March 2, 2026
Wacoal Holdings Corp.

Summary of Q&A at FY2026 3Q Business Results Presentation

【Date & Time】Monday, February 16th, 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
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Q1: How did you end 3Q in comparison to your plan? How was revenue and profit by area?

A1: Revenue fell short of the revised plan by around ¥2 billion, and gross profit was also short by around ¥1 billion. However, as a result of reducing SG&A expenses by a little over ¥2 billion, we ended the quarter up a little over ¥1 billion on a business profit basis. On the revenue front, the underachievement in the U.S. and China was significant. In the U.S., the year-end shopping season was more sluggish than predicted, and this had an impact. In China, the Double 11 sales period initiatives underperformed, while domestically, a drop in store visitors and other factors provided lower than expected revenue.

Japan was the main component of the ¥2 billion reduction in SG&A expenses compared with the revised plan. Elsewhere, SG&A expenses were also reduced to some degree in the U.S., China and Europe. The reduction in Japan was due to the deferral of expenses, along with lower personnel expenses due to changes to the personnel system. The reductions in the U.S. and China were due to optimized personnel allocations and overall cost control. In Europe, the reduction was partially due to marketing expenses being carried over to later periods.

In terms of business profit, we expect 4Q SG&A expenses to increase compared with 3Q in light of the impact from taxes and public dues being recorded in bulk in 4Q from closing adjustment, and we expect the total for the full year to fall in line with plans.

Q2: Please comment on the outlook for 4Q.

A2: As of 3Q, revenue is already around ¥2 billion short of expectations, and each country is currently working hard to reach those planned levels. As the situation in the U.S. and China is challenging, we may fall slightly short, but at this stage we expect to perform as expected. Business profit is also expected to fall in line with projections.

Q3: According to your business results presentation, the situation in the U.S. and China

is challenging compared the previous fiscal year. What are the reasons for this, and what measures will you take to address the situation going forward?

A3: In the U.S., we continue to see K-shaped consumption patterns. Although low-priced products and high-priced products are selling well, consumer sentiment has weakened toward products in the mid-to-high price ranges. In addition, there has been a series of closures of department stores, which have been a key partner for us. This fiscal year, both Saks Fifth Avenue and Neiman Marcus went out of business. Note that we had ceased doing business with Saks and Neiman Marcus by the previous fiscal year, so the bankruptcies did not impact our business results in the current fiscal year. In terms of future action, we will gradually shift the product mix from highly sculpted products with build-in wire to more comfortable products. We will also continue our policy of revising retail prices as a measure to deal with tariffs.

In China, the recovery of market conditions has been severely delayed. Conditions at Chinese department stores and EC, particularly Tmall, have deteriorated year on year, including among competitors, generally to around the 80% or 90% level compared with the previous fiscal year. We are experiencing similar conditions. Working under those conditions, we need to focus on enhancing the lineup of highly comfortable products tailored to market conditions, while also increasing the number of EC visitors by leveraging MUSE. Since we started using MUSE in October last year, the number of visitors has increased, but the conversion rate has not yet risen. Going forward, we will roll out products tailored to MUSE. In addition, since store renovations have had some positive effects, from the next fiscal year and beyond, we plan to carry out renovations of 10-20 physical stores. Additionally, we have already withdrawn from 14 underperforming stores as of the end of December, and are considering withdrawing from a further around 15 stores from January onward. In China, we will aim to somehow break even.

Q4: What is the business forecast for business profit in the next fiscal year? You mentioned that you are currently in the process of formulating the next Medium-Term Management Plan, but can you properly escape the current situation where business profit is in the red? Please provide some clues as to your perspective for the next fiscal year.

A4: As we are currently at the stage of formulating the next Medium-term Management Plan, we cannot share any concrete figures. In terms of a rough idea and the direction we will take, we are envisioning increases in both revenue and profit, and of course plan to bring performance back into profitability. Traditionally, we would formulate plans for channels through physical stores such as department stores, retail chains and independent stores on the assumption that performance would exceed the previous year, but recent trends suggest that both mass retailers and department stores are declining. Until now, we have tried to achieve growth by pushing back against those trends, but we have determined that this is now quite difficult, and we plan to incorporate the possibility of downturns in existing channels into our plans. To offset those declines, we are looking to transform the business structure, such as by establishing new channels such as drug stores, and putting a greater focus on sportswear instead of innerwear. At this point, we are not in a position to say whether those measures will drive a significant increase in revenue during the next fiscal year, but that is the direction we are currently considering.

Q5: I believe you have pursued structural reforms so far. What is different about your expectations for this organizational structure and how does it differ from the past? When looking at the Wacoal Group over time, I feel there are issues with the effectiveness of your plans. What effect will organizational reforms have on improving effectiveness?

A5: Each of our business divisions will continue to implement measures in line with their respective directions. However, as Yajima explained earlier, it is important to pursue structural reforms that place an emphasis on areas which have a high likelihood of future growth. Rather than leaving those decisions to each division, we have to make decisions for overall optimization, and a major reason behind establishing a new organization is the desire to translate those decisions into action in more powerful terms at an earlier layer in the process.

We want to be more proactive and speed up decision making when resources are needed, including through the monitoring of each part of the business.

In terms of what differs from the past, previously we have confirmed progress at meetings held at regular intervals, such as marketing meetings, but this time the Structural Reform Office will be involved at a faster pace, such as on a weekly basis. It was previously difficult to make decisions including the allocation of resources when each division was operating independently. With the establishment of the Structural Reform Office, we will establish a structure enabling the layer below me to make prompt decisions including the allocation of resources without reporting to me by that time, and I believe this will ensure the effectiveness of the reforms.

Q6: What changes will be made to the overseas organizational structure?

A6: Global Operations Div. also existed previously, but its basic role was to make revisions to the reports received from each country. From around five years ago, we have had local talent take on top positions in Europe and the United States instead of dispatching Japanese nationals from our head office in Japan.

From the next fiscal year, we will adopt a new structure with a Europe and Americas Headquarters and a China and Asia Headquarters. The manager of the Europe and Americas Headquarters will be stationed in the United States and take command of operations in both the United States and Europe. Both of these headquarters will formulate action plans under my supervision, and the progress of those plans will be confirmed on a monthly and quarterly basis.

If things do not go smoothly, we will make adjustments as necessary.

Q7: I think authority and power over personnel matters are extremely important for improving effectiveness. Under this new organizational structure, will power over personnel matters and authority be properly strengthened?

A7: In Japan, a Director will become Head of the Structural Reform Office, enabling decisions to be made beyond the scope of individual business divisions. They will make decisions on resources, including personnel decisions, by looking at the overall situation.

Yajima: In the past, we implemented goal management with respect to the salaries and bonuses of the presidents at local subsidiaries, but matters were essentially handled entirely locally. Starting two years ago, I began reviewing that, and now the system has been changed where we determine salaries for the following year. Regarding the organizational structure for the next fiscal year, I will have authority over personnel matters at these local subsidiaries, and you can interpret that to mean that the management of authority has been strengthened.

Q8: I would like to ask about the underperformance in Asia.

A8: The situation in Asia is no different from the global trends. There are slight differences by country, but we are seeing a similar trend in Southeast Asia where department stores are no longer the center of consumption. Since Wacoal has developed its business with a focus on department stores, in that respect we have been forced into a difficult operating environment. Recently, the focus has shifted to shopping centers and malls instead of department stores, and we recognize that our efforts to roll out attractive products and develop stores in those channels have been inadequate. One of the issues is that we have lagged behind the evolution of channels in the market.

On the product side, our strength has been in products with built-in wire, but the focus of the market has been shifting to wireless products and comfortable products. We have been developing products with a high level of comfort, including wirelss and resin wire varieties, but we believe that a factor in the downturn is that we have not fully responded to changes in the market from a product standpoint.

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