

## Policies of the Revised Medium-Term Management Plan

In order to improve the probability of achieving VISION 2030, we will shift to a structure that can steadily generate cash

**Recognizing the Current Situation**

**The speed of changes in the external environment was quicker than expected, and weaknesses in our supply chain management have become apparent**

- With diversifying customer needs, we recognize that conventional advertising, product planning, and production systems are not enough to respond to market changes, causing deterioration in profitability and excessive inventory (especially with the existing product planning and development lead time [LT], which takes more than one year to market, and improvements are urgently needed).
- As for the harmful effects of functional organizations, various coordinated tasks and complicated profit and loss management hinder prompt decision-making.
- The responsibility for the management strategy is not clear, and the unity of the effectiveness of the strategy is not improving. In addition, the holding company's supervisory function over its subsidiaries is insufficient, and improvements are needed.

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**Environmental Awareness**

<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>● Diversifying need to "be yourself"</li> <li>● Increasing need for health and comfort</li> <li>● Social inculcation of sustainability awareness</li> <li>● Developing markets with significant growth potential</li> </ul>	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>● Increasing procurement costs due to changes in the external environment</li> <li>● Declining domestic demand due to population decline</li> <li>● Lack of competitiveness due to slow innovation</li> <li>● Declining corporate attractiveness and a serious shortage of staff</li> </ul>
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**Wacoal Group's Strengths**

 Personalized body and mind database	 Research/knowledge of various body types/life stages	 Manufacturing technology for products that suit each customer	 Organizational ability to meet individual needs and embody services
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**Basic Policy**

Strive to improve and enhance profitability and capital efficiency and transform ourselves into a company that can continue to invest in the growth necessary to sustainably increase corporate value and return profits to our stakeholders.

- 1. Business model reforms to improve profitability**  
Implementing business model reforms (supply chain management reforms and cost structure reforms) to restore basic profitability
- 2. Growth strategy to achieve VISION 2030**  
Carrying out brand strategy and customer strategy, utilizing the power of digital resources and our Company's strengths to lead to further growth
- 3. Introducing ROIC management**  
Introducing ROIC management as business management infrastructure that supports measures to enhance profitability and the effectiveness of strategies
- 4. Promoting asset reduction**  
Improving capital efficiency by reducing inventories, cross-shareholdings, and streamlining real estate holdings




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**Financial Strategy**

1. Improving profitability through business model reforms and growth strategies as a top priority, we will reduce inventories and cross-shareholdings, and streamline real estate holdings to improve capital efficiency and increase ROE
2. While prioritizing investments for future growth, we will actively return profits to shareholders to improve capital efficiency

## Revised Medium-Term Management Plan Strategy



01  
Business Model Reforms

**Supply chain management reform** Strengthen responsiveness to changes in customer needs

Implementing SCM reforms at Wacoal (Japan) to respond quickly to changes in customer needs and the market environment

With the use of digital technology to build SCM linked to demand from the customer's point of view, thoroughly selecting and focusing to optimize the cost structure

**Cost structure reform** Improve earning power

In order to restore Wacoal (Japan)'s basic profitability, a radical cost structure reform will be implemented. Setting reduction target to ¥7 billion

We plan to improve the sales profit ratio by 3 pts to 4 pts and SG&A expenses by 4 pts to 5 pts by FY2026 (compared to FY2023)

**Dealing with unprofitable businesses** Improve earning power

Examine the future ideal state of each business and determine an action plan for the continuation, sale, or withdrawal of each business

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02  
Growth Strategy

**Wacoal Corp.** Strengthen responsiveness to changes in customer needs

To meet diversifying customer needs, we will contribute to the "beauty, comfort, and health of each customer"

**Overseas business** Strengthen responsiveness to changes in customer needs

Amid an uncertain business environment, we will first work to improve our management infrastructure and execute growth strategies for the next medium-term management plan

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03  
Introducing ROIC Management

**Introducing ROIC management to improve capital efficiency and achieve a robust corporate structure**

In addition to portfolio management, it is also used as a means of performance management to accurately measure results, and quantitatively link improvement activities on the ground with improvements in profitability and capital efficiency expected by investors and other stakeholders

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04  
Promoting Asset Reduction

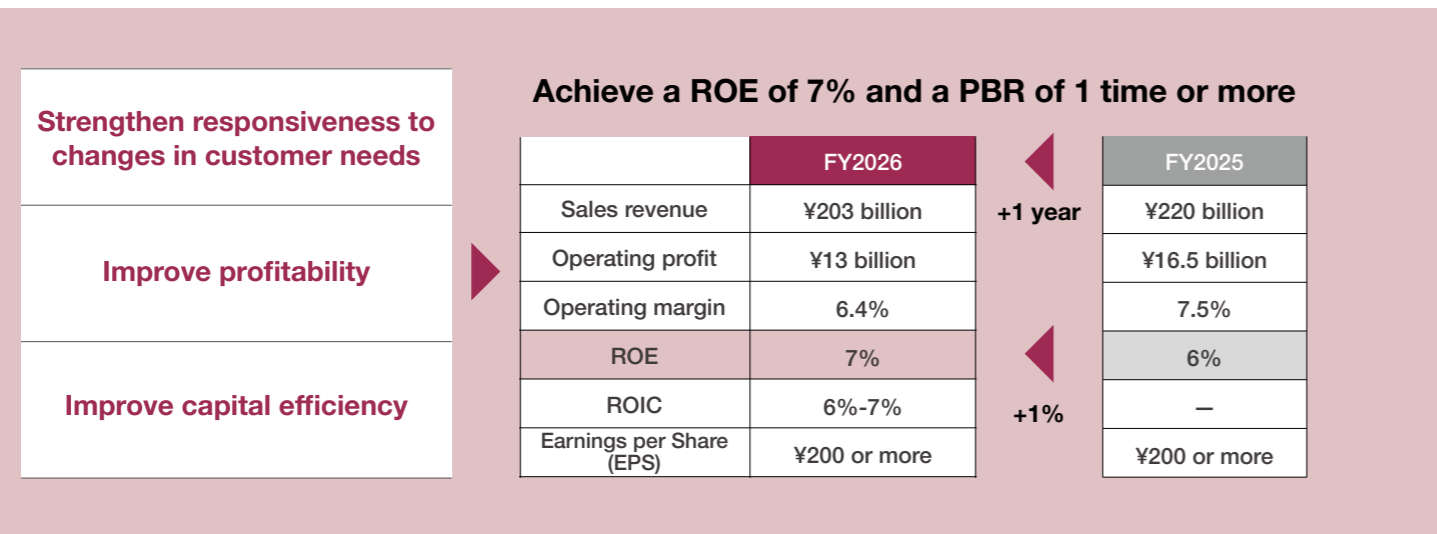
**In order to improve asset and capital efficiency, the Company's basic policy is to sell any assets that do not contribute to raising corporate value**

When selling, we will search for investment opportunities that will contribute to business growth, and determine the businesses that should be invested in from the perspective of ROIC (Inventories, cross-shareholdings, and real estate holdings are subject to review and implementation)

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## Quantitative Targets in the Revised Medium-Term Management Plan

In light of the external environment, initial sales targets have been revised downward. On the other hand, through business model reforms and growth strategies, we will strengthen our ability to respond to customer changes and profitability while striving to improve capital efficiency. In addition, we aim to achieve a ROE of 7% and a PBR of 1 time or more.

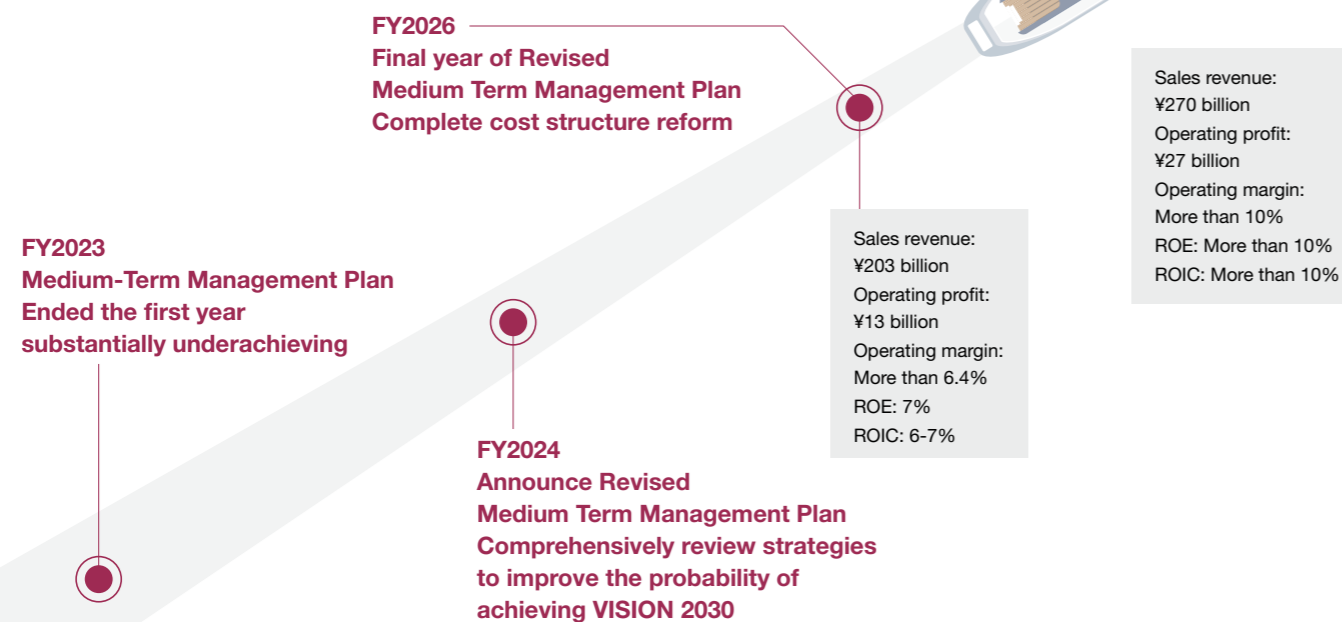


### Our Goals for VISION 2030

To evolve and grow as “Wacoal Group of the World” by providing both physical and emotional beauty and richness to individuals through high sensitivity and premium quality.

#### VISION 2030 (FY2031)

- Achieve global growth
- Achieve a high profitability structure and ROE higher than 10%
- Deepen the provided value and expanding business fields
- An attractive corporate culture in which workers can fully realize their abilities
- Solve material issues



## Financial Strategy P. 45

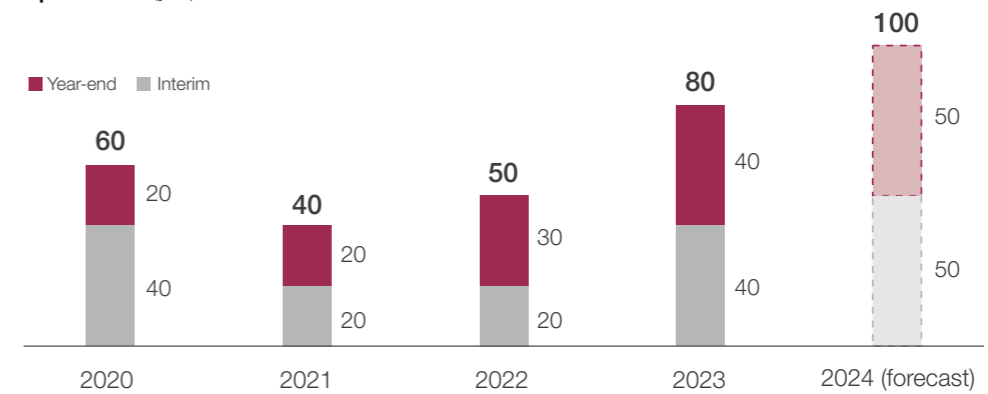
### Financial Policies

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### Dividend Policy

Our basic policy on profit distribution to shareholders is to make stable distributions based on consideration of our consolidated performance, while seeking to increase our enterprise value through active investment aimed at higher profitability and to increase net income per share.

Cash Dividends per Share (yen)



Cash Flow Allocation

Cash inflow	Net income *excluding impairment loss	10
	Depreciation costs *excluding lease liabilities	20
	Asset reduction and debt utilization (Of this, ¥30 billion is for reducing cross-shareholdings)	80
<b>Cash generated during the 3-year period Total: ¥110 billion</b>		
Cash outflow	Investment in new and existing businesses ▶ Focusing on IT and digital investments for growth ▶ Investment in human capital	40
	Returning dividends ▶ Continuing to pay stable dividends while taking into account our consolidated financial results and the status of asset sales	15
	Share repurchase ▶ Actively promoting improvements in capital efficiency	55