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

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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 out 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

**Yasuhara**: I am Yasuhara. We would like to express our sincere gratitude for your continued support.

I will now review the results for the fiscal year ended March 2021 and explain our initiatives for the fiscal year ending March 2022.

Please see page 2.

First of all, let me give you my honest impression of the fiscal year ended March 2021.

The onslaught of infectious diseases has had a tremendous impact on our business, but it was a year in which we were able to promote change by thinking carefully about what we need to grow, what our group should strengthen, and what we should stop doing and change through our business activities in this challenging environment.

Witnessing the rapid changes in the external environment, all employees had a strong sense of crisis, which enabled us to speed up our structural reforms to correct our high cost structure. More than anything, I think it is a great achievement for the future that we were able to confirm that the direction of our digital strategy, which we have been working on for the past several years with an eye on future growth, was not wrong.
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

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

20.9% (About 920,000)
20.5% (About 1.6 million)
24.6% (About 1.8 million)

Wacoal Members

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

Cumulative no. of people (up to Mar 31, 2020)
About 14,000
* Introduced to 9 stores as of the end of March

Cumulative no. of people (up to Mar 31, 2021)
About 38,000 people
Purchased rate during period: 30%
Average customer spending: ¥18,600

Please see page 3.

From this page, I would like to explain the specific results and issues for the fiscal year ended March 2021, focusing on key points.

The first achievement is that the CX strategy we have been pursuing at Wacoal in Japan has made significant progress. Wacoal’s CX strategy is the Company’s unique strategy of using digital technology to improve the customer’s purchasing experience and create a stress-free purchasing environment, leading to increased sales.

In the past, we have described our strategy as Wacoal’s version of the Omni-channel strategy, but we have changed the name to the CX strategy from the fiscal year ending March 2022.

First, look at the graph on the left. This is the number of people who have experienced the 3D body scanner service that was launched in May 2019.

As a result of the adaptation of the service through 3D body scanners to the needs of the society for non-contact, which was born from infectious diseases, the number of people measured has increased significantly. In addition, about 30% of those who took the measurements ended up making a purchase, contributing to an increase in sales even as physical stores struggled.

Please see the graph on the right. This table shows the number of customers managed by Wacoal.

In addition to members of our own EC and directly managed stores, we have been promoting the use of electronic medical records for customer information from department stores, etc. We have been able to move forward with the centralized management and utilization of these customer data.

By continuing to enhance our capabilities in analyzing and utilizing customer data, we will continue to visualize consumer needs and apply them to marketing initiatives.
Efforts Aimed at the CX Strategy to Date: Wacoal (Japan)

<table>
<thead>
<tr>
<th>FY2017 IT infrastructure development</th>
<th>Information management system operation</th>
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<tbody>
<tr>
<td>FY2018 Implementation of CX strategy</td>
<td>(Wacoal and Wing system integration)</td>
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<tr>
<td>IT investment amount: FY2017 ¥1.5 billion</td>
<td>IT investment amount: FY2018 ¥1.9 billion</td>
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- Develop omni-channel service infrastructure
- Digitalization of customer data management
- Start cooperation/linkage between directly managed stores and EC
- Launch “Wacoal Carret” app
- Sharing client (department store) customer data
- (Migration to electronic records)
- Start trial introduction of RFID (electronic tags) at directly managed stores
- Build omni-channel strategy infrastructure
  - Complete practical use preparation
  - Introduction of centralized data management system
  - Inventory, products, customer purchasing data
- Development of next-generation customer service using body scanners and AI
- Start cooperation/linkage between directly managed stores and EC
- Implementation of avatar counseling system
- Introduction of 3D body scanner system
- Implement marketing activities that actively utilize customer data (directly managed stores, own EC)
- Establish CX Design Department to utilize customer data. Start integration of dept. store, directly managed store, and own EC customer data.

FY2017 IT infrastructure development
FY2018 Implementation of CX strategy
(Fully channel Strategy Promotion Department established)

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

Please see page 4.

For reference, this page describes the history of our CX strategy initiatives to date.

We started working on the CX strategy in the fiscal year ended March 2017, and as you can see, we have taken steps to build a system to effectively utilize customer data and body shape data.

The goal of the CX strategy is to rebuild deep, broad, and long-lasting relationships with each of our customers. We did not start this initiative because of an infectious disease, but rather in response to advances in digital technology and changes in customer awareness, and we have been working on this initiative for several years.

We have also been investing aggressively in improving the customer’s purchasing experience and creating a stress-free purchasing environment, which we believe will benefit both our customers and our company.

We feel that customer-oriented proposals and customer service will become more important in the post-coronavirus world, and we will continue to strengthen our efforts to improve them, which will lead to the greater results.
FY2021 Results (2) Growing the EC Business

Growing the EC business globally in response to rising demand for EC due to COIVD-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.

Please see page 5.

Next, I would like to explain the growth of e-commerce as an outcome of the fiscal year ended March 2021.

While the EC business grew in many countries amid restrictions on brick-and-mortar store operations due to infectious diseases, the EC businesses of the Wacoal Corp., Peach John Co., Ltd, Wacoal USA, and IO companies listed here have grown significantly as their efforts to date have borne fruit, as has their CX strategy.

In the next page onward, I will introduce the EC businesses of 3 companies that achieved high growth in the coronavirus pandemic as topics for the fiscal year ended March 2021.
Please see page 6. First, the growth of Wacoal’s own EC is described.

In addition to its extensive product lineup, Wacoal has been focusing on growth by introducing services that no other company offers, such as chat consultations with sales representatives.

In the fiscal year ended March 2021, we achieved a high growth rate of 56% compared to the fiscal year ended March 2020, due in part to the contribution from the strengthening of collaboration with physical stores and CX strategy initiatives.

Next, we described the trend of KPIs for our own EC for the fiscal year ending March 2021.

Although the unit price per order was lower than in the fiscal year ended March 2020, due to a decline in the average purchasing age as a result of stronger collaboration with directly managed stores, the number of visitors to the site increased for both new and existing customers, and the conversion rate also improved, resulting in significant sales growth.
Next is Peach John, which saw a significant improvement in its performance.

The factors behind the sluggishness and recovery of the company’s business performance to date are as explained by the company’s president, Mr. Tochio, at the briefing session held in February 2021.

In addition to the improvement in the cost structure due to the structural reforms undertaken from April 2019, we suspended the publication of our core catalog business and focused on strengthening our own EC as a weapon to replace it, and the demand from staying home due to infectious diseases expanded, resulting in a significant improvement in our business performance.

On the left is the trend of KPIs for Peach John’s own EC in Japan, which was the biggest factor in the improvement in business performance. In addition to creating products that meet the needs of consumers, our efforts to increase the effectiveness of promotional measures also contributed to a significant improvement in each indicator.
I will explain about IO’s LIVELY brand, which has seen particularly strong growth among US EC businesses. The Group made the company a wholly owned subsidiary in July 2019 and has continued to invest aggressively in its growth. With a focus on the digital native generation, we are not only steadily increasing the number of customers and maintaining high growth with our know-how and approach that we have never had before, but the growth of the company is also stimulating other operating companies, and we believe that we are achieving synergy effects.

We expect it to take about 2 more years to turn profitable, but there is a lot of positive news, such as the launch of products at the major US retailer, Target, in February 2021, and we are very much looking forward to the future growth of the brand.

On the right, you can see the trend of KPIs for IO’s EC. Of course, there is the effect of aggressive marketing expenditures, but the conversion rate is very high, in the mid-3% range, due to the approach using ambassadors who are fans of the products, and it is characteristic that the increase in visitors to the site can be efficiently linked to sales.
As for the third outcome, I would like to explain the progress of our structural reforms.

In the results for the fiscal year ended March 2021, the reduction of expenses was conspicuous as a result, but as we have explained, we have been able to switch to self-managed stores to improve store profitability and optimize personnel expenses as described here.

In the fiscal year ending March 2022, we will continue to work toward achieving the targets we have set.
Please see page 10.

We have looked back on our achievements so far, but there are many things that we were unable to address in the fiscal year ended March 2021, and many new issues that have come up. This page describes 2 of the most important issues that have been carried over to the fiscal year ending March 2022 and beyond.

One is to deal with and reform our domestic subsidiaries whose business environment has changed significantly due to infectious diseases.

The second is to respond to changes in the market environment in China and Europe, 2 of our major overseas businesses that have maintained growth to date. First, China has played a role as a growth driver in the past, but competition with emerging brands in the EC market is intensifying at present, and we feel that we need to formulate a new growth strategy. In Europe, in addition to formulating a digital strategy for re-growth in key markets, we believe we need to work on developing new markets.

As the current fiscal year is the year for the formulation of the new Medium-Term Management Plan, we will discuss these issues as well.
FY2022 Roles and Initiatives
I would now like to explain our roles and initiatives for the fiscal year ending March 2022.

Please see page 12. This section describes the roles and initiatives for the fiscal year ending March 2022.

The current fiscal year is the final year of the current Medium-Term Management Plan, and we have positioned it as the year to complete structural reforms such as addressing and reforming unprofitable businesses in order to return to a highly profitable management structure in the next Medium-Term Management Plan and beyond. Therefore, we list the implementation of earnings structure reform as one of the most important initiatives. In addition, we plan to strengthen our growth strategies and sustainable activities.

In the following pages, I will explain these details.
I would like to explain the earnings structure reform, which is the first of our initiatives for the fiscal year ending March 2022.

To reduce fixed costs, we will steadily implement the personnel planning and management currently underway, mainly at Wacoal in Japan, and will also review and reduce inefficient costs by fully examining the cost-effectiveness of general cost reduction.

As for dealing with unprofitable businesses and reforming them, this will be the final year of our structural reforms, and we will review our operations and reform them to improve profitability during this fiscal year so that they will not be carried over to the next Medium-Term Management Plan.
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This section describes KPIs for profit structure reform.

As previously announced, the Group has set a target of JPY10 billion for profit structure reform, which we aim to achieve by the fiscal year ending March 2023.

For the fiscal year ending March 2022, we plan to steadily implement the initiatives listed on the previous page to reduce fixed costs, improve profitability of unprofitable businesses, and improve the gross profit margin.

As for the progress plan for the current fiscal year, the second year of the initiative, we have set a target of JPY5.5 billion or more against the JPY10 billion target for the effect of the profit structure reform. While we will continue to invest in growth for the future, we will promote greater efficiency in existing businesses than ever before.
I would like to explain our growth strategy, which is the second initiative for the fiscal year ending March 2022. First, I would like to explain the reorganization of Wacoal that was implemented on April 1, 2021, with the aim of re-growing Wacoal in Japan.

Wacoal has historically operated its business in a channel-specific organizational structure. However, in order to achieve renewed growth and a highly profitable management structure in response to changes in consumer purchasing behavior and distribution structure, we have decided that we need to upgrade our sales, manufacturing, and marketing functions, and to strengthen horizontal collaboration to face increasingly complex customer issues. Accordingly, we have implemented a business restructuring.

First, in terms of sales, we have integrated the organizations that used to be separated by channel and have shifted to a system where each area oversees all sales channels. We are also integrating product planning and marketing operations with the aim of maximizing the value provided by the brands we develop and improving operational efficiency.

For the current fiscal year, we plan to examine how to improve the effectiveness of organizational management and identify issues in order to create results under the new Medium-Term Management Plan, as well as examine the placement of brands and products according to customer and area characteristics.
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The diagram below shows the vision that Wacoal aims to achieve through the organizational restructuring I have just described.

In addition to the Sales division, Brand Group, and Marketing Management division, which consolidate the decentralized organizations, the Web Sales division, Human Chemical Research Institute, and Technology and Production division will all use customer data as a starting point for upgrading their respective operations.

In addition, we aim to transform ourselves into an organizational entity that shares information across the entire supply chain and works together to solve increasingly complex and diverse social and customer issues.

The results we hope to achieve through these efforts are listed on the left.

We would like to acquire new customers, make existing customers loyal customers, and improve business efficiency by practicing area marketing, linking online and offline, building a sales system that considers the balance between self-managed business and wholesale business, improving store profitability, and consolidating the number of members.

In addition, in order to increase the effectiveness of the new organization, it is essential to foster a highly motivating organizational culture. We will also continue to focus on the reform of work styles and human resource development.
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

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We will continue to strengthen our efforts in the CX strategy.

First, in Japan, Wacoal will continue to enhance the value of the customer experience and improve profitability by continuing initiatives such as the integration of online and offline activities and the utilization of customer data. We will also strive to develop new services that utilize 3D measurement technology, and we will take on the challenge of expanding our business domain by actively developing collaborations with other industries.

Overseas, the key to growth will be to strengthen EC. In addition to advancing EC strategies tailored to the circumstances of each country, we will implement CX strategies to enhance the value of the customer experience and lead to growth.
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

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The third initiative for the fiscal year ending March 2022 is to promote sustainable activities.

After the infectious disease, the social environment surrounding our group has changed drastically. In addition, the issue of global warming is becoming more serious, and consumers’ values and awareness of sustainability are evolving.

Going forward, the Group plans to make ESG management a pillar of its long-term strategy, viewing efforts to address increasingly complex and diverse social issues as an opportunity for future growth, and aiming for growth based on the creation of both social and economic value.

In our sustainability activities for the current fiscal year, we plan to re-identify key ESG issues to achieve sustainable growth and set long-term targets to resolve these issues.

We also plan to strengthen our efforts on key issues, such as governance, human rights, and the environment.

In April this year, we launched a sustainability promotion project with the participation of both management and employees and have begun discussing important issues to achieve sustainable growth and increase corporate value.

We are also investigating greenhouse gas emissions throughout our supply chain and hope to announce our reduction targets by the end of this fiscal year.
New Medium-Term Management Plan (FY2023～)

To be announced around May 2022 (planned)

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In the fiscal year ending March 2022, we will be finishing up our structural reforms, so our top priority is to make steady progress on what I have explained today. In parallel, we will also have a thorough discussion on our medium- and long-term strategies for future growth and the next Medium-Term Management Plan.

Earlier, I explained that we have launched a sustainability promotion project with the participation of both management and employees. I would like to discuss and develop a plan together with my employees on what kind of existence the Wacoal Group should evolve into in order to be needed by society 10 or 30 years from now.

The timing of the explanation of the new Medium-Term Management Plan to you will be around May 2022. In addition to financial results briefings, we are also considering holding business briefings and small meetings in the current fiscal year. We will inform everyone as soon as the schedule is decided.

This concludes my explanation. Thank you very much for your attention.