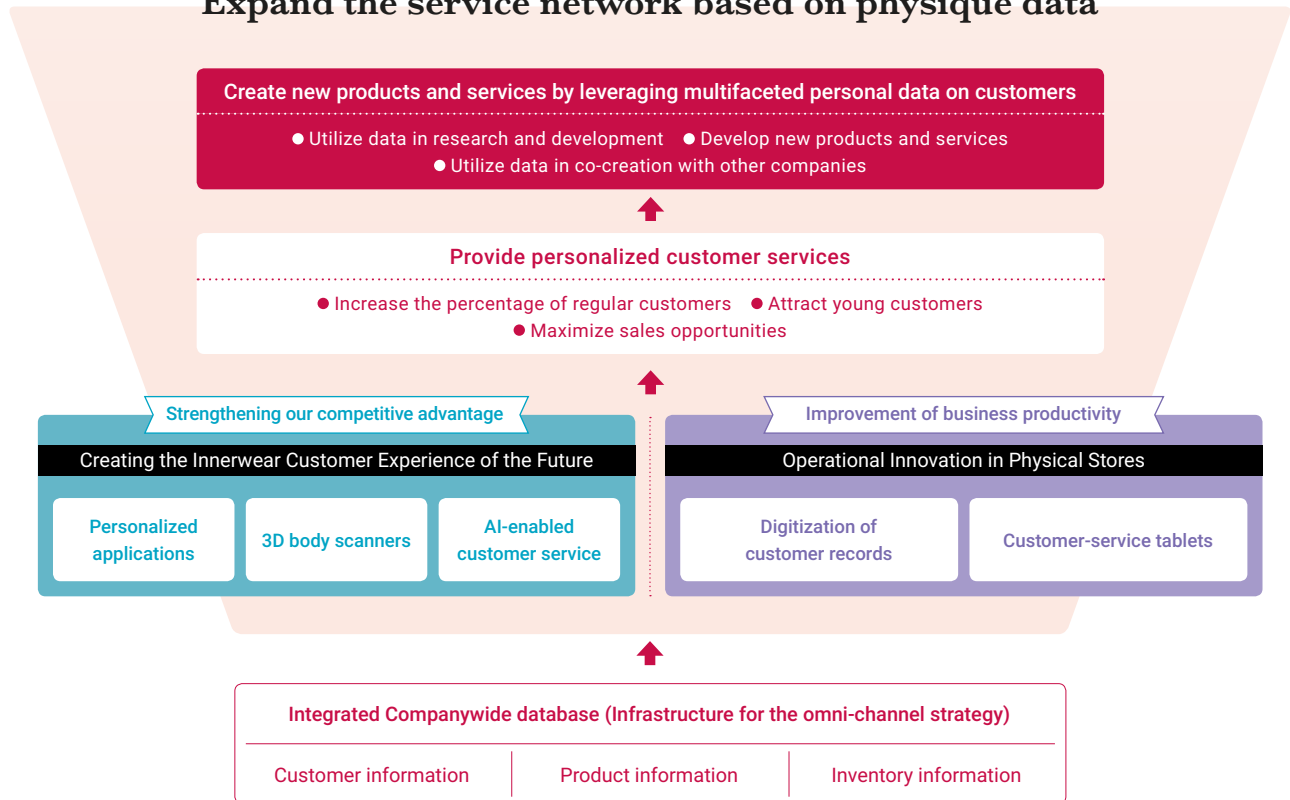
Building Deeper, Broader, and Longer Relationships with Each Customer

Wacoal Corp. has identified the three years through to fiscal 2022 as a period for transforming into one of the world's leading companies in the aggregation and utilization of data on customer physiques and preferences. To cater flexibly and rapidly to our customers' diversifying purchasing behavior, we are using digital technology to establish innovative in-store services and to develop a differentiated omni-channel strategy that seamlessly integrates stores and e-commerce.

Going forward, we will establish a service network that competitors cannot match by developing strategic omni-channel stores nationwide. We will also create new products and services based on the multifaceted personal data on customers that we have accumulated. Through these initiatives, we will build deeper, broader, and longer relationships with each customer; heighten our brand value; and ensure growth.

The Wacoal Omni-Channel Strategy

Expand the service network based on physique data



Next-Generation Innerwear Stores

The Inaugural Wacoal 3D smart & try Store Opens!

In May 2019, in Tokyu Plaza Omotesando Harajuku (Tokyo), we opened the first innerwear store that gives customers the chance to experience our new, independently developed 3D smart & try customer service. Through the use of multiple 3D body scanners and consulting rooms as well as tablet computers installed with AI-enabled customer service functions, the new store allows customers to take measurements and search for, try on, and purchase products by themselves if they prefer. Moreover, customers can request a consultation with one of our highly knowledgeable beauty advisors, who offer recommendations in view of each customer's wishes or concerns. We are moving forward with initiatives to open Wacoal 3D smart & try stores across Japan. In September 2019, for example, we unveiled a second store, in Daimaru Shinsaibashi (Osaka).



Progress of the first 3D smart & try store as of the end of September 2019

- Number of customers using 3D body scanners**
Approx. **1,200** per month

- Percentage of measured customers who made purchases**
Approx. **30%**

- Percentage of measured customers who purchased Wacoal products for the first time**
Approx. **60%**

Creating the Future of Innerwear Purchasing Experiences

Customer Service **3D** smart & try

3D smart & try is a new service that helps customers find the optimal brassiere from among the many varieties available. Through the use of a 3D body scanner and AI-enabled customer service, both of which were independently developed by Wacoal, the service suggests products that reflect each customer's size, physique, concerns, and design or silhouette preferences. Over the coming three years, we will introduce into stores 100 3D body scanners, thereby creating an environment that closely reflects the needs of, and is perfectly suited to building deeper, broader, and longer relationships with, each customer.

Our AI-Enabled Customer Service

- Includes a large amount of product information and has learned the beauty advisor customer service techniques that Wacoal has accumulated to date
- Recommends products based on size and physique characteristics that have been identified by the 3D body scanner
- Enables the filtering of products to reflect each customer's concerns or design or silhouette preferences
- Facilitates objective checking of changes in physique silhouette by enabling the comparison of 360-degree physique measurements with past 3D measurement data

⇒ The stress of choosing a brassiere is diminished significantly, and customers experience a new way of purchasing brassieres.



Our Leading-Edge 3D Body Scanner

- Measures the size of approximately 1.5 million points on the physique and identifies physique characteristics in just five seconds
- Enables the selection of the optimal brassiere size for each person by measuring not only the circumference but also the volume of the bust

⇒ As customers can take measurements themselves, the scanner allows those who would prefer not to interact with store personnel to visit stores and determine their sizes without any anxiety.



The 3D smart & try Measurement Process

1



Measurement using the 3D body scanner

In a private room, the customer puts on a dedicated brassiere and takes measurements by following the instructions provided.

2



The use of a tablet computer to check the 3D measurement data

The measurement data can be checked from a 360-degree range of angles. The customer can view their physique characteristics categorized into six segments and compare the data with past measurement data.

3



AI-enabled recommendation of optimal products based on the 3D measurement data

The customer selects preferences or concerns, and AI uses these together with the measurement data to recommend optimal products. If the customer feels unsure about anything, it is possible to receive a consultation from a beauty advisor.

4



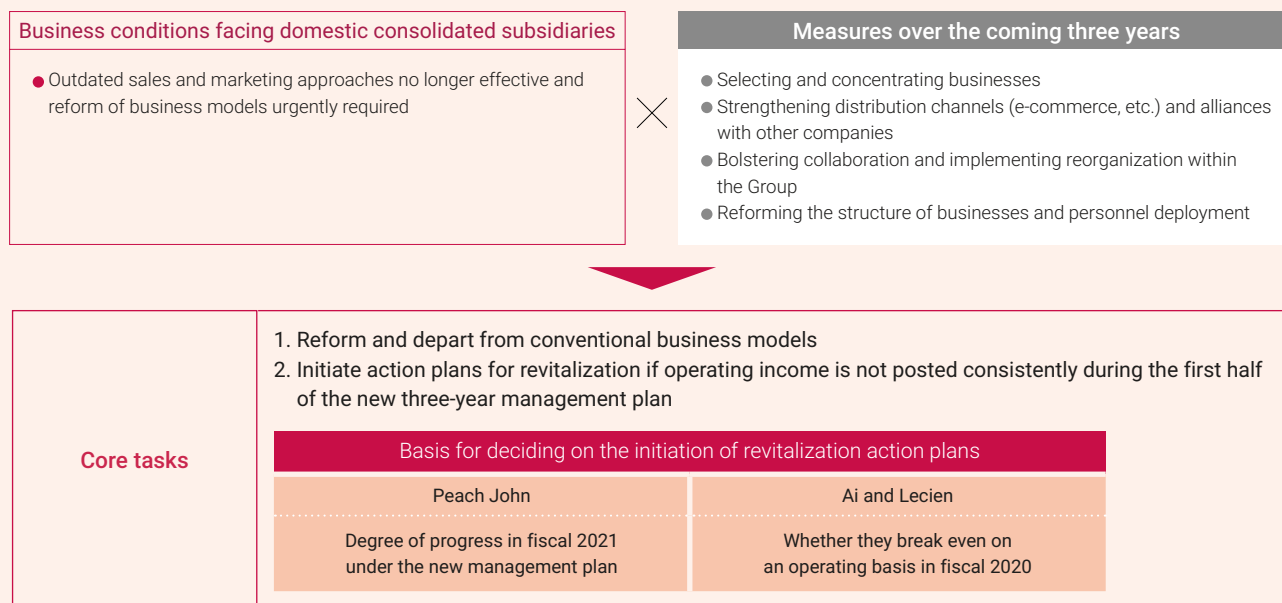
The printing out and keeping of data on measurements and recommended products

Depending on the sales channels that are convenient for the customer, products best suited to the customer can be purchased at stores other than the one where measurements were taken or through e-commerce websites. Going forward, we will link the 3D smart & try service with personalized apps to offer a service that caters to the customer's needs even more precisely.

Business Goals and Measures

Revitalize Domestic Consolidated Subsidiaries

Peach John Co., Ltd., Ai Co., Ltd., and Lecien Corporation fell significantly short of the previous medium-term management plan's numerical targets and recorded operating losses in fiscal 2019. The conventional approaches to sales and marketing that these subsidiaries have established are no longer effective, and the time has come to reform their business models. Under the new medium-term management plan, we will dramatically reform the businesses of our domestic consolidated subsidiaries. Further, if the companies do not begin posting operating income consistently during the first half of the new three-year management plan, we will initiate action plans for their revitalization.



Business Goals and KPIs

Peach John		
Business Goals		
• Lay the foundations for the early realization of a 5% operating margin		
KPIs (¥ million)		
	2019/3 (Results)	2022/3 (Targets)
Net Sales	10,500	11,600 (CAGR +3.4%)
Operating Income (Loss)	(220)	350
Operating Margin	-	2.5%–3.0%

Ai		
Business Goals		
• Change to a business model that can achieve a 5% operating margin		
• Break even on an operating basis in the first year of the new management plan (fiscal 2020)		
KPIs (¥ million)		
	2019/3 (Results)	2022/3 (Targets)
Net Sales	4,200	4,500 (CAGR +2.4%)
Operating Income (Loss)	(320)	170
Operating Margin	-	3.0%–4.0%

Lecien		
Business Goals		
• Establish business foundations that can consistently generate operating income		
• Break even on an operating basis in the first year of the new management plan (fiscal 2020)		
KPIs (¥ million)		
	2019/3 (Results)	2022/3 (Targets)
Net Sales	6,300	6,700 (CAGR +2.0%)
Operating Income (Loss)	(380)	140
Operating Margin	-	1.0%–2.0%

Nanasai		
Business Goals		
• Achieve numerical targets for sales margins in each business		
• Take on the challenge of achieving a 4% operating margin		
KPIs (¥ million)		
	2019/3 (Results)	2022/3 (Targets)
Net Sales	9,400	9,200 (CAGR -0.6%)
Operating Income	280	330 (CAGR +5.4%)
Operating Margin	3.0%	3.5%–4.0%

Peach John

Peach John will liquidate and consolidate underperforming directly managed stores and discontinue the publication of catalogs while strengthening in-house e-commerce in Japan. The company will revise product planning based on an analysis of the behavior of young consumers who prefer trying on a variety of “cute,” inexpensive items. At the same time, Peach John will rebuild its marketing mix so that brand strategies, retail pricing strategies, e-commerce channels, and advertising become more cohesive. Also, it will reinforce growth in Greater China by accelerating business expansion in the Chinese market based on coordination with third-party e-commerce websites. Through such efforts, the company will establish foundations for realizing an operating margin of 5%.

Priority Strategies

Enhance profitability

Liquidate and consolidate underperforming directly managed stores and strengthen in-house e-commerce in Japan

Revise brands and product planning

Rebuild the marketing mix (brands x pricing x e-commerce channels x advertising)

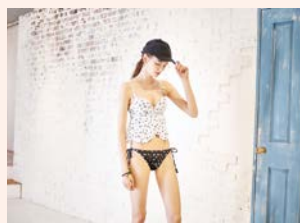
Use the products of Wacoal Corp. strategically

Accelerate growth in Greater China

Accelerate business expansion in the Chinese market (open stores in key cities and coordinate with third-party e-commerce websites) and open stores in Taiwan (Taichung City and Kaohsiung City)

Ai

Ai is fully exploiting the research and development achievements of the Human Science Research Center of Wacoal Corp. and other intangible assets of the Group to establish *San-ai Resort* as a brand



that garners the endorsement of “adult” women. In addition, through such measures as beginning e-commerce sales in China, Ai will transform itself to establish a business model that achieves an operating margin of 5%.

Priority Strategies

Establish a business model offering “resort solutions” that combine swimwear and innerwear

- Develop value-added swimwear that leverages the achievements of the Human Science Research Center
- Open up the Greater China market
- Decrease the number of stores that carry seasonal and special-event products
- Improve profitability by increasing the percentage of products developed in-house

Establish a new personnel system and enhance productivity by introducing multitasking

Lecien

Anticipating a decline in orders from clients that it supplies as an original equipment manufacturer as well as a decline in demand for material supplies in Japan, Lecien will reorganize its businesses accordingly. Meanwhile, the company will develop new business models in collaboration with domestic general merchandise stores and begin supplying overseas affiliates as an original equipment manufacturer. Lecien will build business foundations that consistently realize operating income



by discontinuing underperforming businesses—such as the business that supplies embroidered lace for outerwear—and by coordinating with Wacoal Corp. to ensure effective utilization of the supply capacity of Lecien’s factories.

Priority Strategies

Select and concentrate business fields with a strong focus on gross profit

- Develop new business models through collaboration with domestic general merchandise stores
- Begin supplying overseas affiliates as an original equipment manufacturer (Taiwan, South Korea, etc.)
- Discontinue underperforming businesses (such as the business that supplies embroidered lace for outerwear)
- Coordinate with Wacoal Corp. to ensure effective utilization of the supply capacity of Lecien’s factories

Nanasai

In fiscal 2019, Nanasai completed a project for the interior construction of the flagship store of one of Japan’s major department store chains. Despite the effect that the absence of this project will have on operations, in the coming three years the company will conduct business management with a greater emphasis on profit to realize an operating margin of 4%. With respect to the business environment, the mannequin business is experiencing an increase in demand due to labor shortages and the spread of AI. Also, demand is growing for aesthetically sophisticated interior design for restaurants, bars, and such public facilities as airports and schools. Taking advantage of the favorable environment, Nanasai will acquire new clients for its interior construction business not only from the department store and apparel production industries but also from other industries.

Priority Strategies

Build new platforms (acquire new customers and develop new products)

- Acquire new clients for the interior construction business beyond the department store and apparel production industries
- Develop service mannequins that enable unmanned customer services and sales projections by evolving the interactive mannequin program
- Help address the social issue of environmental conservation by popularizing mannequins made from biodegradable materials or paper

Emphasize profit in conducting business management

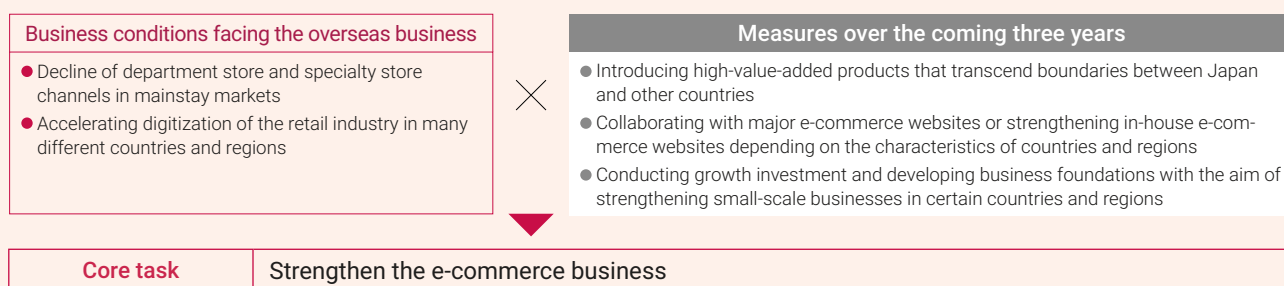
- Leverage the construction quiet season to take steps to enhance work efficiency
- Consolidate product varieties, implement joint delivery with industry peers, and reform underperforming overseas operations

Realize work-style reform

Business Goals and Measures

Expand and Grow the Overseas Business

Across all mainstay overseas markets, the department store (brick-and-mortar store) business format is in decline. In the markets of the United States, Europe, and China, e-commerce accounts for between 20% and 30% of sales. We view the shift away from department stores and toward e-commerce as a trend that is likely to become even more pronounced, and in response we will strengthen collaboration with the operators of e-commerce malls in many different countries and regions. We will advance our omni-channel strategy in Japan and begin initiatives to integrate customer relationship management with in-house e-commerce. Meanwhile, in India, Latin America, the eurozone, and other countries and regions, we will implement growth investment with the aim of strengthening small-scale businesses. We will ambitiously seek rapid improvements in growth through M&A and other initiatives and rigorously analyze the compatibility of prospective business partners with our existing businesses.



Business Goals and KPIs

In North America and Europe, while operating margins are expected to edge down, we will reorganize business foundations. Aiming to accelerate growth of the e-commerce business, we will reorganize in-house websites, invest in advertising, and give priority to investment in offices, logistics warehouses, and core IT systems.

Businesses in China		
Business Goals		
<ul style="list-style-type: none"> • Grow net sales at an average annual rate of 9% • Ensure an operating margin of between 6% and 7% (higher than the current level) 		
KPIs	(RMB million)	
	2019/3 (Results)	2020/3 (Targets)
Net Sales	695	900 (CAGR +9.0%)
Operating Income	44.6	54.5
Operating Margin	6.4%	6.0%–7.0%

Businesses in Europe		
Business Goals		
<ul style="list-style-type: none"> • Ensure an operating margin of between 8% and 9% • Invest in business infrastructure that promises growth (renew in-house e-commerce websites, introduce product life cycle management, and reorganize the head office, logistics warehouses, and factories) 		
KPIs	(£ million)	
	2019/3 (Results)	2020/3 (Targets)
Net Sales	97	113 (CAGR +5.3%)
Operating Income	9.7	9.4
Operating Margin	10.0%	8.0%–9.0%

Businesses in the United States		
Business Goals		
<ul style="list-style-type: none"> • Improve the sales margin (by between 2.0 and 2.5 percentage points) • Ensure an operating margin of between 9% and 10% (remain mindful of appropriately balancing growth investment and operating income) 		
KPIs	(US\$ million)	
	2019/3 (Results)	2020/3 (Targets)
Net Sales	167	189 (CAGR +4.3%)
Operating Income	18.9	17.9
Operating Margin	11.3%	9.0%–10.0%

Businesses in China

Through increased collaboration with Japan-based operations (Wacoal Corp.), we will strengthen branding and marketing in the e-commerce market, thereby attracting younger customers and other undeveloped customer groups. We will maintain a high level of growth potential by strengthening the ability of the e-commerce business to grow while investing in marketing that increases our share of sales in department stores. Also, we will establish an efficient business infrastructure through the strengthening of logistics warehouses and core IT systems. Based on such initiatives, we will grow net sales at an average annual rate of 9% and ensure an operating margin that is higher than the current level.

Priority Strategies

- Strengthen the ability of the e-commerce business to grow**
 - Bolster alliances with the operators of e-commerce malls
 - Implement strategic deployment of brands to attract young customers
- Strengthen the ability of brick-and-mortar stores to grow**
 - Leverage the planning and development competence of Wacoal Corp. to increase product appeal
 - Capture the middle-class customer group through the development of new business formats (outlet channels, etc.)
- Establish a rational business infrastructure with scope for growth**

Businesses in Europe

We will expand and enhance brand portfolios and marketing based on the characteristics of countries and distribution channels. For example, we will foster brands for the fuller figure that follow on from the success of the *elomi* brand, which has grown into a second mainstay. Further, plans call for strengthening in-house e-commerce. We will also concentrate efforts on expanding businesses in Germany, Italy, and other eurozone countries. Our businesses in Europe will give priority to growth investment. Initiatives will include implementing a plan to renew in-house e-commerce—which was postponed during



the previous management plan—and reinforcing the appeal of individual brands. Through these measures, the businesses will achieve average annual net sales growth of 5% and ensure an operating margin of between 8% and 9%.

Priority Strategies

Strengthen brand portfolios and marketing to reflect changes in the market environment

- Foster brands for the fuller figure (Strengthen the *elomi* and *Goddess* brands and enhance the value of the *Wacoal* brand)
- Introduce, renew, and extend the regional coverage of in-house e-commerce
- Invigorate the specialty store channel (Boost support for specialty stores through business-to-business systems)

Strengthen businesses in eurozone countries

- Accelerate the development of markets in Germany, Spain, and Italy through stepped-up product rollouts at department stores

Establish business infrastructure

- Increase the capacity and productivity of the joint venture factory in Sri Lanka
- Enhance the head office environment and strengthen the capabilities of logistics warehouses
- Advance programs for developing the skills of employees

Businesses in the United States

While steadily growing our No. 1 share of the department store market, we will strengthen e-commerce. We will tackle ambitious initiatives to achieve rapid improvements in growth through business investment in growing markets. At the same time, we aim to solidify our foundations with a view to realizing net sales of ¥30 billion in the Americas in fiscal 2028. To this end, we will enhance product development capabilities, reform cost structures, and expand businesses in surrounding countries. Meanwhile, we will increase e-commerce sales as a percentage of net sales and improve the sales margin by enhancing business efficiency. In these ways, businesses in the United States will focus on achieving an appropriate balance between growth investment and operating income, thereby ensuring an operating margin of between 9% and 10%.

Priority Strategies

Develop new distribution channels and business opportunities

- Strengthen e-commerce by revamping smartphone-friendly websites and introducing customer relationship management
- Grow our No. 1 share of the U.S. market and the department store market
- Bolster businesses in Canada, Mexico, and Brazil and collaborate with businesses in Europe and India

Enhance product development capabilities and fitting quality

- Introduce process engineering and product life cycle management
- Expand and reorganize the factory in Dominica and improve productivity

INITIATIVE

The Acquisition of a Digitally Native Vertical Brand

In July 2019, U.S. subsidiary Wacoal International Corp. acquired all of the issued and outstanding shares of Intimates Online, Inc., which is headquartered in New York State and designs and retails women's innerwear in the United States under the *LIVELY* brand.

With the ongoing expansion of e-commerce markets worldwide, the United States has seen digitally native vertical brands (DNVBs)* emerge rapidly in recent years. By incorporating one such brand into its operations, the Wacoal Group will gain millennial customers—who are outside the Group's traditional mainstay customer group. In addition, the new subsidiary's e-commerce sales and digital marketing methods will drive the Group's growth in the market. Further, by leveraging our product planning and development capabilities, factories, and overseas business infrastructure, we will greatly increase the *LIVELY* brand's sales growth.

Growth scenario for the *LIVELY* brand business

- In three years (fiscal 2022) → Move into the black
- In five years (fiscal 2024) → Achieve net sales of \$100 million and an operating margin of 12%–15%

The *LIVELY* brand's advantages and synergies with the Wacoal Group

- Advantages of the *LIVELY* brand**
 - Unique brand image and product lineup and millennial endorsement
- Synergies with the Wacoal Group**
 - Acceleration of the *LIVELY* brand's growth by leveraging the Wacoal Group's business infrastructure
 - Strengthening of the entire Group's digital marketing capabilities

Website: <https://www.wearlively.com/>



Intimates Online, Inc. philosophy



Michelle Cordeiro Grant
Founder and CEO

* DNVBs take responsibility for all stages of their value chains in a "vertical" manner, from upstream operations through to downstream operations, and directly hold customer information. More specifically, DNVB products are manufactured by a single company, which is also responsible for manufacturing quality and retails its products directly to customers through an in-house e-commerce channel.