

## The Wacoal Group's Business Environment and Initiatives for Renewed Growth

Due to the COVID-19 pandemic, in fiscal 2021 the Group recorded a consolidated operating loss for the first time since its establishment. We believe this performance reflects a major shift in the position of our research, planning, and sales capabilities relative to the external environment due to changes in it, which include changes in attitudes toward society and the environment. We will respond to these changes by evolving our organization's capabilities so that they once again become strengths that create competitive advantages. In this way, we will achieve renewed growth.

### Changes in the External Environment Caused by the Pandemic

#### Distribution channel trends

- Existing distribution channels declining
- Shift to e-commerce accelerating
- Role of stores changing

#### Changes in lifestyle

- Telecommuting spreading
- Dress becoming informal
- Consumption becoming budget-minded

#### Technological innovation

- Digital transformation accelerating
- Importance of customer-focused digital marketing increasing

#### Industry and industry structure trends

- Midrange to high-end apparel market slumping
- Industry shakeout accelerating
- Geopolitical risk increasing

### Changes in Attitudes toward Sustainability

#### Intensification of global environmental problems

Business activities stagnating due to the increased frequency of abnormal weather caused by global warming

#### Supply chain-related changes

Awareness of human rights and the environment in relation to supply chains growing

#### Certain generations adopting new consumption behavior

Contributions to addressing the SDGs and other social issues becoming a key consideration for consumer behavior (company selection)

### Issues We Must Resolve to Renew Growth

**1**  
Update our organization's capabilities  
(R&D, product planning, production, quality control, and sales)

**2**  
Improve our high-cost structure

**3**  
Address environmental and human rights issues in supply chains

### The Wacoal Group Now

Fiscal 2021 consolidated performance

Net sales  
¥**152.2** billion  
(-19% YoY)

Operating loss  
¥**1.1** billion

### Fiscal 2022 Initiatives

#### Digital Transformation

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##### Japan

- Pursue innovation and expand business fields
- Implement customer experience strategies
  - Digitization and personalization
  - Customer-driven value chain reform
  - Brand strategy reconstruction

##### Overseas

- Advance digital technology strategies tailored to regional characteristics
- Implement customer experience strategies in Asia

#### Cost Structure Reform

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##### Japan

- Implement management of personnel plans (improve productivity and lower personnel expenses as a percentage of net sales)
- Improve profits per store
- Take measures for underperforming businesses

#### Implementation of Sustainability-Focused Management

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##### Overall

- Reduce greenhouse gas emissions
- Establish human rights due diligence and access to remedy
- Reidentify material issues for renewed growth and set medium- to long-term numerical targets

### Key Performance Indicators and Long-Term Vision

Financial goals  
(fiscal 2028)

Net sales ¥**300.0** billion

Operating margin and ROE  
above **10%**

Utilize changes to regain competitive advantages and achieve profitable growth



Create economic and social value



Establish a highly transparent business model that is considerate to people and the earth

Nonfinancial goals (2030)

Clarify management policies for sustainability issues as well as processes and key performance indicators for addressing them

(Plan to disclose in fiscal 2023)