

This is an Appendix of the medium-term management plan (revised) disclosed on November 9, 2023. It describes the initiatives of Wacoal and its major overseas subsidiaries.

 WACOAL HOLDINGS CORP.

# Revised Medium-Term Management Plan FY2024 to FY2026

## Appendix

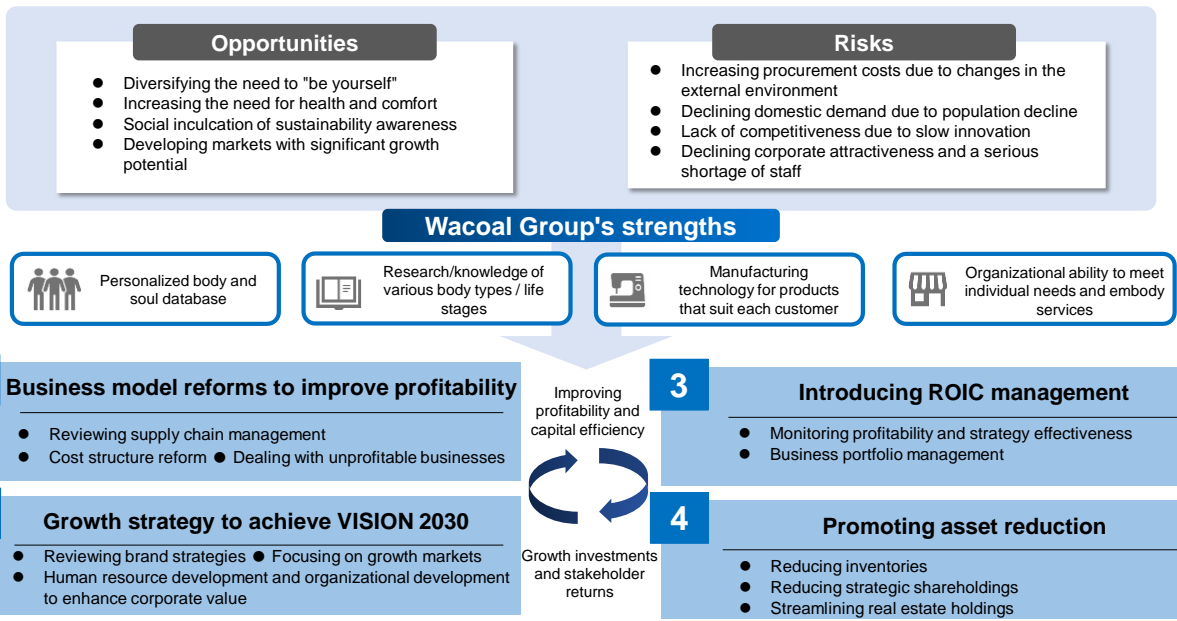
November 20, 2023  
Wacoal Holdings Corp.

1

Good morning, everyone. I am Kawanishi of Wacoal Corporation. I will now explain Wacoal's initiatives in the revised medium-term management plan.

# Targets of the Revised Medium-Term Management Plan

Reiteration : Revised Medium-Term Management Plan FY2024 to FY2026 Document P5 (disclosed 11/9)



# Wacoal Corp.'s Initiatives

# Our Goals for VISION2030

## ■ Reviews (Wacoal in the past)

- ✓ The ability to execute on the proposed plan is poor, and the improvement process based on reflection of failure is not working
- ✓ As customer needs change, conventional advertising, product planning, production systems, and business management functions are unable to respond to market changes, causing a decrease in profitability and excessive inventories
- ✓ In particular, the lead time (LT) from product planning, development, production, and delivery takes more than one year, and improvement is urgently needed

## ■ Wacoal's future value

### Empowering you to be yourself\*

Wacoal aims to grow and contribute to society by supporting "your own beauty, comfort, and health" of each customer tailored to diversifying customer needs

## ■ Medium-term management plan (revised)

After implementing cost structure reforms, we will grow again by strengthening brand power, customer loyalty, and human resources, and building a supply chain management that can respond quickly to customer needs. We will implement ROIC management to strengthen our business management functions and strengthen the PDCA process for each business

### Products and services that empower customers to be themselves

Products and services based on the results of our Company's research



Products and services that meet diverse values



See page four. First, I would like to explain Wacoal's vision for VISION 2030 and the role of medium-term management plan revision.

Domestic sales had been on a gradual decline since 2000, but the mass closures and format changes of regional department stores and mass retailers in 2015, the consumption tax hike in 2019, and the corona infection in 2020 triggered a further decline in sales and worsened profitability. In addition, even as the pandemic has subsided and consumption has begun to recover, the Company's sales have remained sluggish.

Of course, we did not do nothing during this time. Unfortunately, we have not been able to achieve results despite the various efforts we have made to recover our business performance. We recognize that this is an undeniable fact.

To this end, I have been working with internal and external members of Wacoal since my appointment in April to inspect the company. In the course of this process, we recognize that the preconditions for each function, such as manufacturing and sales, which we used to consider to be our strengths, have changed and are no longer applicable to the current market and customers.

In particular, we understand that our supply chain management has not been able to respond to the diversification of customer needs and the shortening of trends, resulting in weak sales and excessive inventories. In addition, we confirmed that our clients' inventory control policies are not sufficient to replenish their stocks of hot-selling products and to promote the development of new products.


As a result of the above, my conclusion in the medium-term revision is that we need to squat and aim for growth again. First, structural reforms will be implemented to optimize

the cost structure. We will also aim for growth by strengthening our brand power, customer loyalty, and human resources. In addition, in order to evolve into a corporate entity that can respond to the diversifying values of our customers, we have defined the value we will provide as empowering the individuality of each and every one of our customers.

We hope to achieve both Wacoal's growth and contribution to society by supporting each customer's own personal beauty, comfort, and health, in line with the diversification of customer needs, rather than Wacoal's idea of beauty.

# The Future Wacoal

**In order to grow and contribute to society by providing products and services that meet diversifying customer needs, we will implement through corporate transformation through the medium-term management plan (revised)**

	The Past Wacoal		The Future Wacoal
<b>Provided value</b>	<ul style="list-style-type: none"> <li>✓ Providing value based on the results of our Company's research</li> <li>✓ Uniform marketing for all customers</li> </ul>		<ul style="list-style-type: none"> <li>➢ In addition to providing value based on the results of our research, we will provide products and services that empower each customer's individuality based on the values of diverse customers</li> </ul>
<b>Brand strategies</b>	<ul style="list-style-type: none"> <li>✓ Over-reliance on our Company's strengths, the "product."</li> <li>✓ Lack of clear brand marketing strategies</li> </ul>		<ul style="list-style-type: none"> <li>➢ Through the brand management thoroughly from "customer's point of view," we will cultivate attractive brands with clear value</li> <li>➢ Making the innerwear market itself attractive</li> </ul>
<b>Customer strategies</b>	<ul style="list-style-type: none"> <li>✓ Customer directory management through in-store sales associates (BA)</li> <li>✓ Completing the integration of the customer data infrastructure and starting to use the data</li> </ul>		<ul style="list-style-type: none"> <li>➢ Increasing loyalty through the use of customer data</li> <li>➢ Building deep, broad, and long-term relationships with each and every customer through personalized customer experiences and improving LTV</li> </ul>
<b>Supply chain management</b>	<ul style="list-style-type: none"> <li>✓ Due to the lead time (LT) from product planning to delivery, which takes more than one year to product development, a gap between demand and production planning tends to occur</li> </ul>	 <p>Medium-term management plan (revised)</p>	<ul style="list-style-type: none"> <li>➢ Building demand-linked supply chain management that can flexibly respond to changes in the market and customers</li> </ul>
<b>Cost structure</b>	<ul style="list-style-type: none"> <li>✓ High cost structure</li> </ul>		<ul style="list-style-type: none"> <li>➢ Achieving an optimal cost structure through rigorous selection and focus</li> </ul>
<b>Decision making</b>	<ul style="list-style-type: none"> <li>✓ Various coordination tasks hinder prompt decision-making</li> <li>✓ The responsibility for management strategy is not clear</li> <li>✓ Partial optimization (lack of progress that requires coordination)</li> </ul>		<ul style="list-style-type: none"> <li>➢ Accelerating decision making</li> <li>➢ Clarifying responsibilities for business profit</li> <li>➢ Increasing productivity throughout the Company by achieving overall optimization</li> </ul>

See page five. The following is a description of what we hope to achieve through this corporate transformation.

In summary, it is about becoming a company, organization, and employees that can think and act in a customer-centric manner.

We will develop and provide customer-driven products and services, implement customer-driven brand management and communication policies, improve and reform our supply chain management to respond flexibly to changes in customers and markets, and evolve into an organization capable of rapid decision-making and with high business efficiency.

We will maximize the value we provide to our customers and allocate the cash we receive in return to investments in human resources and growth, which will lead to our next stage of growth.

Fortunately, we still have a large customer base and the manufacturing and sales capabilities to meet your needs. We believe that by updating these capabilities from a customer-driven perspective, we can re-grow.

In addition, our employees have diverse values and personalities, but we recognize that we are not making full use of this diversity. We recognize that one of our challenges is that the traditional silo management of the organization has allowed the idea of partial optimization to permeate the company, and that decisions or actions for company-wide optimization are weak. By supporting the growth of each employee, we hope to turn this diversity into a driving force for growth.

We intend to share our progress toward the state indicated in "Wacoal from now on" with our investors and employees.

# Key Initiatives in the Medium-Term Management Plan (Revised)

**After implementing cost structure reforms, we will strengthen brand power, customer loyalty, and human resources to return to growth**  
**In order to become a new Wacoal that can respond quickly to changes in customers and markets, we will link our supply chain management to demand from the customer's point of view using digital technologies**

■ Initiatives in Wacoal's medium-term management plan (revised)

<p><b>Business model reform</b></p> <p>Optimizing cost structure through rigorous selection and focus Forming supply chain management that can quickly respond to changes</p> 	<p><b>Supply chain management reform</b></p> <ul style="list-style-type: none"> <li>✓ Implementing supply chain management (SCM) reform to respond swiftly to changes in customer needs and the market environment</li> <li>✓ Forming SCM linked to demand from the customer's point of view using digital technologies</li> </ul>
	<p><b>Cost structure reform</b></p> <ul style="list-style-type: none"> <li>✓ Implementing a radical cost structure reform in order to restore Wacoal's basic profitability</li> <li>✓ We will improve the sales profit ratio by 3 pts to 4 pts and SG&amp;A expenses by 4 pts to 5 pts by FY2026</li> </ul>
<p><b>Executing growth strategies</b></p> <p>Strengthening brand development and customer loyalty by maximizing the value provided by leveraging our strengths and digital technologies</p>	<p><b>Customer strategies</b></p> <ul style="list-style-type: none"> <li>✓ Building deep, broad, and long-term relationships with each and every customer through personalized customer experiences and improving LTV. Designing every contact point with customers to make them attractive</li> <li>✓ Maximizing the value of the customer experience by leveraging customer data and improving the customer journey</li> </ul>
	<p><b>Brand strategies</b></p> <ul style="list-style-type: none"> <li>✓ With thorough brand management from the customer's point of view, we will develop an attractive brand with clear values and deepen the connection between the brand and customers</li> <li>✓ Making the innerwear market more attractive</li> </ul>
	<p><b>Human resource strategy</b></p> <ul style="list-style-type: none"> <li>✓ To improve profitability as soon as possible, we will implement human resource development, organizational development, and corporate culture reform for medium-to long-term growth along with managing personnel planning</li> <li>✓ Leveraging the strengths and supporting growth of each sales associate (BA)</li> </ul>

Page six. This will be a matter of major initiatives in the revised medium-term plan. As I explained earlier, the basic policy of this medium-term plan revision is to squat once and aim for renewed growth.

During the new medium-term management plan period, we will work on cost structure reforms and supply chain management reforms as part of business model reforms to transform ourselves into a structure capable of securing high profitability in an increasingly severe external environment.

In addition to business model reforms, we will also implement a growth strategy that will enable us to achieve our next level of growth. Again, the driving forces behind the growth strategy will be brand strength, customer loyalty, and human resources. Through strengthening our customer strategy, brand strategy, and human resource strategy, we will evolve into a new Wacoal that can respond quickly to changes in customers and markets.

The details of each item will be explained on the following pages.

# Business Model Reform (1) Supply Chain Management Reform

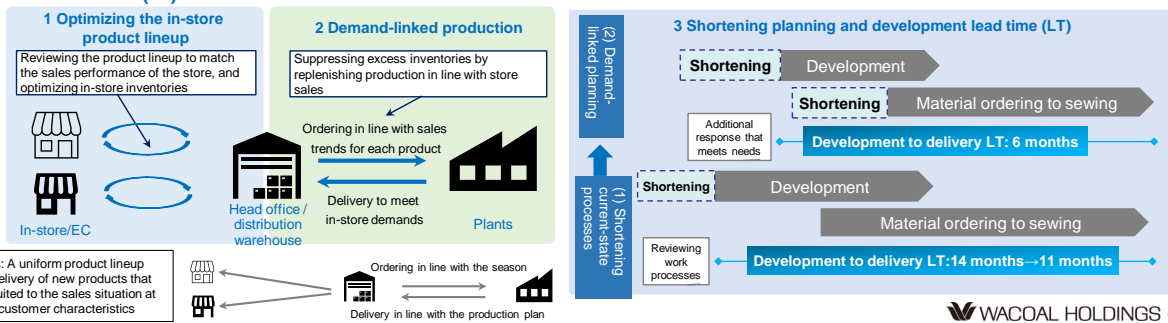
Reiteration : Revised Medium-Term Management Plan  
FY2024 to FY2026 Document P6 (disclosed 11/9)

**Implementing SCM reforms at Wacoal(Japan) to respond quickly to changes in customer needs and the market environment  
With the use of digital technology to build SCM linked to demand from the customer's point of view, thoroughly selecting and focusing to optimize the cost structure**

\* SCM: supply chain management

## ■ Process for establishing supply chain management linked to demand

- |          |   |   |  |
|----------|---|---|--|
| <b>1</b> | <b>Optimizing in-store product lineup</b>                 | <ul style="list-style-type: none"> <li>By reviewing the uniform product mix and delivery style of new products, we establish a model that reliably delivers top-selling products to stores (including e-commerce)</li> </ul>  | <ul style="list-style-type: none"> <li>Operational establishment within the period of the medium-term management plan</li> </ul>                               |
| <b>2</b> | <b>Demand-linked production</b>                           | <ul style="list-style-type: none"> <li>Changing the production system to match the demand situation at the store, optimizing/reducing excess inventories</li> </ul>   | <ul style="list-style-type: none"> <li>Trial from standard products and gradually become operational within the medium-term management plan period.</li> </ul> |
| <b>3</b> | <b>Shortening planning and development lead time (LT)</b> | <ul style="list-style-type: none"> <li>Shortening development and delivery LT by utilizing existing patterns and reviewing business processes such as planning and development meetings</li> <li>Accelerating the PDCA cycle and the launch of products that meet customer needs</li> </ul> | <ul style="list-style-type: none"> <li>By the FY2025, we will gradually change the business process and try to shorten additional plans</li> </ul>             |



Page seven. The first point of business model reform is the supply chain management reform.

We believe that supply chain management reform is a growth strategy not only for the purpose of optimizing our cost structure, but also because it directly leads to profit growth through the smooth development and deployment of products that meet customer needs, accurate additional production of hot-selling products, and inventory control.

Through the use of digital technology, we hope to enhance our ability to respond to customer needs by building a customer-driven, demand-driven supply chain management system.

The efforts are envisioned in three phases, first to optimize the product mix in stores, then to shift to a demand-linked production system, and finally to shorten production lead time. We have already begun to work on each of these initiatives and hope to begin operating them within the timeframes described.

# Reference: Progress of Supply Chain Management Reform

## A demonstration experiment was conducted at six mass retailers to optimize the in-store product mix

- ✓ Maintaining the inventory status of high-selling products at stores and promoting product appeal
- ⇒ Sales at participating stores (self-service stores and staffed sales staff stores) have been firm compared to the overall dealers

### ■ Initiatives for the current fiscal year (December 2023 to March 2024)

#### 1. Maximizing sales during the period

##### ≡ Reducing opportunity loss

(improving satisfaction rate and inventory turnover rate)

- ✓ Based on the results of inspections, appropriate in-store inventory operations will be established for demonstration project customers,
- ✓ Starting demonstration experiments with other dealers

#### 2. Building a foundation that produces continuous results

##### ≡ Shortening replenishment LT

(optimizing product mix and shortening replenishment LT)

- ✓ Reviewing the product mix to focus on stores' top-selling products
- ✓ Shortening replenishment LT to stores (demonstration experiment of shortening LT production)
- ✓ Shortening product-planning LT and responding to additional production (from 25SS)

### ■ Initiatives for the next fiscal year (April 2024 to March 2025)

#### 3. Expanding the scope of initiatives for each theme

≡ **Increasing results of initiatives** (improving satisfaction rate, inventory turnover rate, and sales increasing)

Page eight. Here you will find a description of our pilot program to optimize in-store merchandise at six mass merchandisers.

The efforts were really quite simple, and simply involved keeping each store in a state where inventory replenishment and development appeals for hot-selling products were properly addressed. This may sound obvious, but we were in a state of not being able to do this obvious thing.

As for the results of the demonstration experiment, during the one-month test operation, the sales averages of the six stores exceeded those of the other stores, a result that leaves us feeling confident.

Based on the results of this experiment, we would like to start operating the system in other stores of the clients who cooperated in the demonstration experiment, as well as in other clients, in this fiscal year. We will strive to reduce lost sales opportunities by quickly expanding the scope of target stores.

At the same time, we will conduct demonstrative experiments to shorten product planning and production lead time and build a foundation for continuous results. In the next fiscal year and beyond, we plan to expand the scope of our efforts in this area to improve the fulfillment rate, inventory turnover ratio, and sales activities.

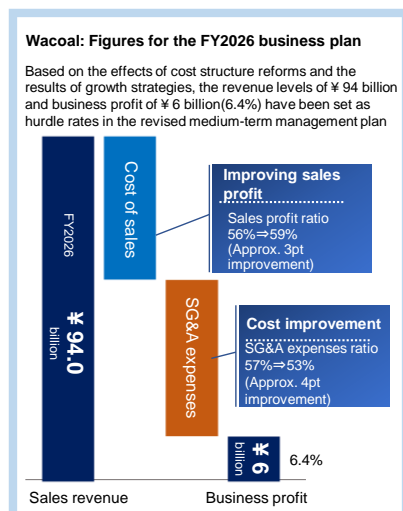


# Business Model Reform (2) Cost Structure Reform

Reiteration : Revised Medium-Term Management Plan  
FY2024 to FY2026 Document P7 (disclosed 11/9)

In order to restore Wacoal(Japan)'s basic profitability, a radical cost structure reform will be implemented. Setting reduction target to ¥ 7bn. We plan to improve the sales profit ratio by 3 pts to 4 pts and SG&A expenses by 4 pts to 5 pts by FY2026 (compared to FY2023).

Implemented items	Specific activities	Implementation timing	Effects
Brand focus and selection	<ul style="list-style-type: none"> <li>Reducing losses on returns and discounting by aggregating product numbers, etc. (Reducing production lines by approx. 40% and the number of product number by more than 10%)</li> <li>Reviewing sales price setting</li> </ul>	<ul style="list-style-type: none"> <li>Aggregating production lines will start at 24AW and be completed during FY2025</li> </ul>	¥ 1.9 billion
Reducing production costs	<ul style="list-style-type: none"> <li>Improving inspection process efficiency</li> <li>Reducing man-hours by aggregating product numbers, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Will be completed by FY2025</li> </ul>	¥ 0.6 billion
Reducing production and material costs	<ul style="list-style-type: none"> <li>Reviewing the production system</li> <li>Aggregating materials and master colors</li> </ul>	<ul style="list-style-type: none"> <li>Will be completed by FY2025</li> </ul>	¥ 0.4 billion
Improving the profit and loss of stores	<ul style="list-style-type: none"> <li>Reviewing the terms and conditions of business with business partners</li> <li>Withdrawing stores that are in the red (up to 32 stores)</li> <li>Optimizing personnel in order to improve productivity</li> </ul>	<ul style="list-style-type: none"> <li>Considering the withdrawal from stores that are in the red and those that are not expected to revise transaction terms during FY2024</li> </ul>	¥ 0.9 billion
Offering voluntary retirement	<ul style="list-style-type: none"> <li>Optimizing personnel in order to improve productivity</li> </ul>	<ul style="list-style-type: none"> <li>Will be completed by FY2024</li> </ul>	¥ 0.9 billion
Optimizing other sales promotion expenses	<ul style="list-style-type: none"> <li>Optimizing expenses for IT</li> <li>Optimizing advertising/promotion costs</li> </ul>	<ul style="list-style-type: none"> <li>Will be completed by FY2025</li> </ul>	¥ 1.6 billion
Reducing distribution costs, etc.	<ul style="list-style-type: none"> <li>Improving distribution business profitability</li> </ul>	<ul style="list-style-type: none"> <li>Will be completed by FY2025</li> </ul>	¥ 0.6 billion
			Approx. ¥ 7.0 billion



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See page nine. The second point of business model reform will be cost structure reform. Based on the current price increase trends and market trends, we will carefully look at the outlook for future sales and earnings and implement drastic structural reforms to change our business structure to ensure a certain level of profit even within that structure. The reduction target by the fiscal year ending March 31, 2026, is set at about JPY7 billion. The plan is to improve the profit margin on sales by 3 percentage points to 4 percentage points and SG&A expenses by 4 percentage points to 5 percentage points compared to the fiscal year ended March 2023.

The breakdown of the JPY7 billion is as shown in the table below, but let me explain the most effective reductions. Regarding brand selection and concentration, we expect to reduce 40% of the component lines and over 10% of the number of product numbers under Wacoal by the fiscal year ending March 2025, resulting in a cost reduction of JPY1.9 billion. In addition, the number of product numbers will be reduced by approximately 30% compared to the spring/summer season of 2020.

In addition, we believe that lower manufacturing costs, lower production and material costs, and improved store profit/loss will be the effects that will emerge as a result of the supply chain review, and we expect a total effect of JPY2 billion.

In particular, to improve store profitability, we plan to withdraw from a total of 32 stores -- 22 directly managed stores and 10 department stores -- in the current fiscal year and are currently in the process of negotiating terms and conditions for approximately 150 other stores.

# Summary of the Growth Strategies

By leveraging Wacoal's strengths and digital capabilities to continue providing products and services that empower customers' abilities to be themselves, we will develop beloved brands, build deep, broad, and long-term relationships with customers, and achieve growth as the Wacoal

**Implementing growth strategies using Wacoal's strengths and digital technologies**  
Strengthening human capital

**Channel measures corresponding to characteristics, potential, customer base, and market segments**

**Providing an optimal customer experience**  
Improving LTV

Growth strategies	
<b>Customer strategies</b>	<ul style="list-style-type: none"> <li>Building deep, broad, and long-term relationships with each and every customer through personalized customer experiences and improving LTV</li> </ul>
<b>Brand strategies</b>	<ul style="list-style-type: none"> <li>With thorough brand management from the customer's point of view, we will develop an attractive brand with clear values</li> </ul>
<b>Human resource strategy</b>	<ul style="list-style-type: none"> <li>In parallel with personnel planning management to improve profitability as soon as possible, we will implement human resource development, organizational development, and corporate culture reform for medium-to long-term growth</li> </ul>

Channel measures	
<b>Channel portfolio</b>	<ul style="list-style-type: none"> <li>Opening a replacement store to tenants that attract many customers</li> <li>Expanding self-managed sales floors</li> <li>Acquiring new customers by strengthening other companies' EC</li> <li>Developing a new store format that addresses customer expectations</li> </ul>
<b>Product structure</b>	<ul style="list-style-type: none"> <li>Product structure according to characteristics of market segments and channels</li> <li>Product expansion according to stores' top selling products</li> </ul>
<b>Customer experience</b>	<ul style="list-style-type: none"> <li>Seamless customer experience between Wacoal's own EC and physical stores</li> <li>Personalized recommendations based on customer data</li> </ul>

Expected effects	
<ul style="list-style-type: none"> <li>Gaining and keeping loyal customers</li> <li>Increasing number and amount of purchases per year</li> <li>Increasing return purchases and new members</li> </ul>	
<ul style="list-style-type: none"> <li>Expanding the customer pyramid</li> </ul>	



Page 10. I will now explain our growth strategy.

As outlined in the chart, there is no change in our ultimate goal. We intend to achieve renewed growth by improving lifetime value through the provision of optimal customer experience.

In the current medium-term business plan, we have reviewed the processes that lead to this point, and we have set the cultivation of loyal customers through the use of customer data, the strengthening of brand management from the customer's perspective, and human resource strategies as the pillars of our growth strategy.

Rather than developing these growth strategies in a uniform manner, we intend to respond flexibly according to channel characteristics, potential, customer base, and other factors. As a result, we believe that this will lead to expansion of self-managed sales floors, replacement store openings for tenants with high customer attraction, and strengthening of other companies' e-commerce to meet new customers.

The composition ratio of self-managed sales space and EC ratio that we are aiming for in the mid- to long-term will be explained later.

We will explain the details of our growth strategy from the next page.

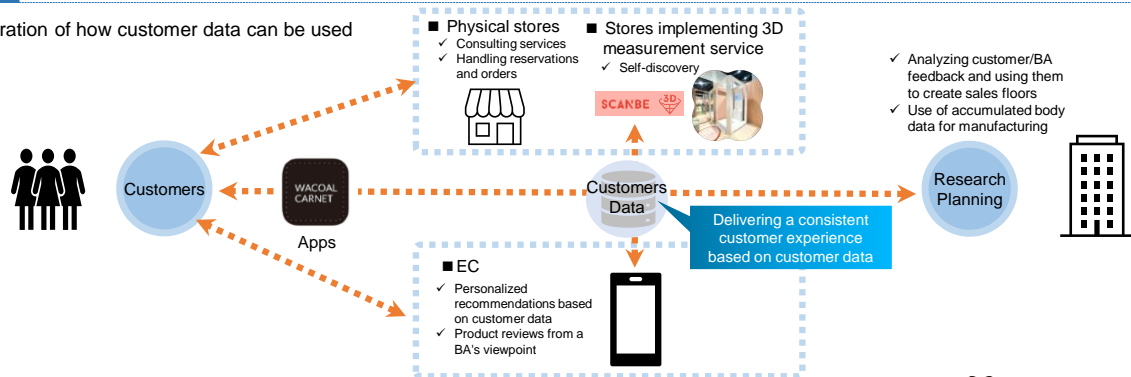
## Growth Strategies (1) Customer Strategies

In order to build deep, broad, and long-term relationships with customers, we will thoroughly utilize digital technologies to provide the best customer experience for each person

### ■ Use of digital technologies

- |           |  |
|-----------|--|
| <b>DX</b> | 1. Rebuilding the value chain from the customer's point of view. Fully leveraging customer data, customer feedback, and sales associate (BA) insights      |
|           | 2. Creating consistent and highly satisfying customer experiences in physical stores and online through 3D measurement services (SCANBE) and apps (CARNET) |
|           | 3. Identifying the development path of loyal customers and continuously monitoring management metrics to maximize LTV                                      |

### ■ Illustration of how customer data can be used



11

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See page 11.

The first growth strategy will be the customer strategy. In order to build deep, broad, and long-lasting relationships with our customers, we will provide optimal customer experiences for each of them, and we believe that the key to this is the use of digital technology. At medium term plan revision, we intend to evolve our connection with our customers through digital transformation.

The first point is to use digital technology to analyze not only customer data, but also customer feedback, which is one of our strengths, and the customer service knowledge of our sales staff, and to apply this to the customer experience.

The second point is the linkage between real and online. In addition to the consulting services of our sales staff, which is one of our strengths, we intend to utilize 3D measurement services and applications to provide a consistent and satisfying customer experience both in real life and online.

We have also started product reviews, in which sales representatives introduce products online, and these have been very successful, so the customer experience is already seamless both in real life and online.

Third, customer data will be used to develop loyal customers to maximize lifetime value. We will build relationships with customers by identifying paths to nurture loyal customers and continuously monitoring management indicators.

With thorough brand management from the "customer's point of view," we will develop an attractive brand with clear values

- Developing products and services tailored to each segment to meet the diverse values of customers and empower them to be themselves.

1	Innerwear	Brand portfolio setting tailored to market segments	<ul style="list-style-type: none"> <li>By clarifying the value we provide to customers, expand the customer base targeting young and affordable customers, and providing products that meet diverse customer needs, we will develop brands with an eye on long-term connections with customers and expand LTV</li> </ul>	Starting from the 24 AW season product
		Rebranding Wacoal	<ul style="list-style-type: none"> <li>From a brand that creates "beauty" to a brand that creates encounters with a "new you and new possibilities." Rebranding our core brand, Wacoal, to improve its value</li> </ul>	FY2028 ¥ 45 billion 125% compared to FY2023 (CAGR 4.6%)
2	Other than innerwear	Expanding our "beauty, comfort, and health" business	<ul style="list-style-type: none"> <li>Expanding the beauty, comfort, and health business by utilizing our knowledge cultivated in the innerwear business</li> <li>Personalized services using 3D measurement systems and data</li> <li>Strengthening sports business such as CW-X</li> </ul>	FY2031 ¥ 20 billion

■ About market segments

Analyzing the market attractiveness of each segment based on the "compound annual growth rate" x "bra market size" for FY2018 to FY2022, setting market segments and developing brand strategies in line with the strengthened segments (market attractiveness of each market segment and other information not disclosed)

		Age group					
		15 to 19 yrs old	20 to 29 yrs old	30 to 39 yrs old	40 to 49 yrs old	50 to 59 yrs old	Age 60 and above
Price range	High premium		High premium				
	Premium	Young people	Rebranded Wacoal			Seniors	
	Better		Rebranded Wacoal			Seniors	
	Moderate		Affordable				
	Affordable		Affordable				
	Cost saving		Affordable				

See page 12. Brand strategy will be explained.

For brand strategy, we have organized market segments from a unique perspective and set up brand portfolios according to the strengthened segments. Based on this portfolio, we will execute brand management.

Regarding the market segments, we have analyzed the CAGR of the bra market from 2018 to 2022 and the size of the bra market to identify the market attractiveness. The brand strategy is then studied according to the strengthened segments. Details of market segments are not disclosed.

In addition, for the central segment, we hope to strengthen our response with the Wacoal rebrand. As I mentioned earlier, Wacoal has been a brand that creates beauty, but after the renewal, we intend to evolve into a brand that creates encounters with new selves and new possibilities, thereby enhancing the value we provide to customers.

In addition, to expand the customer base, we will strengthen the development in the affordable segment and the younger segment, and also focus on the high premium segment where market growth is expected.

In areas other than innerwear, we aim to expand our business in the areas of beauty, comfort, and health, such as body data obtained from 3D measurement services, personalized services utilizing the mind-body research of our research institute, and strengthening our sports business such as CW-X.

# Quantitative Targets for Wacoal

## Planned figures (\* including internal sales)

	Initial goal FY2025	+1 year	Revised target FY2026	No change FY2031
Sales	¥110 billion		¥94 billion	¥130 billion
Business profit	¥7.5 billion		¥ 6 billion	¥11 billion
Business profit margin	6.8%		6.4%	More than 8.5%

## VISION2030 (goals to aim for in FY2031)

Market segment	Innerwear						Non-innerwear	
	Wacoal brand	High premium	Affordable	Young people	Seniors	Semi-order	Personalize	Conditioning
Sales targets for FY2031	¥110 billion						¥20 billion	
CAGR (FY2023 to FY 2031)	+2.7%	+9.8%	+3.8%	+13.0%	+18.9%	+25.1%	—	+21.5%
EC ratio of innerwear (Difference between FY2023)	40% (+20pt)	60% (-20pt)	Self-managing sales of innerwear (Difference between FY2023)*		More than 60% (+10pt)	40% or less (-10pt)	* Sales at sales floors where customer data can be acquired and price control is possible (e.g., directly managed stores, in-house EC stores, department stores) in order to maximize LTV	

13

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Page 13. Finally, I will explain the quantitative targets of Wacoal Corp.

As explained earlier, in light of the external environment, we will push back the target achievement year by one year, from the fiscal year ending March 31, 2025, to the fiscal year ending March 31, 2026.

In addition, we have revised downward our sales target to JPY94 billion, taking into account the impact of the selection and concentration of brands in line with structural reforms and the withdrawal of loss-making stores, as well as the fact that a certain amount of time is needed before the results of our growth strategy are realized.

Although business profit will also be revised downward, we hope that the effects of cost structure reforms will promote a change in our business structure to ensure a certain level of profitability even in the face of declining revenue, and lead to growth in the next medium-term management plan and beyond.

On the other hand, we will not change the targets set forth in VISION 2030. We are aiming for total sales and earnings of JPY130 billion, JPY110 billion in innerwear and JPY20 billion in non-[innerwear], mainly in the strengthened segments I explained earlier.

In terms of channels, the Company plans to increase the ratio of e-commerce to 40%, and to increase the sales ratio of self-managed sales floors and self-managed stores, which can acquire and utilize customer data, to over 60%.

That is all from me. Thank you for your attention.

# Overseas Business Initiatives

## Major Initiatives for Overseas Business

Assuming the situation will continue to be uncertain, such as emergence of geopolitical risks and decline in consumer confidence due to rapid inflation

### Our Goals for VISION2030 (no change)

In addition to achieving growth in existing areas (UK, US, and China) and expanding brand recognition in continental Europe and India, we will transform our business structure to a high-profit structure

#### FY2031 Key KPIs (no change)

Sales revenue **¥108 billion**

Operating profitability **10%**

1. **Steady growth in the U.K., the U.S., and China**
2. **A bold business transformation to EC business**
  - ▶ EC ratio **50% and higher** Including customer EC, dedicated EC, and Wacoal EC sales
3. **Developing markets with large potential for sales growth**
  - ▶ Emerging areas **Germany: ¥3 billion, India: ¥7 billion**
4. **Promoting the Asian headquarters system**

### Overseas business initiatives under the medium-term management plan (revised)

Assuming that the situation will continue to be uncertain, we will prioritize profit generation in FY2024 and FY2025 in each country while working to improve our management base and implementing growth strategies for the next medium-term management plan

<b>Growth strategies</b>	<p><b>1. Growing EC</b> Expanding contact points with customers and achieving EC growth by promoting digital strategies (OMO, CRM, Asia EC platform)</p> <p><b>2. Developing and providing new products that meet market trends</b> Expanding contact points with new customers by developing and selling new products based on market trend analyses in China and other countries in Asia</p>
<b>Strengthening supply chain management</b>	<p>(1) Optimizing production and material procurement processes in overseas business (2) Reducing manufacturing costs by reorganizing the supply system within the Group (3) Expanding the supply network outside the Company to strengthen the affordable market in China and Asia</p>
<b>Reviewing strategies for inefficient businesses</b>	<p><b>Withdrawal of LIVELY brand (IO)</b> After considering various possibilities for future business development, we determined that it would be difficult to improve the performance of the business in the future, and decided to withdraw</p>

\* Initiatives at major subsidiaries are explained on the following pages



# Major Subsidiaries' Initiatives: Europe and the U.S

## Wacoal Europe's initiatives

In addition to promoting brand strategies to meet the diverse values of customers, we will also form and promote growth strategies in regions with room for growth, such as Germany and France

### Accelerating the transition to an EC-focused business model

Improving the efficiency of the Dutch warehouse, strengthening EC business outside the UK (development of Wacoal own EC, collaboration with other companies' EC)

### Increase sales in continental Europe

In addition to cultivating existing areas, we will strengthen sales activities in new areas, such as Germany, where there is significant room for growth. In addition to expanding our sales network, including EC and physical stores, we will also consider alliances and M&As with other companies to achieve growth with quality and speed

### FY2026 Performance KPIs

- ✓ Sales revenue: ¥23.9 billion (CAGR: +5.6%)
- ✓ Operating profitability: ¥2.6 billion (more than 10%)
- ✓ EC ratio: 37% (FY2023: 31.7%)

## Wacoal International's (U.S) initiatives

We will review the plan based on the current external environment. While working to grow the EC business, we will begin to review our cost structure to address the decrease in profit ratio due to increased costs

### Accelerating the transition to an EC-focused business model

Achieving continuous growth in the EC business by developing new competitive compensation product groups and strengthening CRM centered on digital fitting services

### Reviewing cost structure

In order to address the pressure of rising costs, we will review retail prices, promote automation of distribution operations (automatic picking, etc.), reduce procurement costs, and begin reviewing our business model to optimize our cost structure.

### FY2026 Performance KPIs

- ✓ Sales revenue: ¥28.8 billion (CAGR: 3.9%)
- ✓ Operating profitability: ¥1.36 billion (5%)
- ✓ EC ratio: 50% (FY2023: 45.6%)

	Wacoal America Wacoal Europe Total <sup>1</sup>	Wacoal America					Wacoal Europe		Areas other than those listed on the left <sup>4</sup>
		North America (U.S. and Canada)		Australia	UK	France	Germany		
Sales for FY2023	¥44.2 billion	¥23.5 billion	¥5.9 billion	¥1.2 billion	¥6.6 billion	¥1.1 billion	¥0.6 billion	¥5.3 billion	
EC	¥17.5 billion	¥11.4 billion	¥2.8 billion	0	¥2.4 billion	¥0.2 billion	¥0.3 billion	¥0.4 billion	
Physical stores	¥26.7 billion	¥12.1 billion	¥3.1 billion	¥1.2 billion	¥4.2 billion	¥0.9 billion	¥0.3 billion	¥0.9 billion	
Sales ratio by area <sup>1</sup> to the total sales of Wacoal America and Wacoal Europe		66%		3%	15%	2%	1%	12%	
Innerwear market size		North America (U.S. and Canada)		Australia	UK	France	Germany	Others	
Retail market size <sup>2</sup>		¥1,804.5 billion		¥98.7 billion	¥416.8 billion	¥205.5 billion	¥351.1 billion		
EC retail market size <sup>2</sup>		¥194.2 billion		¥5.4 billion	¥90.8 billion	¥18.9 billion	¥31.2 billion		
Wacoal Group share <sup>3</sup>		3.0%		2.4%	3.0%	1.1%	0.3%	-	
Wacoal Group share <sup>3</sup> of EC		11.9%		-	4.8%	2.1%	1.9%		
Population		373 million people		25 million people	67 million people	65 million people	83 million people		

<sup>1</sup> Simple sum of Wacoal America and Wacoal Europe (including internal transactions)

<sup>2</sup> Source: Euro monitor materials in 2022

<sup>3</sup> Wholesale sales are calculated by substituting retail amounts

<sup>4</sup> Total export sales of Wacoal America and sales outside the areas indicated in Wacoal Europe

WACOAL HOLDINGS CORP.

# Major Subsidiaries' Initiatives: China and Other Countries in Asia

## Initiatives in China

Through a brand strategies (product functions, prices, and promotions) that achieve EC growth, we aim to return to sales and at the same time embark on a business model reform to improve profitability

### Developing products that meet customer needs

(1) Strengthening our ability to respond to changes in customer purchasing behavior, needs, and product trends. Conducting purchase analysis in major EC marketplaces, formulating and executing brand strategies (product functions, prices, promotions), and aiming for EC growth  
(2) Developing sports and athleisure products and expansion of high-end products

### Improving management efficiency

Reviewing our cost structure to improve profitability. Withdrawing poorly-performing stores and reducing inventories

### FY2026 Performance KPIs

- ✓ Sales revenue: ¥13 billion (CAGR: +12.4%)
- ✓ Operating profitability: ¥0.88 billion (6.8%)
- ✓ EC ratio: 35% (FY2023: 23.5%)

## Other countries' initiatives in Asia

Cooperate among Asian subsidiaries under the Asian headquarters system. We will implement measures that take advantage of the strengths of our own EC and other companies' EC to achieve growth

### Expanding customer contact points and improving LTV

(1) Other companies' EC: Focusing on acquiring new customers by strategically strengthening cooperation with EC marketplaces  
(2) Wacoal own EC: We will enhance our own content, such as membership programs, and accelerate collaboration with physical stores

### Strengthening business in India

(1) In addition to the existing premium line, new affordable products will be developed to expand the customer base (24AW)  
(2) Implementation of product planning in India and improvement of domestic procurement ratio

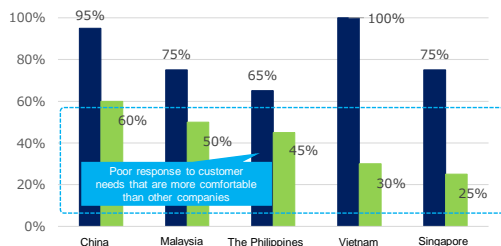
### FY2026 Performance KPIs (Wacoal India)

- ✓ Sales revenue: ¥1.3 billion (CAGR: +24.1%)
- ✓ Operating loss: -¥0.16 billion
- ✓ Domestic procurement ratio: 55% (FY2024: 15%)

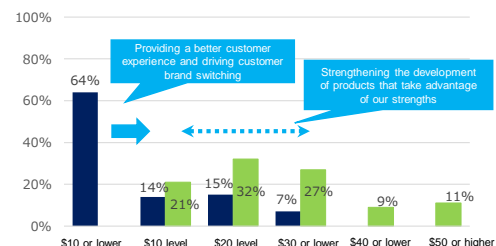
## Purchase analysis in major EC marketplaces in each country

\* Survey period: May to June 2023  
Research method: Analyzing the characteristics of the top sales part numbers in major EC marketplaces

### 1. Composition ratio of non-wire bras



### 2. Composition ratio of the price range



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