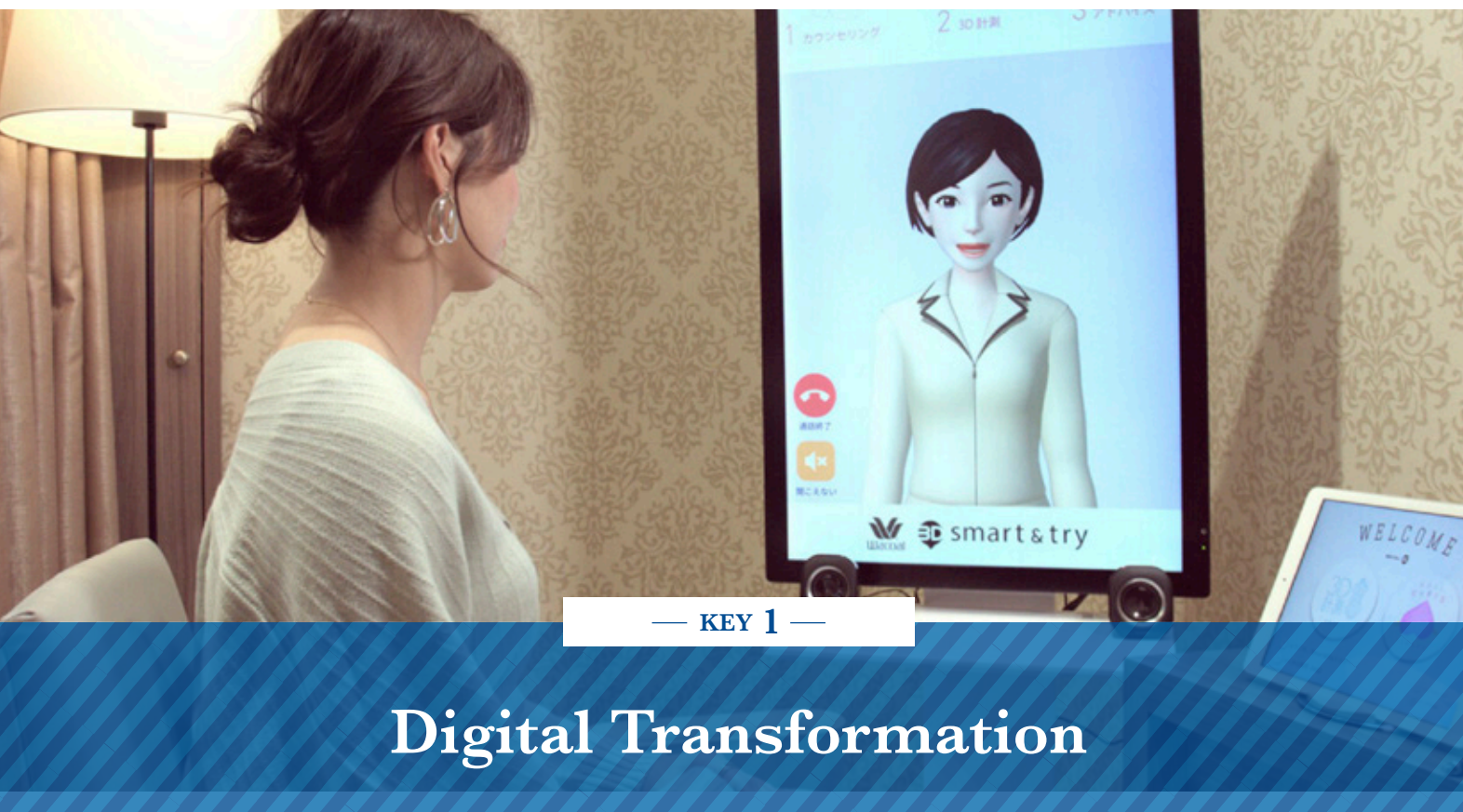


Evolving Our Organization's Capabilities to Grow Enterprise Value



— KEY 1 —

Digital Transformation

We will build deeper, broader, and longer relationships with each customer, enhance enterprise value, and sustain growth by utilizing digital technologies to evolve differentiated customer-driven services.

Consumers' Changing Values

- Growth of the body positivity social movement (increased interest in own physique)
- Rise in demand for stress-free purchasing experiences
- Spread of diverse values

Wacoal Group Strengths

- Human Science Research Center's accumulated data and abundant knowledge in relation to women's physiques
- Brand power and customer service skills
- Manufacture of products to fit diverse customers

Evolution of Digital Technologies

- Dramatic advances in digital technologies
- Expansion of digital infrastructure
- Promotion of cross-industry collaboration

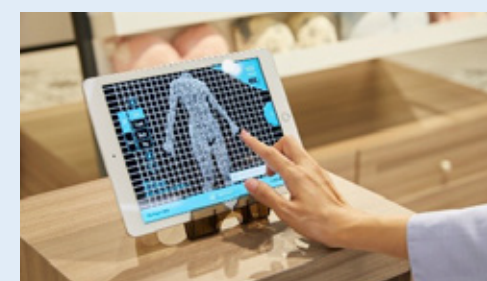


Utilize physique data to evolve the innerwear business and partner with other industries to expand business fields

Wacoal Named a “Noteworthy DX Company” in 2021

In 2021, the Wacoal Group was chosen as a “Noteworthy DX (digital transformation) Company” from among the “DX Stock” companies selected by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange (TSE). “DX Stock” companies are TSE listed companies that have earned high general ratings for digital transformation efforts in an industry category. Of these companies, those meriting high evaluation for extending the scope of digital transformation efforts or for implementing impressive digital transformation initiatives are designated “Noteworthy DX Companies.”

Our selection recognized our development of the new customer-driven *3D smart & try* service through the use of digital technologies to evolve differentiated expertise garnered in such areas as physique measurement, research, and customer services. Moreover, we earned praise for boldly leveraging the new service to form partnerships with a range of different companies and expand our business field.

**3D smart & try**

This groundbreaking digital service uses a 3D body scanner and an AI-enabled avatar in combination to select brassieres from our extensive lineup and suggest products best suited to each customer's size, physique, concerns, and design or silhouette preferences. As *3D smart & try* is the perfect solution to the need for contactless services that has resulted from the pandemic, more than 50,000 people have tried the service as of the end of March 2021. Of these, approximately 30.0% then proceeded to purchase products.

**Ava.Counseling Parle, an Avatar-Based Customer Service System**

Ava.Counseling Parle is a virtual customer service system developed to make innerwear selection more convenient and stress free for customers. Through avatars that read and reproduce their facial expressions and movements, beauty advisors in remote locations offer customers real-time counseling on the selection of innerwear. Furthermore, we are currently conducting operational tests with the aim of enabling beauty advisors to work from home.

My Aspirations as a Manager

The world we envision centers on people and enlivens them through the utilization of digital technologies. We want customers, employees, and all consumers to be proud of themselves and have fulfilling daily lives. Our technology supports aspirations for new encounters, new possibilities, and new ways of life.

The 3D physique measurement data that we have acquired through the *3D smart & try* service will help enrich the day-to-day lives of all our customers. At the same time, our analysis of this data promises to suggest a wide range of potential new applications. In addition to creating a new future for innerwear-related customer services, the *3D smart & try* system will enable Wacoal to diversify its business into an array of different fields. For example, the system can be used in apparel-related counseling services—a field where we have already begun introducing the system—the medical field, and other types of avatar-enabled counseling services. Our goal is to evolve the business by using data as a basis for fostering co-creation and organic connections that transcend the boundaries of companies and industries. In the near future, through the connection of data from domestic and overseas markets, we will accumulate big data on women around the world and establish a new service network.

We will take the business to a new stage and become one of the world's leading platforms for insight into women's physiques and sensibilities.

**Atsuko Shinoduka**

Project Leader, *3D smart & try*
Senior Fellow and Development Manager,
Innovation Strategy Office
Wacoal Corp.



— KEY 2 —

Management of Personnel Plans (Cost Structure Reform)

We will build a sound corporate culture and robust profitability by creating systems that heighten the job satisfaction of each employee while optimizing human resources quantitatively and qualitatively.

Changes in the External Environment	Wacoal Corp. Issues	Wacoal Corp. Initiatives
<ul style="list-style-type: none"> Slumping midrange to high-end apparel market Flagging existing distribution channels and growth of e-commerce channels Change in the role of brick-and-mortar stores from shopping locations to experiential locations Change in behavior patterns due to the pandemic 	<ul style="list-style-type: none"> Total personnel expenses as a percentage of net sales (including the labor costs of manufacturing operations) still high due to lower net sales Imbalanced business model (overdependence on the wholesale business and the innerwear business) Lack of adaptability to change 	<ul style="list-style-type: none"> Advancement of digital transformation Implementation of customer experience strategies to improve lifetime value Reorganization of sales channel-based organization (▶ See page 44) Consolidation and strengthening of the marketing of core brands (▶ See page 46)



Evolve into a highly productive and resilient organization through strategic management of personnel plans that optimizes human resources quantitatively and qualitatively and enhances employee engagement

Enhancement of Productivity per Employee

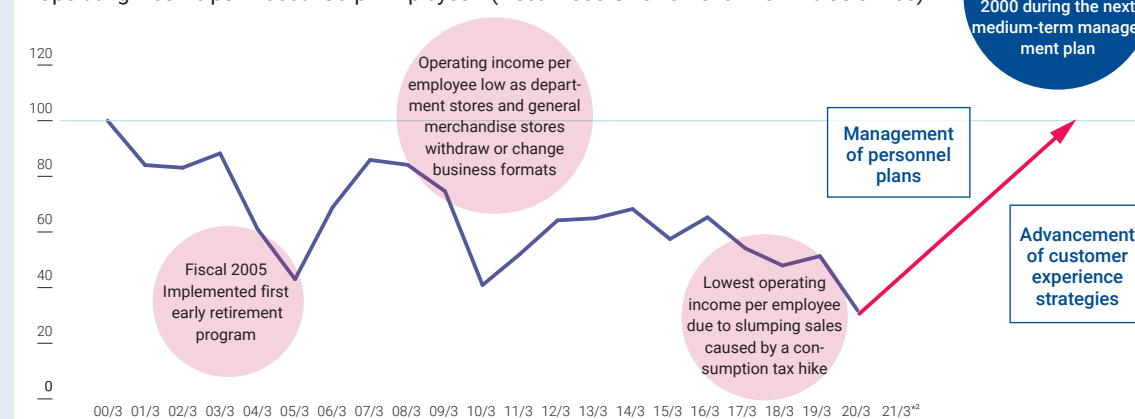
Since 2000, the structure of distribution has been changing dramatically due to the diversification of consumer values and purchasing behavior. While global SPA (specialty store retailer of private label apparel) brands and e-commerce channels have grown, department stores and general merchandise stores have struggled, being forced to close stores or change business formats. Although our directly managed store business has grown, this has not been sufficient to compensate for declining sales in our mainstay distribution channels. As a result, our top line has trended downward. Meanwhile, personnel costs and other costs have remained relatively high.

The graph below shows operating income per Wacoal Corp. employee, with 100 representing the subsidiary's

operating income in fiscal 2000. Due to sluggish consumption after a consumption tax hike and a decrease in sales resulting from the pandemic, in fiscal 2020 operating income per employee was at about half of its level 20 years ago.

With structural reforms to correct the high-cost structure urgently required, we have introduced the management of personnel plans as an initiative to resolve the issue. While forging ahead with customer experience strategies aimed at business growth, we will heighten cost competitiveness and productivity by optimizing personnel deployment through the management of personnel plans.

Operating Income per Wacoal Corp. Employee*1 (Fiscal 2000 Given a Benchmark Value of 100)



*1 Up to fiscal 2004, the operating income of Wacoal Corp. is shown. From fiscal 2005, the total operating income of Wacoal Corp. and Wacoal Holdings Corp. is shown.

*2 The level for fiscal 2021 has not been shown as an operating loss was recorded in fiscal 2021 due to the effect of the COVID-19 pandemic.

My Aspirations as a Manager

The management of personnel plans determines the personnel required for the execution of operations. However, there have been significant differences between the plan figures produced by frontline divisions and the management plan figures of the Personnel Department. I feel that this disparity has arisen because we have not adequately communicated the purpose of the management of personnel plans.

Rather than finding solutions for current problems, the management of personnel plans is a forward-looking measure aimed at establishing resilient management foundations that can adapt to change. I would like to share with employees an overall picture of appropriate personnel deployment based on medium- to long-term management strategies, promote further understanding of personnel plans, and accelerate their implementation.

Once they understand the necessity of personnel plans, I believe employees will take the initiative in reforming their work styles. At the same time, the operating company will advance reforms throughout its organization so that division general managers can take advantage of digital technologies in efforts to maximize performance using the minimum number of personnel. In addition, we will strategically allocate the personnel and time made available through the management of personnel plans to new businesses and business fields that require strengthening. In this way, we will visualize each employee's level of contribution to the operating company and create an organizational culture in which employees have a real sense that they are creating the future of Wacoal Corp.



Naoko Ogawa

Corporate Officer
General Manager, Personnel Department,
Personnel and Administration Division
Wacoal Corp.



— KEY 3 —

Sustainability

We will create economic and social value by viewing increasingly complex and diverse social and environmental issues as opportunities for future growth.

Changes in Society and the Environment	Wacoal Group Strengths	Wacoal Group Initiatives
<ul style="list-style-type: none">Contributions to addressing the SDGs and other social issues a key consideration for consumers (company selection)Growing awareness of human rights in relation to supply chainsIncreasing urgency of the global warming issue	<ul style="list-style-type: none">High-quality manufacturing of long-lasting products and sales methods that minimize product wastePowerful brand and consumer trustEmployees' strong desire to realize a sustainable society	<ul style="list-style-type: none">Creation of social value through the advancement of digital transformation, creating opportunities for contactless customer services enabled by 3D body scanners and AIStrengthening of climate change countermeasures and promotion of socially responsible procurementDevelopment of environment-friendly products

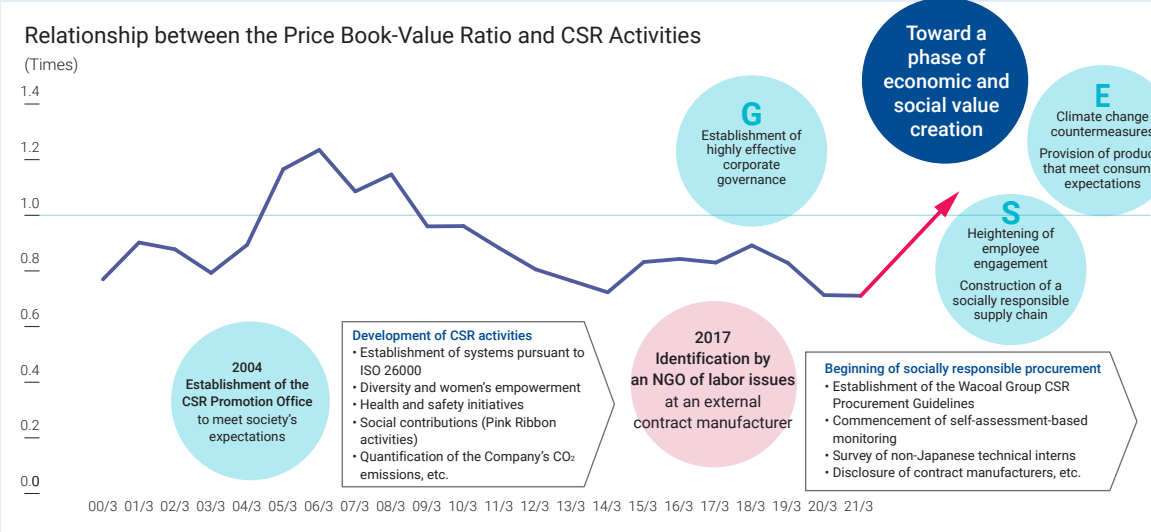


Meet consumer demand for long-lasting quality products that have highly transparent supply chains and increase consumer engagement

Realization of Sustained Growth while Addressing Social, Environmental, and Consumer Issues

Since the establishment of the CSR Promotion Office in 2004, we have advanced CSR activities compliant with ISO 26000, formulated CSR policies, promoted diversity, implemented health and productivity management, conducted such social contribution activities as our Pink Ribbon activities, and moved forward with environmental activities. However, our emphasis has been on social contribution activities and public relations rather than on connecting CSR activities with business growth. Going forward, we will view initiatives addressing society's increasingly complex and diverse social and environmental issues as growth opportunities. Aiming to sustain growth and enhance enterprise value, we will make a management system that is focused on environmental, social, and governance (ESG) factors a pillar of our long-term strategy.

In April 2021, we launched the Sustainability Promotion Project, which comprises members of the senior management team and employees. Under the project, we have begun discussions on material issues for achieving sustained growth and enhanced enterprise value as well as discussions on long-term numerical targets for the resolution of various issues. Currently, corporate officers and other future leaders as well as Group company employees in their 20s and 30s are deliberating which nonfinancial indicators need strengthening. Members of the Management Issues Review Meeting are also analyzing material issues and numerical targets, which are to be integrated into long-term strategies and the next medium-term management plan.



My Aspirations as a Manager

Tasked with discussing the Group's long-term goals and mission, the Sustainability Promotion Project draws its members from across the Wacoal Group. We are having these discussions because in achieving renewed growth driven by successful adaptation to an increasingly complex, diverse society and to changes among consumers, we must instill our mission—the foundation of business activities—in employees Groupwide so that they advance together toward a shared goal. Since the Group's consolidated subsidiaries are located in various countries and regions and have distinctive corporate cultures, our discussions are aimed at not only redefining our mission but also ensuring that it is readily understandable for everyone.

Further, many of the activities that we have been engaged in are sustainable activities that contribute to society or the environment. In considering corporate sustainability, however, we must have greater awareness of the connection between contribution activities and business activities. For this reason, we are seeking in-house engagement whereby each employee is aware of sustainability as value that is built both on the sustainable enhancement of enterprise value and the creation of social value. By encouraging employees to work with enjoyment and pride as they tackle innovations that address social issues, this project will enable Wacoal to grow as a company that society needs.



Haruna Tani
Manager, Sustainability Promotion,
Corporate Communications Department
Wacoal Holdings Corp.