

November 28, 2025  
Wacoal Holdings Corp.

### **Summary of Q&A at FY2026 2Q Business Results Presentation**

**[Date & Time]** Thursday, November 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

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**Q1: I have a question about the full-year earnings forecast. Are there any reasons for the deficit increasing in the second half?**

A1: There are two major reasons. One is the characteristics of our business. The Wacoal Group operates businesses in the Northern Hemisphere. Accordingly, we post a large amount of revenue in the spring and summer, and revenue is unevenly large in the first half. Further, in the second half, the percentage of revenue from underwear is higher than from bras, which have higher profit margins. Accordingly, in our business, there is a decline in the profit margin in addition to a decrease in revenue. The second reason is that under IFRS, levies such as fixed asset taxes, size-based corporate taxes, and business office taxes are recorded in a lump sum in 4Q, and profit for the second half decreases accordingly. Because of these factors, a business profit of ¥5.3 billion in the first half and a business loss of ¥0.6 billion in the second half were forecast in the initial plan.

Additionally, we revised the plan now to reflect various factors. Wacoal America and Wacoal Europe (which also provides products in the U.S.) have been affected by the tariffs. Combined expenses at these two companies increased by ¥0.6 billion in the first half and they will increase by ¥1.0 billion in the second half. In addition, strategic investments for increasing the brand's visibility in the U.S. and expanding EC were also factored into the plan, which resulted in the deficit being larger than in the initial plan.

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**Q2: What specific cost control measures are being implemented in Japan?**

A2: Half of the ¥2.1 billion indicated on page 25 of the presentation materials is attributed to the cost control efforts of each individual department. As of the financial close of 1Q, we had already instructed that the company reduce expenses in response to the downward trend. The other half is mainly attributed to decreases in logistics expenses and rent, which are commensurate with the decrease in revenue.

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**Q3: Please tell us again what you achieved in the first half, including regarding the brand manager system and various other initiatives.**

A3: We have been developing the framework for the brand manager system over the last two years.

In April this year, we established the organization for it, making it possible to fully implement a PDCA cycle. As a result of the brand restructuring in the first half, the target direction and storyline of each brand will soon be clarified, enabling brand managers to take course correcting actions. In the autumn and winter of 2025, we are enhancing some products, including products for seniors, based on our reflection on last year.

Demand-driven production has begun to produce results gradually. For the Wacoal and Wing brands, we produce about 30 products of each brand through the demand-driven production system. In terms of trends, many demand-driven production products have a higher in-stock rate than other products, and this rate has been higher than in the previous year. In addition, demand-driven production also leads to the reduction of in-store inventory and product returns. It is expected that product returns will decrease by more than ¥1.0 billion on a full-year basis, and the decrease of returns leads directly to profit.

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**Q4: Am I correct in understanding that product-related initiatives have produced results? What measures will you take for matters that are behind schedule?**

A4: We think we have to improve offerings in the affordable price range. While we believe that Wacoal has a strong image of being a middle-price range brand, we are currently gaining support for our price-conscious approach which is aligned with customers' needs. In terms of our brands, we include AMPHI, une nana cool, and GOCOCi in the affordable price range.

Additionally, both our design of new products and development of new functions are proceeding with difficulty. While Wacoal's strength has been in the area of functionality, we need to improve to release innerwear that does not yet exist in the world.

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**Q5: Could you tell us about the additional tariffs being imposed overseas?**

A5: The impact of the tariffs themselves is ¥0.6 billion in the first half and ¥1.0 billion in the second half. This is a total of ¥1.6 billion on a full year basis. We initially expected a flat tariff of 10% only. However, additional tariffs began to be applied in August in some countries including Vietnam and Indonesia. This resulted in the impact increasing by around ¥0.4 billion from the initial projections.

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**Q6: I have a question about overseas business. Your businesses in China and the U.S. are struggling. What are your future policies for addressing this?**

A6: In the U.S., physical stores and EC are fifty-fifty. While our physical stores are mainly in department stores, the number of department stores has actually been decreasing at an

accelerated rate. As long as the performance of our physical stores continues to be weak, it is imperative that we strengthen EC, and the efforts to do this have been delayed. We have implemented the switchover to our own EC system for some brands, and this has begun to produce results gradually. While Wacoal's strengths are in the area of products with high aesthetic quality that use wires, comfort-oriented products, sports bras, and other similar products are popular in the U.S. market. Wacoal has also produced resin wired and wireless products, and some of them have produced results. Further, we have made no effort at all to increase brand visibility in the last several years. This is true in China as well. Therefore, we will strengthen our efforts in this area in the second half.

In China, the issue is that we have not renovated physical stores for a long time and their interiors have become obsolete. Stores that we have renovated recently are producing results, such as a 20% increase in revenue and higher purchase rates. Regarding products, we have begun to expand our lineup of highly comfortable products gradually.

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**Q7: It seems that your strategy for Peach John is to acquire new customers. Do you think it will improve?**

A7: In May last year, we shifted our focus to the acquisition of new customers. This has resulted in the performance of both physical stores and EC recovering. On the other hand, because 100% of the products are produced overseas, the business is affected by exchange rates and the increase of raw material prices. This has made the situation concerning gross profit a little difficult.

In addition, a survey has found that new customers leave within three years. Therefore, we believe that we need to balance the acquisition of new customers with the measures to turn them into regular customers at some stage. This is a task for us to work on in and after the next fiscal year.

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**Q8: Is the postponement of the announcement of the medium-term management plan attributed largely to the changes in the market environment? What are the reasons behind this decision?**

A8: It is mainly due to our not having fully responded to the changes in the market environment. These changes have narrowed down the areas in which we can demonstrate our strengths.

We do business mainly in department stores in both Japan and the U.S., and we had a certain status in that business. However, we have been affected by store closures and the reduction of sales floors. Further, the presence of underwear is being decreased by events occurring in department stores, such as innerwear departments being moved to higher floors or eliminated completely.

Regarding products, our expertise is no longer advantageous because the trend has shifted from our strength, products with wires which emphasized aesthetics, to wireless products. In light of

the current conditions, we need to do a zero-based review of our business model. We need to devise creative measures to do this, including the use of external knowledge, and we need time to do it. This is why we have postponed the announcement of the plan.

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