



WACOAL HOLDINGS CORP.

**Our Group Initiatives
for the Fiscal Year Ending March 31, 2024**

May 19, 2023
Wacoal Holdings Corp.

Mission

WACOAL empowers people with the confidence that comes from looking and feeling their best.
As a global leader, we welcome everyone into our caring community built on mutual respect, diversity, and inclusion.

Founding Principles

<Our Culture>

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.

<Our Promise>

We will contribute to society by helping women to express their beauty.

<Our Values>

Create products loved by customers
Develop new products that meet the needs of the times
Conduct business in a fair manner with a forward focus
Build a better Wacoal through better human resources
Fear not failure and boast not of success

What We Aim For in VISION 2030

*Reiteration from June 3, 2022 Mid-term Management Plan Summary

Evolve and grow into the global Wacoal Group by utilizing our elevated minds and quality through beautifying and enriching each individual's body

Medium- to Long-term
Management Strategy Framework
VISION 2030

Management Strategies

Materialities (Material Issues)

**Behavioral Guidelines for
Executives and Employees**

Create
Expectations

- Achieve global growth
- Provide greater value / Expand our business areas
- Create a culture where diverse human resources can play active roles

×

Respond to
Requests

- Have an operating margin and ROE around 10%
- Solve materialities (material issues)
(Strengthen responses to environmental and social issues)

×

Commitment

- Continuously improve the executive compensation system
- Optimize the Board of Directors' member structure
- Optimize the capital structure

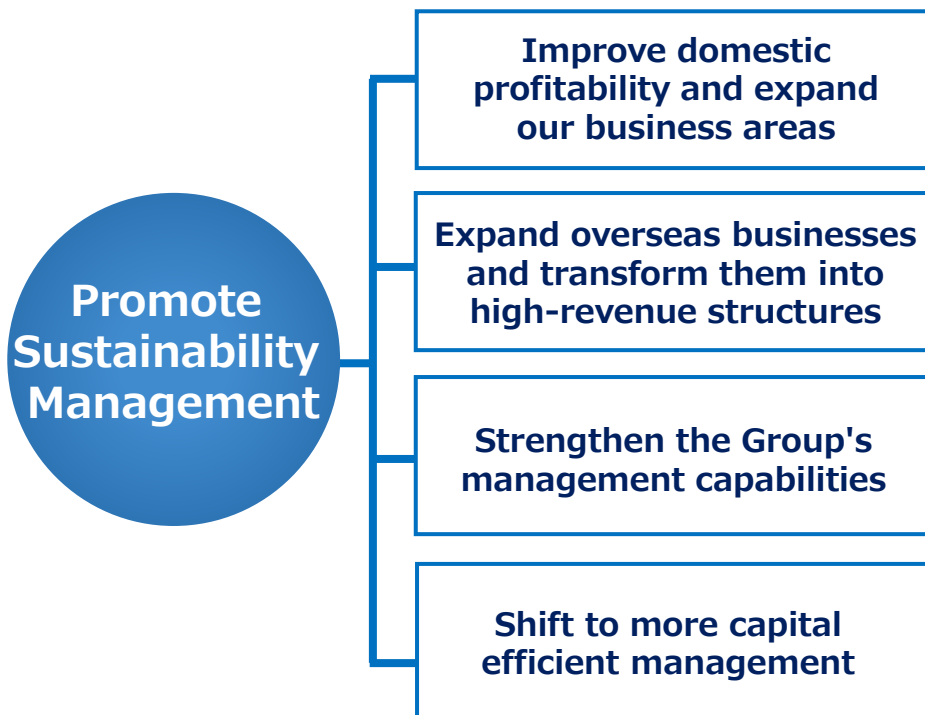
VISION 2030 Management Strategies

*Reiteration from June 3, 2022 Mid-term Management Plan Summary

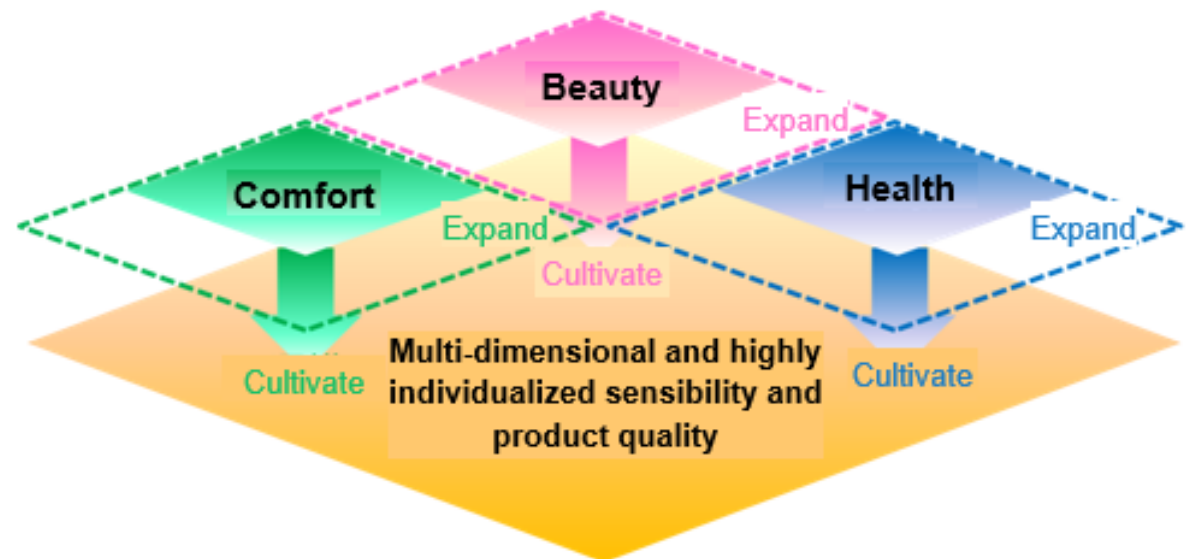
Create New Value from an Innovative Perspective and Achieve Sustainable Growth

VISION 2030
Management Strategies

Business areas (Categories to strengthen moving forward)
"Beauty" "Comfort" "Health"

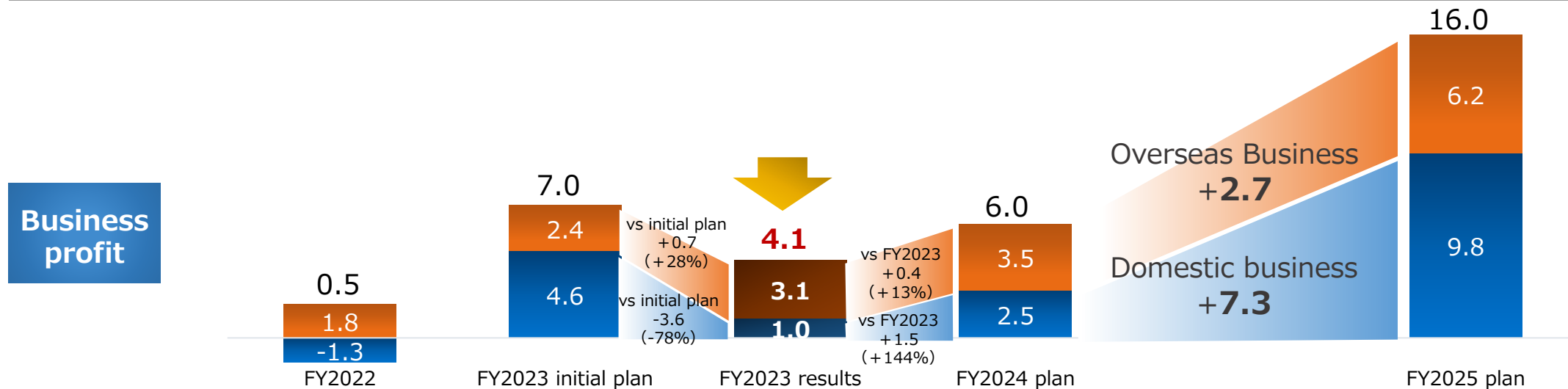
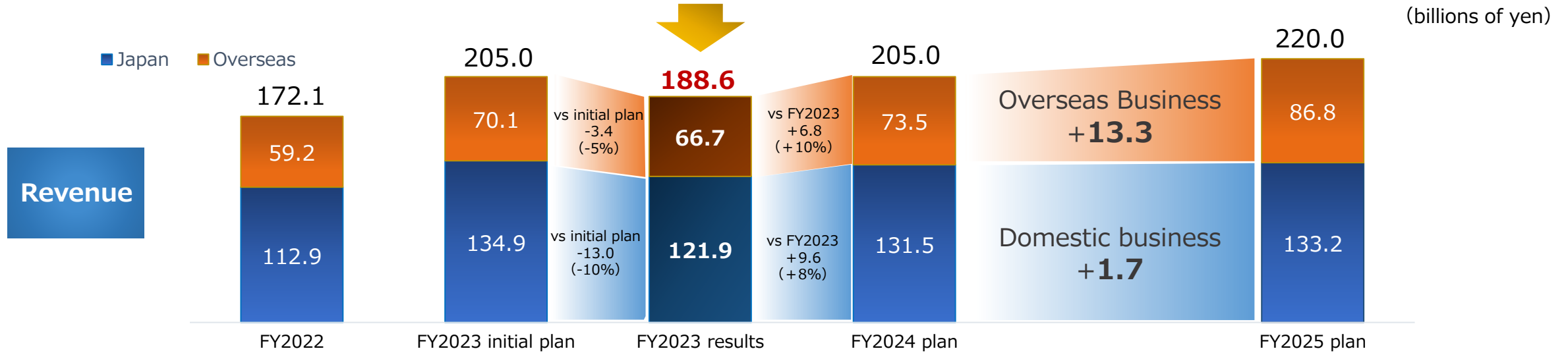


We will cultivate and expand the beauty, comfort, and health areas with new products and services backed by our elevated minds and quality



Review of the first year of the medium-term plan (FY2023-FY2025)

- The strategy's effectiveness has not improved both in Japan and overseas, and our performance is significantly lower than the initial plan. The gap with the target for the final year of the medium-term management plan is widening



Review of the first year of the medium-term plan (FY2023-FY2025)

- Although the management system was renewed during the fiscal year, many issues have remained in terms of strengthening profitability



P/L

- A delay in response to changing consumer needs (decreased product appeal, sluggish sales due to delayed local marketing strategies)
- Delays in cost reductions, inventory adjustments, and other actions due to overoptimistic estimates of the profit and loss plan



B/S

- A decline in inventory control functionality due to sudden fluctuations in sales and production delays in recent years
- Necessity to improve the management indicators of each business division (effective use of limited management resources)



Governance

- Where the responsibility for the management strategy lied was unclear, and the strategy's effectiveness did not improve
- Holdings' supervisory performance for company operations is also inadequate and needs improvement



Human capital

- Poor business productivity per capita (issues remain in terms of optimizing staff organization)
- Secure and develop staff capable of maximizing value to offer to our customers and improving profitability



Corporate culture

- Employee motivation decreased due to prolonged stagnation
- Lack of communication between management and site staff, between divisions, and within the workplace

Management issues to address

- **Improve profitability and capital efficiency, and quickly restore stagnant PBR to more than double the current level**
- **Establish an appropriate management system that can enhance corporate value**



- We recognize that it is important to improve profitability and capital efficiency, and to quickly restore stagnant PBR to more than double the current level
- By shifting to a management style that focuses on profitability and capital efficiency more than ever before and by improving our execution of strategies, each operating company and business division will increase corporate value

- It is necessary to further strengthen the supervisory function of the Board of Directors over business execution and to enhance the effectiveness of management
- In order to steadily improve profitability and capital efficiency, we will appoint an additional outside director with experience and knowledge in investment and financial/capital markets, verifying the skill set of the Board of Directors

- Due to the inadequate response to changing consumer needs and consumer behavior following the COVID-19 pandemic, the recovery of revenue was delayed
- It is necessary to regenerate growth by providing new customer experience value and creating new businesses, while continuing to reform the cost structure and improve business efficiency

Summary for FY2024 Initiatives

- Led by the Board of Directors, we will promote the transformation of management to focus on capital efficiency
- By revising the medium-term management plan, we will improve the certainty of achieving the plan set forth in "VISION2030"

1 Growth strategies and structural reforms based on a highly effective medium-term management plan **Revision of the medium-term management plan**

- We will review the business strategy of the current medium-term management plan announced in the March FY2023 term and also consider and announce measures to strengthen our management foundation in order to improve profitability and capital efficiency

2 Thorough business portfolio management **Management focused on capital efficiency**

- Holdings and each operating company and business division will shift to management that focuses on profitability and capital efficiency more than ever, and improve the effectiveness of management

Significant failure to achieve the targets of the first year of the medium-term management plan (Struggles in Japan, the United States, and China)

**FY2024
turning point**

**Increase strategy effectiveness
(Strengthening of human capital)**

Improve the certainty of achieving the plan for "VISION2030"

3 Replenish our skill set for investment and financial/capital markets **Strengthening of management supervisory functions**

- In order to transform management with a better awareness of capital costs, we will examine the skill sets of directors and appoint additional outside directors with knowledge of the investment and financial/capital markets

1

Revision of the medium-term management plan (Disclosed mid-November 2023)

- In addition to reviewing the business strategy of the medium-term management plan, we will consider measures to strengthen our management foundation to improve profitability and capital efficiency
- The new management team is also taking the lead in analyzing and evaluating the company's capital profitability and market evaluation, as well as its policies, targets, management indicators, specific initiatives, and timelines for implementing PBR improvements. We are planning to disclose the medium-term management plan at the same time as the revision

Aim of the revision

➤ **Swiftly recover the Wacoal Group's performance**
 ➤ **Increase strategy effectiveness, improve profitability and capital efficiency, and achieve a PBR of 1x**

Reform items KPIs to be disclosed in November

Cost structure reform

**Business structure reform
(Closing of unprofitable stores, etc.)**

**Portfolio reform
(Selection and concentration of brands and businesses)**

Validation of financial strategy

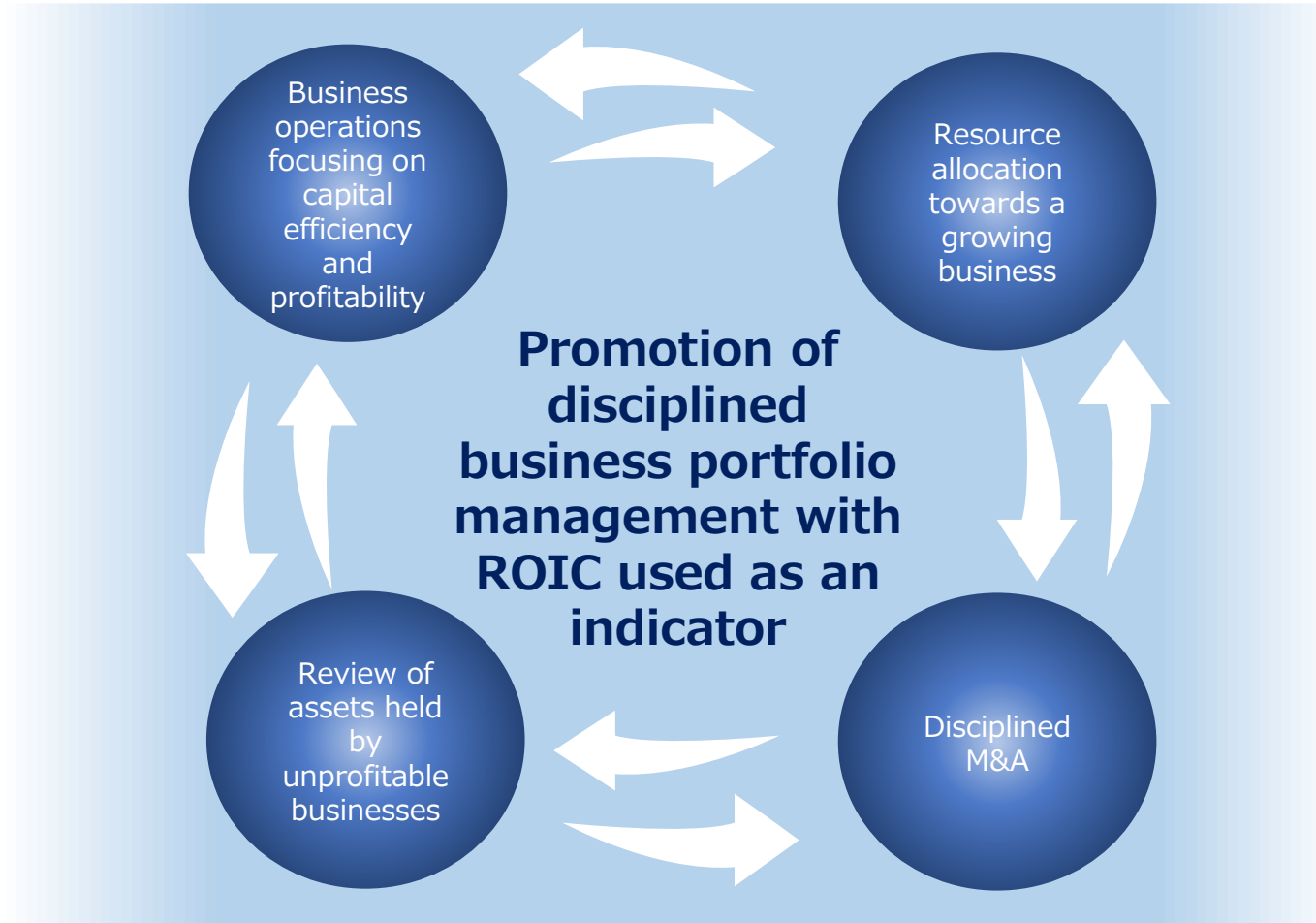
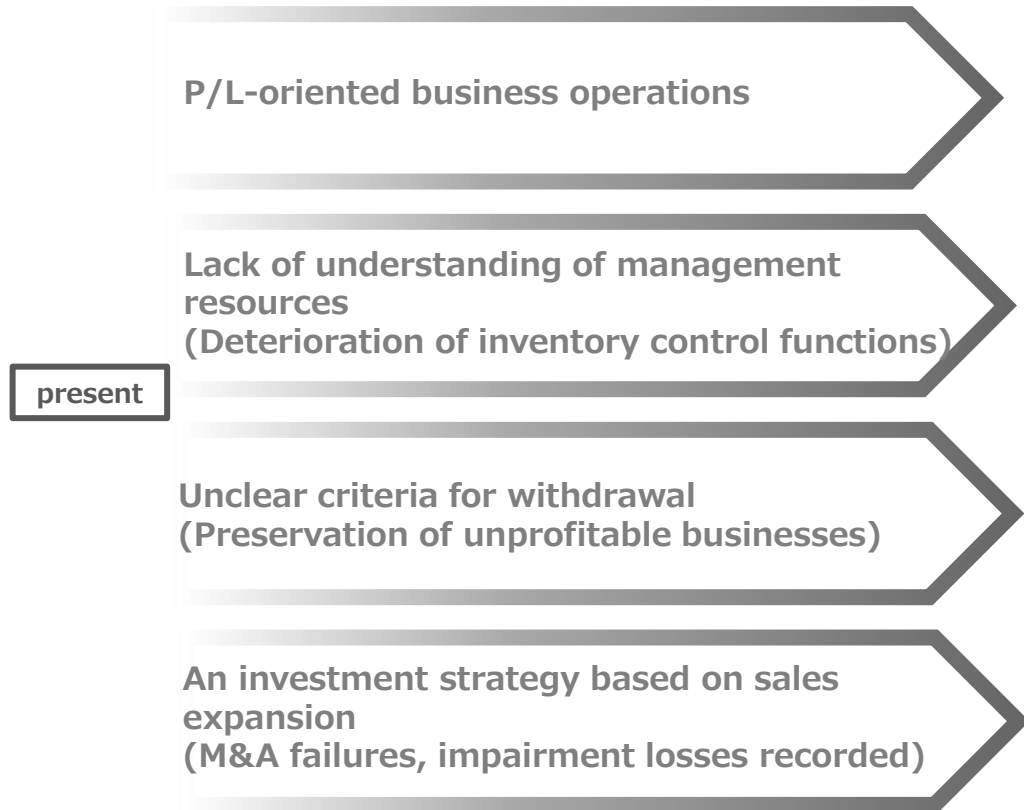
**Governance reform
(Corporate culture reform)**

Measures

- Consider incorporating ROIC as a management indicator that can be handled at the department level rather than as a KPI for management only (the details of specific initiatives, timelines for achievement and KPIs will be disclosed in mid-November)
- In order to transform management in order to focus on profitability and capital efficiency, and strengthen management monitoring from the same perspective, additional outside directors with knowledge of investment and financial/capital markets will be appointed (two persons will be appointed at the General Meeting in June FY2023)

2 Management focused on capital efficiency (ROIC management)

➤ We will achieve sustainable growth and increase corporate value over the medium to long term by making Holdings and each operating company and business division shift to a management style that is more conscious of profitability and capital efficiency than ever before, and enhancing management effectiveness



Strengthening of management supervisory functions

- Replenish our skill set for the investment and financial/capital markets in order to transform management with an awareness of capital costs
- Strengthen supervisory functions by increasing the number of outside directors (Clarification of the roles of supervision and execution)

Officer structuring and skill matrix exercises will be held after the Ordinary General Meeting of Shareholders scheduled for June 2023

Name	Independence (for outside officer only)	Company Management (Experience and Insight)	Legal/ Compliance	Investment/ Financial/Capi tal Market	Finance/ Accounting	Sustainability Diversity & Inclusion	Human Resource/ Organizational Development	Global Awareness	Digital Transformation	Marketing	Technology/ Production Quality Control
Masaaki Yajima		●						●		●	●
Akira Miyagi		●	●		●		●	●			
Shigeru Saito	●	●						●	●		
Tsunehiko Iwai	●	●	●			●				●	●
Chizuru Yamauchi	●	●				●					
Additional Appointment Hisae Sato	●			●	●	●					
Additional Appointment Koji Nitto	●	●		●	●			●			

Note: Mr. Yasuhiro Shimizu, a new director candidate, has requested to withdraw his candidacy for personal reasons, and the Board of Directors agreed to accept his request at the meeting held on May 12, 2023

Strengthening of management supervisory functions

➤ Achieve an increase in corporate value over the medium to long term by enhancing management effectiveness and improving profitability and capital efficiency



External Director
Shigeru Saito

He is currently the Representative Director and Chairman of a software development firm which operates globally and Outside Director of another company. His extensive knowledge and insight as a company manager enable him to contribute to the management of the Company. Ms. Saito also has expertise in the IT area and gives valuable opinions and advice regarding the digital transformation strategies of the Company. We expect that he will provide advice that will contribute to enhance our corporate value and strengthen oversight over the Company.

Date of Birth	January 26, 1957
November 1979	Joined TOSE CO., LTD General Manager of Development Department
October 1985	Director of TOSE CO., LTD.
February 1987	Representative Director and President of TOSE CO., LTD.
September 2004	Representative Director and President, and CEO of TOSE CO., LTD.
December 2015	Representative Director and Chairman, and CEO of TOSE CO., LTD. (current position)
June 2017	Outside Director of the Company (current position)



External Director
Tsunehiko Iwai

He has expertise in research, production, and technology, in addition to the knowledge and insight he has gained as a corporate executive, including serving as the representative director of a global cosmetics manufacturing and sales company. In addition, he is the chairman of our executive nomination and compensation advisory committee. We expect that he will provide advice that will contribute to the enhancement of our corporate value in the future.

Date of Birth	May 28, 1953
April 1979	Joined Shiseido Co., Ltd.
April 2002	General Manager of Product Commercialization, Planning Department, Shiseido Co., Ltd.
April 2008	Corporate Officer, General Manager of Technical Department, Shiseido Co., Ltd.
June 2014	Director, Corporate Executive Officer in charge of Research & Development, Production and Technical Affairs, Shiseido Co., Ltd.
January 2016	Representative Director, Executive Vice President Chief Technology & Innovation Officer, Shiseido Co., Ltd.
March 2018	Senior Advisor, Shiseido Co., Ltd.
June 2018	Outside Director of the Company (current position)
April 2022	Outside Director, Cross Plus Inc. (current position)



External Director
Chizuru Yamauchi

In addition to her extensive knowledge and experience as a manager, she has expertise in diversity and inclusion. We expect that she will provide advice on human resource strategies such as women's activities and human resource development, as well as advice that contributes to the enhancement of corporate value, and supervise the management of the Company.

Date of Birth	February 25, 1957
April 1975	Joined Nippon Life Insurance Company
March 2009	Head of Kagayaki Promotion Office, Nippon Life Insurance Company
March 2014	General Manager, Service Planning Dept., Nippon Life Insurance Company
March 2015	Executive Officer, General Manager, CSR Promotion Dept., Nippon Life Insurance Company
March 2019	Managing Executive Officer, General manager of Health & Productivity Management Promotion Division, Nippon Life Insurance Company
July 2019	Director and Managing Executive Officer, General manager of Health & Productivity Management Promotion Division, Olympic & Paralympic Games Promotion Dept., Public Affairs Dept., CSR Promotion Dept., Health Management Dept., Nippon Life Insurance Company
May 2021	Chair, Diversity and Inclusion Sub Committee, Labor Policy Committee, Kansai Economic Federation
March 2022	Director, Nippon Life Insurance Company
July 2022	Advisor, Nippon Life Insurance Company (current position)



Additional Appointment
External Director
Hisae Sato

She has experience as an asset management consultant at a foreign organization and human resources asset management consulting firm and as the chief investment officer of an automobile manufacturing and sales company, where he oversaw pension assets on a global level. We expect that he will utilize these experiences to enhance the corporate value of our company.

Date of Birth	October 16, 1961
April 1985	Joined the Hokkaido Takushoku Bank, Limited
September 1997	Joined Watson Wyatt K.K. (current Towers Watson Investment Services K.K.)
February 2004	Joined AIG Global Investment Corp., Japan (current PineBridge Investments Japan Co., Ltd.) as Deputy General Manager of Institutional Business Development Division
September 2005	Joined Nissan Motor Co., Ltd. as Shukan, Chief Investment Officer, Treasury Department
April 2008	Member of the Investment Committee, the Government Pension Investment Fund of Japan
June 2016	Councilor, International Christian University (current position)
June 2017	Trustee, International Christian University (current position)



Additional Appointment
External Director
Koji Nitto

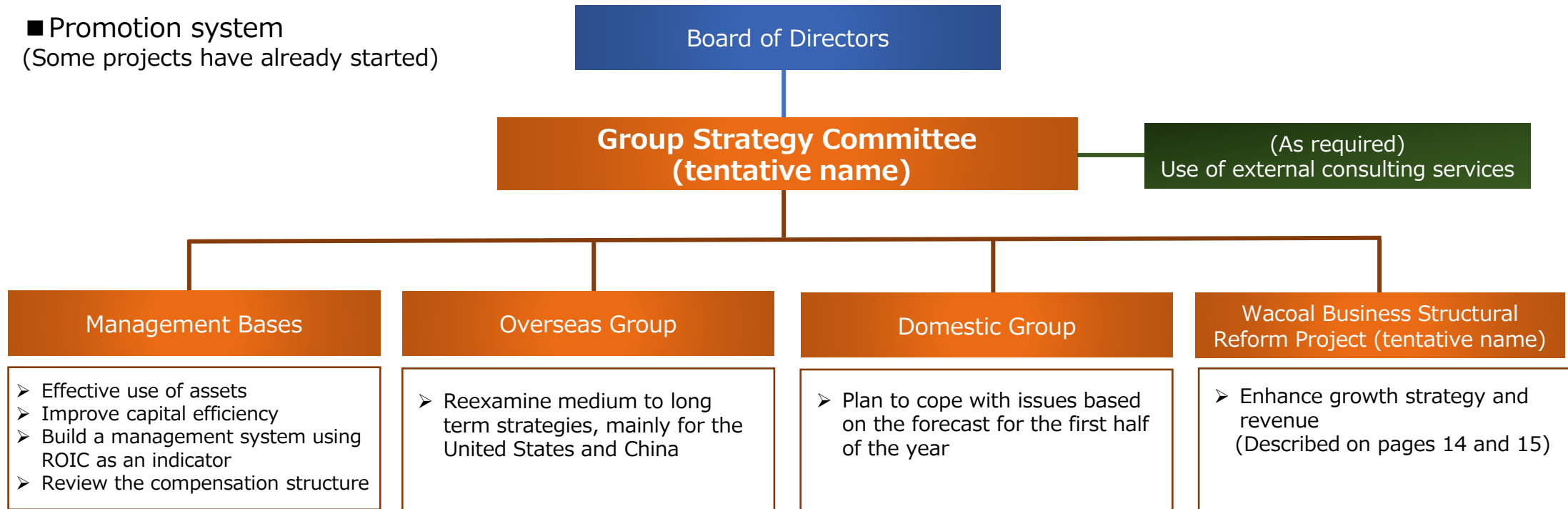
He has extensive experience as CFO and General Manager of the Global Strategy Division of an electronics manufacturing and sales company that operates a global control equipment business. In particular, we believe that his knowledge and insight based on his experience leading "ROIC management" at a company with multiple business portfolios will contribute to improving our profitability and capital efficiency.

Date of Birth	February 1, 1961
April 1983	Joined OMRON Corporation
June 2011	Executive Officer, Senior General Manager, Global Resource Management HQ, OMRON Corporation
April 2013	Managing Executive Officer, Senior General Manager, Global SCM and IT Innovation HQ, OMRON Corporation
April 2014	Senior Managing Executive Officer, Global Strategy HQ, OMRON Corporation
June 2014	Director, Senior Managing Executive Officer, Global Strategy HQ, OMRON Corporation
April 2017	Director, Senior Managing Executive Officer, Chief Financial Officer (CFO), Global Strategy HQ, OMRON Corporation
April 2023	Director, OMRON Corporation (current position)

A Holdings-led Group Strategy Committee (tentative name) will be established to monitor the revision of the medium-term management plan and its effectiveness

- ✓ Some projects have already started, and we have decided to revise the medium-term management plan
- ✓ It is assumed that monitoring will also be conducted using ROIC as an indicator described above
- ✓ Outside directors will also participate in the Committee and each project as necessary
- ✓ To enhance the accuracy and effectiveness of structural reforms, we will consider the use of external consulting services

■ Promotion system
(Some projects have already started)



Re-structuring of branding and customer strategies

Wacoal defines marketing as "all activities that create value for customers" to reconstruct a marketing system that integrates numerical values and sensibilities (from 24SS)
We appointed Mr. Sugiyama of SEN Marketing as a marketing advisor

- 1 We will articulate the customer image of our brand, the brand story, the growth path, and the necessity of being selected by customers, and build a "brand strategy" that takes into account overall optimization. We will promote a company culture that facilitates the creation of a brand that will be deeply cherished by customers well into the future.
- 2 We will restructure our customer strategy based on what kind of value we provide and to whom we provide it. Based on customer data and insight surveys, we will raise our standards of customer understanding, review management indicators to achieve "maximization of LTV," and take other highly pinpointed measures.

We will newly establish a meeting structure under the direct control of the president in order to cooperate with each division and speed up the resolution of business issues. We will hold weekly, monthly, and seasonal meetings to determine solutions to critical issues, track progress, and implement verifications, etc.

Representative Director, President and CEO
Keisuke Kawanishi



Marketing Meeting If necessary, the Engineering/Production Headquarters and the IT Department will also participate

Product Development and Merchandising Div.
Director, Corporate Officer
Mitsuru Sekiguchi

Marketing Div.
Director, Corporate Officer
Atsuko Shinoduka



Sales Div.
Corporate Officer
Hirofumi Inoue

- ◆ Innovation Strategy Dept.
- ◆ CX Designing Dept.
- ◆ Advertising Dept.
- ◆ Human Science Research & Development Center
- ◆ Marketing Strategy Dept.
- ◆ Customer Support Center

Maximizing our value proposition and establishing a competitive advantage by strengthening marketing, developing brands, acquiring new customers through the use of 3D technology, and strengthening collaboration with the Human Sciences Research and Development Center, etc.

➤ About Marketing Advisor



 **SEN marketing**

Corporate Value Creator
Shigekazu Sugiyama

1987

Prior to joining Shiseido Company, Limited in 2009 as the head of the Market Information Office of Corporate Planning Department, he worked in the Market Information Department and Marketing Division of Lion Corporation, and worked for Coca-Cola(Japan)Company, Limited as the Executive Manager of the Management Information Department.

2012

Became an executive officer in charge of corporate culture and advertising production.

2014

In charge of the marketing space for the domestic cosmetics business.

2015

Director of Cosmetics Brand Business Division, Japan Business Headquarters.

2017

Became the CEO of Shiseido Japan.

2020

Retired from Shiseido. Established SEN Marketing Office.

Speeding up of cost structure reform

The biggest issue with the Group management is to improve the profitability of Wacoal Corp. At the current stage, we will undertake further structural reform

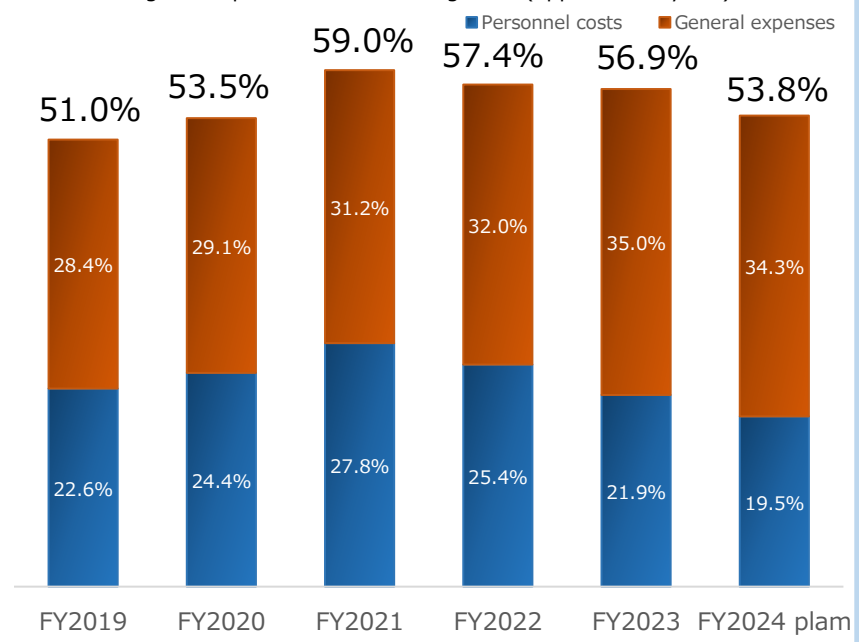
- 1 The SG&A ratio is assumed to be 53.8% for the March FY2024 term. In response to variable cost increases, we proceeded by reducing personnel costs through the continuation of personnel planning management and by reducing advertising expenses, the SG&A ratio was expected to decline by 3.1 pts from the previous fiscal year, but the ratio remained high
- 2 Currently, the new management team is taking the lead in considering additional improvement measures, the implementation schedule, profit/loss impact, and a promotion system. (In order to enhance the accuracy and effectiveness of structural reforms, we are also considering the use of external consulting services.)

➤ The amount of sales, as well as general and administrative expenses related to sales of Wacoal Corp.

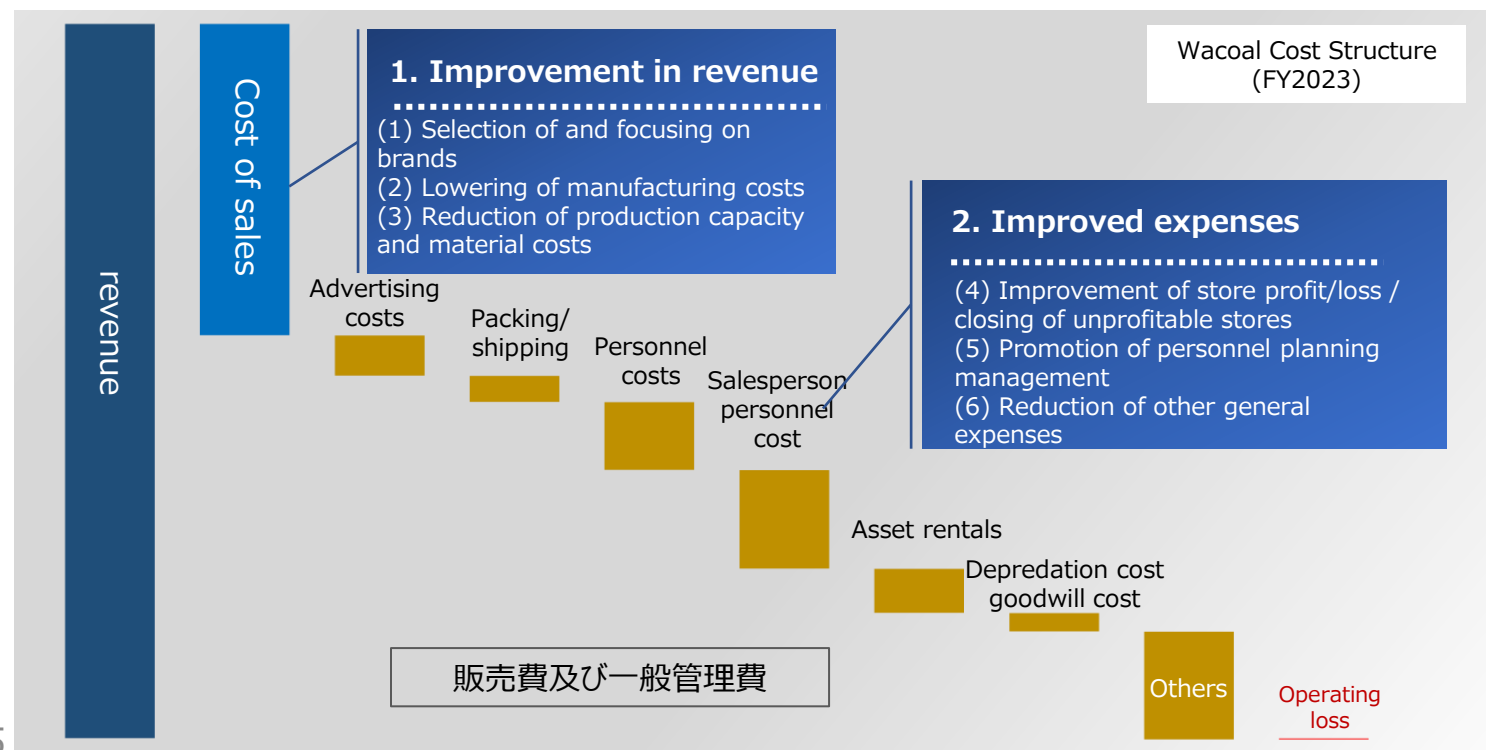
Although cost reduction and personnel planning management were promoted, the SG&A ratio remained high due to the delay in sales recovery (billions of yen)

	FY2020	FY2024 plan	Cost reductions
Personnel costs	24.7	19.4	-5.3
General expenses	29.3	28.5*	-0.8*

*excluding the impact of revenue recognition (approximately 5.7)



Created on the basis of data before consolidation adjustment.



In addition to strengthening the e-commerce business, which is our core strategy, we will strengthen our product appeal according to the characteristics of each market. On the other hand, bearing in mind the downside risk of the sales plan due to the deterioration of consumer sentiment, we will aim to secure the target profit by implementing appropriate cost control according to the sales situation. At the same time, each company will focus on decreasing inventory levels

U.S.

All figures are in local currency.

Wacoal America : Revenue plan YoY+3%、Business Profit plan \$ 11 million (YoY+5%)

- Increase our e-commerce (+10%) by promoting measures to increase average order value (AOV) and conversions
- Raise prices by about 4% for products from both Wacoal and b.tempt'd

IO Inc. : Revenue plan +30%、Business Profit plan - \$ 5 million (loss) Improved by \$7.7 million from the previous year

- Continue to improve the efficiency of sales promotion that we see currently. Implement appropriate cost controls according to sales
- Review and revise the pricing strategy across the board to change prices to those that match the product value from April 2023

China

All figures are in local currency.

Wacoal China Co., Ltd. : Revenue plan +54%、Business Profit plan 22 million yuan Improvement of 57 million yuan from the previous period

- Aim to recover sales by +7% from the March FY2020 term in terms of figures excluding the impact of settlement adjustments
- Hire a designer and a director of the e-commerce business to strengthen product appeal and the e-commerce business
- Optimize personnel organization and costs according to the sales situation after the restart

Downside risk regarding revenue planning

- Slow sales and lower profits due to a deterioration in consumer sentiment caused by rising interest rates meant to curb inflation
- Increased manufacturing costs due to continually soaring transportation expenses as well as raw material prices and rising personnel expenses
- Various country risks including political changes and conflicts
- Recording risk of impairment losses on intangible assets (residual remaining book value of the business: 16.2 billion JPY Wacoal International: 6 billion JPY, Wacoal Europe: 10.2 billion JPY)

➤ About the new designer at Wacoal China



Sachiyo Wakashiro
Wacoal China Co., Ltd. Wacoal Brand Design Director

After joining Wacoal Corp. in 1990, she worked as a pattern maker, and in 2005 became the chief designer of the "Salute" brand. After arriving at her new post with Wacoal China to work as a designer for Wacoal brands in China in 2011, she worked as a lingerie director for Wacoal Europe from November 2016, and won the "Designer of the Year 2018" award. She has been in her current position since April 2022

➤ First 3D smart & try store to be opened in the U.K.

We will aim to expand sales by linking our own e-commerce and 3D smart & try stores
The first 3D smart & try store will open in Bath during the March FY2024 term



Promoting responses to environmental and social issues in the supply chain

In April 2022, we established the Sustainability Committee and four Promotion Subcommittees to strengthen our response to important sustainability issues

- 1 The Sustainability Committee meets regularly on the same day as the Board of Directors Meeting to formulate specific measures to address sustainability issues, monitor progress status, and evaluate the status of goal achievement
- 2 In the March FY2023 term, seven meetings were held to discuss the "reduction of greenhouse gas emissions in the supply chain," "promotion of the adoption of environmentally friendly materials," "promotion of responsible procurement activities," and "promotion of respect for human rights in the supply chain"

➤ **New NBF hanger* commenced use**

In order to recycle plastic resources and reduce CO₂ emissions, we have developed a recyclable hanger that can be recycled from other hangers together with another group in the industry. To be launched in the mass merchandiser channel in July 2023



promotion system		objective	Initiatives for FY 2023	Initiatives for FY 2024
Sustainability Committee	Subcommittee for Carbon Neutral	Achievement of a decarbonized society (Business activities with low environmental impact)	<ul style="list-style-type: none"> - Selected partner companies for formulating scenarios (transition plans) for reducing greenhouse gas emissions at domestic business sites - Acquired energy data from all overseas business sites (offices, warehouses, factories) 	<ul style="list-style-type: none"> - Formulate investment plans such as reduction programs and energy-saving equipment for domestic business sites - Calculate greenhouse gas emissions at overseas business sites and consider reduction programs at major factories - Start collaborating with suppliers to reduce Scope 3 emissions
	Subcommittee for Resource Circulation	Achievement of a resource recycling society and promotion of waste reduction	<ul style="list-style-type: none"> - Defined environmentally friendly materials (Interim standards for environmental materials, material mixture ratios) - Established three-year targets for the usage rate of environmentally friendly materials - Established three-year targets to reduce the disposal of products and residual materials 	<ul style="list-style-type: none"> - Consider disclosing information on standards and amount used of environmentally friendly materials - Promote the development of environmentally friendly materials - Promoting individual measures to reduce the disposal of products and residual materials
	Subcommittee for CSR Procurement	Promotion of CSR procurement activities (Responsible procurement activities)	<ul style="list-style-type: none"> - Started CSR procurement activities at outsourced factories of overseas subsidiaries - Revised standards for on-site audits and supporting audits - Promoted corrective and improvement activities for issues that arose at outsourced factories 	<ul style="list-style-type: none"> - Expand the scope of CSR procurement activities (Start activities for monitoring raw materials and dye houses) - Strengthen monitoring to improve the effectiveness of CSR procurement activities
	Subcommittee for Human Rights, D&I	Promotion of D&I and respect for human rights	<ul style="list-style-type: none"> - Conducted a simple assessment of human rights issues in the supply chain - Conducted interviews with experts in preparation for the launch of Human Rights DD - Conducted interviews with experts to promote D&I 	<ul style="list-style-type: none"> - Implement human rights risk assessment (identify human rights risks and select important themes) - Strengthen measures to comply with the revised Act for Eliminating Discrimination against Persons with Disabilities - Implement human rights education

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