

Wacoal Corp.'s Initiatives for the 2H of the FY2023

Wacoal Holdings Corp.
Representative Director, President and CEO
Hironobu Yasuhara

Change of Representative Director of the Company and Representative Director of Major Subsidiary

Background of change in representative directors

- Tomoyasu Ito, President of Wacoal Corporation, has tendered his resignation as President of Wacoal Corporation and Vice President of Wacoal Holdings for personal reasons (resignation at the end of November 2022).
- Until the end of March 2023, Hironobu Yasuhara, President of Wacoal Holdings will also take the position of the President of Wacoal Corporation and manages domestic business.
- Wacoal will make a transition to a new structure from April 2023.



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Implementing the Flexible Retirement Program to optimize the personnel structure.

Purpose of implementation of this system

- To speed up business structural reforms in order to improve the profitability of our domestic business.
- To optimize the personnel structure to match the scale of the business.
- To accelerate the transformation into a resilient organization that boldly takes on new challenges and delivers results quickly.

→ The impact of this system on business performance is scheduled to be disclosed in mid-February.

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|---------------------------------------|---|
| Company to target for implementation: | Wacoal Corp. |
| Target: | permanent employees below the management level and employees on indefinite-term contracts, who are at least 45 years of age (permanent employees at management level who are at least 50 years of age) *Excluding sales staff |
| Expected Acceptance Number: | Approximately 250 employees |
| Offer Period (scheduled): | January 2023 (schedule) |
| Date of Retirement: | March 31, 2023 |
| Incentives: | Special additional payment based |

Review of 1H

Wacoal Corp.'s Priority Initiatives

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|------------------------------------|---|
| Progress of CX strategy | Aim to improve LTV by improving the customer experience value and bringing online and offline together. |
| Evolution of the area sales system | Implementation of an optimal marketing approach for each region and customer based on area information. |
| Strengthening of marketing | Integration of cooperative marketing capabilities to enable effective promotion that resonates with customers. |
| Cost structural reform | Improving profitability by continuing structural reforms of work style and manufacturing and pursuing cost-effectiveness. |
| Withdrawal of unprofitable stores | Decision making on withdrawal of stores, etc. through periodic inspection. |



Evaluation at the end of 1H

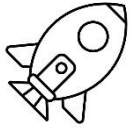
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|---|--|
| ▲ | <ul style="list-style-type: none"> ↑ Purchases by member customers proceeding due to strengthened retention marketing. ↓ Challenge: Purchases by non-members, including new members, were lower than expected. |
| × | <ul style="list-style-type: none"> ↓ Dysfunction of the area sales system, and delayed development of customer contacts. ↓ Delay in area analysis (population structure/ consumer characteristics, etc.) |
| × | <ul style="list-style-type: none"> ↓ Continuation of storefront-first mass marketing. ↓ Delayed cause analysis and response to the marketing failure. |
| ▲ | <ul style="list-style-type: none"> ↑ Started to optimize workforce for cost structural reforms. ↓ Challenge: Transformation to P/L centered organization and response to rising cost of materials. |
| ▲ | <ul style="list-style-type: none"> ↑ Discussions on addressing and dealing with unprofitable businesses have progressed. (Decide to continue in 2H) |

Reflection

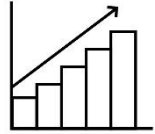
- Efforts to resolve issues are slow, and the process from verification to improvement of each measure is not functioning properly.
- Lack of clarity in management and responsibility for each policy. HD supervision was also inadequate.
- We, both management and employees, have not yet eliminated the bad mindset of not wanting to change Wacoal.

Wacoal : Speed up the structural reform Initiatives for the 2H of this year

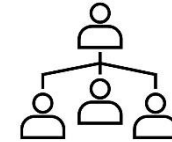
■ Priority measures for the 2H of this year



Speed up the structural reform



Pave the way back to growth



Selection of successor

Specific initiatives

- **Undertaking a fundamental review of our marketing activities:** Restructuring of marketing structure and strategic cost allocation.
- **Restructuring area strategy:** Pursuit of human resource and investment efficiency, selection of growth areas and transfer of resources.
- **Determining the P/L of existing stores and formulate a list of stores to be closed:** Based on profit and loss plans and improvement measures.
- **Strengthening Wacoal's EC:** Review of storefront-first marketing strategy and strengthen measures to acquire new customers.
- **Creating a workplace with high organizational vitality and psychological safety:** Identifying and improving organizational issues.
- **Formulation of the management structure for the next fiscal year:** Selection of human resources capable of carrying on the future, optimization of personnel, and streamlining the organization.

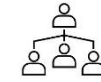
Specific 2H measures



Speed up the structural reform



Pave the way back to growth



Selection of successor

① Undertaking a fundamental review of our marketing activities

- 1. Restructuring marketing structure and strengthening monitoring, using Peach John as a reference.**
 - Implementation of a marketing strategy that runs from planning to storefront.
- 2. Review of marketing costs and implementation of strategic cost allocation.**
- 3. Review of 3D smart & try marketing practices.**
- 4. Rebuilding brand strategy by leveraging external consulting.**

② Restructuring area strategy

- 1. Review sales operations to have a strong area strategy.**
 - Focus on creating customer contact points, which is the essence of the area strategy.
 - Pursuit of human resource and investment efficiency, selection of growth areas and transfer of resources.
- 2. Review of direct store opening scheme and development of new business types to expand customer contact points.**
- 3. Optimizing brand and product composition and narrowing down promotional menus.**
- 4. Strengthening pricing strategy for mass retailers.**

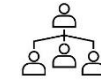
Specific 2H measures



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Selection of successor

③ Determining the P/L of existing stores and formulate a list of stores to be closed

- 1. Formulate a list of stores to be closed after establishing a 76th P/L plan for all stores.**
 - Strengthening store management centered on P/L and improving management capabilities.
 - Developing P/L plans and improvement measures. Considering closing stores with lack of profit improvement measures and no prospects for future growth.
- 2. Formulate and implement P/L improvement plans for each store that continue to operate.**
 - Identifying the cause of the loss and responding promptly.

④ Strengthening Wacoal's EC:

- 1. Strengthen investment in marketing activities to attract new customers.**
 - Fundamental review of storefront-first mass marketing.
(Build an EC-first strategy that connects the buzz to the storefront.)
 - Continuously set up topical contents and effectively link topicality to sales.
 - Establishing advertising effect measurement techniques, monitoring and strengthening PDCA cycle.
- 2. Early resolution of EC issues by hiring external personnel and utilizing consultation.**

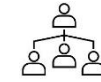
Specific 2H measures



Speed up the structural reform



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Selection of successor

⑤ Creating a workplace with high organizational vitality and psychological safety

- 1. Development and implementation of programs to extract and improve the organizational challenges of Wacoal Holdings Corp.**
 - Change not only sales department but also all departments to P/L management system.
 - Clarification of responsibility for policies and elimination of multiple structures.
- 2. Identify problems in management and business operations at an early stage and respond to important issues.**
- 3. Change to a corporate culture that allows people to freely express their thoughts and feelings within the organization.**

⑥ Formulation of the management structure for the next fiscal year

- 1. Selection of personnel who can carry the future and formation of a new management system.**
 - A fresh start under a new structure from April 2023 for both Wacoal Holdings Corp. and Wacoal Corp.
 - Elect a management team by conducting a comprehensive selection process to select personnel capable of carrying the future.
- 2. Fundamental review of organizational structure and reduction of management personnel.**
 - As part of the business structure reform, organizational structure will be significantly revised.
 - Streamline the organization as well as optimize personnel to allocate resources to growth areas.



Toward strengthening the governance of Wacoal Holdings Corp.

Strengthening the board's supervision of business subsidiaries.
(Strengthen monitoring and speed up the verification of each measure and improvement cycle)

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