

[Translation]

July 30, 2019

TO OUR SHAREHOLDERS

Company Name: WACOAL HOLDINGS CORP.
Representative: Hironobu Yasuhara,
Representative Director and President
(Code Number: 3591)
(Tokyo Stock Exchange, First Section)
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**Announcement regarding Acquisition of Intimates Online, Inc. (a U.S. company)
through Our U.S. Subsidiary (i.e., change in subsidiaries following acquisition of shares)**

We hereby announce that our board of directors resolved at its meeting held today to enter into a share purchase agreement pursuant to which we will acquire through our U.S. subsidiary Wacoal International Corp. (“Wacoal International”) all of the issued and outstanding shares of Intimates Online, Inc. (“Intimates Online”), a women’s innerwear design and sales company in the U.S.

Details

1. Reason for Share Acquisition

Under the “Medium-Term Management Plan Summary (FY2019–FY2021),” which we announced in June 2019, our vision is to become “Wacoal of the World as a Group” and we are moving forward with efforts to expand sales and enhance profitability based on the following key strategies: achieve sustainable growth and enhance profitability of Wacoal Corp.; revitalize certain domestic subsidiaries; and accelerate expansion and/or growth of our overseas business.

In our overseas business, the U.S. market is one of the markets in which high growth is expected, but its market environment is changing dramatically. In recent years, emerging brands called DNVBs (digital native vertical brands) are gaining support from millennials against the background of diversifying preferences among consumers, change in distribution channels (i.e., from physical stores to e-commerce), and rise of new communication tools.

Intimates Online, the target of this share acquisition, is a company that was founded by Ms. Michelle Cordeiro Grant in the U.S. in 2015 and mainly designs and sells women’s innerwear products. Intimates Online owns directly managed retail stores in New York and Chicago, but uses its e-commerce website as its main distribution channel to sell its products under its LIVELY brand in the U.S. It is one of the DNVB companies that utilize SNS and new digital media to communicate with consumers. Intimates Online’s corporate philosophy is to support independent women and their activities through business activities, and its strength is in its unrivaled marketing methods that utilize its unique ambassador program focused on forming and supporting a community of consumers who believe in the same corporate philosophy.

With the integration of Intimates Online into our group, we will be able to gain millennial customers, which is a customer segment different from that of our group’s main customers, and will also capture future growth through e-commerce sales and digital marketing methods. In addition, Intimates Online will be able to accelerate its growth by utilizing the design/manufacturing capabilities and business infrastructure of our group. We expect to have synergy effects in a broad range of areas in the future as Intimates Online may expand its business in the area outside the United States through our group network.

Based on the foregoing, we believe that the acquisition of Intimates Online will make a significant contribution to enhance the corporate value of our group.

2. Method of Share Acquisition

Wacoal International plans to acquire all of the issued and outstanding shares of Intimates Online in cash pursuant to the share purchase agreement, the execution of which was resolved at the meeting of board of directors held today. We plan to procure funds for acquisition from our cash reserves.

3. Outline of Subsidiary to Acquire Shares

(1) Trade Name:	Wacoal International Corp.
(2) Location of Office:	One Wacoal Plaza Lyndhurst, NJ, USA
(3) Name and Title of Representative:	Keisuke Kawanishi, Director and President
(4) Business Description:	Investments in U.S. affiliate company
(5) Capital Amount:	USD 20,000 thousand
(6) Date of Incorporation:	June 12, 1981
(7) Major Shareholders and Shareholding Ratio	Wacoal Corp.: 100%

4. Outline of Subsidiary to be Acquired

(1) Trade Name:	Intimates Online, Inc.		
(2) Location of Office:	48 West 38th Street New York, NY, USA		
(3) Name and Title of Representative:	Michelle Cordeiro Grant		
(4) Business Description:	Design and sales of women's innerwear		
(5) Capital Amount:	USD 433 thousand		
(6) Date of Incorporation:	May 1, 2015		
(7) Major Shareholders	NF Ventures LLC; Michelle Cordeiro Grant; GGV Discovery I, L.P.; and Other (4 corporate entities and 4 individuals)		
(8) Relationship between Wacoal Holdings Corp. and Intimates Online:	Capital Relationship:	None	
	Personnel Relationship:	None	
	Business Relationship:	None	
(9) Operating Results and Financial Condition for Past Three Fiscal Years For each cell, upper figures in thousands of U.S. dollars and lower figures in millions of yen (*1)			
Fiscal Year ended	December 2016	December 2017	December 2018
Net Assets	4,462	2,839	7,610
	482	307	822
Total Assets	4,559	3,553	8,717
	492	384	941
Net Sales	1,518	5,315	11,490
	164	574	1,241
Operating Income	(892)	(1,591)	(3,682)
	(96)	(172)	(398)
Net Income	(987)	(1,631)	(3,728)
	(107)	(176)	(403)

(Note 1) For convenience, conversion into Japanese yen has been made at the exchange rate of 108.00 yen

to the U.S. dollar. The same shall apply hereinafter.

5. Number of Shares to be Acquired, Acquisition Price and Status of Shareholding before and after Acquisition

(1) Number of Shares Held by Wacoal International before Acquisition:	0 shares (Number of Voting Rights: 0) (Shareholding Ratio: 0%)
(2) Number of Shares to be Acquired:	15,239,111 shares (Number of Voting Rights: 15,239,111)
(3) Acquisition Price:	USD 85,000 thousand (approx. 9,180 million yen) (*1) In addition to this acquisition price, a provision is expected to be executed providing for contingent consideration based on performance achievements (“Earn-out Consideration”) to be paid to the current shareholders of Intimates Online. (*2)
(4) Number of Shares Held by Wacoal International after Acquisition:	15,239,111 shares (Number of Voting Rights: 15,239,111) (Shareholding Ratio: 100%)

(Note 1) In connection with the determination of the acquisition price for the shares, Wacoal International has obtained an enterprise valuation report dated February 8, 2019 from its financial advisor, MMG Advisors, Inc. We have comprehensively considered the valuation results, discussed and negotiated with the investors of Intimates Online and ultimately determined the acquisition price for shares.

(Note 2) The amount of Earn-out Consideration will be within the range of USD 20,000 thousand (approx. 2,160 million yen) and USD 55,000 thousand (approx. 5,940 million yen) and a period for such Earn-out Consideration will be for four fiscal years, from FY 2019 (fiscal year ending March 31, 2020) to FY 2022 (fiscal year ending March 31, 2023). Earn-out Consideration is additional consideration that will be paid to the current shareholders and will be paid in cash at the end of each of the four fiscal years based on Intimates Online’s business results such as net sales. The introduction of Earn-out Consideration will reduce our risk associated with this acquisition.

6. Schedule

(1) Resolution of the Board Meeting:	July 30, 2019
(2) Execution of the Share Purchase Agreement:	July 30, 2019 (scheduled) (U.S. time)
(3) Acquisition of Shares (Closing)	August 2, 2019 (scheduled) (U.S. time)

7. Impact on Consolidated Results

The impact of this share acquisition on the consolidated results of Wacoal Holdings Corp. is currently under review and will be announced promptly if any revisions to the consolidated business forecasts become necessary.

(Reference) Forecast for Current Fiscal Year (as announced on May 15, 2019) and Results for Previous Fiscal Year

(U.S. Accounting Standards)	Net Sales	Operating Income	Income Before Income Taxes and Equity in Net Income of Affiliated Companies	Net Income Attributable to Wacoal Holdings Corp.
Forecast for Current Fiscal year (ending March 31, 2020)	Millions of Yen 200,000	Millions of Yen 11,000	Millions of Yen 12,000	Millions of Yen 9,000
Results for Previous Fiscal Year (ended March 31, 2019)	194,201	4,879	2,203	341

End