

[Translation]



August 26, 2024

To whom it may concern:

Company name: Wacoal Holdings Corp.

Representative name: Masaaki Yajima,
Representative Director, President and
CEO
(Code No. 3591 TSE Prime Market)

Contact: Katsuya Hirooka,
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Notification Regarding the Consolidation and Reorganization of Production Bases of a Consolidated
Subsidiary (Domestic Manufacturing Subsidiary)

We hereby inform you that at a meeting of its board of directors held today, the Company passed a resolution to perform the following actions with regard to factories of the consolidated subsidiary Wacoal Manufacturing Japan Corp. (headquarters: Unzen City, Nagasaki Prefecture; Representative Director: Tamotsu Suga; hereinafter referred to as "WMJ"): consolidate and reorganize its Nagasaki and Fukui Factories, and at the same time, transfer its Fukuoka Factory and shut down its Kumamoto and Niigata Factories.

Details

1. Background and reasons

- In November 2023, the Company announced that it would completely review its medium-term management plan and carry out fundamental structural reforms. In line with this revised medium-term management plan, we are working on business model reforms to improve profitability; growth strategy to achieve VISION2030; introduction of ROIC management; and promotion of asset reduction.
- In addition to the restructuring of supply chain management and cost structure reforms that we have been pursuing up to now, we have also been discussing a medium- to long-term vision for production bases in Japan and overseas, in order to improve capital efficiency. In light of the future demand forecasts for each market segment and the brand portfolio strategy, we recognized that it will be essential to maximize the production ratio of overseas factories that have high competitive advantages in terms of standard quality and cost, and meanwhile, also appropriately reorganize domestic factories that are peerless in terms of technical quality (high-difficulty, small-lot work) and delivery times (lead times). This recognition led to the decision to take the actions announced above.

2. Outline of the consolidation and reorganization of production bases

- WMJ currently has five factories in Japan, and mainly manufactures bras and other high-end innerwear for the domestic market.
- We are going to consolidate these operations into two factories, namely, Nagasaki and Fukui, and reorganize the manufacturing types, etc. Through these changes, we will work to secure competitive advantages for the Group, notably, in terms of efficiently operating the production businesses, developing human resources to support manufacturing, and improving our technical capabilities and production efficiency. This in turn will enhance our corporate value.
- On the other hand, as set forth below, we have decided to transfer the manufacturing businesses pertaining to Fukuoka Factory, and all businesses and assets incidental or related to them, to Reliance Co., Ltd. (Head Office: Himi City, Toyama Prefecture; President and CEO: Katsuyuki Sakai).

- In addition, we plan to shut down Kumamoto and Niigata Factories by the end of January 2025. Based on this, we are planning to transfer employees working at both factories to the surviving factories or invite them to take voluntary retirement.

3. Outline of Wacoal Manufacturing Japan Corp.

Trade Name	Wacoal Manufacturing Japan Corp. (WMJ)
Location	Head Office Building, Nagasaki Factory: 1572, Saigoshin, Mizuho-cho, Unzen-shi, Nagasaki Kumamoto Factory: 2883, Noboritate, Ohyano-machi, Kamiamakusa-shi, Kumamoto Fukuoka Factory: 778-1, Imae, Tanushimaru-cho, Kurume-shi, Fukuoka Fukui Factory: 254-31-1 Shimohyogo, Sakai-cho, Sakai-shi, Fukui Niigata Factory: 263, Hataya, Nishikan-ku, Niigata-shi, Niigata
Name and Title of Representative	Representative Director, Tamotsu Suga
Business Description	Sewing, related processing, and sales of various textile products Products: Bras, girdles, bodysuits, shorts, lingerie, knitwear, bottoms, pajamas, sportswear, sports bras, etc.
Capital Amount	70 million yen
establishment	April 2022: WMJ Inc. is established (Integrated five factories) July 2012: Kyushu Wacoal Manufacturing Corp. (Integrated Fukuoka Factory) April 2004: Kyushu Wacoal Manufacturing Corp. is established (Merged Nagasaki and Kumamoto Factories) December 1976: Kumamoto Wacoal Manufacturing Corp. is established (Kumamoto Factory) September 1976: Fukuoka Wacoal Manufacturing Corp. is established (Fukuoka Factory) August 1973: Niigata Wacoal Manufacturing Corp. is established (Niigata Factory) August 1973: Nagasaki Wacoal Manufacturing Corp. is established (Nagasaki Factory) September 1970: Hokuriku Wacoal Manufacturing Corp. is established (Fukui Factory)
Net Assets	1,014 million yen (Fiscal year ending March 31, 2024)
Total Assets	1,555 million yen (Fiscal year ending March 31, 2024)
Major Shareholders and Shareholding Ratio	Wacoal Corp. 100%
Number of Employees	Head Office Building, Nagasaki Factory: 258 persons Kumamoto Factory: 87 persons Fukuoka Factory: 75 persons Fukui Factory: 148 persons Niigata Factory: 142 persons Total : 710 persons (As of August 1, 2024)

4. Details of the business and asset transfers pertaining to Fukuoka Factory

(1) Business transfer

- (i) Main party conducting the business transfer (Consolidated subsidiary of the Company)
Wacoal Manufacturing Japan Corp. (WMJ)

(ii) Businesses to be transferred

a Scope of the businesses

Among WMJ's innerwear manufacturing businesses, those that pertain to Fukuoka Factory, and any businesses incidental or related to them

	WMJ • Fukuoka Factory (*1)
Net Sales (Sales processing fees)	270 million yen (Fiscal year ending March 31, 2024)
Ordinary Income	13 million yen (Fiscal year ending March 31, 2024)
Number of Employees	75 persons (As of August 1, 2024)

(*1: However, there will be no succession to (placement of orders under) product processing contracts from the Group after the business transfer.)

b Location of the target businesses

WMJ Fukuoka Factory (778-1, Imae, Tanushimaru-cho, Kurume-shi, Fukuoka)

c Target property

Item (*2)	Details	Book Value of Subject Asset (as of December 31, 2024) (Scheduled)
Assets transferred	Fixed assets (machinery, tools, fixtures, etc.) belonging to the businesses pertaining to WMJ Fukuoka Factory	13 million yen
Liabilities transferred	---	---

(*2: There will be no transfer of current assets or liabilities.)

(iii) Transfer value

Transfer value will not be disclosed based on the intention of the transferee.

(iv) Measures for employees

We will provide an opportunity at the end of August to explain the facts about the business transfer to all employees working at Fukuoka Factory. If they wish to transfer and submit a letter of consent, their employment will be continued at their transfer destination.

(v) Outline of Transferee

Trade Name	Reliance Inc.	
Location	152 Kamiizumi, Himi-shi, Toyama	
Name and Title of Representative	Representative Director, Katsuyuki Sakai	
Business Description	Contract manufacturing of shaping underwear, innerwear, sports products, nursing care hygiene products, etc.	
Capital Amount	10 million yen	
establishment	April 1976	
Net Assets	700 million yen (Fiscal year ending October 31, 2023)	
Total Assets	1,289 million yen (Fiscal year ending October 31, 2023)	
Relationship between the Company and Reliance Inc.	Capital Relationship	Not applicable
	Personnel Relationship	Not applicable
	Business Relationship	Not applicable
	Status as a Related Party	Not applicable

(vi) Schedule

Resolution of the Board Meeting	August 26, 2024 (Monday)
Date of concluding the business transfer contract	August 26, 2024 (Monday)
Implementation date of business transfer	January 1, 2025 (National Holiday, Wednesday) (Scheduled)

(2) Asset transfer

(i) Main party conducting the asset transfer (The Company)

Wacoal Holdings Corp.

(ii) Assets to be transferred, and transfer price

Details and Location of Subject Asset	Transfer Value	Book Value of Subject Asset	Transfer loss	Current Status
Real estate and other assets pertaining to WMJ Fukuoka Factory Land: 6,012 m ² Building: 2,823 m ² (Floor area) Structures / facilities attached to buildings, etc. 778-1, Aza Chitanbata, Tanushimaru-cho, Kurume-shi, Fukuoka, etc.	*3	*3	60 million yen *4	Factory Offices Parking lots

(*3: Both the transfer value and the book value will not be disclosed based on the intention of the transferee.)

(*4: An estimated loss of 60 million yen is expected to be incurred due to differences from the book value of the fixed assets (transfer losses) and expenses associated with the transfer.

(iii) Outline of Transferee

Trade Name	Reliance Inc. (Note: The same as the business transferee in section (1) above)
Location	(Note: The same as [5] in section (1) above)

(iv) Schedule

Resolution of the Board Meeting	August 26, 2024 (Monday)
Date of concluding the asset transfer contract	Late October 2024 (Scheduled)
Implementation date of business transfer	January 1, 2025 (National Holiday, Wednesday) (Scheduled)

5. Details of the shutting down and closure of Kumamoto and Niigata Factories

(1) Outline of the factories to be shut down

	WMJ • Kumamoto Factory	WMJ • Niigata Factory
Net Sales (Sales processing fees)	329 million yen (Fiscal year ending March 31, 2024)	509 million yen (Fiscal year ending March 31, 2024)
Ordinary Income	0 million yen (Fiscal year ending March 31, 2024)	11 million yen (Fiscal year ending March 31, 2024)
Number of Employees	87 persons (As of August 1, 2024)	142 persons (As of August 1, 2024)

(2) Handling of employees, assets, etc.

(i) Measures for employees

For both of the factories we are planning to shut down by the end of January 2025, we are planning to transfer the employees working at them to surviving factories or invite them to take voluntary retirement.

Details of the invitation to take voluntary retirement

- a Persons to be invited: WMJ employees at Kumamoto and Niigata Factories
- b Expected Acceptance Number: Nothing has been stipulated in particular
- c Offer Period: November 1 (Friday) to 15 (Friday), 2024

- d Date of Retirement: January 31, 2025 (Friday) (principle)
- e Incentives: A special addition to the retirement allowance will be paid as the Company sees fit For those who want it, we will provide reemployment support through a reemployment support company

- (ii) Handling of assets, etc.
The assets and liabilities pertaining to both factories belong to WMJ, and will be dealt with appropriately later on.

(3) Schedule

Resolution of the Board Meeting	August 26, 2024 (Monday)
Shutdown date	End of January 2025 (Scheduled)
Factory closure date	Late March 2025 (Scheduled)

- 6. Outlook (Impact on financial results)
As a result of the consolidation and reorganization of production bases, losses are expected to arise from various factors, including the posting of transfer losses due to the business and asset transfers, impairment losses for tangible fixed assets and land due to the shutdown, and losses due to the invitation to take voluntary retirement.
We are currently investigating other factors that may affect business profit and loss, and if it becomes necessary to revise our full-year earnings forecast, we will announce it promptly.
In addition, we will promptly disclose the impact on profit and loss for the next fiscal year and beyond if it is going to be large.

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