

Dialogue 03

Creating a “Global Wacoal Group” for a New Era by Demonstrating Established Advantages, Local Capabilities, and a Consistent Philosophy

VISION 2030 positions the overseas business as an essential driver of the Group's growth. What should we emphasize and what do we need to do to achieve global expansion and become a “Global Wacoal Group”? Here, we hear from several members involved in our overseas business.



Katsuya Hirooka

Corporate Officer and Head of Corporate Planning Department
Wacoal Holdings Corp.

Katsuya Hirooka joined Wacoal in 1991. He has worked in the overseas business for 12 years, since 2003. He has worked as a director in Hong Kong, the United States, and the United Kingdom, and took the post of head of business management at the Global Division in 2015. He has held his current position since April 2021. He is responsible for budget control, finance, and business planning for the entire Wacoal Group.

Takashi Watanabe

Head of Business Promotion Department,
Global Division,
Wacoal Holdings Corp.

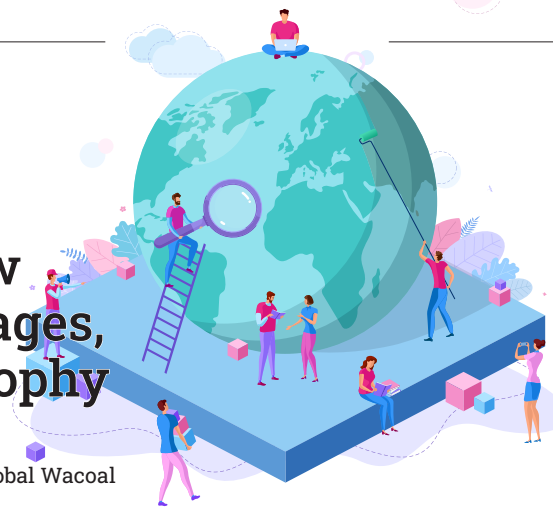
Takashi Watanabe joined Wacoal in 1994. After working in strategic planning and product sales for *Wing*, he held the position of president of Wacoal Malaysia Sdn. Bhd. for five years from 2013. From 2018, he was general manager of Directly Managed Merchandise Sales for Retail Business Headquarters and has held his current post since April 2022. He is working to promote market expansion in countries around the world.



Takehiko Yonekawa

President of Wacoal Singapore Private Limited

Takehiko Yonekawa joined Wacoal in 1991. After serving as president of une nana cool Corp. and general manager of the Prestige Sales Department, he took his second post in Hong Kong in 2019 as president of Wacoal International Hong Kong Co., Ltd. From April 2021, he concurrently served as president of Wacoal Hong Kong Co., Ltd. and head of the Business Promotion Department, Global Division. He took up his current post in April 2022. He is also responsible for the Asia Sales Headquarters.



Expanding to the World from the 1970s with the Thought of “What Wacoal Can Do”

First, please tell us about the characteristics and history of Wacoal's overseas business.

Hirooka ● Koichi Tsukamoto, the founder of Wacoal, made his first overseas inspection tour in 1956, shortly after the Company was founded. After returning to Japan, Tsukamoto set up a long-term strategy called the One Phase Every Ten Years 50-Year Plan to realize his dream of creating a “Global Wacoal.” He planned to pioneer the domestic market in the 1950s and establish himself in the domestic market in the 1960s. Afterward, he planned to expand to the overseas market in the 1970s and then establish himself in the overseas market in the 1980s. He then planned to realize a “Global Wacoal Group” in the 1990s. In line with his plans, we established joint ventures in Thailand, South Korea, and Taiwan in 1970 to start our overseas business. We next expanded into the U.S. and Chinese markets in the 1980s, moving forward to Europe in the 1990s to become a global company. At the same time, we expanded our manufacturing bases in the Asian region.

This plan reflects Koichi Tsukamoto's desire to create a peaceful world where women can play an active role through

business. Wacoal's basic policy for overseas expansion is to strive for coexistence and co-prosperity with each country and region based on mutual trust, which is also part of the Company's philosophy, and to establish locally led management. “What can Wacoal do for your country?” We always keep this in mind when entering new markets—creating culture through corporate action, not just profit. To be a company that contributes to the region's development and aims to grow together with the region's people. We have promoted our overseas expansion with these convictions in mind.

What is the current scale of business around the world? Also, how do you feel about the Wacoal Group's strength in overseas business?

Watanabe ● We sell our products in more than 50 countries and regions worldwide. The Group's overseas sales, including nonconsolidated joint ventures in Thailand, South Korea, Taiwan, and others, exceed ¥100 billion. In addition, overseas sales on a consolidated basis are approximately ¥60 billion (fiscal 2022), with a breakdown of roughly ¥40 billion in Europe and the United States and about ¥20 billion in Asia.

Yonekawa ● I think our strength lies in our ability to share values as a group. As

Mr. Hirooka mentioned, we still share the basic policy of overseas expansion, which is to “seek coexistence and co-prosperity with the countries and regions in which we operate” and “aim to establish management led by the local community.” Another characteristic and strength of the Company is that we carry out marketing for each country and region and independently develop and sell products.

Watanabe ● Body types differ depending on the country or region, and preferences in design, color, and fitting also differ. The fact that we have created a business model for each area while meeting local needs is a great strength.

Yonekawa ● This is the opposite of the SPA (specialty store retailer of private label apparel) business model of selling the same product worldwide. Also, although there are some exceptions, we have only dispatched one to two employees from Japan for each region. One of our most significant distinctions is our ability to operate with cooperation from local employees.

Hirooka ● Yes, that is right. Many local employees share Wacoal's values and ideals and take pride in making them a reality. I have always felt that this was one of our great strengths from the time I was overseas. I believe this results from our past dispatched employees who

Defining a “Global Wacoal Group” for VISION 2030

All stakeholders have a high level of trust in the Group's products, services, and initiatives relating to social issues.

We develop on a global scale with a competitive edge by making full use of the Group's human resources, assets, know-how, and networks.

We continue creating new customer experiences with our innovative, high-quality products and services, and thus continue enriching and beautifying the lives of our customers around the world.

Our employees all around the world understand the Group's goals and mission and work to make them a reality without being bound by conventional thinking or the past.

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firmly held to Wacoal's philosophy and trusted the local people to nurture the business.

Leveraging Strengths and Working Closely Together to Achieve Global Growth

Along with VISION 2030, you have put together a definition for a “Global Wacoal Group.”

Hirooka ● Many of the things we originally wanted to accomplish to meet the definition of a “Global Wacoal Group” have already been achieved. Thereof, we have defined the next stage we aim for with the formulation of VISION 2030. Our newly defined goals include not only business growth but also building relationships with stakeholders, including local communities and customers. When I was first stationed overseas in 2003, the sales ratio of the overseas business was about 10%. As a result of the steady growth of our subsidiaries, sales in the overseas business have exceeded 30% of overall sales. In the future, we will be entering a stage of working to strengthen horizontal cooperation among our subsidiaries and increasing the presence of the Wacoal Group around the world while demonstrating our comprehensive strengths. This is the intent of our new definition of a “Global Wacoal Group.”

In the overseas business, what kind of customer value do you think only the Wacoal Group can provide?

Watanabe ● The strength of Wacoal's manufacturing lies in its ability to balance functionality and fashion, based on primary research conducted by the Wacoal HUMAN SCIENCE RESEARCH & DEVELOPMENT CENTER. Wacoal's commitment to quality through production at its factory and the customer service provided by trained sales staff are both distinctive features of Wacoal. Another characteristic of Wacoal is its ability to respond flexibly to the different needs of

each country and region. In addition, as digitalization advances, methods of communicating with new customers are also evolving and we are leveraging Wacoal's strengths, such as *3D smart & try* and the *mybraFit™* application released in the United States. It is impossible to survive globally unless we constantly provide updated products and services at a high level in response to changes in customer needs.

Yonekawa ● I think the keyword for growth is “personalization.” As Wacoal develops businesses rooted in each country and region and conducts marketing and product development in those regions, our strength lies in developing and providing products that fit local customers' tastes and body shapes. Suppose we combine digital services such as *3D smart & try* and the *mybraFit™* application with communication with customers at retail locations by sales staff who understand Wacoal's philosophy. In that case, we could provide personalized customer experience value that matches the needs of individual customers. I want to maximize customer value by pursuing value that other companies do not have.

How will you utilize the know-how and network you have cultivated to achieve global growth? Also, what do you think about the role that the Global Division should play?

Watanabe ● At the Global Division, we coordinate initiatives that individual subsidiaries cannot implement by quickly spreading and applying the latest information and examples of success from around the world. In Asia, the Global Division also plays a role in supporting horizontal cooperation among countries.

Looking ahead, the Global Division will be emphasizing the following two initiatives. The first is to strengthen branding on a global basis. Currently, brand recognition is still low, so we would like to actively invest in raising

awareness of Wacoal among more people around the world. The second is support for communication with customers in each country and region. In Japan, we are currently promoting a customer experience strategy aiming to build deeper, broader, and longer relationships with our customers. However, our overseas strategy is not quite up to this level. While actively utilizing digital technology, we would like to provide the necessary support to develop strategies to connect with customers in each country and region.

From this year, you have established a headquarters system for sales in Asia, with Singapore as a hub. What challenges do you face when considering reinforcing the sales structure to promote growth in the Asian market?

Yonekawa ● The Asian headquarters covers five countries and regions: Hong Kong, Singapore, the Philippines, Vietnam, and Malaysia. Due to the small business scale of each of our subsidiaries, we have not been able to make the necessary investments so far, and poor business efficiency has been a problem in the past due to such individual investments. With this in mind, we set up headquarters in Singapore and are working on standardization to improve business efficiency. For example, the types of popular products in Hong Kong and Singapore are similar, such as the price range and size composition, so we are standardizing products between these regions and conducting joint marketing. To bolster e-commerce, which is expected to grow in the future, we are working together on strategies

for growth in each country after considering each country's and region's potential, such as for developing a common e-commerce platform.

A Global Corporate Message with a Promise to Contribute to an Era of Diversity

In June 2022, you announced a new global corporate message: “Comfortable inside. Confident outside.” Please tell us your thoughts on this message.

Hirooka ● This global corporate message is the Wacoal Group's promise to stakeholders, including customers and local communities. The message expresses our desire to contribute to helping each customer live a fulfilling life with self-confidence by providing products and services that make each customer feel comfortable. We believe that the mission of the Wacoal Group is to contribute to the realization of customers' individuality, including their inner selves.

Yonekawa ● I believe this message also expresses the product characteristics of Wacoal's core business of innerwear. In that sense, I think it fits Wacoal well. First, we will spread this message to employees in every country. I believe it is essential to convey not only the message but also the background behind the message and the future role of Wacoal's overseas business.

Consumer values such as body neutrality and body positivity are changing globally. How do you keep up with changing consumer expectations?

Watanabe ● Wacoal has been proposing products in response to the different needs of customers in each country and region, but I think it will be even more critical in the future to accept different values actively. We have not yet fully

promoted diversity and inclusion in the true sense of the word, and we cannot say we are some breeding ground of successive ideas born from variety. We must grasp customers' needs without being bound by conventional values and develop budding products and services that customers are not aware they need yet.

Yonekawa ● Up until now, if anything, we had an ideal body shape in mind and provided products, explanations, and customer service to get as close to that as possible. Instead, I believe that providing products and services that match the mind and body of each customer will be the source of future growth.

What role do you think you should play to provide products that allow customers worldwide to live a fulfilling life in their own way and realize growth as a company?

Hirooka ● Our goal to become a “Global Wacoal Group” and achieve VISION 2030 reflect, our strong will. These describe the milestones and goals for embodying and realizing the management philosophy. These goals are a must for the Company. VISION 2030 is a plan through fiscal 2031. If all goes according to plan, the overseas sales ratio (including joint ventures) should exceed 50% in fiscal 2028.

I have been working overseas for a long time. I have been wondering what kind of “Global Wacoal” the founder thought of during his time. I believe that founder Koichi Tsukamoto's real intention behind a “Global Wacoal” was to create a world where not only women but all people can smile and live active lives. If we can make the world he dreamed of into reality, the overseas sales ratio will inevitably grow since overseas countries have larger populations and GDPs than Japan. For that reason, an overseas sales ratio of 50% is an indicator that should be achieved as soon as possible.

As the person in charge of the Corporate Planning Department, my role in realizing VISION 2030 is to instill the entire Group's fundamental management philosophy and policy. I want to be actively involved in this. Another significant role I have is the distribution of the Group's management resources. After taking a step back and looking at the big picture, I would like to make optimal resource investments, such as in human resources and funds, and work to expand our overseas business and achieve VISION 2030.

Watanabe ● The Japanese market is a small segment of our business. Considering the market size, we need to focus more aggressively on sales overseas than in Japan. While there are still large markets worldwide, some areas have not been fully explored. There are many areas where customers are unfamiliar with Wacoal. As the Global Division, we would like to support global growth by acting as a hub between subsidiaries—sharing information, and providing necessary know-how.

Yonekawa ● I believe expanding sales in the five Asian countries and regions I oversee from headquarters is my top priority. I want to create a system and environment where I can work across the areas I am in charge of and solve various issues as a group. We will contribute to the growth of the entire Group by returning the know-how we learn here to other overseas subsidiaries and Japan.

