

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

Target Profile

A Globalized Wacoal Group

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

Net Sales: ¥300.0 billion (including equity-method affiliated companies’ sales)
Operating Margin and ROE: Above 10%

Overview of the New Management Plan

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

Our Policies for Coping with the Spread of COVID-19

Basic policy	Give top priority to the health and safety of customers, employees, and business partners (We recognize that the balance between maintaining such services as trial fittings and consideration of health and safety is especially important.)
Short-term policy	<p>Thoroughly reduce costs and ensure the stability of the Company’s financial base with the deteriorating business conditions in mind</p> <p>① Carry out a review of the measures and expenditure plans that have been implemented so far across all business domains</p> <p>② Strengthen liquidity on hand in preparation for the prolongation of the COVID-19 pandemic</p> <p>③ Adjust production to avoid excess inventory caused by a decline in sales</p>
Medium- to long-term policies	<p>Thoroughly inspect the value chain and implement reforms: A turning point toward a highly profitable management structure</p> <p>① Review the current cost structure (promote initiatives to reduce fixed costs)</p> <p>② Accelerate our digital transformation efforts both in Japan and overseas</p> <p>③ Review and reorganize points of contact with customers (to respond to the changes in major sales channels)</p> <p>④ Develop products and services that customers expect in new lifestyles and strengthen our ability to respond to new customer needs and sales styles</p>

Segment Initiatives under the Current Medium-Term Management Plan

Reforming earnings structures decisively during the term of the current plan in preparation for the next three-year plan

	2021/3		2022/3
	Initiatives Already Underway	Initiatives About to Begin	Initiatives Planned
Wacoal Business (Domestic)	<p>Overall</p> <ul style="list-style-type: none">Revising expenditure plansAdjusting production to avoid surplus inventoriesDiscussing the future role of domestic factories Wacoal Corp.Verifying effectiveness at stores that have introduced 3D body scannersCoordinating the marketing of both directly managed stores and e-commerceAnalyzing personnel deployment and methods of managing the profit and loss of storesAdvancing human resources planning	<p>Overall</p> <ul style="list-style-type: none">Revise expenditure plansAnalyze the optimal role of domestic companiesStrengthen the competitiveness of domestic sewing factories Wacoal Corp.Reorganize to reflect environmental changesStrengthen initiatives to coordinate online and off-line operationsReview the sales area environments of department stores and transaction termsAdvance human resources planning	<p>Overall</p> <ul style="list-style-type: none">Prepare the next three-year plan and establish KPIsReorganize or withdraw underperforming businessesStrengthen the competitiveness of domestic sewing factories Wacoal Corp.Verify the new organization and adjust courseStrengthen initiatives aimed at coordinating online and off-line operationsBegin new strategies for brands and optimize inventoriesAdvance human resources planning and curb the number of new hires
Wacoal Business (Overseas)	<p>Overall</p> <ul style="list-style-type: none">Revising expenditure plans North America, Europe, and ChinaContinuing to strengthen e-commerce businessesIntegrating the logistics operations of Intimates Online (United States)Continuing to coordinate with Japan in relation to products (China)	<p>Asia (excluding China)</p> <ul style="list-style-type: none">Discuss and revise regional strategiesBegin developing an e-commerce business <p>Overseas factories</p> <ul style="list-style-type: none">Increase the percentage of products (for Japan) manufactured in the ASEAN region	<p>United States</p> <ul style="list-style-type: none">Maintain the strong growth of Intimates Online Europe <p>Europe</p> <ul style="list-style-type: none">Step up development in the eurozone <p>Asia (excluding China)</p> <ul style="list-style-type: none">Reorganize as required <p>Material companies (Thailand)</p> <ul style="list-style-type: none">Strengthen competitiveness and begin supply to the Group
Other Businesses	<p>Overall</p> <ul style="list-style-type: none">Revising expenditure plans Peach John and LecienVerifying the results of reforms implemented until the previous fiscal yearStrengthening coordination between online and off-line operations (Peach John)	<p>Underperforming subsidiaries</p> <ul style="list-style-type: none">Analyze future demand carefully from the viewpoint of overall optimizationAnalyze subsidiaries’ optimal roles in the Group <p>Overseas business and factories</p> <ul style="list-style-type: none">Analyze future demand and regional strategies carefully	<p>Underperforming subsidiaries</p> <ul style="list-style-type: none">Withdraw from, spin off, or reorganize <p>Overseas business and factories</p> <ul style="list-style-type: none">Reorganize as requiredStrengthen competitiveness and strengthen coordination within the Group

Fiscal 2020 Performance Overview

Consolidated

Net Sales	Operating Income	Net Income Attributable to Wacol Holdings Corp.	ROE
¥186.8 billion	¥6.6 billion	¥3.5 billion	1.6 %

By Segment

Net Sales (¥ billion)			
	2020/3 results	FY2020 target (versus target)	FY2020 revised target* (versus target)
Wacoal Business (Domestic)	109.7	116.2 (−6.5)	112.8 (−3.1)
Wacoal Business (Overseas)	50.6	55.5 (−4.9)	51.5 (−0.9)
Peach John Business	10.5	11.6 (−1.1)	10.4 (+0.1)
Other Businesses	16.0	16.7 (−0.7)	16.3 (−0.3)
Total	186.8	200.0 (−13.2)	191.0 (−4.2)

* Announced in January 2020

Operating Income (Loss) (¥ billion)			
	2020/3 results	FY2020 target (versus target)	FY2020 revised target* (versus target)
Wacoal Business (Domestic)	5.8	6.6 (−0.8)	6.1 (−0.3)
Wacoal Business (Overseas)	1.5	4.0 (−2.5)	1.3 (+0.2)
Peach John Business	(0.4)	0.2 (−0.6)	(0.3) (−0.1)
Other Businesses	(0.3)	0.2 (−0.5)	(0.1) (−0.2)
Total	6.6	11.0 (−4.4)	7.0 (−0.4)

* Announced in January 2020

Fiscal 2021 Full-Year Forecast

Consolidated

(¥ billion)		
	2021/3 target	YoY
Net Sales	158.0	−28.8
Operating Loss	(5.0)	−11.6
Net Loss Attributable to Wacoal Holdings Corp.	(3.7)	−7.2

By Segment

Net Sales (¥ billion)		
	2021/3 target	YoY
Wacoal Business (Domestic)	92.0	−14.1
Wacoal Business (Overseas)	41.5	−9.1
Other Businesses	24.5	−5.6
Total	158.0	−28.8

Operating Loss (¥ billion)		
	2021/3 target	YoY
Wacoal Business (Domestic)	(2.1)	−8.2
Wacoal Business (Overseas)	(1.8)	−3.3
Other Businesses	(1.1)	−0.1
Total	(5.0)	−11.6

* Change in segmentation as of the fiscal year ending March 31, 2021