



Fiscal Year Ending March 31, 2020

Second Quarter

Business Results Presentation

[U.S. Accounting Standards]

November 2019
Wacoal Holdings Corp.

US-based Intimates Online, which was acquired as a subsidiary, has been consolidated since the second quarter, and the results are included and disclosed in Wacoal International Corp. (The U.S.) in the overseas Wacoal business segment.

(In this presentation, Intimates Online is sometimes referred to as IO)



Fiscal Year Ending March 31, 2020 First Half Business Results (April-September) and Full Business Year Outlook

Akira Miyagi

Wacoal Holdings Corp.

Managing Director, General Manager of Corporate Planning

Overview of Results for FY2020 2Q (July-September) Executive Summary

- Net sales increased by ¥1.7 billion with increased sales of Wacoal, but failed to reach the estimate
- Operating income landed as planned.
- Recorded valuation gain of ¥1.98 billion in valuation gain and loss on marketable securities and investments from July-September
- Incorporated sales of ¥0.35 billion (operating loss ¥0.2 billion) from acquired IO
(*consolidation period August/September)

Net sales

¥54.14 billion (up ¥1.7 billion (3.2%) year on year)
(reached 95% of the plan total and fell short of it by ¥2.86 billion)

- Wacoal sales increased from last-minute demand before the consumption tax increase.
- Both existing US businesses and Thai material productions company struggled. China failed to achieve estimate due to sluggish Peach John business

Operating income

¥5.85 billion (up ¥1.25 billion (27.3%) year on year)
(reached 99.2% of the plan total and fell short of it by ¥0.05 billion)

- Income increased due to increased sales.
- Recorded one-time expense related to acquisition of IO, in addition to incorporating operating loss.

Income before income taxes and equity in net income of affiliated companies

¥7.81 billion (up ¥0.42 billion (5.6%) year on year)
(reached 139.4% of the plan total and exceeded it by ¥2.21 billion)

*Effects caused valuation gain or loss on marketable securities and investments not reflected in estimate

- Recorded valuation loss of ¥2.94 billion in 1Q, and valuation gain of ¥1.98 billion in 2Q (first half total: valuation loss of ¥0.96 billion) (previous 1Q: valuation gain of ¥3.16 billion previous 2Q: valuation gain of ¥2.5 billion first half total: valuation gain of ¥5.66 billion)

Net Sales and Operating Income per Quarter by Business Segment for FY2020 (YoY comparison)



➤ Net sales improved from trend in the first quarter

		1Q	2Q	First Half
Net sales	Wacoal Business (Domestic)	- 0.3%	+6.0%	+3.0%
	Wacoal Business (Overseas)	- 7.7%	- 3.1%	- 5.4%
	Peach John Business	- 4.4%	+4.2%	- 0.1%
	Other Businesses	- 16.4%	+3.7%	- 6.4%
	total	- 4.2%	+3.2%	- 0.4%
		1Q	2Q	First Half
Operating income	Wacoal Business (Domestic)	- 5.7%	+48.4%	+26.7%
	Wacoal Business (Overseas)	- 20.6%	- 22.4%	- 21.3%
	Peach John Business	—	+8.7%	- 47.3%
	Other Businesses	—	+3,525.0%	+1,157.1%
	total	- 17.1%	+27.3%	+5.6%

*The subsidiaries that recorded operating losses are not listed

Net Sales per Quarter by Major Corporations for FY2020 (YoY comparison)



- **Wacoal's retail and web businesses maintained their growth. Ai was affected by bad weather in July.**
- **Europe recovered in the second quarter with the start of new transactions.**

		1Q	2Q	First Half
Net sales	Wacoal	+1.2%	+9.1%	+5.3%
	(Wholesale Division)	- 2.2%	+8.2%	+3.2%
	(Retail end WEB Business Department)	+8.7%	+9.1%	+8.9%
	Ai	- 10.4%	- 18.5%	- 16.1%
	Peach John	- 4.4%	+4.2%	- 0.1%
	Lecien	- 11.1%	- 4.2%	- 7.4%
	Nanasai	- 23.5%	+9.8%	- 7.5%
	Wacoal International Corp. (U.S.)★	- 6.8%	+3.7%	- 1.7%
	Wacoal Europe Ltd.★	- 6.8%	+11.0%	+1.6%
	Wacoal China Co., Ltd.★	+3.2%	+2.1%	+2.7%

★ Comparison with previous period in local currency

Operating Income per Quarter by Major Corporations for FY2020 (YoY comparison)



- **Wacoal increased income in the second quarter with increased sales.**
- **The U.S. saw significantly reduced income due to the recorded operating loss and acquisition costs for IO.**

		1Q	2Q	First Half
Operating income	Wacoal	- 22.5%	+60.7%	+25.1%
	(Wholesale Division)	+1.5%	+26.3%	+15.2%
	(Retail end WEB Business Department)	+14.6%	+68.9%	+37.2%
	Ai	—	- 30.1%	—
	Peach John	—	+8.7%	- 47.3%
	Lecien	—	—	—
	Nanasai	- 90.8%	+86.3%	- 8.3%
	Wacoal International Corp. (U.S.)★	- 26.4%	- 59.8%	- 38.7%
	Wacoal Europe Ltd.★	- 21.0%	+6.0%	- 9.2%
	Wacoal China Co., Ltd.★	- 12.9%	- 4.1%	- 9.3%

★ Comparison with previous period in local currency

*The subsidiaries that recorded operating losses are not listed

FY2020 First Half (Executive Summary)



- Net sales ended at the same level as the same period of the previous year. Estimates were not achieved (difference of ¥3.55 billion)
- Operating income exceeded estimates for increased Wacoal sales (exceeded by 5.5%)
- The amount of change of the assessed value of equity securities was -¥0.96 billion (recorded as valuation loss on marketable securities and investments)

Net sales

¥101.45 billion (down ¥0.37 billion (0.4%) year on year)
(reached 96.6% of the plan total and fell short of it by ¥3.55 billion)

- Wacoal's retail and web businesses remained steady through first half. The wholesale business increased sales from the effects of last-minute demand.
- The U.S.'s department store channel struggled. Europe improved in the second quarter.
- Domestic subsidiaries continued to struggle.

Operating income

¥9.5 billion (up ¥0.5 billion (5.6%) year on year)
(reached 105.5% of the plan total and exceeded it by ¥0.5 billion)

- Wacoal increased income with increased IT expenses related to omni-channel construction, the effects of increased sales, and reduced SG&A costs.
- The U.S. saw significant reduced income due to the effects of acquiring IO and the decrease in sales of existing businesses.

Income before income taxes and equity in net income of affiliated companies

¥9.33 billion (down ¥6.99 billion (42.8%) year on year)
(reached 98.2% of the plan total and fell short of it by ¥0.17 billion)

*Effects caused valuation gain or loss on marketable securities and investments not reflected in estimate

- Recorded valuation loss on marketable securities and investments (¥0.96 billion): Valuation gain of ¥5.66 billion in the same period in the previous year, change of -¥6.62 billion YoY

Consolidated Financial Results Summary for FY2020 First Half



(Millions of yen)

	FY2019 First Half results, (From April 1, 2018 to September, 2018)		FY2020 First Half results, (From April 1, 2019 to September, 2019)		FY2020 First Half target, (From April 1, 2019 to September, 2019)		Year on Year		Compared with Target	
		% Of sales		% Of sales		% Of sales	Change	% Change	Change	% Change
Consolidated net sales	101,815		101,450		105,000		-365	- 0.4%	-3,550	- 3.4%
Cost of Sales	46,330	45.5	44,992	44.3	47,429	45.2	-1,338	- 2.9%	-2,437	- 5.1%
Gross Margin	55,485	54.5	56,458	55.7	57,571	54.8	973	+1.8%	-1,113	- 1.9%
S, G&A Expenses	46,491	45.7	46,963	46.3	48,571	46.3	472	+1.0%	-1,608	- 3.3%
Operating Income	8,994	8.8	9,495	9.4	9,000	8.6	501	+5.6%	495	+5.5%
Other profit or loss	1,657	-	789	-	500	-	-868	- 52.4%	289	+57.8%
A : Valuation gain (loss) on marketable securities and investments – net	5,660	-	-958	-	0	-	-6,618	-	-958	-
Income Before Taxes	16,311	16.0	9,326	9.2	9,500	9.0	-6,985	- 42.8%	-174	- 1.8%
Net income attributable to Wacoal Holdings Corp.	11,391	11.2	6,668	6.6	7,000	6.7	-4,723	- 41.5%	-332	- 4.7%
Reference figure (i): Income Before Taxes not taking into account A	10,651	10.5	10,284	10.1	9,500	9.0	-367	- 3.4%	784	+8.3%

Overview of Each Operation Segment for FY2020 First Half



(Millions of yen)

	FY2019 First Half results, (From April 1, 2018 to September, 2018)		FY2020 First Half results, (From April 1, 2019 to September, 2019)		FY2020 First Half target, (From April 1, 2019 to September, 2019)		Year on Year		Compared with Target	
		ratio		ratio		ratio	Change	% Change	Change	% Change
Consolidated net sales	101,815	100	101,450	100	105,000	100	-365	- 0.4%	-3,550	- 3.4%
Wacoal Business (Domestic)	58,585	57.5	60,360	59.5	61,600	58.7	1,775	+3.0%	-1,240	- 2.0%
Wacoal Business (Overseas)	28,821	28.3	27,253	26.9	29,200	27.8	-1,568	- 5.4%	-1,947	- 6.7%
Peach John Business	5,470	5.4	5,466	5.4	6,100	5.8	-4	- 0.1%	-634	- 10.4%
Other Businesses	8,939	8.8	8,371	8.3	8,100	7.7	-568	- 6.4%	271	+3.3%

	FY2019 First Half results, (From April 1, 2018 to September, 2018)		FY2020 First Half results, (From April 1, 2019 to September, 2019)		FY2020 First Half target, (From April 1, 2019 to September, 2019)		Year on Year		Compared with Target	
		% Of sales		% Of sales		% Of sales	Change	% Change	Change	% Change
Operating income	8,994	8.8	9,495	9.4	9,000	8.6	501	+5.6%	495	+5.5%
Wacoal Business (Domestic)	4,964	8.5	6,288	10.4	5,600	9.1	1,324	+26.7%	688	+12.3%
Wacoal Business (Overseas)	3,841	3.8	3,023	3.0	3,200	3.0	-818	- 21.3%	-177	- 5.5%
Peach John Business	182	3.3	96	1.8	200	3.3	-86	- 47.3%	-104	- 52.0%
Other Businesses	7	0.1	88	1.1	0	0.0	81	—	88	—

Financial Results by Major Corporations for FY2020 First Half



(Millions of yen)

	Net Sales						
	FY2019 First Half results, (From April 1, 2018 to September, 2018)	FY2020 First Half results, (From April 1, 2019 to September, 2019)	FY2020 First Half target, (From April 1, 2019 to September, 2019)	Year on Year		Compared with Target	
				Change	% Change	Change	% Change
Wacoal	52,580	55,366	55,842	2,786	+5.3%	-476	- 0.9%
Peach John	3,098	2,598	3,084	-500	- 16.1%	-486	- 15.8%
Nanasai	5,470	5,466	6,100	-4	- 0.1%	-634	- 10.4%
Lecien	3,223	2,985	3,093	-238	- 7.4%	-108	- 3.5%
Ai	4,967	4,594	4,150	-373	- 7.5%	444	+10.7%
Wacoal International Corp. (U.S.)	10,565	10,228	10,469	-337	- 3.2%	-241	- 2.3%
Wacoal Europe Ltd.	7,398	6,993	7,407	-405	- 5.5%	-414	- 5.6%
Wacoal China Co., Ltd.	6,250	6,084	6,437	-166	- 2.7%	-353	- 5.5%

	Operating Income						
	FY2019 First Half results, (From April 1, 2018 to September, 2018)	FY2020 First Half results, (From April 1, 2019 to September, 2019)	FY2020 First Half target, (From April 1, 2019 to September, 2019)	Year on Year		Compared with Target	
				Change	% Change	Change	% Change
Wacoal	3,989	4,991	4,200	1,002	+25.1%	791	+18.8%
Peach John	-58	19	216	77	-	-197	- 91.2%
Nanasai	182	96	200	-86	- 47.3%	-104	- 52.0%
Lecien	-199	-128	-147	71	-	19	-
Ai	204	187	60	-17	- 8.3%	127	+211.7%
Wacoal International Corp. (U.S.)	1,896	1,147	1,597	-749	- 39.5%	-450	- 28.2%
Wacoal Europe Ltd.	789	668	664	-121	- 15.3%	4	+0.6%
Wacoal China Co., Ltd.	874	752	573	-122	- 14.0%	179	+31.2%

Major Overseas Subsidiaries (Local Currency Basis)

Wacoal International Corp. (U.S.)	95,817	94,151	95,175	-1,666	- 1.7%	-1,024	- 1.1%
Wacoal Europe Ltd.	50,354	51,144	51,080	790	+1.6%	64	+0.1%
Wacoal China Co., Ltd.	365,739	375,527	390,100	9,788	+2.7%	-14,573	- 3.7%

Wacoal International Corp. (U.S.)	17,204	10,550	14,510	-6,654	- 38.7%	-3,960	- 27.3%
Wacoal Europe Ltd.	5,367	4,873	4,572	-494	- 9.2%	301	+6.6%
Wacoal China Co., Ltd.	51,107	46,355	34,753	-4,752	- 9.3%	11,602	+33.4%

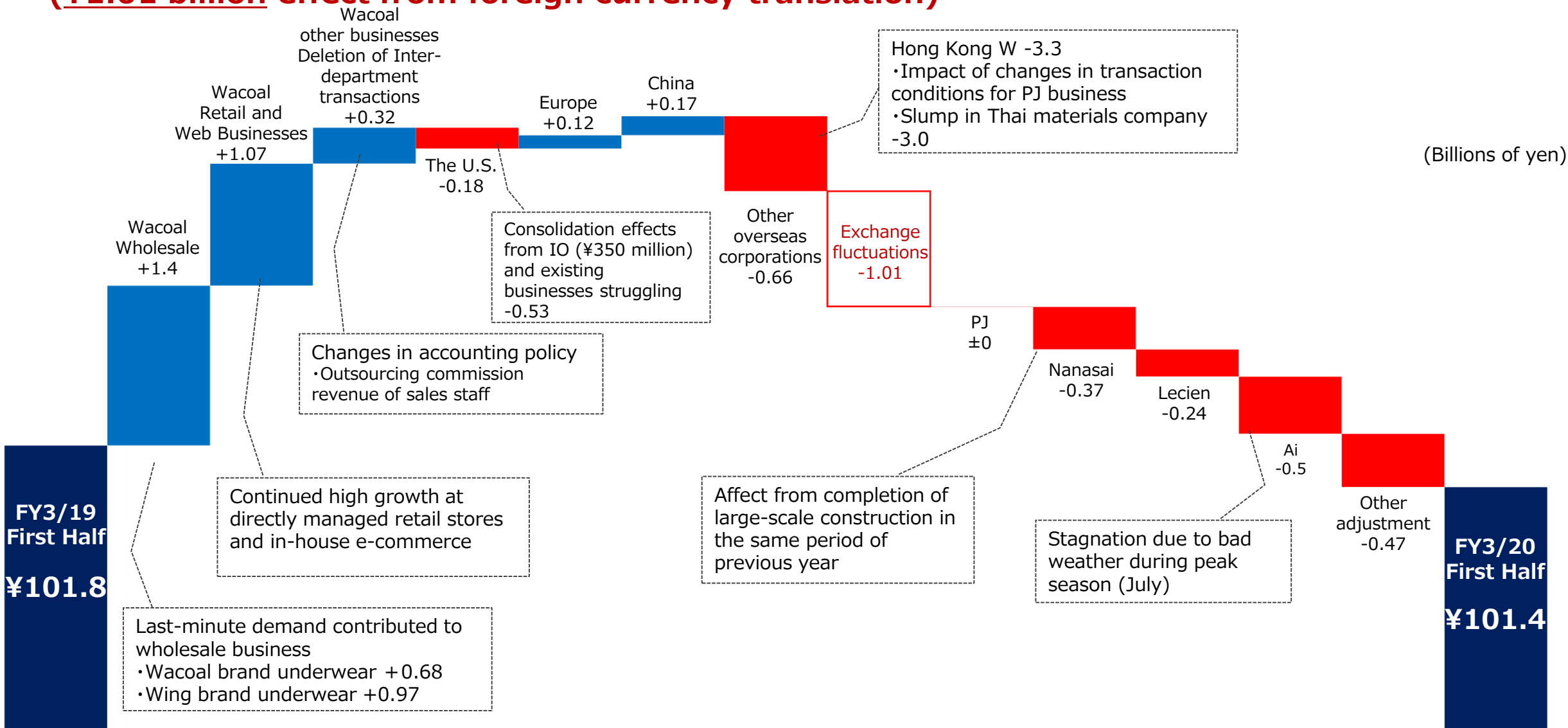
[Exchange rate]

USD	GBP	CNY
108.63 yen	136.73 yen	16.20 yen

YoY Increase/Decrease in Net Sales of Each Business



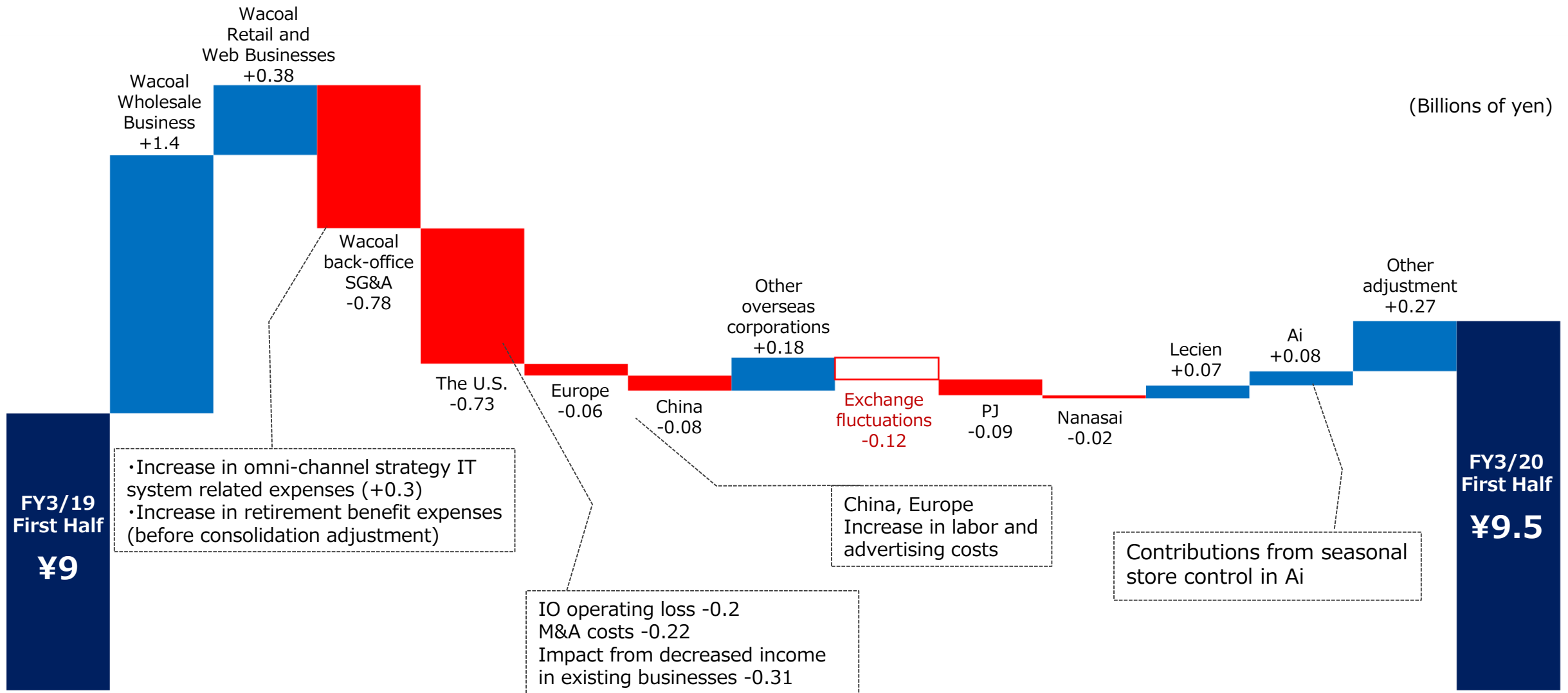
➤ Net Sales: Down ¥0.36 billion (¥1.01 billion effect from foreign currency translation)



YoY Increase/Decrease in Operating Income of Each Business



➤ **Operating Income: Up ¥0.5 billion**
(-¥0.12 billion effect from foreign currency translation)

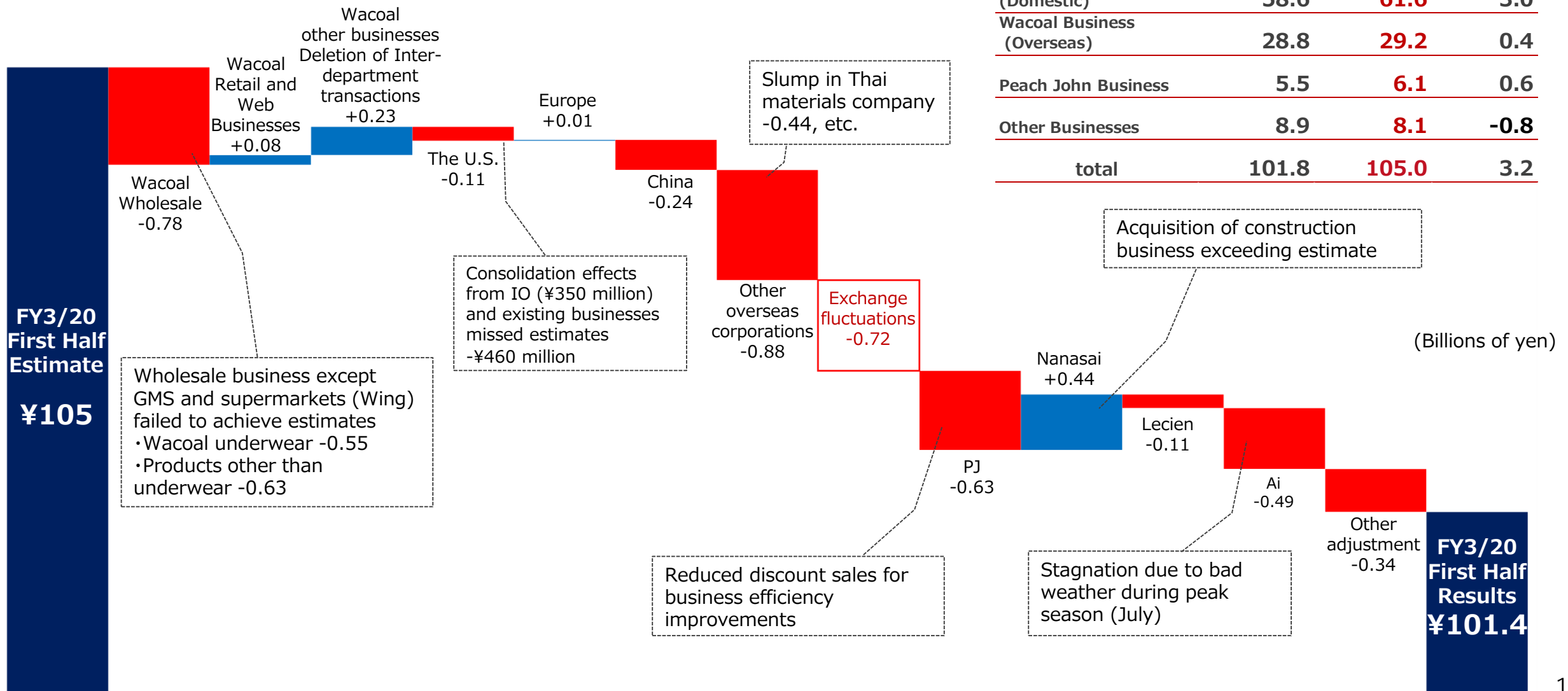


First Half Net Sales Progress for FY2020



➤ Net Sales: Missed estimate at ¥3.6 billion (¥0.72 billion effect from foreign currency translation)

	FY2019 First Half results	FY2020 First Half target	Change
Wacoal Business (Domestic)	58.6	61.6	3.0
Wacoal Business (Overseas)	28.8	29.2	0.4
Peach John Business	5.5	6.1	0.6
Other Businesses	8.9	8.1	-0.8
total	101.8	105.0	3.2

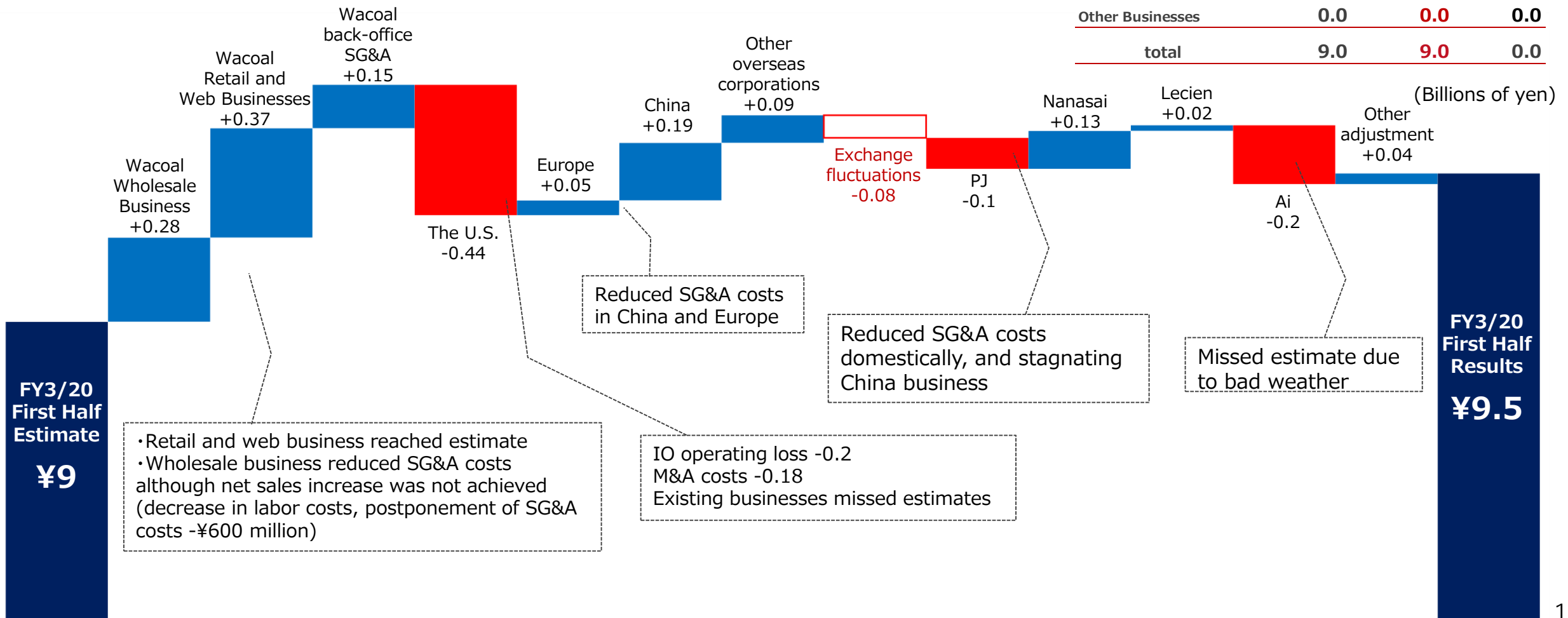


First Half Operating Income Progress for FY2020



➤ **Operating Income: Up ¥0.5 billion**
(-¥0.88 billion from foreign currency translation)

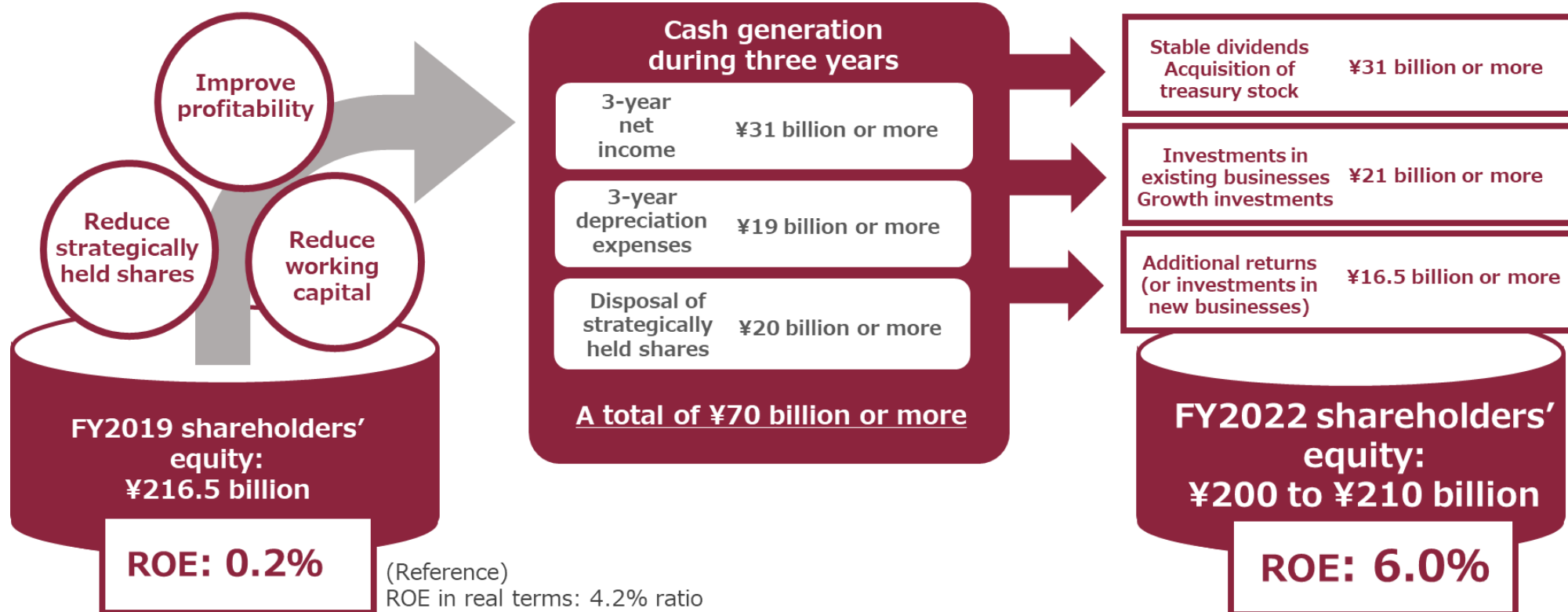
	FY2019 First Half results	FY2020 First Half target	Change
Wacoal Business (Domestic)	5.0	5.6	0.6
Wacoal Business (Overseas)	3.8	3.2	-0.6
Peach John Business	0.2	0.2	0.0
Other Businesses	0.0	0.0	0.0
total	9.0	9.0	0.0





● Prioritize investments for future growth while striving to enhance shareholder returns

- Achieve ROE of 6% exceeding capital costs
- Maintain total return ratio of 100%
- Reduce strategically-held shares (target: 30% reduction)



Full Year Business Performance Forecast for FY2020



➤ Full business year earnings and dividend forecasts are as initially planned

(Millions of yen)

	FY2020		FY2019		Year on Year	
	Full-year forecast	% Of sales	Full-year results	% Of sales	Change	% Change
Consolidated net sales	200,000		194,201		5,799	+3.0%
Operating Income	11,000	5.5%	4,879	2.5%	6,121	+125%
Income Before Taxes	12,000	6.0%	2,203	1.1%	9,797	+445%
Net income attributable to Wacoal Holdings Corp.	9,000	4.5%	341	0.2%	8,659	+2,539%

*The business performance forecasts do not reflect the effects of business performance fluctuations caused by valuation gain or loss on marketable securities and investments.

*(USD1=JPY110.00, GBP1=JPY145.00, CNY1=JPY16.50)

interim dividend	40yen	ordinary dividend 36yen special dividend 4yen	36yen
year-end dividend (Dividend forecast)	40yen	ordinary dividend 36yen special dividend 4yen	36yen

Estimated Operating Income in Second Half for FY2020



- **Reflects expected operating loss of IO
(plan to decrease by ¥0.4-¥0.5 billion yen in second half)**
- **Expect initial estimate of ¥2 billion for existing businesses**

<Risks not reflected in estimates>

- ◆ Decline of domestic consumption exceeding expectations due to consumption tax increase (further reduction of domestic distribution channels)
- ◆ Impact of continuing uncertainty from Brexit
- ◆ Fixed asset impairment risk of subsidiaries (Thai material productions company)
- ◆ Amortization expenses related to IO brand and customer list
(Recorded from the current quarter. Timing and impact being calculated)

(Millions of yen)

	FY2020			FY2020 target		
	First Half results	Second half forecast	Full-year forecast	First Half results	Second half forecast	Full-year forecast
Operating Income	9,495	1,505	11,000	9,000	2,000	11,000
Change	495	▲ 495	0			



Fiscal Year Ending March 31, 2020 First Half Business Situation_(April-September) and Second Half Initiatives

Hironobu Yasuhara

Wacoal Holdings Corp.

President

We celebrated our 70th anniversary on November 1, 2019

**We will continue to make constant progress to be a company
that will survive for more than 100 years**

<Our Vision>

**We, the employees and management of Wacoal,
will maintain a refined corporate culture based on
mutual trust and will continually strive to make
the Company a global leader in the industry.**



Founder, Koichi Tsukamoto



- **Introduced new customer service systems using 3D body scanners and customer service AI at 2 stores (Omotesando(Tokyo), Shinsaibashi(Osaka))**
 - **Acquired Intimates Online, Inc. (brand name: LIVELY) to create opportunity for e-commerce growth and strengthen competitiveness**
-
- **Last-minute demand before the consumption tax increase helped domestically**
 - **Growth in e-commerce continued, but slowed for real stores**
 - **Downward impact of currency translation**
 - **Implementation of initiatives to improve profitability by domestic subsidiaries**
 - **Incorporation of IO acquisition costs and operating loss, but operating income exceeds estimates**



- **Continue initiatives to strengthen brand power in each country**
- **Strengthen monitoring of progress**
- **Further improve profitability (thorough cost management)**

- **Domestic: Rebuilding customer relationships through promotion of omni-channel strategy**
(increased introduction of 3D body scanners and customer service AI)
- **Overseas: Strengthen in-house e-commerce (U.S. and Europe), strengthen alliances with e-commerce operators (China)**
- **Domestic subsidiaries: Select and concentrate business, review business structure to improve profitability**
- **ESG promotion (CSR procurement)**



Wacoal Corp. First Half Business Situation and Second Half Initiatives

Tomoyasu Ito

Wacoal Corp.

President and Representative Director



● In-house e-commerce continues strong growth and directly managed retail stores maintain stable growth

- Department stores: Same level as the previous year (Wacoal brand underwear only: +2%)
- **GMS and supermarkets: Successful strengthening of Wing brand product strength. Increased 12% in the first half.**

◆ Quarterly change in sales at stores by sales channel of Wacoal Corp.

		1Q	2Q	First Half
Wholesale	Department store	-6%	+8%	+0%
	GMS, Supermarket (Wacoal Brand)	-4%	+15%	+6%
	GMS, Supermarket (Wing Brand)	+4%	+19%	+12%
	Specialty Stores	+4%	+6%	+5%
	Sports Chains	-11%	+11%	+0%
	Third Party EC Sites	-7%	+5%	-1%
Retail	Retail stores	+6%	+6%	+6%
	Wacoal's Own EC Site	+18%	+24%	+21%
	Catalog mail-order	+10%	+6%	+7%



● Mainstay underwear business is solid, centering on the Wing brand

- Growth of “Synchro” Bra with increased comfort and “Night Up Bra” for sleeping.
- Sales of products other than underwear were sluggish due to the struggling main channel (department stores).

◆ Sales of each business in

Wholesale Business Division of Wacoal Corp.

		1Q	2Q	First Half
Innerwear Business	Wacoal	-4%	+11%	+3%
	Wing	+11%	+8%	+9%
Personal Business	Wacoal	-10%	+6%	-3%
	Wing	-38%	-10%	-25%
Family wear Business	Wacoal	-17%	-6%	-12%
Good Age Business	Wacoal	-2%	-8%	-5%
Leg Carson Business	Wacoal	-3%	-2%	-2%
Men's inner Business	Wacoal·Wing	-9%	+2%	-3%
Wellness Business	CW-X, Wacoal	-8%	+3%	-2%
Wholesale Division total		-2%	+8%	+3%

First Half Overview of Wacoal for FY2020 < Net Sales >



Net sales

¥55.37 billion (up ¥2.79 billion (5.3%) year on year)
(reached 99.1% of the plan total and fell short of it by ¥0.48 billion)

- Sales increased due to underwear sales expansion in wholesale business.
- Achieved estimates in retail and web business by maintaining good performance throughout the first half

(Millions of yen)

		FY2019 First Half results, (From April 1, 2018 to September, 2018)	FY2020 First Half results, (From April 1, 2019 to September, 2019)	FY2020 First Half target, (From April 1, 2019 to September, 2019)	Year on Year Change	Compared with Target Change
Innerwear Business	Wacoal	21,516	22,191	22,738	675	-547
	Wing	10,529	11,496	11,445	967	51
Personal Business	Wacoal	2,781	2,689	2,844	-92	-155
	Wing	400	301	165	-99	136
Family wear Business	Wacoal	1,876	1,657	1,685	-220	-28
Good Age Item, Leg Item, Men's inner Business	Wacoal	2,513	2,428	2,768	-85	-340
Wellness Business	CW-X, Wacoal	2,576	2,523	2,768	-53	-244
Others		1,127	1,435	1,088	308	347
Wholesale Division total		43,320	44,721	45,500	1,401	-779
Retail end WEB Business Department		11,989	13,057	12,980	1,067	77
Others(Intersegment transactions,etc.)		-1,896	-1,573	-2,050	322	476
Net sales★		53,413	56,204	56,430	2,791	-226

★The figure before the transfer of internal expenses.

First Half Overview of Wacoal for FY2020 <Operating Income>



Operating income

¥4.99 billion (up ¥1.0 billion (25.1%) year on year)
(reached 118.8% of the plan total and exceeded it by ¥0.79 billion)

- Wholesale: Effect of increased sales. Improved profit margin due to lower return rate(+0.9 pt) also contributed.
- Retail: Effect of increased sales. Improved profit margin due to reduced discount sales(+0.7 pt) also contributed.
- Back Office SG&A: Increase in IT system costs and retirement benefit expenses related to omni-channel construction (before consolidated adjustment)
Postponement of some advertising expenses to the third quarter

(Millions of yen)

	FY2019 First Half results, (From April 1, 2018 to September, 2018)	FY2020 First Half results, (From April 1, 2019 to September, 2019)	FY2020 First Half target, (From April 1, 2019 to September, 2019)	Year on Year Change	Compared with Target Change
Wholesale Division	9,182	10,580	10,300	1,398	280
Retail end WEB Business Department	1,018	1,398	1,033	380	365
Indirect department SG&A expenses★	-6,211	-6,987	-7,133	-776	146
Operating income	3,989	4,991	4,200	1,002	791



- Introduced new service called “3D smart & try” using 3D body scanners and customer service AI (Tokyu Plaza Omotesando Harajuku(Tokyo) in May 2019, Daimaru Shinsaibashi(Osaka) in September 2019)
- Plan to introduce it to a total of more than 5 stores in second half



Wacoal 3D smart & try
Tokyu Plaza Omotesando Harajuku(Tokyo)
Floor: 4th floor 3D body scanners: 3
Area: about 110 m² Tablets: 8

Progress of Wacoal 3D smart & try Tokyu Plaza Omotesando Harajuku (5/30-10/10)

- ✓ Total number measured with 3D body scanners:
About 5,400 people
(Monthly average of about **1,050 people**)
- ✓ Percentage who made purchases: **About 30%**
- ✓ Customers purchasing Wacoal products for the first time:
About 60%
- ✓ Average purchase unit price: **¥22,000 (purchases after consulting)**
¥ 13,000 (self purchasing)
- ✓ Composition by age: **60% are 20-34 years old**
- Digitalization of customer information makes it possible to understand and analyze the behavior and timing of purchases at in-house e-commerce and other stores after measurement at store.



➤ **Expand the service network based on physique data and rebuild customer relationships (deeper, wider, longer)**

Create new products and services by leveraging multifaceted personal data on customers

- Utilize data in R&D
- Develop new product and services
- Utilize data in co-creation with other companies



Provide personalized customer services

- Increase the percentage of regular customers
- Attract younger customers
- Maximize sales opportunities

Strengthening competitive advantage

Creating the future of underwear customer experiences

Personalized app

3D body scanner

AI for attending to customers



Improving business productivity

Operational innovation in physical store

Electronic customer charts

Tablet for attending to customers



Company-wide database (omni-channel platform)

Customer information

Product information

Inventory information



Improve corporate brand power by strengthening “MEET YOUR JUST.” marketing

- **Wholesale: Sales floor reform through introduction of 3D body scanners and customer service AI**
- **Retail: Products and promotions driving demand from new and existing customers**
- **Further improve profitability**

- **Expand customer contact points with new products that incorporate body care perspective (Wacoal brand)**
- **Develop new business partners (Wing brand)**
- **Implement purchasing behavior analyses based on customer data and strengthen approach (retail/web)**
- **Implement “selection and concentration” to improve profitability (except underwear)**
- **Introduce personnel management**

(Reference) Wacoal Store Sales in September/October (Rate of Change / Preliminary Report)



◆Sales data by channel (reference value)

		Sep.	Oct.
Wholesale	Department store	+26%	-24%
	GMS,Supermarket	+55%	-26%
	Specialty Stores	+24%	-13%
Retail	Retail stores	+17%	-3%
	Wacoal's Own EC Site	+34%	+16%

*This is a reference value



Domestic Subsidiaries First Half Business Situation and Second Half Initiatives

First Half Overview of Peach John for FY2020 <Domestic Subsidiary>



Net sales

¥5.47 billion (down ¥4 million (0.1%) year on year)
(reached 89.6% of the plan total and fell short of it by ¥0.63 billion)

- **Domestic:** Recovered in the second quarter. Increase in retail business due to increase in number of visitors before tax increase. Reduced discount sales for improved profitability.
- **Overseas:** Sales were sluggish in Hong Kong due to sluggish sales of standard products. New store openings in Taichung, Taiwan contributed to sales.

Operating income

¥0.1 billion (down ¥0.09 billion (47.3%) year on year)
(reached 48% of the plan total and fell short of it by ¥0.1 billion)

- **Domestic:** Income increased from improved profit margin due to reduced sales and reduced SG&A costs.
- **Overseas:** China business had an operating loss.

◆Peach John Sales by domestic business·Quarterly change		1Q	2Q	First Half	ratio
Domestic	Mail-order	-13%	-3%	-8%	43%
	Store	-3%	+10%	+4%	57%
◆Peach John Sales by overseas business·Quarterly change		1Q	2Q	First Half	
Overseas	Hong Kong	-24%	-31%	-27%	
	Taiwan (stores+ EC)	+5%	+2%	+3%	
	Shanghai·Beijing etc (Retail stores)	-19%	-24%	-22%	
	Shanghai·Beijing etc (Third party EC sites)	+9%	-48%	-29%	
	Shanghai·Beijing etc total	-2%	-41%	-26%	

★★Change rate based on local currency. The rate of increase or decrease in sales at retail stores and EC sites in each region.
 (The figures for" Shanghai·Beijing etc" are from January to June.)

First Half Overview of Ai for FY2020 <Domestic Subsidiary>



Net sales

¥2.6 billion (down ¥0.5 billion (16.1%) year on year)
(reached 84.2% of the plan total and fell short of it by ¥0.49 billion)

- Demand for swimwear sluggish due to bad weather in highest demand period (July).
- Increased sales from newly proposed resort wear group. Underwear business also ended at the same level as the same period of the previous year.

Operating income

¥0.02 billion (¥0.06 billion loss, up ¥0.08 billion year on year)
(reached 8.8% of the plan total and fell short of it by ¥0.2 billion)

- Impact of decreased income.
- Return to profitability by reducing SG&A costs through reviewing store launch strategy.

◆Ai Sales by division・Quarterly change

	1Q	2Q	First Half	ratio
Resort wear (A former name of Swimwear)	-12%	-21%	-19%	82%
Innerwear	+0%	+0%	+0%	18%

First Half Overview of Lecien for FY2020 <Domestic Subsidiary>



Net sales

¥2.99 billion (down ¥0.24 billion (7.4%) year on year)
(reached 96.5% of the plan total and fell short of it by ¥0.11 billion)

- Shrunk material business that carries clothing fabrics and lace from the viewpoint of profitability.
- Orders of GMS and supermarket private brands increased.

Operating Loss

¥0.13 billion (¥0.2 billion loss, up ¥0.07 billion year on year)
(estimate: -¥0.15 billion, difference +¥0.02 billion)

- Impact of decreased income.
- Operating loss narrowed from the same period of the previous year due to SG&A cost reductions.

◆ Lecien Sales by division・Quarterly change

	1Q	2Q	First Half	ratio
Manufacturing business (A former name of Innerwear,Apparel Div.)	+3%	+3%	+3%	75%
Material business (A former name of Material,Art Hobby Div.)	-9%	-3%	-6%	23%
EC planning and sales business (Wacoal's Own EC Site・Third party EC sites)	+20%	+24%	+22%	2%

First Half Overview of Nanasai for FY2020 <Domestic Subsidiary>



Net sales

¥4.59 billion (down ¥0.37 billion (7.5%) year on year)
(reached 110.7% of the plan total and exceeded it by ¥0.44 billion)

- Rebound from completion of renovations at major department stores in the same period of the previous year.
- Acquired new projects among brisk construction demand. Exceeded estimates.

Operating income

¥0.19 billion (down ¥0.02 billion (8.3%) year on year)
(reached 212% of the plan total and exceeded it by ¥0.13 billion)

- Impact of decreased income.
- Operating income exceeded estimates due to new orders in construction business.

◆Nanasai Sales by division・Quarterly change

	1Q	2Q	First Half	ratio
Rental and lease	-13%	-8%	-10%	20%
Production sales	-21%	-21%	-21%	16%
Construction	-27%	+33%	+1%	64%



Peach John

Decision to stop issuing catalogs and close 8 unprofitable stores to improve profitability

- Transition to new management system from April 2019
- Launch new line to target new mid 20s customer segment(from January 2020)
- Continued sales expansion of campaign bra “Smart Bra”

Ai

Aim to break away from summer-oriented business and switch to resort wear business from swimwear business

- Reduce SG&A costs through reviewing store launch strategy
- Increase proportion of our own developed products(expected to be 61% for current term)
- Sales through e-commerce channels in China

Lecien

Shrink material business such as clothing fabrics and lace from the viewpoint of profitability

- Propose reform of GMS and supermarket underwear sales floors in collaboration with Wacoal and acquire private brand orders
- Expand product supply to Wacoal Group including overseas
- Consider measures to improve profitability



Overseas Subsidiaries First Half Business Situation and Second Half Initiatives



< Overseas Subsidiary >

Net sales

¥10.23 billion (down ¥0.34 billion (3.2%) year on year)
(reached 97.7% of the plan total and fell short of it by ¥0.24 billion)

- Inventory adjustments at department stores (real stores) affected deliveries. In-house e-commerce continued to maintain high growth.
- Incorporated IO August/September sales (¥0.35 billion).

Operating income

¥1.15 billion (down ¥0.75 billion (39.5%) year on year)
(reached 71.8% of the plan total and fell short of it by ¥0.45 billion)

- Sales in existing businesses declines, but the profit margin increased due to an increase in ratio of in-house e-commerce(0.3 pt).
- Recorded IO operating loss (¥0.2 billion) and one-time expenses related to M&A (about ¥0.22 billion)

◆(The U.S.) Quarterly change in sales in major channels and regions (in local currency)

		1Q	2Q	First Half	ratio	
Channel	Store	Department store	-12%	-9%	-11%	66%
		Outlet·Retail store	-23%	-30%	-27%	
		Store sales total	-12%	-10%	-11%	
	EC sites	Department store EC sites	-2%	+18.7%	+7.3%	34%
		Third Party EC sites	-2%	+4.6%	+0.7%	
		Wacoal's Own EC Site	+17.0%	+33.1%	+24.2%	
		EC sales total	+4.0%	+19.2%	+10.5%	
Area	America	-7%	-2%	-4%	96%	
	Canada	+2.0%	-5%	-2%	4%	

[Reference]
 Local currency
 basis
 (year-on-year)

Net sales -1.7%
 Operating
 income -38.7%

First Half Overview of Wacoal Europe for FY2020 < Overseas Subsidiary >



Net sales

¥6.99 billion (down ¥0.41 billion (5.5%) year on year)
(reached 94.4% of the plan total and fell short of it by ¥0.41 billion)

- Successful strengthening of “Fantasie”, “Elomi” and “Freya” brands to meet diverse size needs
- The U.K. struggled due to sluggish department stores, but other regions were solid
 (The U.K. -7%, Europe +8%, North America +5%, Other regions +6%)

Operating income

¥0.67 billion (down ¥0.12 billion (15.3%) year on year)
(reached 100.4% of the plan total and exceeded it by ¥4 million)

- Profit margin decreased due to increase in inventory valuation allowance due to reduction of outlet transactions
- Decreased due to increase in sales staff and increased advertising costs associated with new transactions with Spanish department stores

◆(Europe) Quarterly change in sales in major channels and brands (in local currency)

		1Q	2Q	First Half	ratio	
Channel	store	Department store	-27%	+7%	-12%	21%
		Specialty store	-5%	+10%	+2%	52%
		Retail stores	-15%	-6%	-11%	6%
	EC sites	Third party EC sites/other	+19%	+29%	+24%	21%
Brand		Fantasie	-5%	+20%	+7%	34%
		Freya	-17%	+1%	-10%	24%
		Goddess	-13%	+3%	-5%	6%
		Elomi	+6%	+15%	+11%	23%
		Wacoal	-8%	+8%	+1%	12%
		B.Tempted	-16%	-17%	-17%	1%

[Reference]
 Local currency basis
 (year-on-year)

Net sales +1.6%
 Operating income
 -9.2%



Net sales

¥6.08 billion (down ¥0.17 billion (2.7%) year on year)
(reached 94.5% of the plan total and fell short of it by ¥0.35 billion)

- Closed department stores and sluggish Peach John business impacted sales
- E-commerce maintained high growth by strengthening alliances with e-commerce operators and developing sales promotions during demand periods

Operating income

¥0.75 billion (down ¥0.12 billion (14.0%) year on year)
(reached 131.2% of the plan total and exceeded it by ¥0.18 billion)

- Profit margin improved from increased e-commerce sales ratio (1.3 pt)
- Recorded one-time expenses accompanying warehouse relocation, in addition to an increase in advertising expenses to expand e-commerce sales

◆(China) Quarterly change in sales in major channels and brands (in local currency)

		1Q	2Q	First Half	ratio
Channel	Department store	+2%	-3%	0%	77%
	Third party EC sites	+22%	+26%	+24%	23%
Brand	Wacoal	+6%	+11%	+8%	83%
	Salute	-11%	-16%	-14%	9%
	LA ROSABELLE	-42%	-19%	-31%	1%
	Peach John	+3%	-38%	-23%	7%

[Reference 1]
 Local currency basis
 (year-on-year)
 Net sales +2.7%
 Operating income
 -9.3%

[Reference 2]
Excluding Peach John
 Net sales for Wacoal China
 (local currency / year-on-year basis)
 Net sales +5%

First Half Overview of Other Asian Regions

Hong Kong Wacoal, Wacoal International Hong Kong, Wacoal Singapore, Philippines Wacoal, Wacoal India, (Factories) Dalian Wacoal, Guangdong Wacoal, Vietnam Wacoal, Myanmar Wacoal, A-Tech, G-Tech and 1 other company



Net sales

¥3.95 billion (down ¥0.66 billion (14.3%) year on year)
(reached 80.8% of the plan total and fell short of it by ¥0.94 billion)

- Orders decreased for warp knitting and circular knitting materials from Thai materials factory (-¥0.33 billion)
- Impact of changes in transaction conditions between Hong Kong Wacoal and Peach John Hong Kong
 (Account for Peach John store sales in Hong Kong changed from Hong Kong Wacoal to Peach John segment)

Operating income

¥0.46 billion (up ¥0.17 billion (61.7%) year on year)
(reached 124.6% of the plan total and exceeded it by ¥0.09 billion)

- Increased productivity at Dalian factory, production base for seamless garments

First Half Overview of Wacoal India

Net sales

¥0.1 billion
(109% of plan total)

Operating loss

¥0.05 billion
(exceeded plan total by ¥3 million)

Number of stores
 (at the end of Mar-2019)

Retail stores	18
EC sites	4
Department store	8

● Started transactions with department stores in July

- Directly-managed stores: Existing stores in first half +48% YoY, +22% YoY (local currency basis)
- Competitor e-commerce: Missed estimates due to delayed start in deployment

First Half Topics for Overseas Wacoal Business



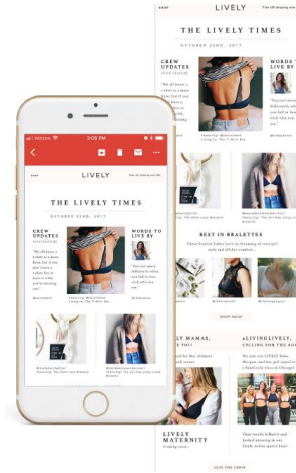
- **Made U.S.-based Intimates Online, Inc. (brand name: LIVELY) a wholly-owned subsidiary**
- **Acquisition Price: US\$0.085 billion (about ¥9.2 billion)**
 - * Separate earn-out consideration (consideration according to achievement level)
- **Create opportunities and strengthen competitiveness in US e-commerce by acquiring DNVB★ company**



Corporate Philosophy:
Our mission is to inspire women to live life passionately, purposefully, and confidently by empowering with products and experiences to do so.



Characteristics:
Developed product lineup with unique worldview and unique digital marketing utilizing SNS



**CEO and Founder,
Michelle Cordeiro Grant**

★ DNVB (Digital Native Vertical Brand)

A brand that plans and develops products internally, is responsible for manufacturing quality, and sells products directly through their own e-commerce channel. These brands are characterized by directly holding customer information, and take responsibility for the entire value chain vertically from upstream to downstream.



● **Expected synergy effects**

- Utilize Wacoal's business base to increase speed of LIVELY brand growth
- Strengthen digital marketing for entire group
- Strengthen competitiveness in markets changing with digitalization



● **Current Estimates(August 2019 - March 2020)**

Net sales

about US\$15-16 million

Operating loss

about US\$6-7 million

- FY2024 3Q Estimates: net sales of US\$1 million, ratio of operating income of 12-15%
- Until FY2021 3Q, prioritize marketing investments to improve brand awareness
- Amount of goodwill recorded on balance sheet to be finalized in third quarter accounting period
- Depreciation costs related to the brand and customer lists incurred from current fiscal year

(impact on current period is being calculated)



The U.S.

Prioritize strengthening brand power and developing business foundation to achieve future growth

- Continuously strengthen in-house e-commerce, including Lively
- Business integration with IO (advance integration of management such as accounting and finance, and logistics)
- Improve productivity by improving manufacturing processes, expand factory in Dominican Republic

Europe

Strengthen and expand main brands that meet diverse size needs

- Strengthen in-house e-commerce (expand deployed brands in second half)
- Expand B2B system coverage for specialty stores (the U.S.)
- Strengthen business with Spanish department stores and develop new business partners

China

Maintain e-commerce growth by strengthening alliances with e-commerce operators

- Utilize and analyze big data such as customer databases
- Execute marketing strategy to expand sales from Single's Day (advertisement, secure stock)
- Start developing Japanese "Amphi" and Wacoal Europe products to cultivate new customers



Initiatives Addressing ESG Issues



● **Promote CSR procurement based on mutual trust and collaboration**

- Ai factory list released in September (Wacoal, Wing, Peach John, Lecien factory list updated)
- Expand Wacoal Corp. wholesale business (excluding underwear) and retail business division in target area this quarter
- In addition, scheduled on-site audits of 20% of target factories

● **Enhance awareness of advertising and communication expressions that respect diverse values**

- During previous advertising activities, we received much criticism that we used inconsiderate expressions
- The Board of Directors investigated the cause and discussed ways to prevent their recurrence
- Established guidelines for creating expressions in public relations / advertising / sales promotion activities and operational system
- Started operation at Wacoal Corp. and Peach John Co., Ltd., rolled out to other domestic and overseas subsidiaries for system established by March 2020.

Integrated Report 2019 (PDF version: Japanese) published on our website on November 1 (English translation will be released in December)



(Reference) Performance Forecast for FY2020 (Announced on May 15, 2019)



(Millions of yen)

	FY2019 results		FY2020 target		Year on Year	
		ratio		ratio	Change	% Change
Consolidated net sales	194,201	100	200,000	100.0	5,799	+3.0%
Cost of Sales	89,804	46.2	92,100	46.0	2,296	+2.6%
Gross Margin	104,397	53.8	107,900	54.0	3,503	+3.4%
S, G&A Expenses	93,684	48.2	96,900	48.5	3,216	+3.4%
A: Impairment charges on goodwill and other intangible assets	5,834	3.0	0	0.0	-5,834	-
Operating income	4,879	2.5	11,000	5.5	6,121	+125.5%
Other profit or loss	2,894	1.5	1,000	0.5	-1,894	- 65.4%
B: Valuation gain (loss) on marketable securities and investments - net	-5,570	-	0		5,570	-
Income before taxes	2,203	1.1	12,000	6.0	9,797	+444.7%
Net income attributable to Wacoal Holdings Corp.	341	0.2	9,000	4.5	8,659	-

Reference figure (i): Operating income not taking into account A	10,713		11,000		287	+2.7%
Reference figure (ii): Income before taxes not taking into account A and B	13,607		12,000		-1,607	- 11.8%
Reference figure (iii): Net income not taking into account A and B	9,636		9,000		-636	- 6.6%

Exchange rate: Assumed that 1 USD equals 110.00 yen, 1 GBP 145.00 yen and 1 CNY 16.50 yen.

(Reference) Estimated Net Sales and Operating Income
by Business Segment for FY2020 (Announced on June 13, 2019)



(Millions of yen)

	FY2020 target		FY2019 results		Year on Year	
		ratio[%]		ratio[%]	Change	% Change
Consolidated net sales	200,000	100	194,201	100	5,799	+3.0%
Wacoal Business (Domestic)	116,200	58.1	113,400	58.4	2,800	+2.5%
Wacoal Business (Overseas)	55,500	27.8	53,100	27.3	2,400	+4.5%
Peach John Business	11,600	5.8	10,491	5.4	1,109	+10.6%
Other Businesses	16,700	8.4	17,210	8.9	-510	- 3.0%

	FY2020 target		FY2019 results		Year on Year	
		% of net sales		% of net sales	Change	% Change
Operating income	11,000	5.5	4,879	2.5	6,121	+125.5%
Wacoal Business (Domestic)	6,600	5.7	6,325	5.6	275	+4.3%
Wacoal Business (Overseas)	4,000	7.2	4,581	8.6	-581	- 12.7%
Peach John Business	170	1.5	-5,859	—	6,029	—
Other Businesses	230	1.4	-168	—	398	—

Exchange rate: Assumed that 1 USD equals 110.00 yen, 1 GBP 145.00 yen and 1 CNY 16.50 yen.

Estimated Net Sales and Operating Income by Major Corporations for FY2020 (Announced on June 13, 2019)



(Millions of yen)

	Net Sales				Operating Income			
	FY2019 results	FY2020 target	Year on Year		FY2019 results	FY2020 target	Year on Year	
			Change	% Change			Change	% Change
Wacoal	102,356	105,327	2,971	+2.9%	5,099	4,300	-799	-16%
Peach John	10,491	11,600	1,109	+10.6%	-220	170	390	—
Nanasai	9,414	8,800	-614	-7%	282	230	-52	-18%
Lecien	6,284	6,528	244	+3.9%	-375	-9	366	—
Ai	4,181	4,290	109	+2.6%	-321	53	374	—
Wacoal International Corp. (U.S.)	18,486	18,750	264	+1.4%	2,095	1,667	-428	-20%
Wacoal Europe Ltd.	14,106	14,655	549	+3.9%	1,407	1,189	-218	-15%
Wacoal China Co., Ltd.	11,617	12,507	890	+7.7%	746	758	12	+1.6%

Major Overseas Subsidiaries (Local Currency Basis)

Wacoal International Corp. (U.S.)	166,679	170,465	3,786	+2.3%	18,900	15,150	-3,750	-20%	(USD'000)
Wacoal Europe Ltd.	96,826	101,062	4,236	+4.4%	9,658	8,198	-1,460	-15%	(GBP'000)
Wacoal China Co., Ltd.	694,776	758,000	63,224	+9.1%	44,594	45,900	1,306	+2.9%	(CNY'000)

Exchange rate: Assumed that 1 USD equals 110.00 yen, 1 GBP 145.00 yen and 1 CNY 16.50 yen.



Information within this document with respect to business plans, forecasts, strategies and other statements, including business performance figures, is based on Wacoal's assumptions in the light of the information currently available, and in no way precludes the uncertainties and risks inherent in these forward-looking statements.

Furthermore, actual business results may, as a result of numerous factors, differ significantly from those expressed in statements in this document.