

Presentation on Business Results
in Second Quarter of
Fiscal Year Ending March 31, 2022

Wacoal's Initiatives in FY2022 and Review of 1H

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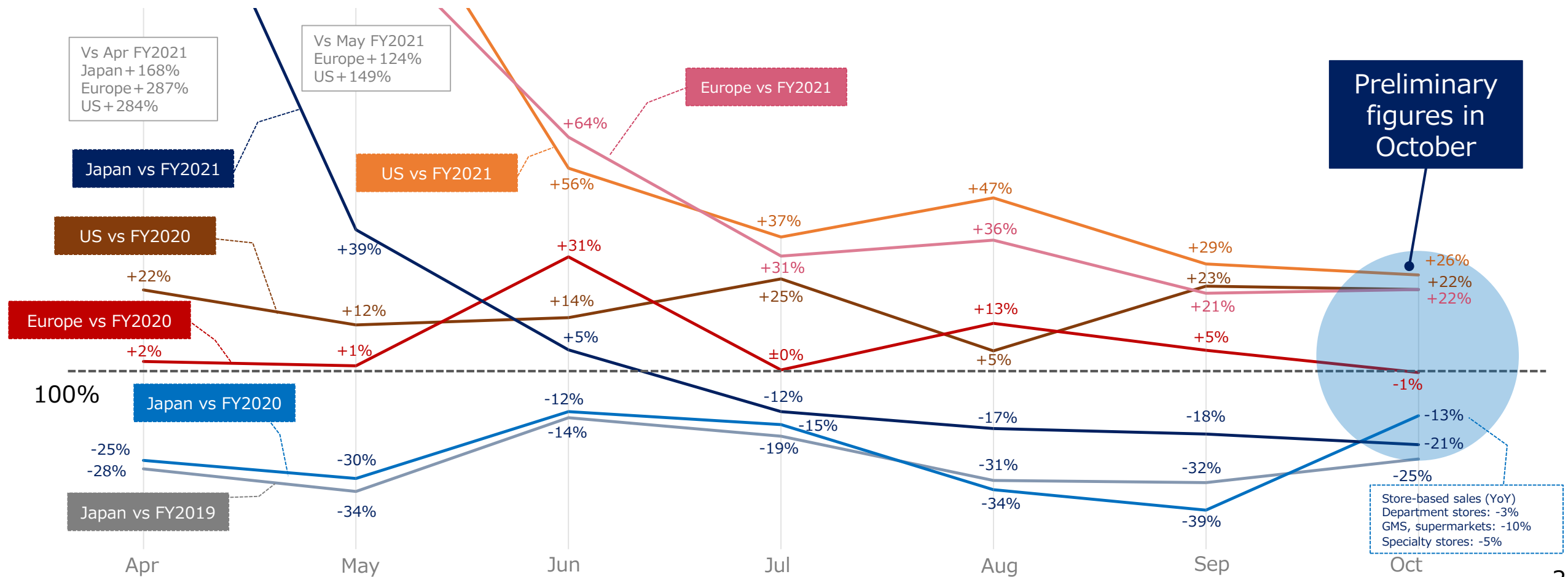
November 11, 2021



Review of 1H of FY2022

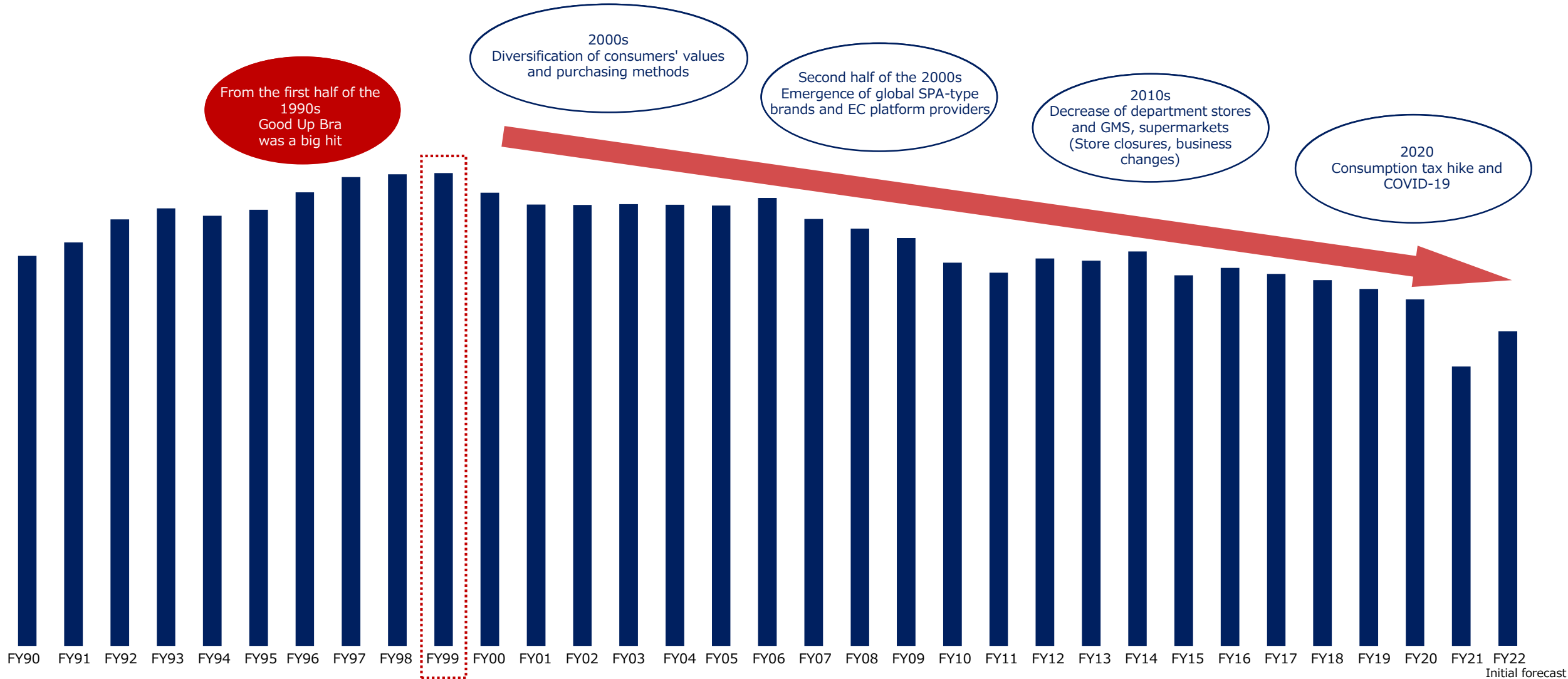
The easing of restrictions concerning coronavirus infection (hereafter "COVID-19") has led to a significant improvement in business conditions in the United States and Europe. However, the domestic market has remained extremely sluggish. In October, the environment for domestic business gradually improved.

*The figures for the U.S. and Europe in October are preliminary ones rather than definitive ones.



Challenges facing Wacoal (Japan) over the long term

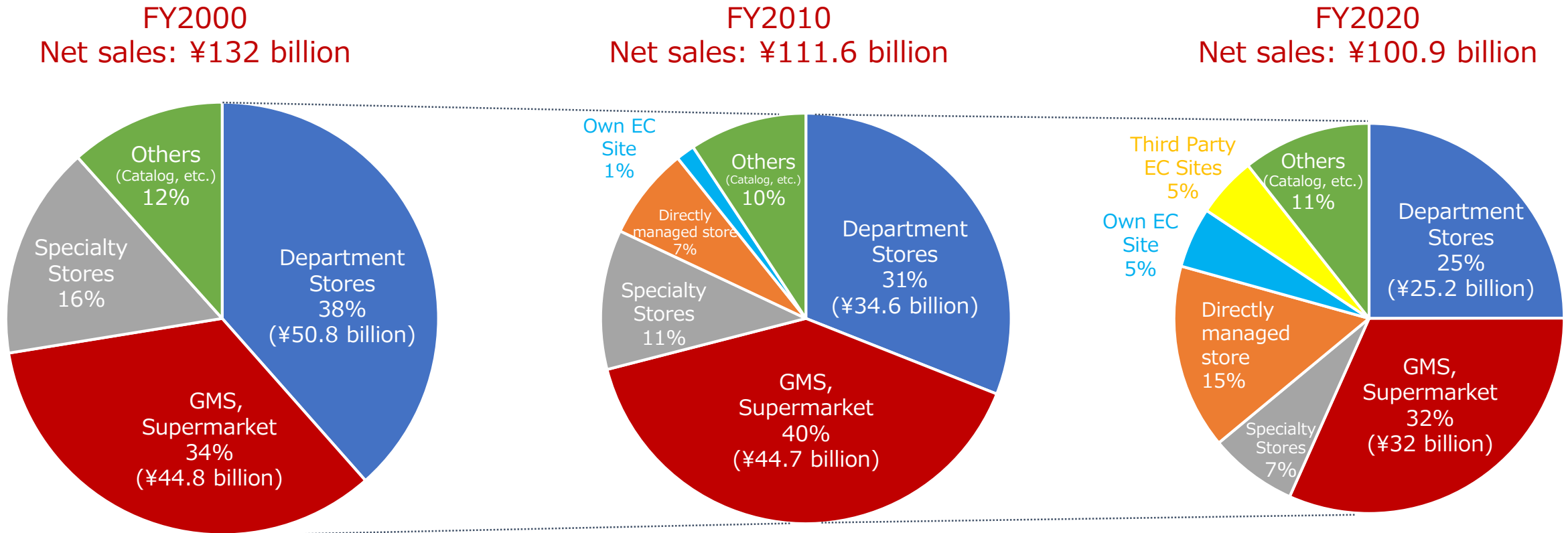
- Continued decline in the top line due to delays in responding to changes in the distribution environment



Variation in Sales of Wacoal Corp.

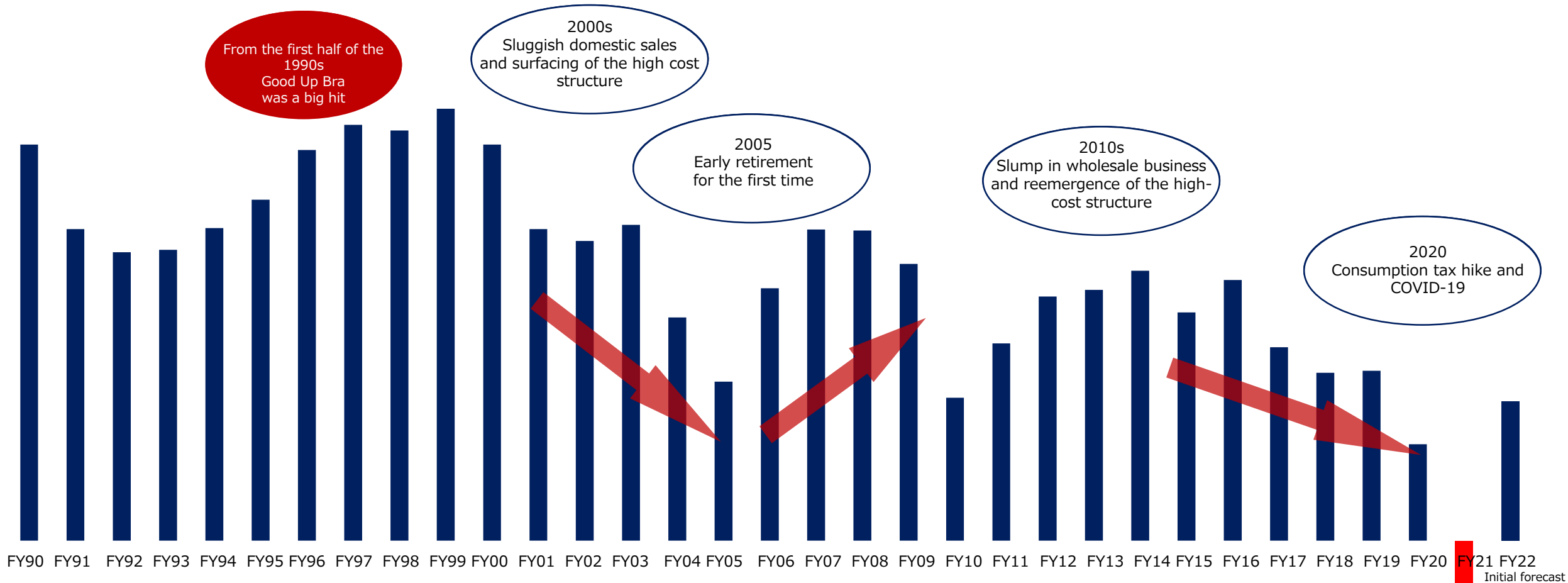
Challenges facing Wacoal (Japan) over the long term

- Directly managed stores and e-commerce grew, but not enough to compensate for the decline in sales in the wholesale channel.



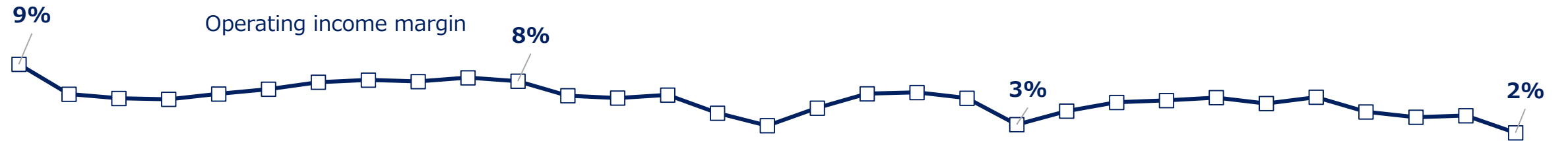
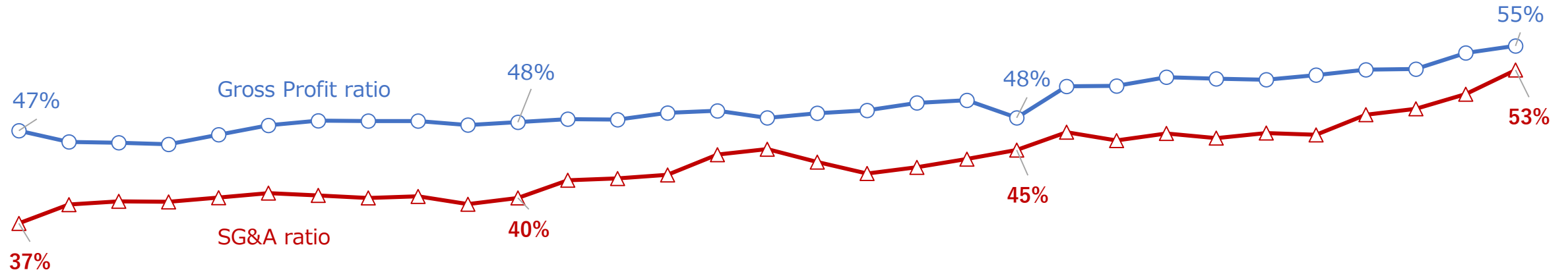
Challenges facing Wacoal (Japan) over the long term

- The "high cost structure" issue reappears as the wholesale business slows down.
- Decline in operating income per capita



Variation in Operating Income/Loss of Wacoal Corp.

(Reference 1) Changes in the profit structure



FY90 FY91 FY92 FY93 FY94 FY95 FY96 FY97 FY98 FY99 FY00 FY01 FY02 FY03 FY04 FY05 FY06 FY07 FY08 FY09 FY10 FY11 FY12 FY13 FY14 FY15 FY16 FY17 FY18 FY19 FY20

Wacoal (Japan)'s long-term challenge is to acquire "the ability to respond to change."

In order to achieve renewed growth, it is necessary to evolve into a resilient organization by implementing growth strategies that leverage Wacoal's unique strengths and promoting steady structural reforms to reduce cost.

(Efforts have begun since the current medium-term management plan, but further speeding up is necessary due to the impact of COVID-19)

Initiatives for FY2022 to achieve renewed growth and a highly profitable structure

Promotion of CX strategy

- Digitalization and personalization
- Value chain reform from the perspective of customers
- Implementation of a new brand strategy

Cost structure reform

- Promotion of staffing plan management
- Implementation of efficient marketing strategies

Promoting Sustainability

- Re-identification of key issues for business growth
- Strengthening of measures for dealing with the issues of human rights and the environments

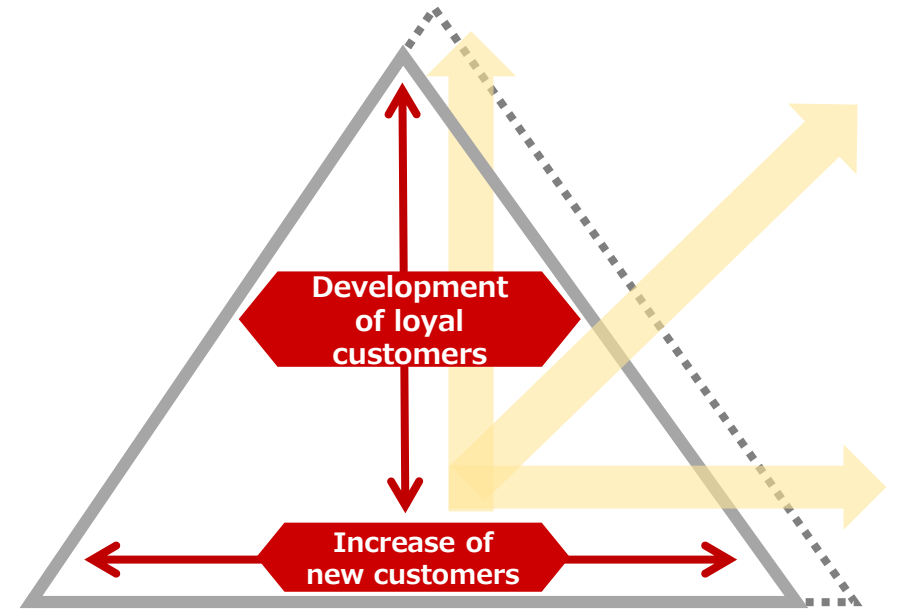
Promotion of CX strategy

- Digitalization and personalization
- Value chain reform from the perspective of customers
- Implementation of a new brand strategy

CX strategy

Building "deep, broad, and long" relationships with customers by improving the value of customer experience and creating a stress-free purchasing environment

"Increase of new customers" x "Development of loyal customers"
= LTV expansion (maximization of the customer pyramid)



"Increase of new customers" x "Development of loyal customers"

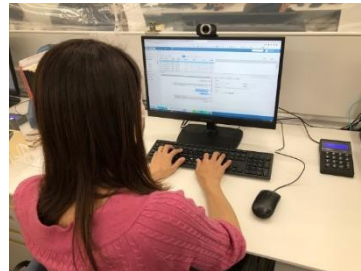
A new approach to customers

Digitalization
and personalization



Transformation into a highly
effective organization

Value chain reform from the
perspective of customers



Rethinking of the value to offer

Implementation of a new brand
strategy



A new approach to customers

To increase contact points with new customers, strengthen relationships with existing customers, and improve efficiency of store operations through digitalization and personalization initiatives

Issues with conventional approaches

- Contacting customers from the clients' point of origin
- Increase of customers who feel stressed by existing services
- Store operations are mainly manual and inefficient.

Sales staff provide face-to-face customer services.

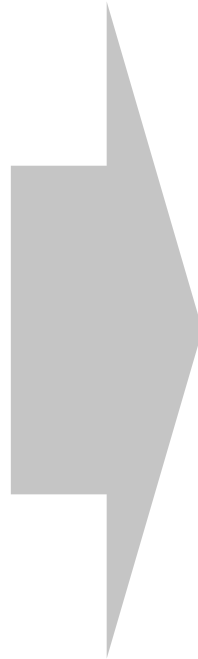


Contact points with customers for each channel/store



Customer data are fragmented among business sections.

Wholesale Business Division Retail Operation Division



Creation of new products and businesses based on personalization data



Increasing loyal customers

Attracting the young generation

Maximizing sales opportunities

Provision of personalized customer services and evolution of communication



Innovation of in-store services based on digital technology and cross-channel contact points with customers

New Customer Service

Personalized apps

3D body scanner

AI/avatar-based customer service

New Store Management

Digitization of customer records

Customer service tablet



Customer information

Product information

Stock information

Company-wide database integration

Transformation into a highly effective organization

To accelerate the pace of CX strategy and improve its effectiveness through value chain reforms from the perspective of customers

- To optimize the allocation of personnel and products by area, enhance product planning, and improve marketing efficiency

Before Reorganization

Wholesale Business Division

Sales

(department stores, GMS supermarkets, and specialty stores)

Product planning

Marketing

Retail Operation Division

Sales

(directly managed stores)

Product planning

Marketing

After Reorganization (from April 2021)



Efforts to Accelerate

- Integrate and coordinate off-line and online operations (provide a stress-free shopping experience)
- Establish a sales structure that strikes a balance between self-managed business and wholesale business
- Implement regional marketing (optimal deployment of personnel and products in each region))
- Improve store revenue and centralize management of inventory
- Consolidate core brands and strengthen marketing (maximize brand value)

(Reference 2)

Restructuring of the sales system from the perspective of customers and implementation of area marketing

Sales system until fiscal 2021

Separate sales channels



Sales system beginning from fiscal 2023

Separate regions



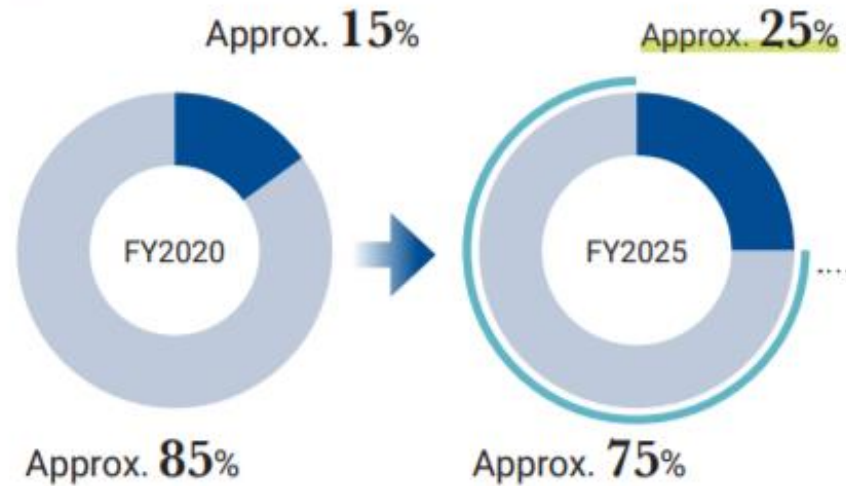
Advancing customer experience strategies that transcend the boundaries of regions and sales channels with customers as the starting point

(Reference 3)

Shift to self-managed business through collaboration and integration of online and offline activities

Have online operations account for **25%** of net sales, and have directly managed stores account for **40%** of the off-line portion

■ Online
■ Off-line



	Business model	Channel	Ratio	
			FY2020	FY2025 target
Off-line	Self-managed business	Directly managed stores (Including tenant store openings in department stores)	Approx. 20%	Approx. 40%
		Department stores		
	Wholesale business	GMS supermarkets	Approx. 80%	Approx. 60%
		Specialty stores		

Rethinking of the value to offer

Implementing a new brand strategy with the aim to provide value for each customer segment rather than for each channel

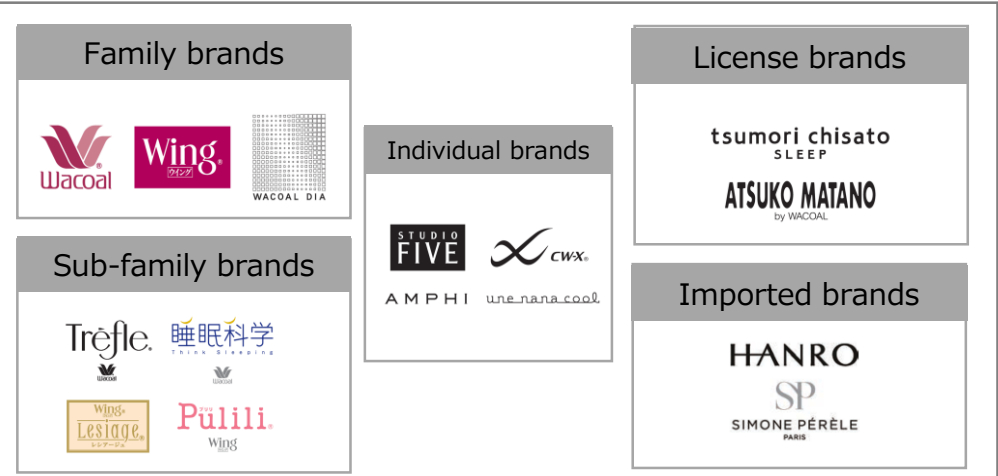
- Consolidation of brands to adapt to distribution changes, strengthening of brand marketing, and maximization of return on investment

Issues with conventional brand development

- Channel-driven brand structure
- There are customers who cannot be contacted in some areas
- Increase in sales promotion costs due to the increase of brands

Contact points with customers for each brand based on the sales channel

[Main brands we offer]

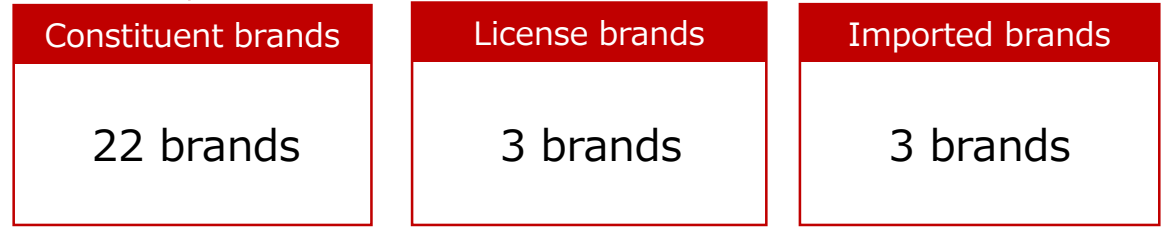


56 brands (Spring/summer in 2019)

New brand development

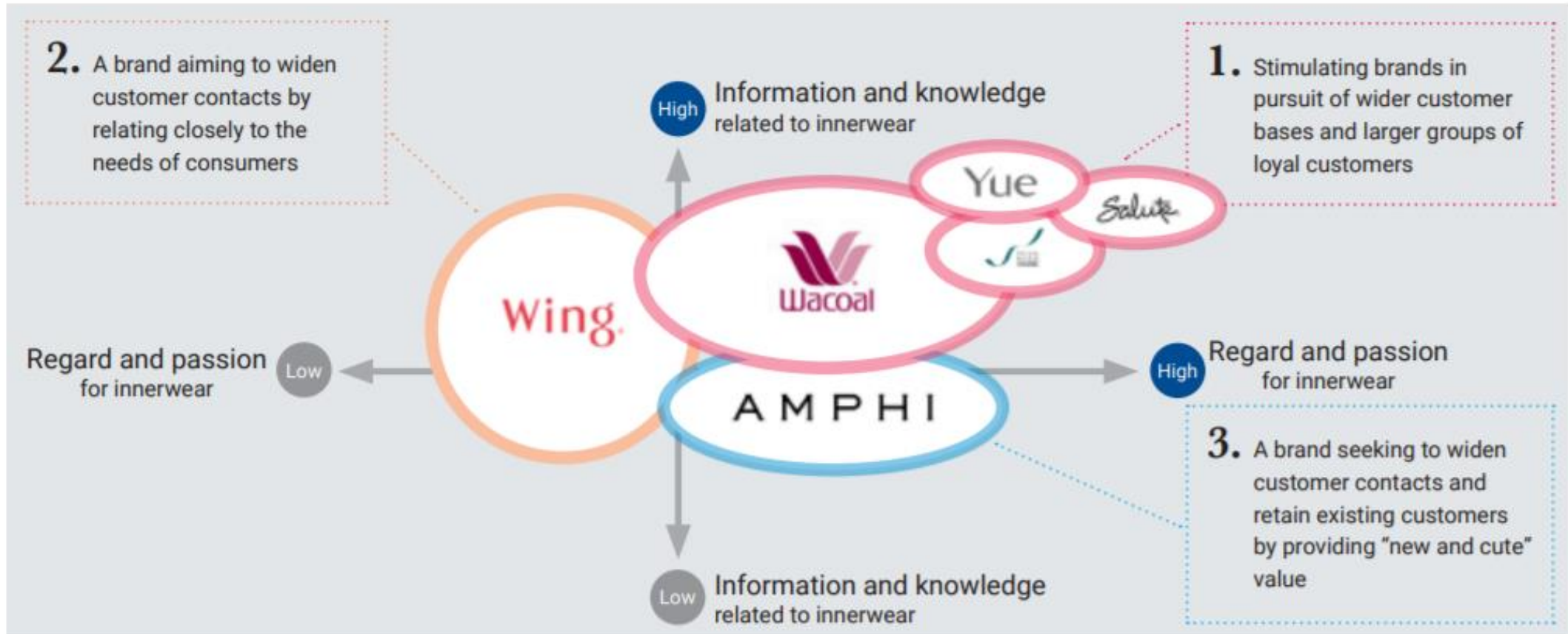
Contact points with customers via core brands

9 core brands

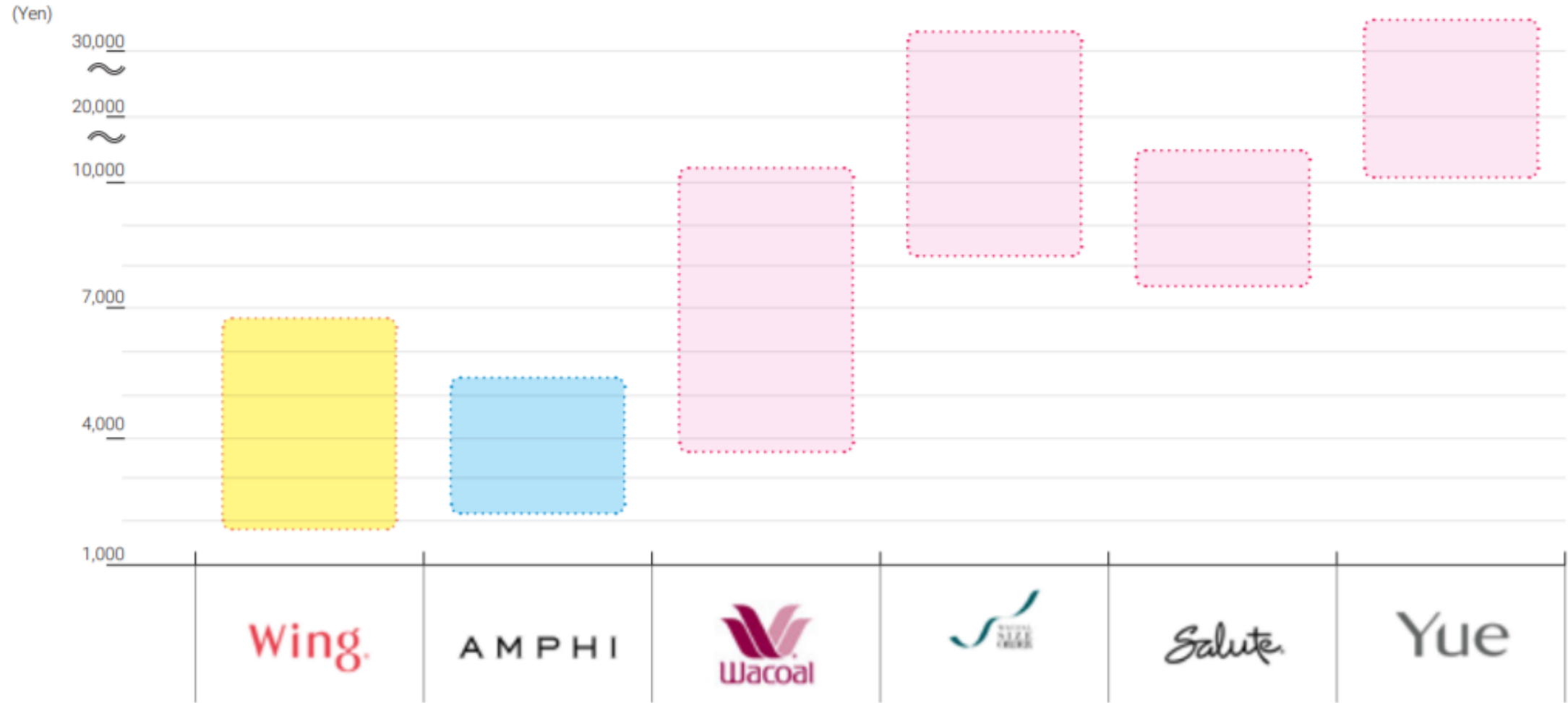


37 brands (Fall/winter in 2021)

(Reference 4) Strengthened points of core brands of innerwear



(Reference 5) Price range of bras of core brands



Cost structure reform

- Promotion of staffing plan management
- Implementation of efficient marketing strategies

Even if it takes time for sales to recover and for the Company grow in the midst of rapid changes in the business environment, we aim to change our business structure to the one that can secure higher profitability than before (to be continued in the next medium-term management plan).

KPIs for FY2022 (vs. the existing business in FY2020)

Improvement in store profitability

- Shift to self-managed stores
- Redesigning the sales floor environment (From multiple floors to a centralized sales floor)
- Reassessment of transaction terms, etc. (Revision of ratio of wholesale price to retail price, adoption of a new personnel structure and a new store manager system)

Optimization of personnel costs

About ¥2 billion

Effect of personnel cost control through staffing plan management: ¥5 billion by FY2024

Optimization of other expenses

About ¥2 billion

Amount of reduction excluding investment for growth

Improvement in profit on sales

- Brand consolidation and product lineup reduction
- Reduction of inventory, curtailment of write-downs through the decrease of returns, etc.

Promoting Sustainability

- Re-identification of key issues for business growth
- Strengthening of measures for dealing with the issues of human rights and the environments

Changes in the environment surrounding the Wacoal Group (changes in the recognition of sustainability)

➤ Worsening of global environmental problems

- Stagnation of business activities due to the increased frequency of abnormal weather caused by global warming
- Contribution to the Paris Agreement and the Japanese government's declaration of carbon neutrality

➤ Changes in the supply chain

- Rise in awareness of human rights and environmental issues in the supply chain
- Addressing supply chain issues became a corporate responsibility.

➤ The generation that practices new consumer behaviors

- The contribution to solving social issues such as the SDGs determines consumption behavior (corporate selection).

Environmental goals for 2030

In-house emissions "Zero"

Aiming to reduce our own emissions to zero, we are gradually switching to renewable energy sources.
(Target: Domestic business)

Product disposal "Zero"

To reduce the ratio of product disposal from 1% to zero. In addition, we are promoting initiatives to reduce the disposal of waste materials at our plants.
(Target: Wacoal Corp.)

Environmentally friendly materials "50%"

To increase the percentage of environmentally friendly materials used to "50%"
(Target: Wacoal Corp.)

- Targets for reducing greenhouse gas emissions in the supply chain will be disclosed in the spring of 2022.
- Long-term targets for environmental activities toward 2050 will be disclosed in the spring of 2022.
- As for overseas business initiatives, we will start with a survey of our own emissions, and set targets as the timing allows.

Survey on Greenhouse Gas Emissions in the Supply Chain

- First calculation of greenhouse gas emissions (Scope 3) for the entire supply chain of the Wacoal business (in Japan), in order to promote efforts to realize a decarbonized society and further ensure the reduction of greenhouse gas emissions in the supply chain
- Responded for the first time at the end of July 2021 to the Climate Change Questionnaire of CDP, an international non-profit organization, in order to promote disclosure of information on climate change initiatives.
- Wacoal business (Japan) emitted **approximately 340,000 tons** in the supply chain. Based on these results, the Company will discuss emission reduction targets for the supply chain and plan to set them during the current fiscal year (year covered by the survey: FY2020).

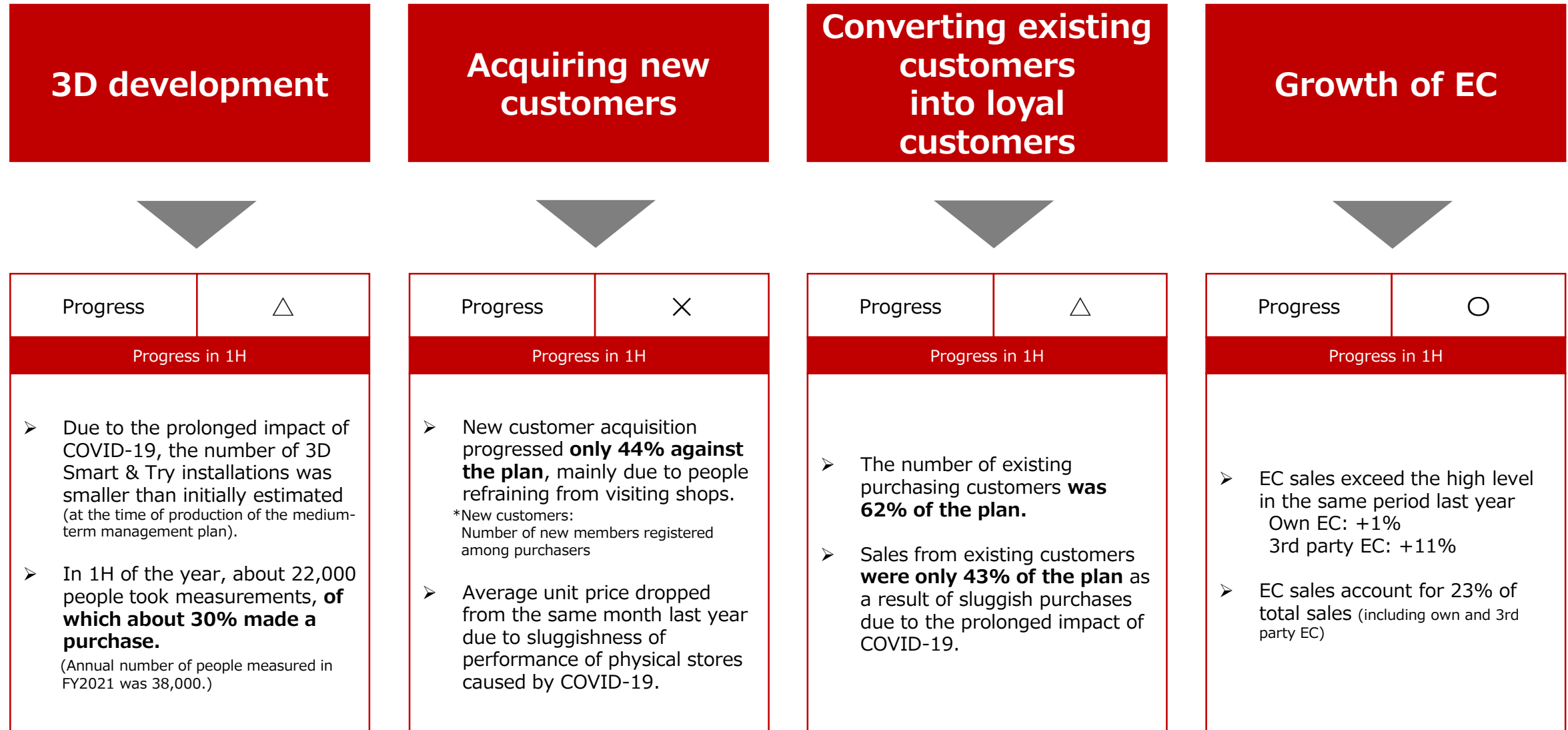
Review of 1H



YUE, a new brand launched in the fall/winter season of 2021

Progress of CX strategy

- Existing purchasing customers increased, but we struggled to acquire new customers.



Progress of cost structure reform

- Cost structure reforms are progressing as planned

Optimization of personnel costs

Optimization of other expenses

Improvement of store profitability

Brand and lineup consolidation

Progress	○
Progress in 1H	
<ul style="list-style-type: none"> ➤ Reduction of approximately ¥2 billion from 1H of FY2020 due to progress of the staffing plan, the review of bonus standards, etc. ➤ Excluding temporary effects (increase/decrease in retirement benefit expenses), personnel cost reduction on an actual basis was approximately ¥1.3 billion. (65% progress against the plan) 	

Progress	○
Progress in 1H	
<ul style="list-style-type: none"> ➤ Reduction of approx. ¥1.5 billion from 1H of FY2020 by controlling sales promotion expenses based on the external environment, etc. ➤ Excluding the postponement of expenses, the actual cost reduction was approximately ¥1.2 billion. (65% progress against the plan) 	

Progress	○
Progress in 1H	
<ul style="list-style-type: none"> ➤ Progress has been made in converting into self-managed stores (fixed leases and buying sales) and revising transaction terms accordingly. ➤ Of all 186 department stores, approximately 55% with fixed leases or buying sales 	

Progress	○
➤ Progress in 1H	
<ul style="list-style-type: none"> ➤ Consolidation of high-end brands and launch of the "YUE" brand ➤ The product lineup shrank due to the decrease of brands and groups. ➤ The number of products for the fall/winter in 2021 was down approximately 20% from the previous fiscal year, and approximately 30% from the final year of the previous medium-term management plan. 	

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