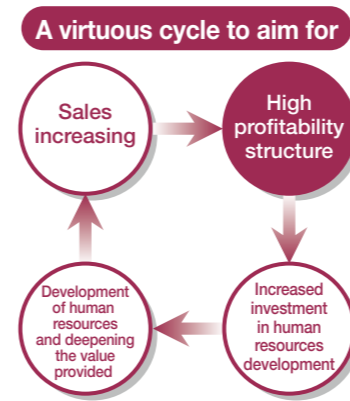


Major Items of the Revised Medium-Term Management Plan (Domestic Business) | Key Initiatives in Wacoal's Revised Medium-Term Management Plan

Key Initiatives in the Revised Medium-Term Management Plan

In order to transform our business structure into one that can secure high profitability even in an increasingly challenging external environment, we will first implement cost structure reforms and strengthen our brand strength, customer loyalty, and human resource to achieve a return to growth. In addition, to become a new Wacoal that can quickly respond to changes in customer and market needs, we will utilize digital technology and establish demand-linked supply chain management (SCM).



Quantitative Targets for Wacoal (* including internal sales)

	Initial goal	Revised target
	FY2025	FY2026
Sales revenue	¥110 billion	¥94 billion
Business profit	¥7.5 billion	¥6 billion
Business profit margin	6.8%	6.4%

+1 year

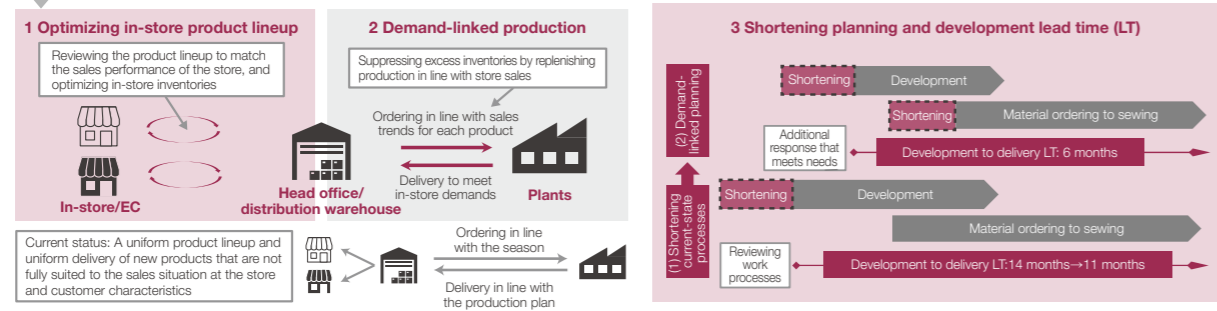
Business Model Reform

Supply Chain Management Reform

Reform Wacoal Corp.'s supply chain management in order to respond quickly to changes in customer needs and the market environment. Build a customer-driven, demand-driven SCM by leveraging digital technology and optimize the cost structure through thorough selection and concentration

Process for establishing supply chain management linked to demand

1 Optimizing in-store product lineup	<ul style="list-style-type: none"> By reviewing the uniform product mix and delivery style of new products, we establish a model that reliably delivers top-selling products to stores (including e-commerce) 	<ul style="list-style-type: none"> Operational establishment within the period of the revised medium-term management plan
2 Demand-linked production	<ul style="list-style-type: none"> Changing the production system to match the demand situation at the store, optimizing/reducing excess inventories 	<ul style="list-style-type: none"> Trial from standard products and gradually become operational within the revised medium-term management plan period
3 Shortening planning and development lead time (LT)	<ul style="list-style-type: none"> Shortening development and delivery LT by utilizing existing patterns and reviewing business processes such as planning and development meetings Accelerating the PDCA cycle and the launch of products that meet customer needs 	<ul style="list-style-type: none"> By the FY2025, we will gradually change the business process and try shortened additional plans



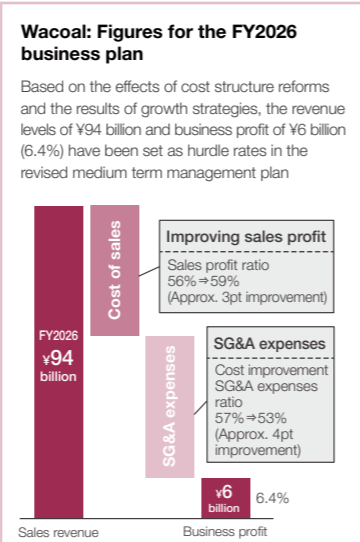
Cost Structure Reform

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 fiscal 2026 (compared to fiscal 2023)

Specific Cost Structure Reform Initiatives

Implemented items	Specific activities	Implementation timing	Effects
Brand focus and selection	<ul style="list-style-type: none"> Reducing losses on returns and discounting by aggregating product numbers, etc. (Reducing production lines by approx. 40% and the number of product number by more than 10%) Reviewing sales price setting 	<ul style="list-style-type: none"> Aggregating production lines will start at 24AW and be completed during FY2025 	¥1.9 billion
Reducing production costs	<ul style="list-style-type: none"> Improving inspection process efficiency Reducing man hours by aggregating product numbers, etc. 	<ul style="list-style-type: none"> Will be completed by FY2025 	¥0.6 billion
Reducing production and material costs	<ul style="list-style-type: none"> Reviewing the production system Aggregating materials and master colors 	<ul style="list-style-type: none"> Will be completed by FY2025 	¥0.4 billion
Improving the profit and loss of stores	<ul style="list-style-type: none"> Reviewing the terms and conditions of business with business partners Withdrawing stores that are in the red (up to 32 stores) Optimizing personnel in order to improve productivity 	<ul style="list-style-type: none"> Considering the withdrawal from stores that are in the red and those that are not expected to revise transaction terms during FY2024 	¥0.9 billion
Offering voluntary retirement	<ul style="list-style-type: none"> Optimizing personnel in order to improve productivity 	<ul style="list-style-type: none"> Will be completed by FY2024 	¥0.9 billion
Optimizing other sales promotion expenses	<ul style="list-style-type: none"> Optimizing expenses for IT Optimizing advertising/promotion costs 	<ul style="list-style-type: none"> Will be completed by FY2025 	¥1.6 billion
Reducing distribution costs, etc.	<ul style="list-style-type: none"> Improving distribution business profitability 	<ul style="list-style-type: none"> Will be completed by FY2025 	¥0.6 billion

Approx. ¥7.0 billion



Growth Strategies

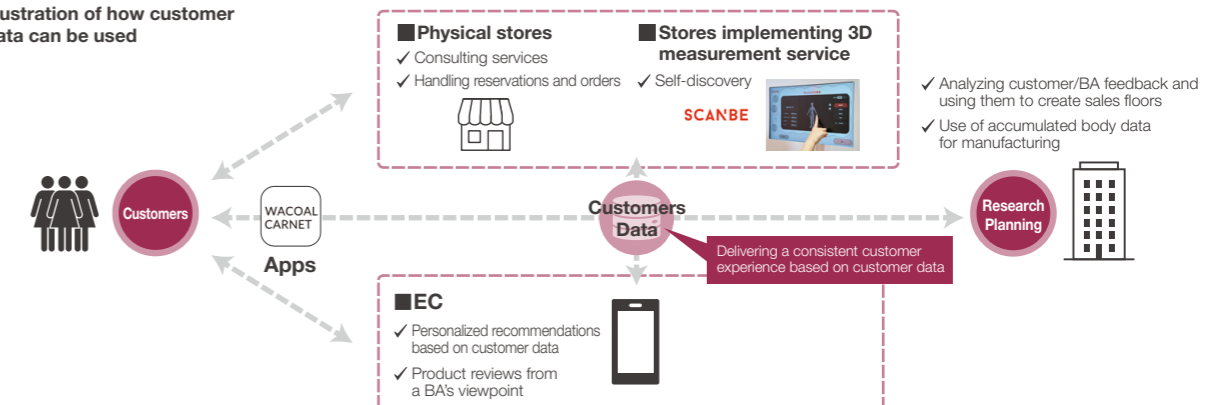
Customer Strategies

In order to build deep, broad, and long-term relationships with customers, we will thoroughly utilize digital technologies to provide the best customer experience for each person

Use of digital technologies

- DX**
- Rebuilding the value chain from the customer's point of view. Fully leveraging customer data, customer feedback, and beauty advisor (BA) insights
 - Creating consistent and highly satisfying customer experiences in physical stores and online through 3D measurement services (SCANBE) and apps (WACOAL CARNET)
 - Identifying the development path of loyal customers and continuously monitoring management metrics to maximize LTV

Illustration of how customer data can be used



Brand Strategies

With thorough brand management from the customer's point of view, we will develop an attractive brand with clear values

Developing products and services tailored to each segment to meet the diverse values of customers and empower them to be themselves.

1 Innerwear	<ul style="list-style-type: none"> Brand portfolio tailored to market segments: By clarifying the value we provide to customers, expand the customer base targeting young and affordable customers, and providing products that meet diverse customer needs, we will develop brands with an eye on long term connections with customers and expand LTV. Starting from the 24 AW season product Rebranding Wacoal: From a brand that creates "beauty" to a brand that creates encounters with a "new you and new possibilities." Rebranding our core brand, Wacoal, to improve its value. FY2028 ¥45 billion (125% compared to FY2023 (CAGR4.6%))
2 Other than innerwear	<ul style="list-style-type: none"> Expanding our "beauty, comfort, and health" business: Expanding the beauty, comfort, and health business by utilizing our knowledge cultivated in the innerwear business. Personalized services using 3D measurement services and data. Strengthening sports business such as CW-X. FY2031 ¥20 billion

About market segments

Analyzing the market attractiveness of each segment based on the "compound annual growth rate" x "bra market size" for fiscal 2019 to fiscal 2023. Setting market segments and developing brand strategies in line with the strengthened segments (market attractiveness of each market segment and other information not disclosed)

Price range	Age group					
	15 to 19 yrs old	20 to 29 yrs old	30 to 39 yrs old	40 to 49 yrs old	50 to 59 yrs old	Age 60 and above
High premium				High premium		
Premium				Rebranded Wacoal		
Better	Young people					Seniors
Moderate						
Affordable	Affordable					
Cost saving						