



**Third Quarter Financial Results Meeting for the
Fiscal Year Ending March 2022**

Wacoal's Overseas Business

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Today's Agenda

- 1. Overview of overseas business**
- 2. Current business conditions**
- 3. Growth strategies for main companies**

Founder Koichi Tsukamoto

Based on the “One Phase Every Ten Years 50-Year Plan” established after the first trip to Europe and the US, Wacoal expanded overseas in 1970 (joint ventures were established in S. Korea, Thailand, and Taiwan)

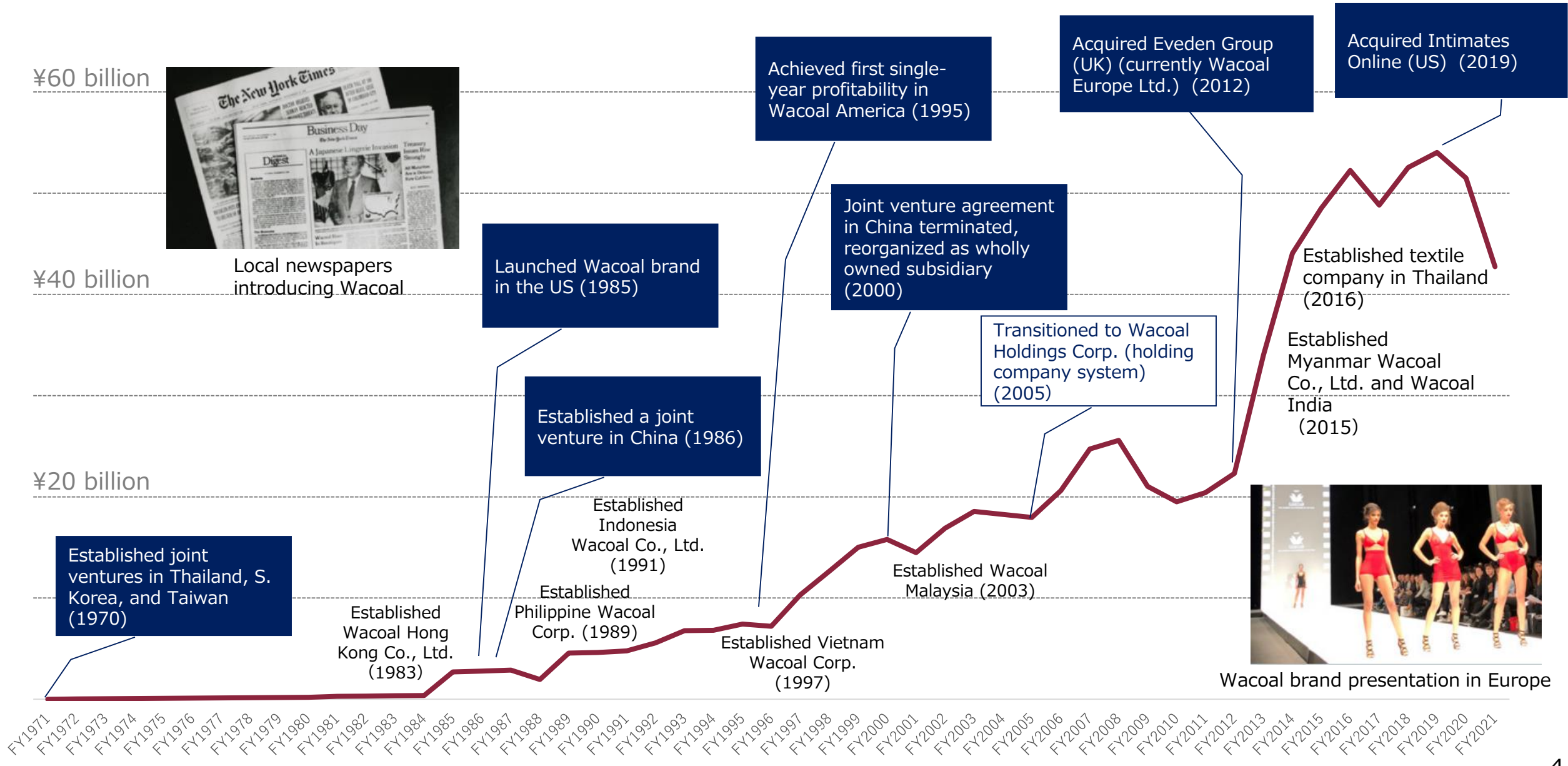


First visit to Europe and the US (1956)

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.

Overseas business history (sales trends of overseas businesses)



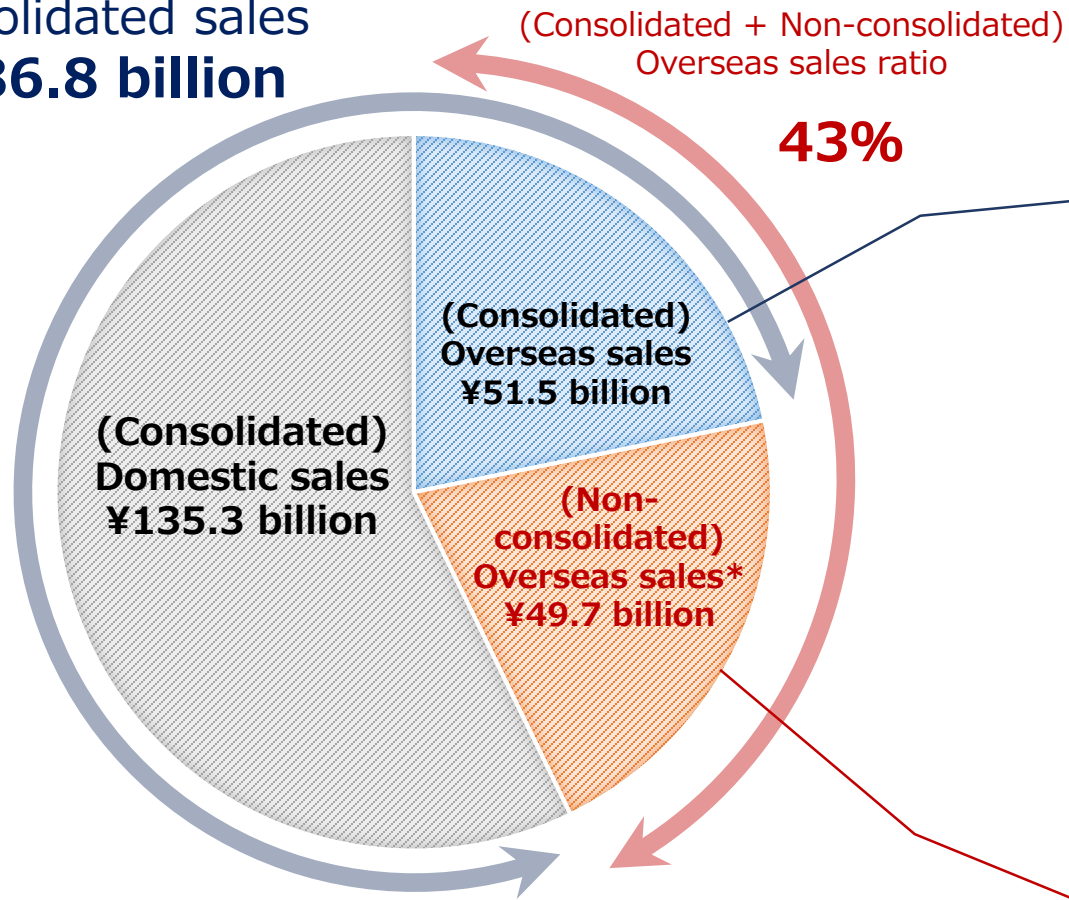
Local newspapers introducing Wacoal



Wacoal brand presentation in Europe

Scale of overseas business sales (FY2020)

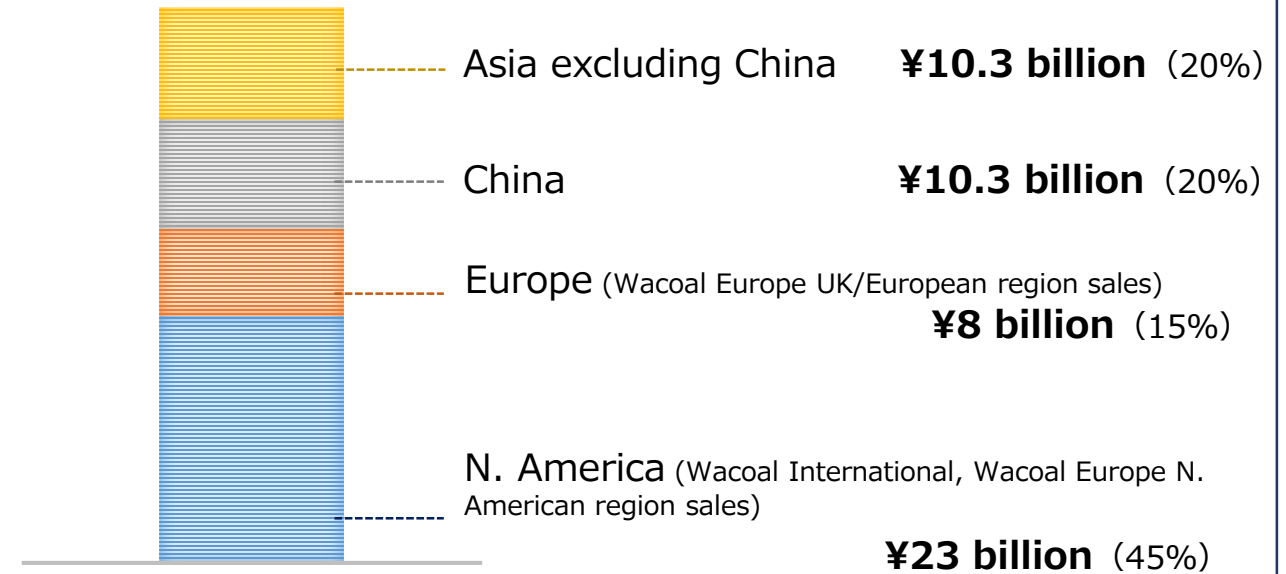
Consolidated sales
¥186.8 billion



(Consolidated + Non-consolidated) Total sales

¥236.5 billion

➤ (Consolidated) Sales by region















➤ (Non-consolidated) Sales by company*

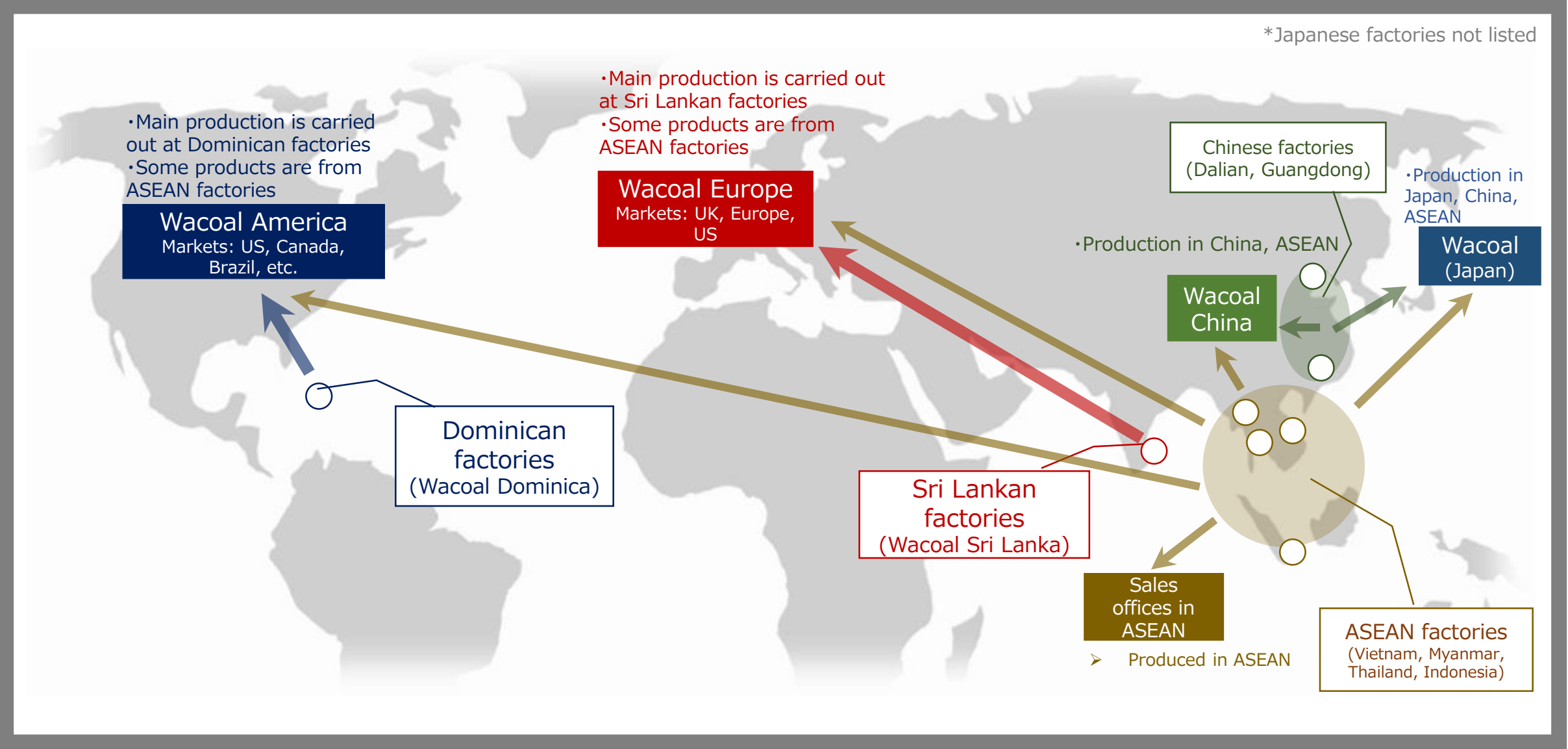


*Calculated based on data before adjustment of each company's financial results

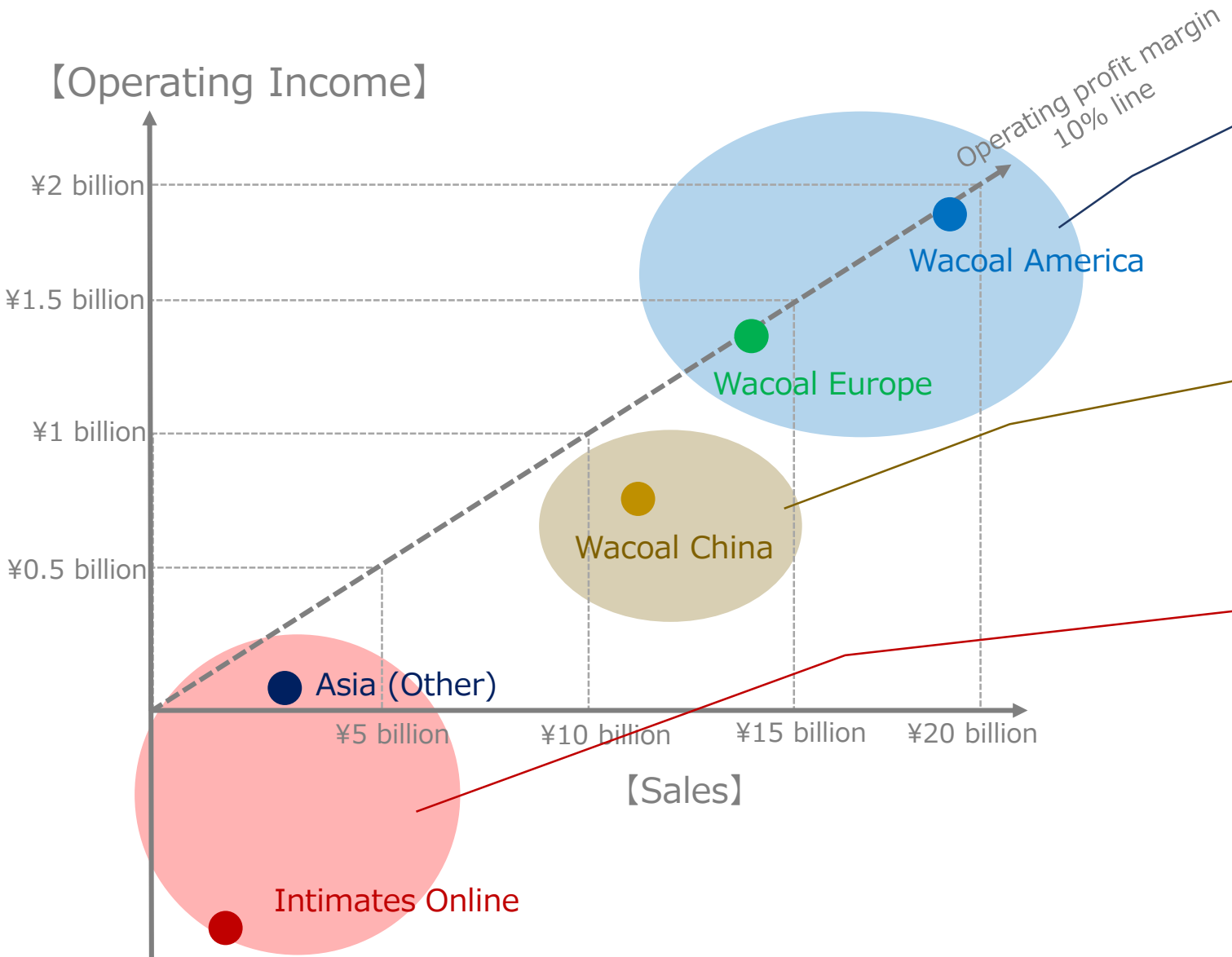
Business model: build a vertically integrated model in each region to meet local needs

	Product planning and design	Production	Available brands	Marketing	Sales style (Main channel/EC ratio) →
Wacoal America	Planning and design by our own designers	Mainly produced by our own factories (Dominican Republic) *Some products are purchased from outside	Focused on the Wacoal brand  	Independent planning *Production outsourced	<ul style="list-style-type: none"> • No dispatch of sales associates • Sales channels: Dept. store (store, EC) 3rd party EC, own EC, directly managed stores (2 stores) • EC ratio 43% (Cumulative 3Q FY2022)
Intimates Online	Planning and design by our own designers is outsourced	Outsourced	LIVELY brand offerings 	Independent planning *Production outsourced Developing unique marketing using ambassadors	<ul style="list-style-type: none"> • Sales mainly via own EC • Sales channels: Own EC, directly managed stores (4 stores) wholesale to some clients • EC ratio 82% (Cumulative 3Q FY2022)
Wacoal Europe	Planning and design by our own designers	Mainly produced by our own factories (Sri Lanka) *Some products are purchased from outside	Building brand portfolios based on country characteristics and distribution channels (multiple brands)     	Independent planning *Production outsourced	<ul style="list-style-type: none"> • No dispatch of sales associates • Sales channels: specialty store, dept. store 3rd party EC, own EC, directly managed stores (14 stores) • EC ratio 25% (Cumulative 3Q FY2022)
Wacoal China	Planning and design by our own designers	Mainly produced by our own factories (China) *Some products are purchased from outside	Focused on the Wacoal Brand    	Independent planning *Production outsourced	<ul style="list-style-type: none"> • Dispatch sales associates to dept. stores, etc. • Sales channels: Dept. store, directly managed store, 3rd party EC, own EC • EC ratio 22% (Cumulative 3Q FY2022)
Other Asian Subsidiaries (excl. factories)	Sales of innerwear products supplied by the Group (Singapore, Hong Kong, Philippines)		Focused on the Wacoal brand 	Independent planning *Production outsourced	<ul style="list-style-type: none"> • Dispatch sales associates to dept. store • Sales channel: mainly dept. store • EC is available, but ratio is low (1-5%)

Production structure: Using globally located factories, build a production structure capable of providing a stable supply



Performance characteristics (pre-COVID level)



Wacoal America
 Low fixed cost ratio and **high profitability, due to sales associates not being assigned to stores, etc.**

Wacoal Europe
 Low fixed cost ratio and **high profitability, due to sales associates not being assigned to stores, etc.**

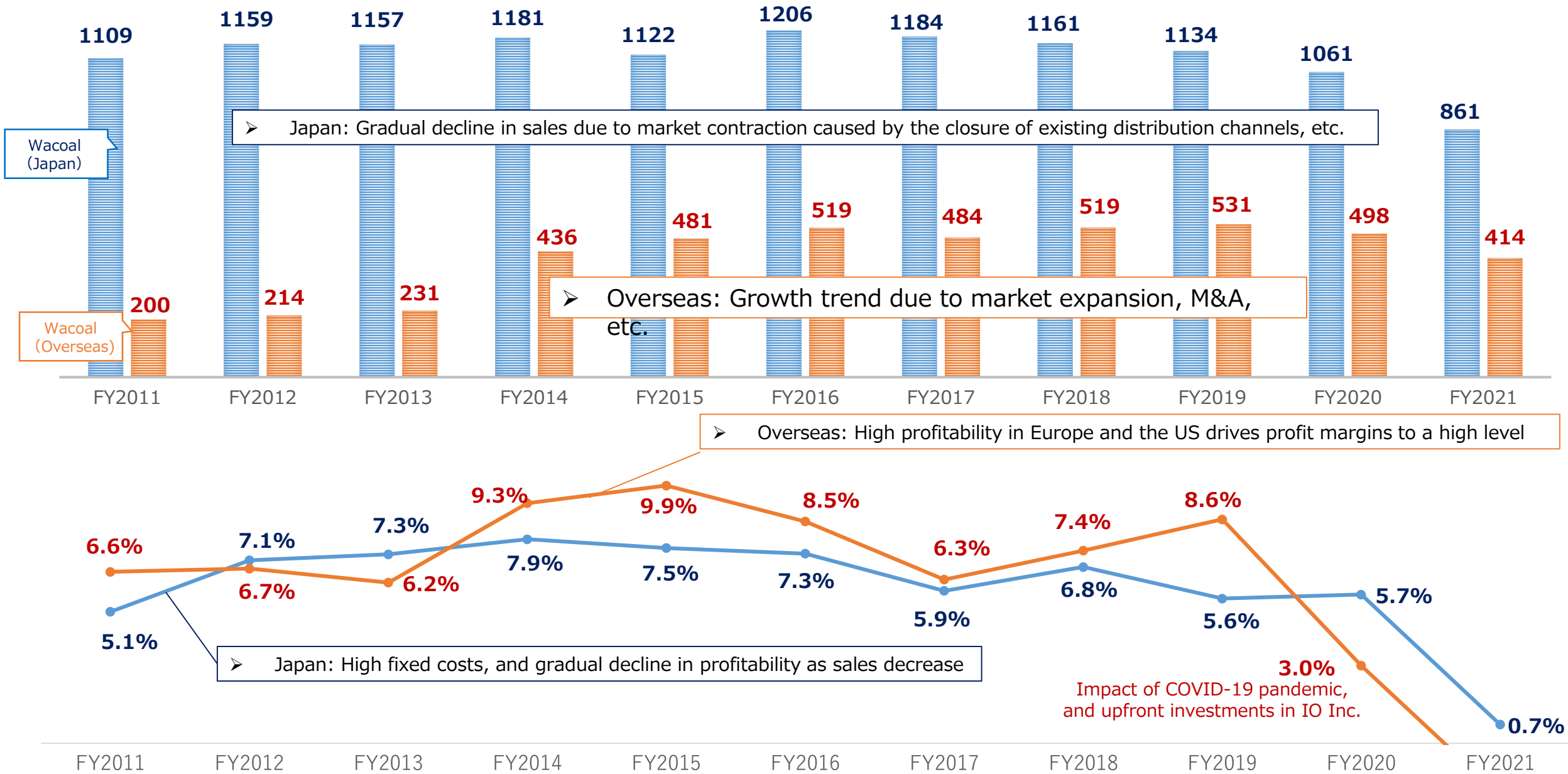
Wacoal China
 Though **fixed costs** such as rents and personnel expenses for sales associates **are high**, a **certain level of profitability is secured through sales growth**

Asia (other) (Hong Kong, Singapore, Philippines, India, etc.)
 Mid- and high-price-range markets are still small, as is the scale of business in each country, however, **there are many regions that have a lot of room to grow**, such as the Philippines, Vietnam, and India

Intimates Online
 In the post M&A **growth investment stage**, growth potential is high, but still in the red

Performance comparison with domestic business (upper: sales, lower: operating profit margin)

(Unit: ¥100 million)

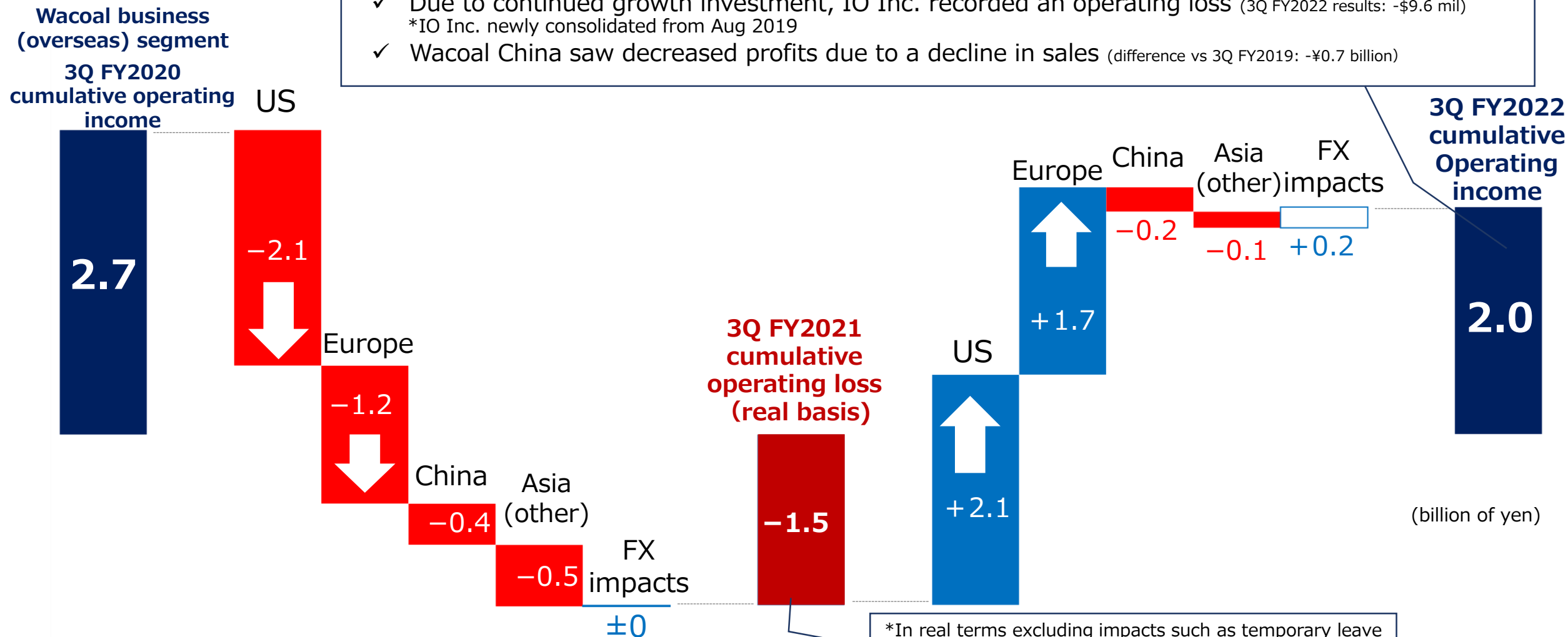


Current business conditions

(Wacoal business (overseas) performance by segment, cumulative through 3Q FY2022)

Half the level of the cumulative operating income of about **¥4 billion** for 3Q FY2019

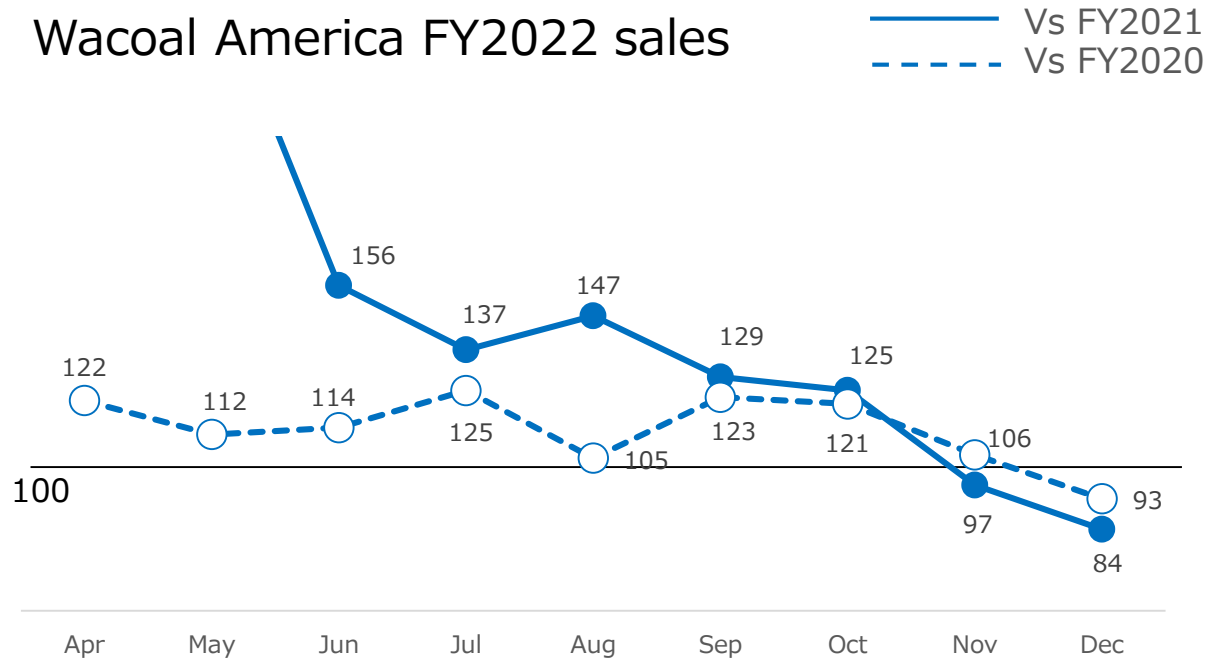
- ✓ Wacoal America and Wacoal Europe exceeded the results of 3Q FY2019
- ✓ Due to continued growth investment, IO Inc. recorded an operating loss (3Q FY2022 results: -\$9.6 mil)
*IO Inc. newly consolidated from Aug 2019
- ✓ Wacoal China saw decreased profits due to a decline in sales (difference vs 3Q FY2019: -¥0.7 billion)



*In real terms excluding impacts such as temporary leave and subsidies (actual result: -¥0.02 billion)

Current business conditions, challenges for each company (1)

Wacoal America FY2022 sales



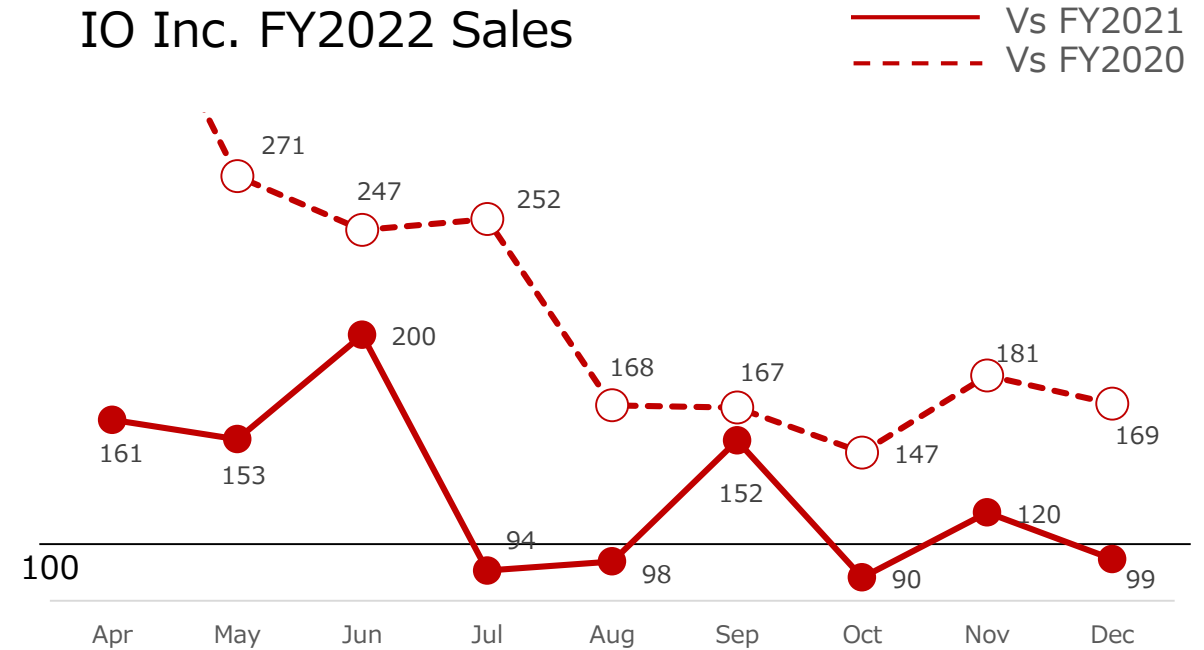
【Business conditions】

- ✓ Business conditions (especially for physical stores) improved significantly with the recovery in consumer spending following the relaxing of COVID-19 restrictions in the US
- ✓ Growing impact of inflation resulting from high crude oil prices and rising labor costs

【Business challenges】

- ✓ **Slowdown in economic recovery momentum, realizing growth for own EC platform**
- ✓ **Cost increase due to soaring raw material prices and transportation costs**

IO Inc. FY2022 Sales



【 Business conditions】

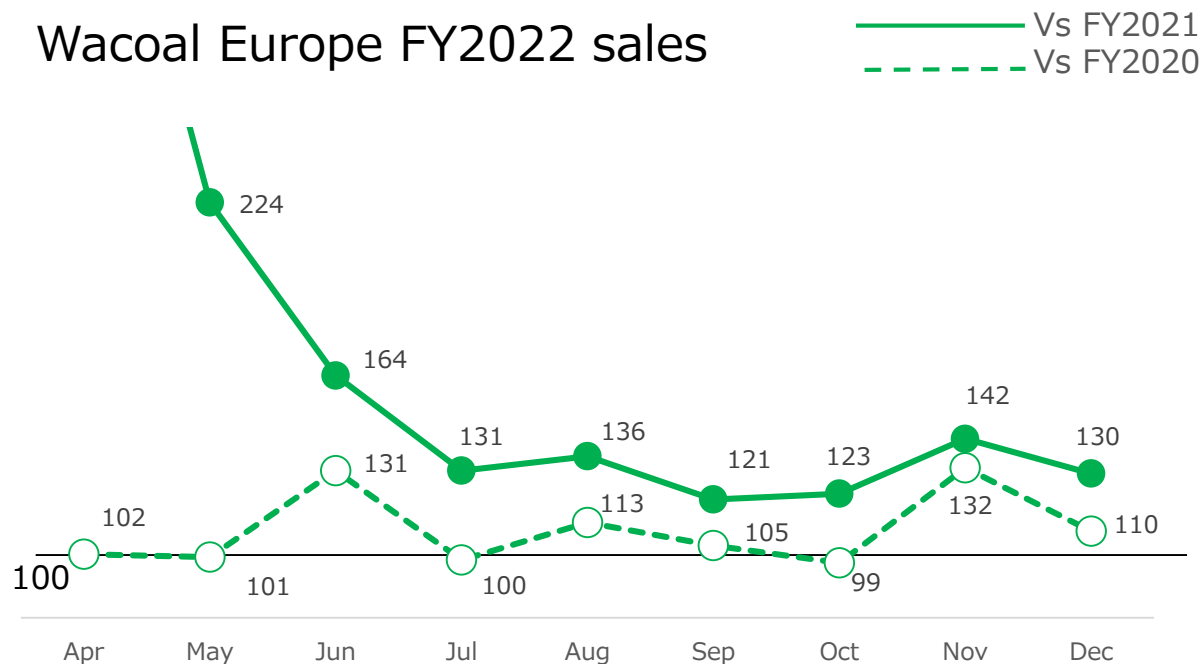
- ✓ Aggressive advertising against the backdrop of the COVID-19 pandemic was successful, resulting in significant growth in the previous year
- ✓ Growth of own EC slowed in FY2022 due to soaring advertising costs and deteriorating marketing efficiency caused by tighter digital privacy regulations

【Business challenges】

- ✓ **Acquire new customers by improving marketing efficiency**
- ✓ **Realize both business scale expansion and profitability improvement**

Current business conditions, challenges for each company (2)

Wacoal Europe FY2022 sales



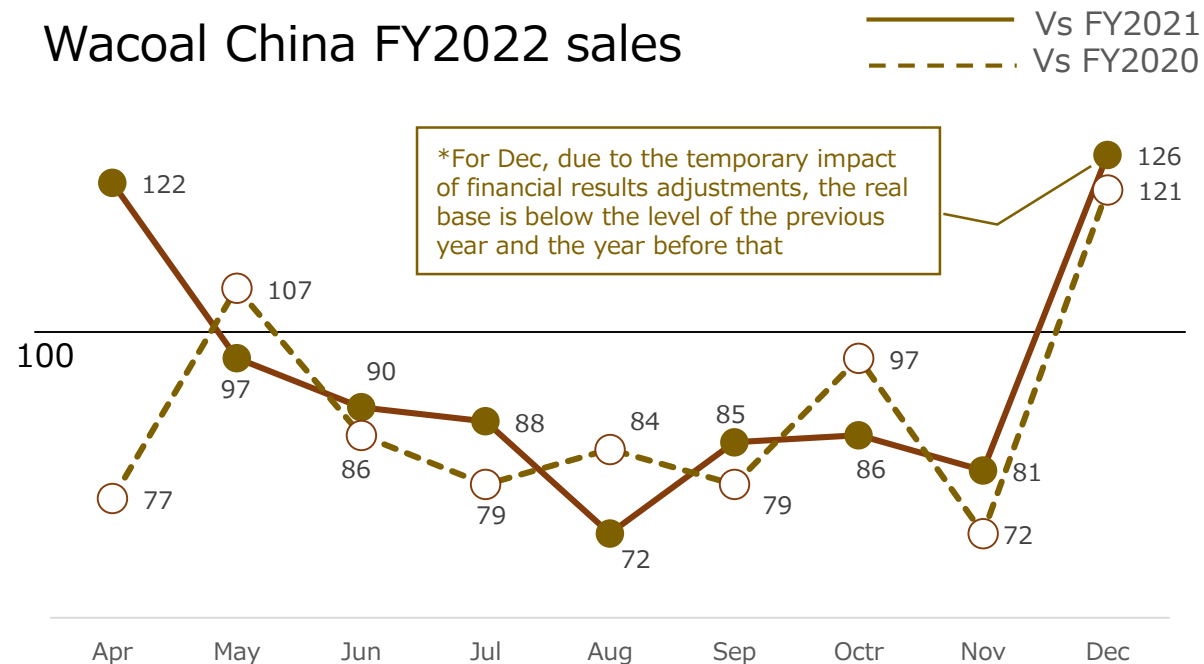
【Business conditions】

- ✓ Significant improvement in business conditions against the backdrop of a strong recovery in consumer spending following the easing of COVID-19 restrictions in major regions (UK, US, Europe)
- ✓ Own EC in the UK is growing steadily

【Business challenges】

- ✓ **Develop regions in Europe that have a small sales scale**
- ✓ **Improve digital marketing (strengthen collaboration between offline and online)**

Wacoal China FY2022 sales



【Business conditions】

- ✓ Store sales have been sluggish since July due to tightened restrictions related to the COVID-19 pandemic
- ✓ EC continues to struggle due to intensified competition from emerging brands

【Business challenges】

- ✓ **Realize EC growth once again by increasing brand awareness**
- ✓ **Strengthen brand strategy (product development) for acquiring middle-class customers**

Initiatives aimed at resolving issues

Globally accelerate digital transformation (Promotion of CX strategy)

- Improve the customer experience through store and online integration
- Acquire new customers by strengthening digital marketing
- Develop loyal customers by strengthening data utilization and CRM

Further cultivation of existing Asian market and profitability improvement

- Realize further cultivation of the existing Asian market and improved profitability
 - Rebuild Asian sales structure
 - Expand EC in each market
 - Acquire new customers (China, etc.)

Develop new markets

- Develop markets that have room for sales growth (Germany, India, etc.)



*Specific figures, achievement timing, and three-year strategy and plan figures will be disclosed when the medium-term management plan is announced in June.



Strategies of major companies

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Wacoal Europe

Trends in the Women's Innerwear Market

- The market size of Western Europe is about three times that of Japan. Pre-COVID, the growth rate was about 1% annually
- The COVID-19 pandemic accelerated the closure of department and specialty stores
- The number of retailers offering online services is increasing. Price competition is increasing in the EC market
- Compared to other areas, there are many small manufacturers. As a result, each company's market share tends to be low.

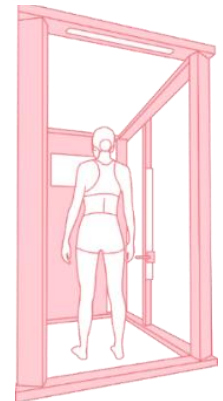
Wacoal Europe Overview

- Market share in each country is less than 1%.
- Pre-COVID, growth was at the same level as the market
- In addition to the economic recovery, as a result of people also using the online service of main channels (specialty stores, department stores), FY2022 sales have recovered to pre-COVID levels
- Future issues include the development of our own EC channel in each region, and the development of regions where the scale of sales is low

Areas of Enhancement Going Forward

- UK: Promotion of CX strategy using our own EC platform and 3D smart & try
 - Start rollout of automated measurements services in the UK
 - Improve the customer experience in physical stores through new services and aim to increase brand recognition and grow our own EC platform by strengthening offline collaboration
 - Start rolling out directly managed stores in the UK in 2022
- Europe: Strengthen development of the German market, which has a lot of room for growth

 3D smart & try



Wacoal America

Trends in the Women's Innerwear Market

- The size of the market is more than three times that of Japan. Pre-COVID, the growth rate was about 3% annually
- The COVID-19 pandemic accelerated the shrinking of the physical store channel and accelerated the EC expansion trend
- The "body-positive movement" is changing the business structure of competitors (Decline in "Victoria's Secret" market share, rise of D2C brands)

Wacoal America Overview

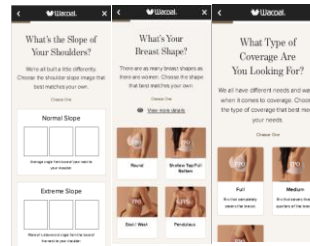
- Wacoal brand's share of the US market is about 3%
- Department store in-store share is about 20%
- In 2010, Wacoal launched its own EC platform in the US. Since then, stable growth has been achieved
- Also exporting to retailers in Brazil, Mexico, etc.

Areas of Enhancement Going Forward

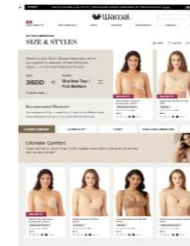
- Aim for EC-driven growth through active investment in "digital marketing" and "own EC platform"
 - Improve CX through the utilization of "digital fitting" apps



Measurement app



Questions about body shape



Product suggestions

- Increase EC sales ratio (medium- to long-term target: 70%) by improving website convenience and strengthening logistics

Intimates Online (IO Inc.)

About IO Inc.

- Plans and sells innerwear and other products under the LIVELY brand name
- Acquired in July 2019 with the aim of growing in the US market and capturing millennial customers
- Develops products with a unique world view and distinctive digital marketing utilizing social media

IO Inc. Overview

- Substantial growth in FY2021 due to the success of aggressive advertising investment against the backdrop of the COVID-19 pandemic
- Growth of own EC slowed in FY2022 due to soaring advertising costs and deteriorating marketing efficiency caused by tighter digital privacy regulations
- Started dealings with major retailer Target Corporation in February 2021

Areas of Enhancement Going Forward

- Increase the number of ambassadors and customers by enhancing brand power through better marketing (Start establishing new advertising and promotional methods early to replace targeted advertising)
- Aiming to achieve sales of \$100 million, continue with aggressive investment to increase brand awareness for the time being, while working to improve profitability in areas such as production, logistics, and inventory management
- Expect to break-even in March 2024, one year later than originally planned



Directly operated
LIVELY store
(currently 4 stores)



Target, with whom operations
were started last year
(currently 400 stores)

Wacoal China

Trends in the Women's Innerwear Market

- The largest market in the world, about five times larger than the market size of Japan
- Against the backdrop of an expanding middle class, market growth was over 5% annually prior to the COVID-19 pandemic
- A characteristic is the difference between the EC and physical store customer bases. In EC, emerging Chinese domestic brands are gaining the support of the middle class through affordable products and strong marketing.

Wacoal China Overview

- Market share is less than 1%
- The share of the department store market is under 20%. There are several competitors, including local brands
- In EC, which has been driving growth, positioning has declined due to the rise of emerging brands (Tmall accounts for about 90% of total 3rd party EC sales)

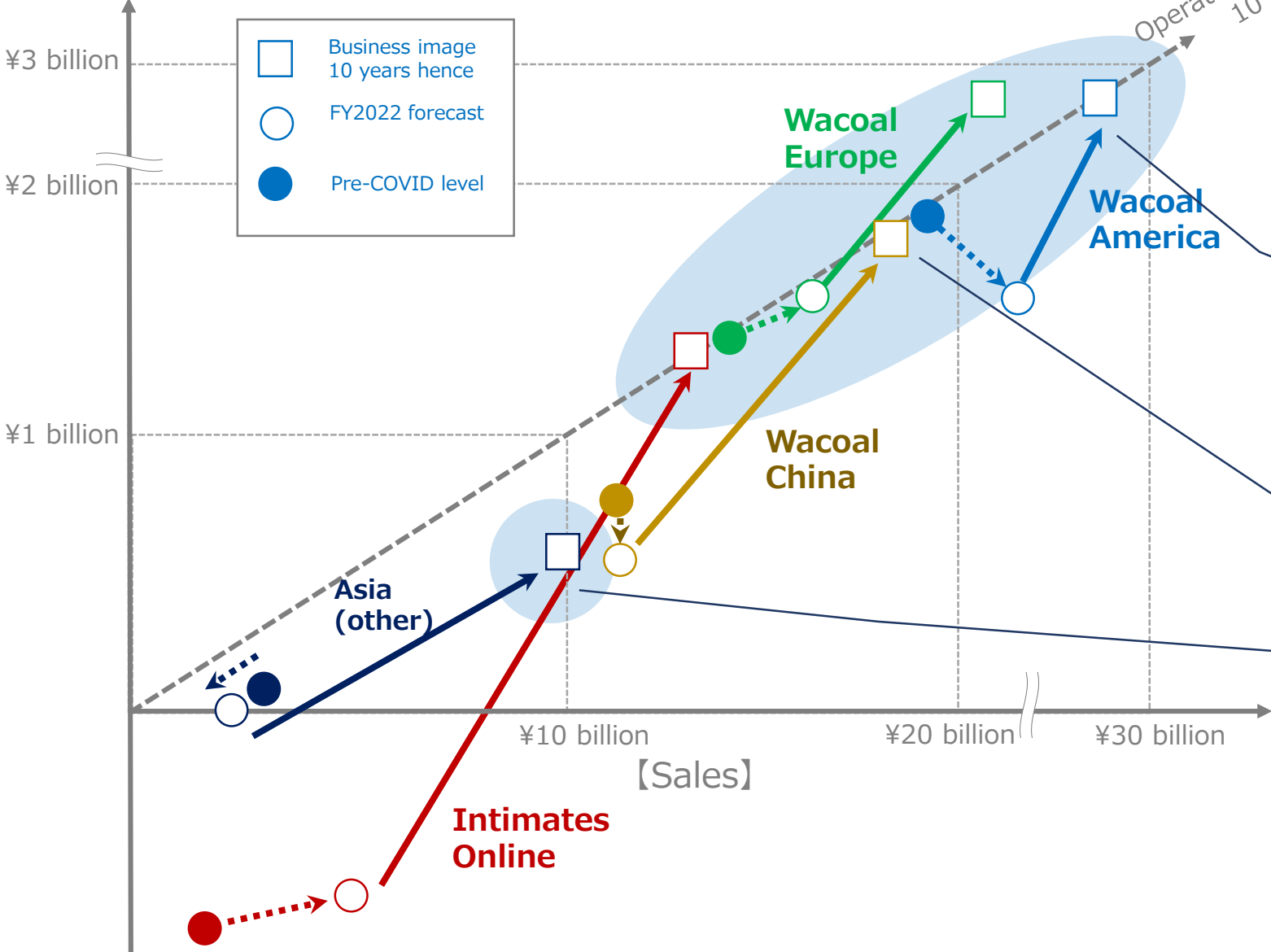
Areas of Enhancement Going Forward

- Strengthen development of brands and products that match the characteristics of customers and distribution channels, and coordinate with CRM activities
 - Increase customers by strengthening the development of high-value-added products and enhancing the linkage between physical stores and EC
 - Foster loyalty among existing customers by strengthening CRM and data utilization
 - Implement a new product strategy to capture the middle class in the EC business
- Regarding physical stores, strengthen directly managed stores by opening in malls and other locations in addition to department stores



Medium- to long-term vision (image 10 years form now)

【Operating income】



Business image 10 years hence
 FY2022 forecast
 Pre-COVID level

Position businesses in Europe and the US as growth drivers, aim for:

Sales for "Overseas Business" (excl. non-consolidated)
Sales of ¥100 billion and operating profit margin of 10%

(1) Wacoal America, IO Inc., and Wacoal Europe, are growing as corporate entities capable of generating operating profit margins in excess of 10%, and serve as drivers for the overall overseas business

(2) Even Wacoal China, which has been struggling, will achieve renewed growth by making new efforts to develop new customers for both its own and 3rd party EC platforms

(3) Work to re-expand the Indian market, which has stagnated due to the spread of COVID-19, and to expand our own EC presence in Asian countries to achieve growth

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