

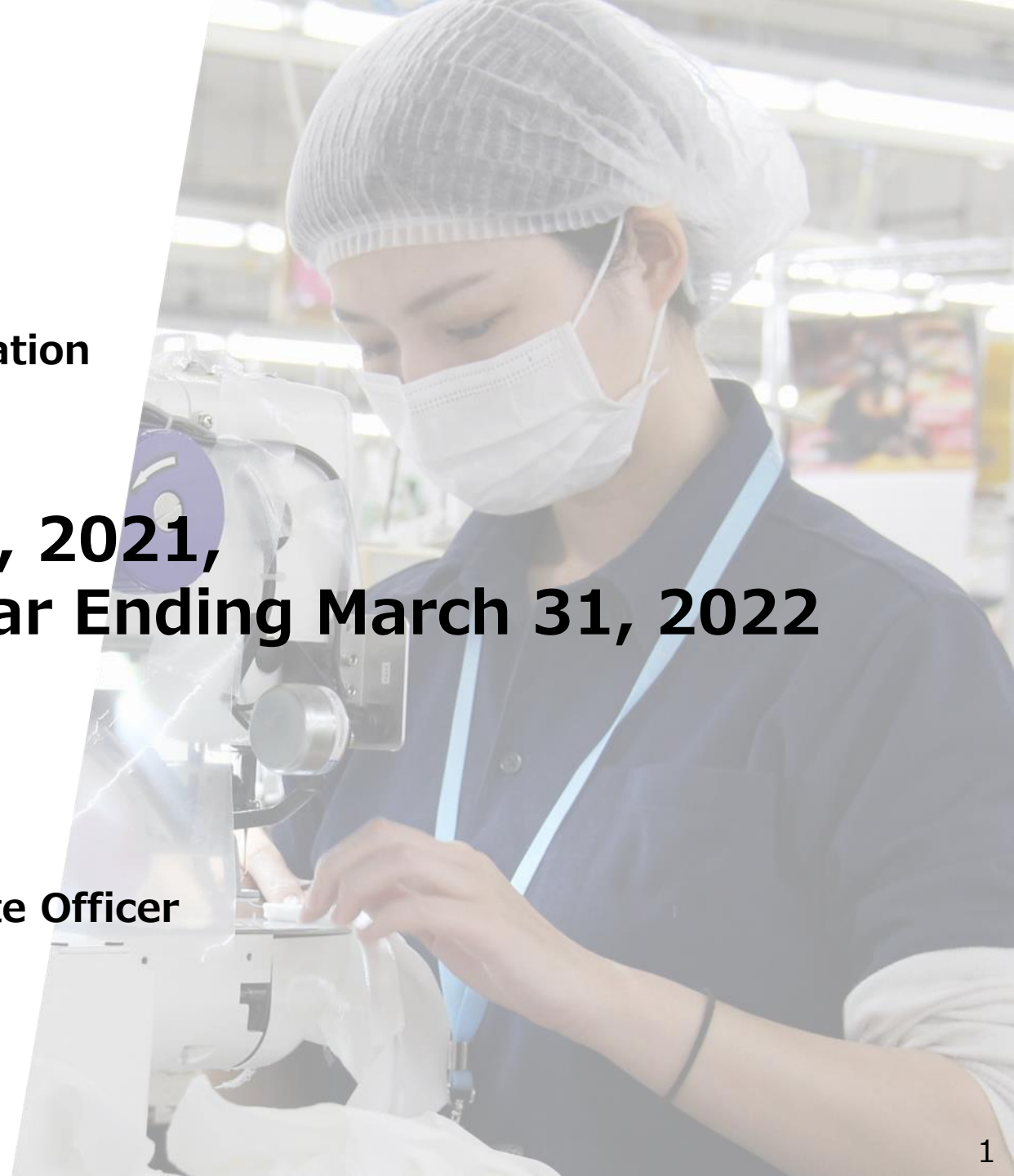
**Wacoal Holdings Corp. Financial Results Presentation**

**Review of  
the Fiscal Year Ended March 31, 2021,  
and Initiatives for the Fiscal Year Ending March 31, 2022**

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Wacoal Holdings Corp.**

**May 20, 2021**



# FY2021 Review

Against a backdrop of rapid changes in distribution and customer needs stemming from the COVID-19 pandemic, the initiatives we have been focusing on for the past few years, such as strengthening EC and the CX strategy by introducing 3D measurement technology, are starting to bear fruit. Additionally, structural reforms aimed at improving the high cost structure are accelerating.

- **Ensuring the “health and safety” of customers and employees:** Providing services such as fitting while working to prevent the spread of COVID-19
- **Implementing thorough cost reductions:** Carrying our bold reviews of measures and spending plans, and avoiding excess inventory
- **Promoting the CX strategy:** Making progress with “digitalization” and “personalization” efforts
- **Accelerating EC growth:** Growing the EC business globally in response to rising demand for EC due to COVID-19
- **Progressing with structural reforms:** Accelerating structural reforms aimed at improving the high cost structure

# FY2021 Results (1) Promoting the CX Strategy

Making progress with “digitalization” and “personalization” efforts: Wacoal (Japan)

- The number of people trying 3D measuring increased due to COVID 19

- Progress with centrally managing customer data

Changes in the number of people trying 3D Smart & try

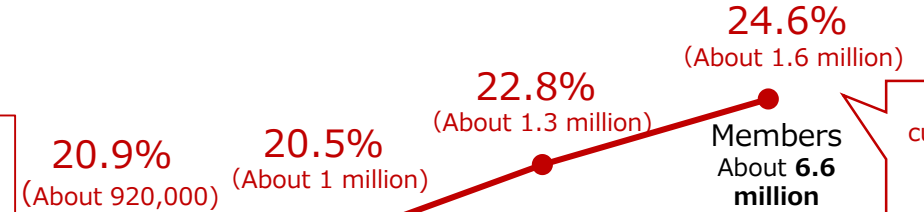
Cumulative no. of people (up to Mar 31, 2021)

**About 52,000**

\*Introduced to 16 stores as of the end of March

**FY2021 (Jan-Mar)**  
**About 38,000 people**  
**Purchase rate during period: 30%**  
**Average customer spending: ¥18,600**

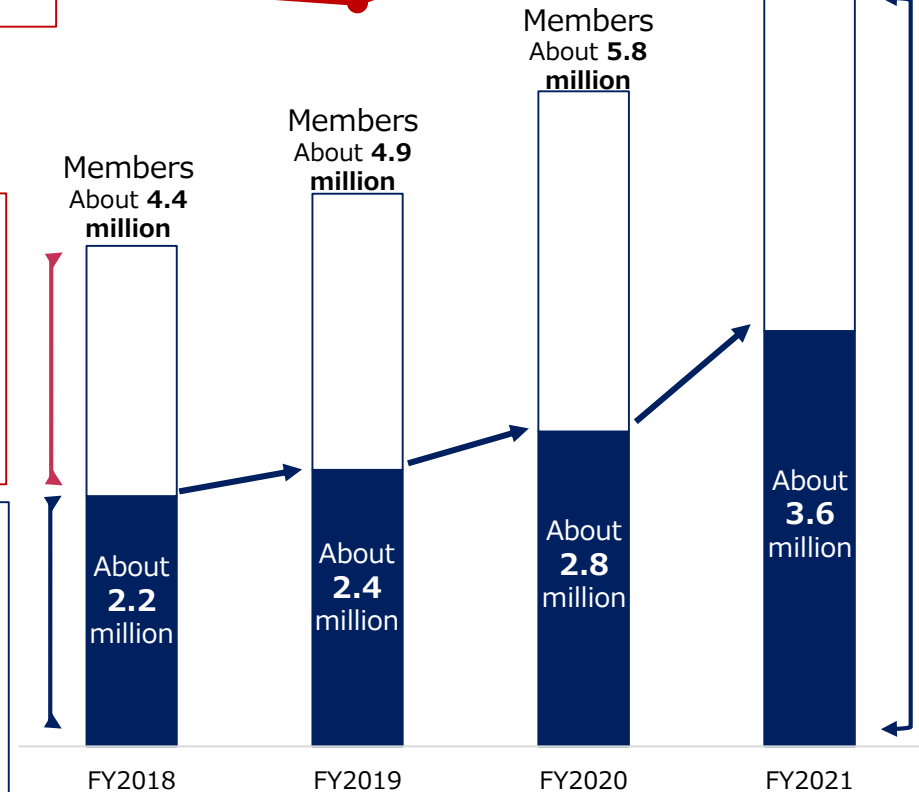
Active customer ratio trends (No. of members making a purchase in one year/Wacoal members)



New customers: 800,000  
 Existing customers: 800,000

No. of people making no purchase within the last 5 years

No. of people making a purchase within the last 5 years

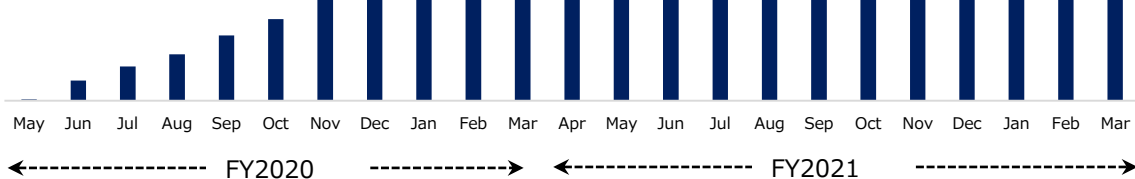


Wacoal Members

Cumulative no. of people (up to Mar 31, 2020)

**About 14,000**

\* Introduced to 9 stores as of the end of March



# Efforts Aimed at the CX Strategy to Date: Wacoal (Japan)

## FY2017 IT infrastructure development

## FY2018 Implementation of CX strategy

(Omni-channel Strategy Promotion Department established)

IT investment amount: FY2017 ¥1.5 billion  
FY2018 ¥1.9 billion

Start trial introduction of RFID (electronic tags) at directly managed stores

### Develop omni-channel service infrastructure

- Digitalization of customer data management
- Start operation of tablets for customer service
- Core IT integration
- Cross-brand products, building inventory data management system

## Information management system operation

(Wacoal and Wing system integration)

IT investment amount: FY2019 ¥2.4 billion

Start cooperation/linkage between directly managed stores and EC  
Launch "Wacoal Carnet" app

Sharing client (department store) customer data  
(Migration to electronic records)

### Build omni-channel strategy infrastructure

- (Complete practical use preparation)
- Operation of centralized data management system (inventory, products, customer purchasing data)
  - Development of next-generation customer service using body scanners and AI



## Cooperation/linkage between own EC and directly managed stores

### Introduction of 3D customer service

IT investment amount: FY2020 ¥3.1 billion

### Introduction of 3D body scanner system



Implement marketing activities that actively utilize customer data (directly managed stores, own EC)

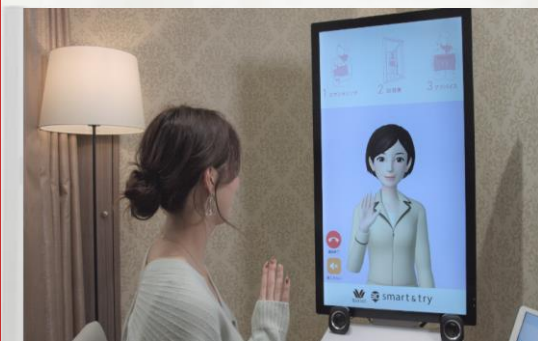
Complete development of client (dept. store) customer data infrastructure

## Growth of own EC

## Introduction of avatar service

IT investment amount: FY2021 ¥2.4 billion

### Introduction of avatar counseling system



Establish CX Design Department to utilize customer data. Start integration of dept. store, directly managed store, and own EC customer data.

### Start expansion work on distribution center



FY2017 ~FY2018

FY2019

FY2020

FY2021



# FY2021 Results (2) Growing the EC Business

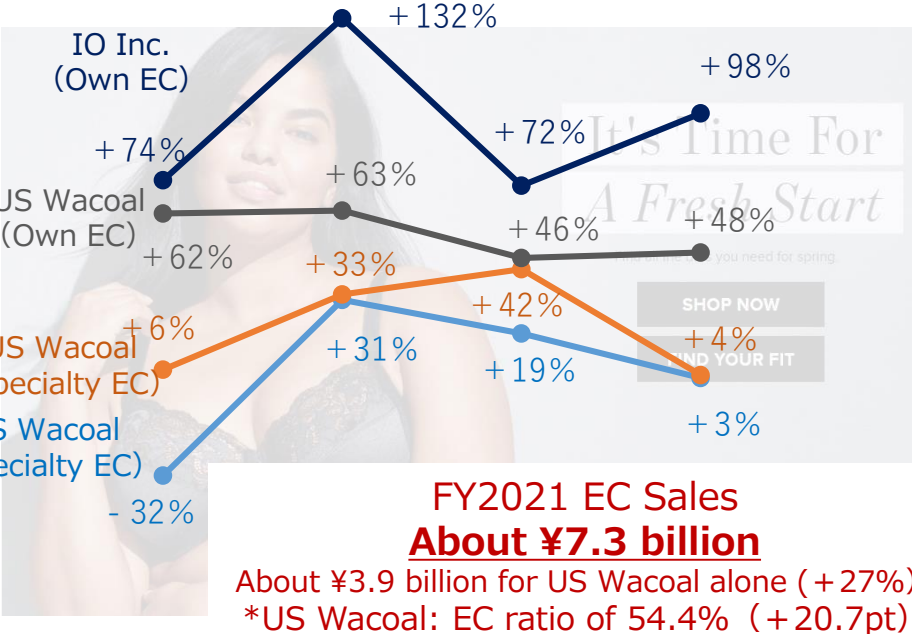
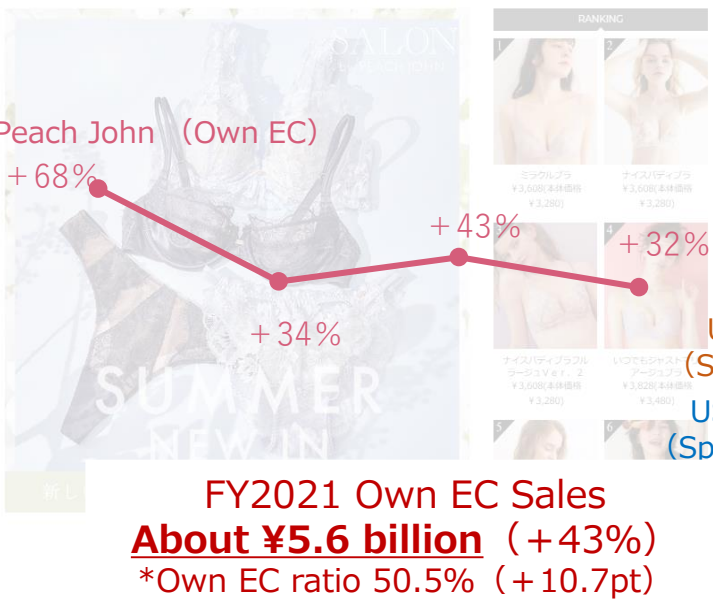
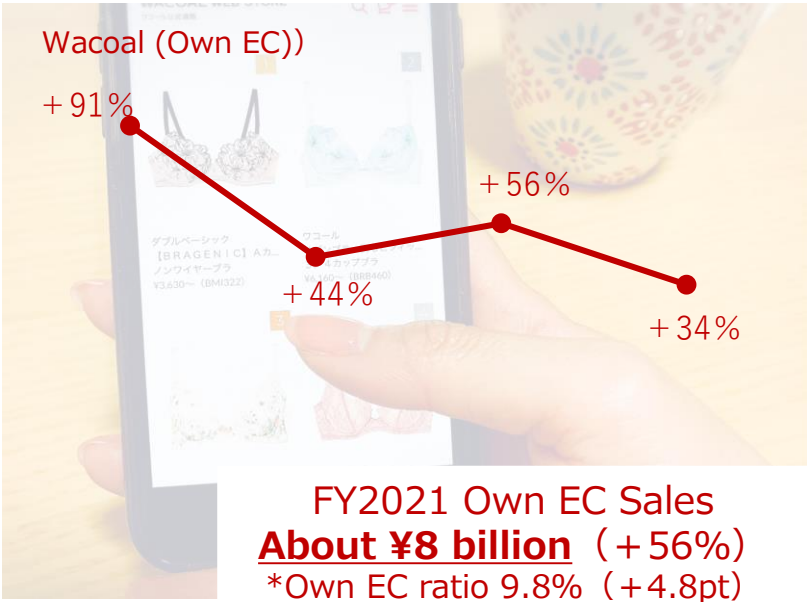
Growing the EC business globally in response to rising demand for EC due to COVID-19

## ➤ FY2021 EC business status at major business units (rate of increase/decrease)

Wacoal (Japan)

Peach John (Japan)

Wacoal International (US)  
 \*Values for IO Inc. are for reference purposes only since it was consolidated from Aug of last year.



1Q 2Q 3Q 4Q 1Q 2Q 3Q 4Q 1Q 2Q 3Q 4Q

# TOPICS – Wacoal’s Own EC Site Growth

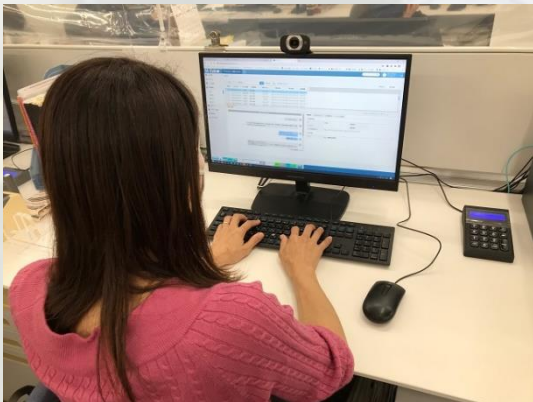
Net Sales **¥7.97 billion** (YoY + 55.8%)

\*Own EC only

## Start cooperation/linkage with physical stores

Launch in-house project with directly managed stores and web members to study a system for mutual customer transfer

Strengthen chat consulting services that utilize experienced sales associates



FY2020

## Strengthen to link/blend between online and offline

- Canceled secret sales at directly operated stores and shifted to own EC
- Strengthen personalized actions via marketing automation



- Strengthen support for new lifestyles
- Start of “Maternity Remote” customer service
  - Increase the number of chat consultants

FY2021

## FY2021 Major KPI \*Own EC only

Number of Customers Visiting Our Website	↗	YoY +20%
Number of Purchases	↗	YoY +50%
Conversion Rate	↗	1.91 (+0.45pt)
Order Amount	↗	YoY +50%
Price per Order	↘	About ¥10,500
Number of Purchases by New Customers	↗	The number increased due to higher demand from consumers staying home
Number of Purchases by Existing Customers	↗	
Number of Purchases per Customer	→	About 1.5times *The percentage of customers who purchased more than once increased

# TOPICS – Peach John's Growth

Net sales **¥5.63 billion** (YoY +43.5%)

\*Own EC Only

## April 2019~ Start structural reforms

### Issues

- (1) Worsening management efficiency
  - Continued investment in unprofitable businesses
  - Discounts becoming commonplace
  - Declining merchandising ability
- (2) Decrease in new customers
  - Unclear customer target

### Measures

- Suspend catalog, withdraw from unprofitable businesses
- Review sales methods, curb SALES
- Initiatives to link "strengths" to business performance

FY2020

## Own EC growth

## Operating profit margin over 15%

Implement marketing activities that leverage our "strengths" as a mail-order company



- Increase in new customers
- Increase the number of annual purchases by retaining existing customers (CRM activities)

FY2021

## FY2021 Major KPI \*Own Domestic EC only

Number of Customers Visiting Our Website	↗	YoY +30%
Number of Purchases	↗	YoY +45%
Conversion Rate	↗	1.91 (+0.16pt)
Order Amount	↗	YoY +40%
Price per Order	→	About ¥9,000
Number of Purchases by New Customers	↗	The number increased due to our successful marketing activities, etc.
Number of Purchases by Existing Customers	↗	The number increased due to the purchases by customer after a long absence, etc.
Number of Purchases per Customer	↗	Although the number of times increased, it didn't reach the plan



# TOPICS – LIVELY’s Growth

Net sales **\$31.8 million** (YoY + 94.1%)

\*Own EC only

## Made subsidiary at end of July 2019

(Consolidated from August 2019)

### LIVELY

- A brand that encourages women to live passionately and confidently

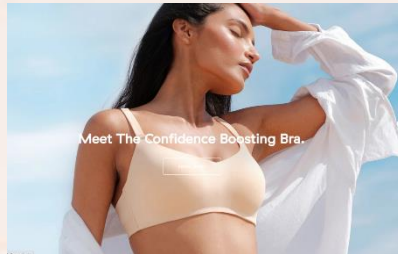


Intimates Online CEO  
Michelle Cordeiro Grant

## Aggressive marketing investment aimed at growth

### EC Site

- Increase the ratio on comfort-orientated products while at the same time introducing “bundle pack,” a system that allows customers to purchase products with just two clicks
- Transfer logistics operations to US Wacoal



### Expand customer touch points

- Launch business with the popular US chain store “Target” from Feb 2021

### FY2021 Major KPI

Number of Customers Visiting Our Website	↗	YoY +40%
Number of Purchases	↗	New Customers 75% Existing Customers 25%
Conversion Rate	↗	3.44 (+0.58pt)
Price per Order	↗	About \$72 (+\$4.3)
Cost of Marketing	↗	\$18.6million (+15%)

Note: YoY comparisons are against the cumulative results for the last 12 months (Since IO Inc. was newly consolidated from Aug 2019, the values listed are for reference purposes only)

FY2020

FY2021



# FY2021 Results (3) Progress on structural reforms

Accelerating structural reforms aimed at improving the high cost structure: Wacoal (Japan)

	FY2021 Status	Specific initiatives for FY2021	Future targets
Improve store profits	Switched <b>about 30 dept. stores</b> to consumption-based transactions (Equivalent to about 23% of department store over-the-counter sales)	<ul style="list-style-type: none"> <li>➤ Convert to self-managed stores</li> <li>➤ Review sales floor environments (From displays on multiple floors to centralized sales corners)</li> <li>➤ Review business conditions, etc. (Revise multiplier rates, introduce personnel/store manager systems)</li> </ul>	Aiming to convert all dept. stores to consumption-based by the end of FY2024
Optimize personnel expense	Through personnel planning management, reduce total personnel expense by <b>-¥1 billion</b> (progress rate 20%)	<ul style="list-style-type: none"> <li>➤ Curb hiring of sales associates and part-time workers</li> <li>➤ Internal: Transfers/assignments based on personnel planning</li> <li>➤ External: Start drafting and executing personnel plans</li> </ul>	Continue to promote initiatives (KPIs noted on P14)
Optimize other costs	Execute thorough cost reductions in light of deteriorating business conditions	<ul style="list-style-type: none"> <li>➤ Review existing measures and spending plans across all business areas</li> <li>➤ Reduce business trip expenses by introducing and using audio/video conferencing systems</li> </ul>	

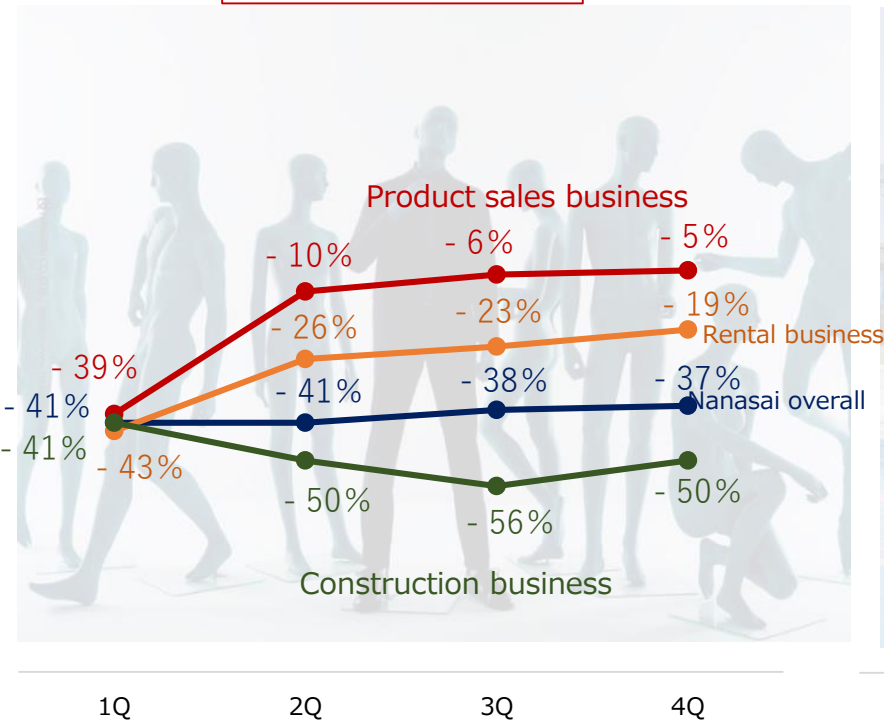
# FY2021 Review (4)

## Issues continuing into the current fiscal year and beyond

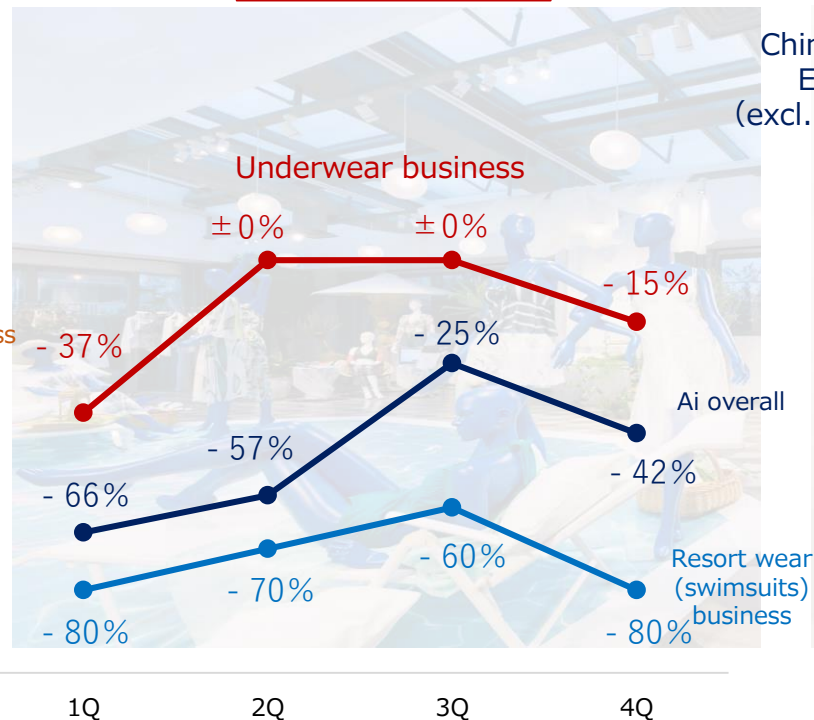
1. Addressing and reforming domestic subsidiaries (Nanasai, Ai) whose business environments have deteriorated significantly due to the impact of COVID-19
2. Establish re-growth strategies in China, where the competitive environment for EC is intensifying, and in Europe, where the impact of COVID-19 is lingering

### ➤ FY2021 performance (rate of increase/decrease)

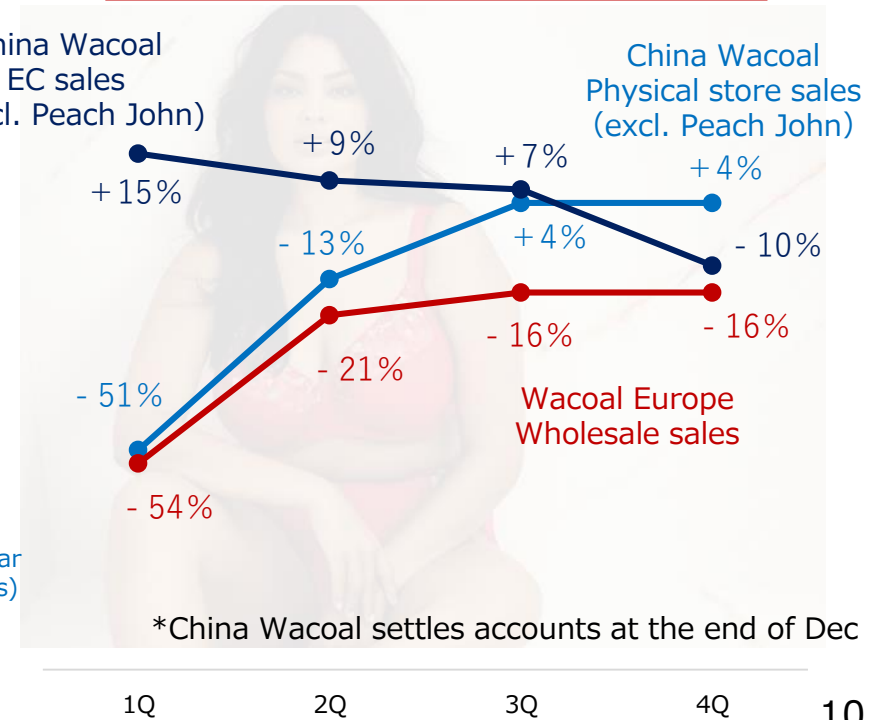
Nanasai



Ai

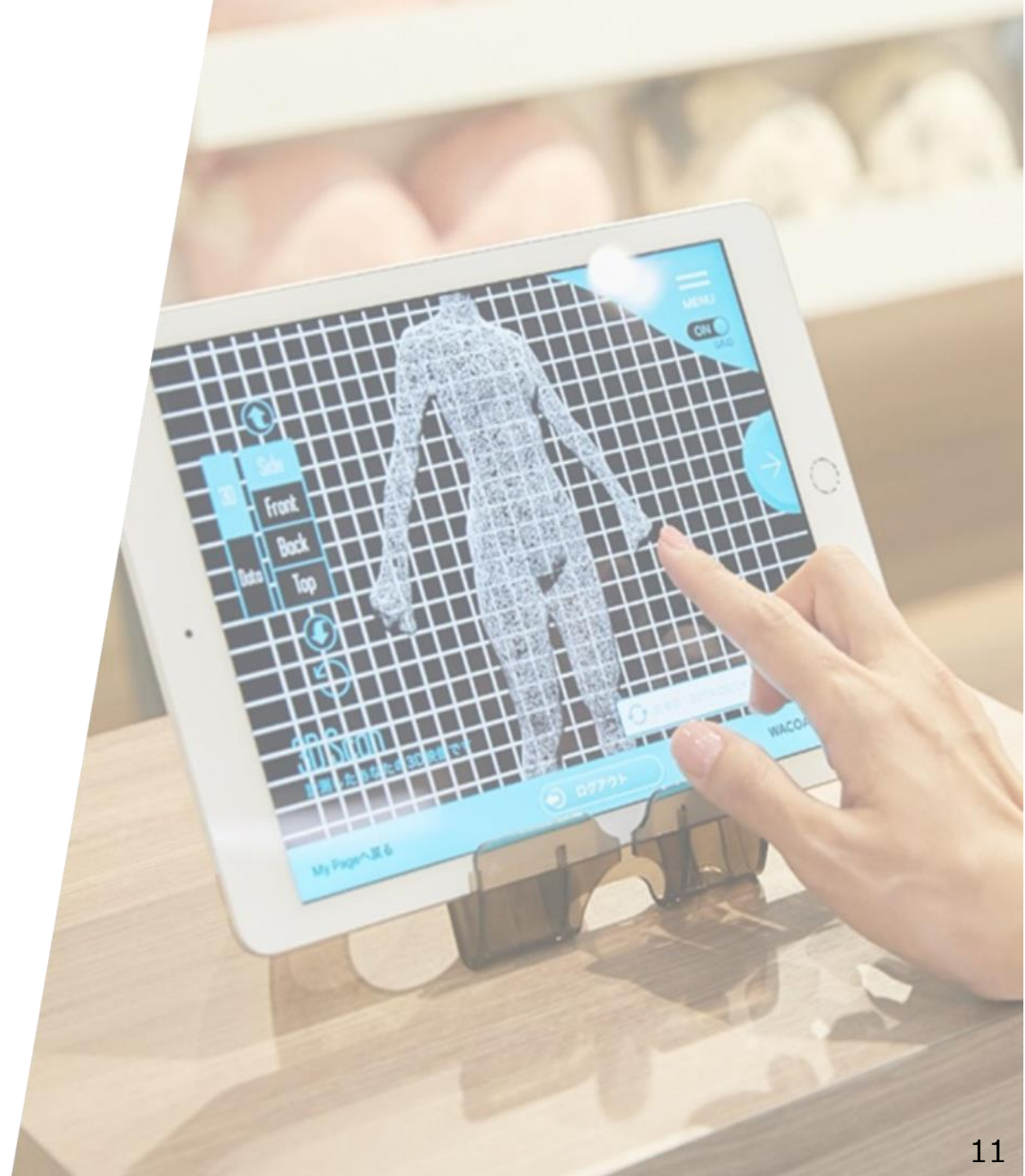


Wacoal Europe, China Wacoal



\*China Wacoal settles accounts at the end of Dec

# FY2022 Roles and Initiatives





# FY2022 Roles and Initiatives

**- A year for “completing structural reforms” aimed at returning to a highly profitable business structure**

**Implementation  
of profit  
structure  
reforms**

1. Reduce fixed costs
2. Address and reform unprofitable businesses

**Promotion of  
growth strategy**

3. Customer-oriented value chain reform
4. Promote CX strategy

**Promotion of  
sustainable  
activities**

5. Re-identify key business growth issues
6. Strengthen response to human rights and environmental issues

# FY2022 Initiatives - **Implementation of profit structure reforms**

## 1. Reduce fixed costs

- Continue to optimize personnel through thorough staff planning and reduce the personnel expense ratio
- Review cost effectiveness of fixed general expenses  
(Review/reduce inefficient investment costs)

## 2. Address and reform unprofitable businesses

- Re-examine the profit structure for all businesses, and determine the unprofitable businesses to be dealt with
- Act on unprofitable businesses in FY2022 so that they will not be carried over to the next medium-term management plan  
(Continue to implement business reforms)

# FY2022 Initiatives - Implementation of profit structure reforms

Reduce fixed costs and improve profits of existing businesses (KPIs)

Review general expenses (Wacoal)

**About ¥2 billion**

Amount of reduction excluding growth investments

Optimize personnel expenses (Wacoal)

**About ¥2 billion**

Progress rate about 40%

Effect of profit improvement on unprofitable businesses

**About ¥1.5 billion**

Peach John: ¥1 billion  
Other businesses: ¥500 million

Improving sales profit ratio

- Brand consolidation, decrease in no. of item codes
- Curb valuation loss by reducing inventory and returns

Expected progress for FY2022 profit structure reforms (vs FY2020)

**About ¥5.5 billion~**

Target value of profit structure reforms by end of FY2023 (vs FY2020)

**About ¥10 billion**

\*Comparison between FY2022 plan figures and FY2020 results

\*Growth investments for Wacoal, IO Inc., US Wacoal, etc. will increase by about ¥5 billion vs FY2020



# FY2022 Initiatives - Promotion of growth strategy

## 3. Customer-oriented value chain reform: Wacoal reorganization

**Implement organizational restructuring to strengthen the ability to respond to customer purchasing behavior and distribution structures, realize renewed growth, and build a highly profitable management structure (from April 1, 2020)**

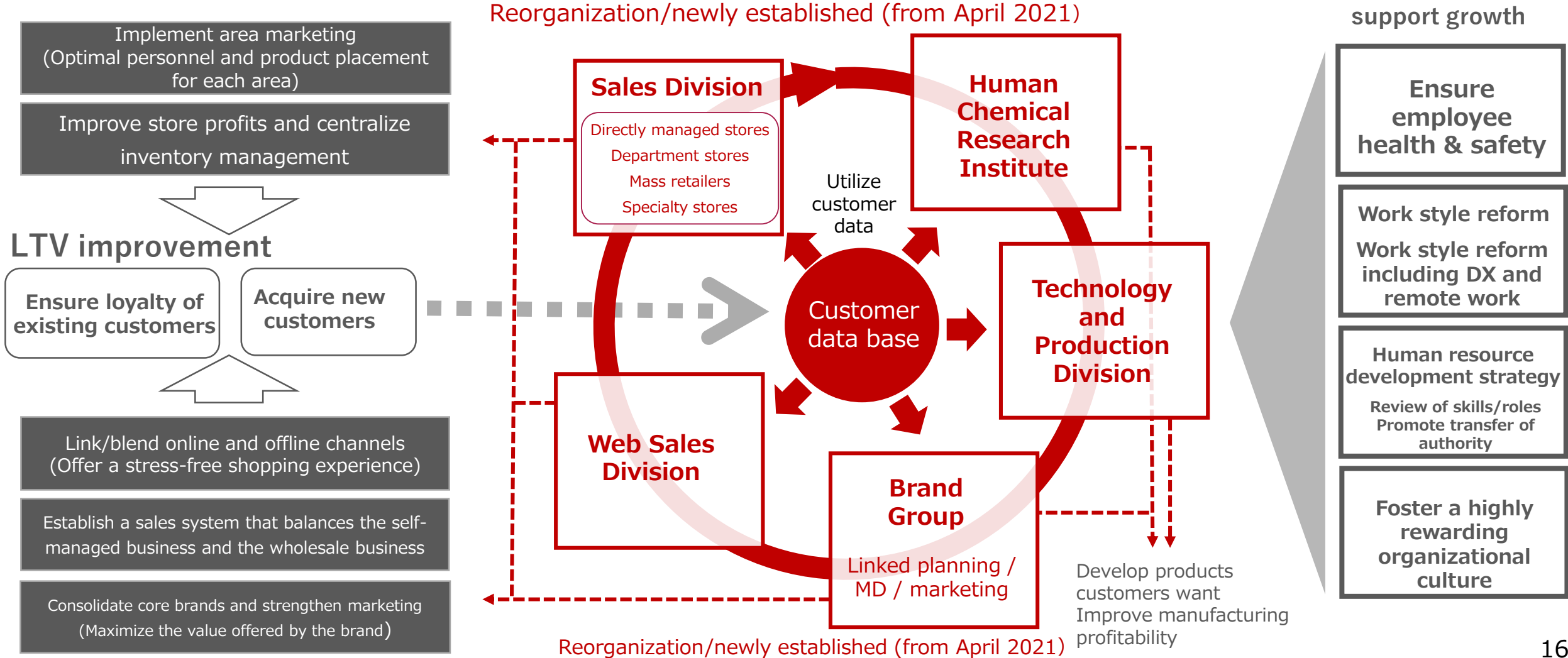
- (1) Review the organization by channel, and shift to a system in which each area has control of all sales channels in its area
- (2) Integrate product planning to maximize the value provided by each brand and improve the efficiency of planning operations
- (3) Integrate marketing operations to realize cross-brand/channel advertising strategies and optimize investment

### **FY2022 Initiatives (Organizational integration issues and processes for solving them)**

- Verify the ideal form of operational management that improves effectiveness and identify problems in order to generate results from FY2022 onward
- Verify the allocation of brands and products according to customer and area characteristics, and implement flexible personnel placement accordingly

# FY2022 Initiatives - Promotion of growth strategy

## What Wacoal's new organization aims to achieve



# FY2022 Initiatives - Promotion of growth strategy

## 4. Promote CX strategy

### **Wacoal: Promote CX strategy to build “deep, broad, and long-lasting” relationships with customers**

- Improve customer experiences via “integration of on/offline services” and “customer data utilization,” etc.
- Expand new areas of business via the development of new technology and collaboration with other companies, etc.

### **Overseas: In addition to Europe, the US, and China, implement the CX strategy in Asia, where rapid EC growth is expected**

- US Wacoal: Expand own EC by promoting “Digital First Strategy”
- IO Inc.: Verify optimal marketing mix and improve efficiency of advertising investment
- Wacoal Europe: Promote marketing using 3D Smart & Try
- China: Improve sales per physical store and continue EC expansion by acquiring new customers
- Asia: Expand business in India and develop new customers through a common EC platform



# FY2022 Initiatives - **Promotion of sustainable activities**

## 5. Re-identify key business growth issues

- Promote “ESG Management” to create future “growth opportunities” by addressing increasingly complex social issues
- Identify key ESG issues to achieve sustainable growth and enhance corporate value
- Set long-term targets aimed at solving problems  
(Launched the “Sustainability Promotion Project” with the participation of both management and employees)

## 6. Strengthen response to human rights and environmental issues

- Calculate emissions and set reduction targets for greenhouse gases, and establish management processes accordingly
- Examination/formulation of Group-wide human rights policy that is compatible with the “Action Plan for Business and Human rights”
- “Formulate Environmental Standards to Guide Product and Material Development,” and “Establish a System to Manage the Progress of Each Division”
- Ongoing promotion of CSR procurement activities

A woman in a white lab coat is looking down at a young child in a white shirt who is touching her abdomen. The background is a bright, overcast sky with a cityscape visible in the distance.

New Medium-Term Management Plan (FY2023~)

**To be announced around May 2022 (planned)**

Information within this document with respect to future business performance figures is based on Wacoal's assumptions in the light of the information currently available, but in no way guarantees or promises actualization or achievements thereof. Furthermore, the information is subject to change without notice. Although the information is published with the greatest care, our company will not take any responsibility whatsoever regarding any error in the published information.