

Summary of Q&A at FY2026 1Q Business Results Presentation

[Date & Time] Wednesday, August 13th, 11:00 AM – 12:00 PM

[Speakers]

Representative Director, President and CEO (Group CEO)	Masaaki Yajima
Representative Director, Vice President and Executive Officer and CFO	Akira Miyagi
Representative Director, President and CEO of Wacoal Corp.	Keisuke Kawanishi

Q1: How was the progress of consolidated financial results compared to the plan? Could you also describe the financial results by country?

A1: With respect to consolidated results, sales fell short of the plan and profit was on par with the plan. In Japan, sales of CW-X, personal wear (pajamas), and AMPHI fell short of the plan, and so did the profit they generated. In the U.S., the sales plan was not achieved mainly because of the impact of store closures, but profit was as planned due to a reduction in personnel expenses achieved through workforce optimization. Sales in Europe remained strong, and both sales and profit exceeded the plan. In China, sales at some stores grew significantly mainly due to the effects of store refurbishment. Overall, however, both sales and profit fell short of the plan.

Q2: You compensated for the slump in sales with an improvement in the gross profit ratio and cost reduction. Will this revenue situation last throughout the current fiscal year?

A2: We will continue to review unprofitable businesses and implement cost structural reforms. Major reforms had concluded the previous fiscal year. We will continue to improve the fulfillment rate and seek to bolster sales and gross profit, with initiatives including product consolidation and the use of automated ordering systems, aiming for more sound business growth.

Q3: What were the cost savings achieved through cost management? Does scope for cost cutting remain?

A3: We reduced costs by around ¥2.0 billion compared to the plan. We cannot flatly say that there is a room for future cost cutting. All of the personnel expenses that were reversed due to the abolishment of the early retirement program were posted in 1Q, and they are temporary. The postponed recording of certain promotional costs is another factor.

Q4: What is the content of the early retirement program? Why did you abolish it?

A4: The early retirement program is a program of Wacoal Corp. Under this program, we pay employees who retire before the official retirement age an extra retirement benefit for the purpose of helping them launch their second career. We decided to abolish it because workforce optimization was concluded in the last two years.

Q5: What aspects of sales at Wacoal Corp. differed from your expectations and presented challenges?

A5: There are three major points. One is the impact of store closures. The closures of mass retailers, department stores, and retail stores had a significant impact, but that is expected to end within this fiscal year. The second point is CW-X. We have stepped up promotional activities, but purchases concentrated on products with low unit prices, and the ripple effect on our main products with high unit prices was below expectations. The third point is a slump in sales of AMPHI and personal wear (pajamas), which we offer mainly at retail stores.

Q6: What is the revenue situation of Peach John in Japan and overseas?

A6: In Japan, revenue increased and the business returned to profitability thanks to the effects of new customer acquisition initiatives that we have been implementing since last year. Overseas, we only have two bases, in Taiwan and Hong Kong. While the performance is strong in Taiwan, that in Hong Kong is below expectations due in part to economic factors, such as an increase in purchases in mainland China on holidays. On the other hand, customers from Taiwan and Hong Kong constitute the majority in terms of tax-free sales in Japan. We understand that they also serve an advertising function.

Q7: What is the impact of the logistics warehouse fire at Bravissimo in Europe?

A7: Our own EC shipments have been suspended since June 21, but we plan to resume them on September 1. We don't think that 100% of sales will be regained immediately after the resumption. Sales are expected to recover to a level of around 50% for the time being. Retail stores are between 60% and 70% compared to the plan. While the loss will be covered by insurance, calculating lost earnings takes time, and the impact is currently being studied.

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