Fiscal Year Ending March 31, 2021
First Quarter Financial Results
Presentation
[U.S. Accounting Standards]

Wacoal Holdings Corp.
July 31, 2020

[Speakers]

Hironobu Yasuhara
Representative Director, President and Corporate Officer

Tomoyasu Ito
Director, Vice President Corporate Officer; Representative Director, President and Corporate Officer of Wacoal Corp.

Akira Miyagi
Director and Managing Corporate Officer in charge of Group Finance
Starting from the current consolidated first quarter, information on Ai Co., Ltd., which was previously presented in our “Wacoal Business (Domestic)” segment and “Peach John Business” segment, is now reflected and presented in our “Other” segment following review of certain management classification of performance within our group. The segment information for the previous consolidated cumulative first quarter has been prepared based on the segments reported after this change. (Please see slide 57 for an outline of the new business segment)

Outline of business segment changes

<table>
<thead>
<tr>
<th>Previous segment</th>
<th>New segment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wacoal Business (Japan)</td>
<td>Wacoal Business (Japan)</td>
</tr>
<tr>
<td>Wacoal Business (Overseas)</td>
<td>Wacoal Business (Overseas)</td>
</tr>
<tr>
<td>Peach John Business</td>
<td>Other Businesses</td>
</tr>
<tr>
<td>Other Businesses (Lecien,Nanasai etc.)</td>
<td></td>
</tr>
</tbody>
</table>

Please see page two.

From the consolidated cumulative first quarter of the current fiscal year, some reportable segments have been changed to those based on internal reporting segments based on internal organizations. As a result of this change, the Ai and PEACH JOHN Segments, which were previously included in the Wacoal Business (Domestic) Segment, have been included in the Other Segment. Segment information for the consolidated cumulative first quarter of the previous fiscal year has been prepared based on the revised reportable segments.

Now, let us start the explanation. Thank you in advance.
Executive Summary for FY2021 1Q (Apr-Jun)  
Note: For China only, Jan-Mar

Both Japan and overseas businesses experienced significant declines in sales due to store closures resulting from the spread of the coronavirus outbreak. 
(As a result of easing lockdowns and the lifting of the state of emergency declaration, as of June, operations at stores around the world have restarted)

- Net sales: ¥28.6 billion - ¥18.8 billion year over year (YoY), (-40%)
  - Though Wacoal’s own EC business was strong (+91%), sales declined significantly in the wholesale and retail businesses due to the large impact of store closures
  - Overseas, though there were positive effects from the new consolidation of IO Inc., sales decreased significantly in the US, Europe, China, and other overseas locations due to the impact of store closures

- Operating loss: -¥4.5 billion (Wacoal business (Japan) - ¥3.1 billion, Wacoal business (overseas) - ¥1 billion, Others - ¥400 million)
  - Though efforts to reduce costs were implemented at each company, an operating loss was recorded due to the inability to absorb the drop in sales profit brought about by decreased sales
  - Domestically, Peach John turned profitable due to EC business growth and contributions from efforts to improve productivity that have been underway since last year

- Losses before income taxes and equity in net income of affiliated companies: - ¥2.9 billion - ¥4.4 billion YoY
  - A loss was recorded due to the significant impact of the operating loss
  - Net valuation gain of ¥800 million was recorded on securities and investments

Miyagi: I am Miyagi. I would like to thank you for participating in the financial results briefing of Wacoal Holdings today despite your busy schedule.

First, I will explain the results for the first quarter of the fiscal year ending March 2021 and the full-year forecast.

Please see page four. The first quarter of the current fiscal year has been summarized.
Net sales for the first quarter of the current fiscal year were JPY28.6 billion. The spread of the new coronavirus infection has resulted in a loss of approximately 4% compared with the same period in the previous year, due to the closure of shops in various areas of the world and the low consumption caused by restraint from going out.

We posted an operating loss of JPY4.5 billion. Although each company worked to reduce costs, it was unable to absorb the impact of the decline in revenues, resulting in a significant loss.

Net income (loss) before income taxes resulted in a loss of JPY2.9 billion. Net valuation gains (losses) on securities and investments totaled JPY800 million in the first quarter of the current fiscal year.

Please see page five. We explain the factors behind the YoY increase and decrease in sales in the first quarter of the current fiscal year in the waterfall chart.

In the first quarter of the current fiscal year, net sales decreased by JPY18.8 billion from the same period of the previous fiscal year. As the sequence of red boxes shows, sales in nearly all businesses declined due to the impact of store closures attributable to the spread of the infectious disease.

Particularly, in the domestic wholesale business, sales fell sharply by JPY9.9 billion, due to store closures and the impact of restraints by suppliers. Sales of the LIVELY brand of IO, which we acquired last year, totaled approximately JPY900 million, exceeding our initial target.
Operating income: Down ¥8.1 billion

Operating income decreased by JPY8.1 billion from the same period of the previous fiscal year. The table on the upper right shows the amount of decrease in sales profit and the amount of reduction in expenses. Although net sales profit decreased by JPY11.6 billion, due to a decline in sales, expenses were reduced by JPY3.5 billion. For IO, which we acquired last year, we recorded a loss of approximately JPY500 million, due to our strategic investment in advertising, but we recognize it as a growth investment and is a strategic plan.

PEACH JOHN’s operating income increased in Japan, due to growth in its Ecommerce Business and a reduction in various expenses.
Please see page seven. For reference, net sales of major companies from January to June are shown. Sales fell sharply in April and May, but recovered in June, when sales resumed at nearly all stores.

FY2021 1Q: Financial Results Overview

(Reference)
Changes in sales for major companies and business units for the Jan – Jun period (rate of change)

- Sales have been recovering since the lifting of the state of emergency declaration
- For June, the domestic wholesale business had favorable sales on a store basis, but was impacted by inventory control implemented by customers, etc.

(Note: Wacoal store-based sales are noted on slide 50)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Wholesale Business Div.</td>
<td>-1.1%</td>
<td>-2.8%</td>
<td>-32.7%</td>
<td>-71.5%</td>
<td>-48.7%</td>
<td>-21.7%</td>
</tr>
<tr>
<td>Retail and WEB Business Dept.</td>
<td>+4.9%</td>
<td>+2.7%</td>
<td>-1.8%</td>
<td>-32.7%</td>
<td>-42.7%</td>
<td>-12.8%</td>
</tr>
<tr>
<td>+ Increase / decrease rate only for in-house EC in WEB business Dept.</td>
<td>+13.7%</td>
<td>+15.4%</td>
<td>+21.1%</td>
<td>+76.4%</td>
<td>+106.1%</td>
<td>+84.6%</td>
</tr>
<tr>
<td>Wacoal (★2)</td>
<td>-0.9%</td>
<td>-1.8%</td>
<td>-29.2%</td>
<td>-72.1%</td>
<td>-49.8%</td>
<td>-16.7%</td>
</tr>
<tr>
<td>Wacoal America, Inc. (★3) (Local Currency Basis USD’000)</td>
<td>+9.1%</td>
<td>+2.6%</td>
<td>-10.8%</td>
<td>-68.3%</td>
<td>-55.0%</td>
<td>-26.6%</td>
</tr>
<tr>
<td>+ Increase / decrease rate only for in-house EC in WEB business Dept.</td>
<td>+16.7%</td>
<td>+34.5%</td>
<td>+14.3%</td>
<td>-25.8%</td>
<td>+36.7%</td>
<td>+30.2%</td>
</tr>
<tr>
<td>Wacoal Europe Ltd. (Local Currency Basis GBP’000)</td>
<td>-9.6%</td>
<td>-8.8%</td>
<td>-39.9%</td>
<td>-73.3%</td>
<td>-54.9%</td>
<td>-20.2%</td>
</tr>
<tr>
<td>Wacoal China Co., Ltd. (Local Currency Basis CNY’000)</td>
<td>-3.5%</td>
<td>-80.9%</td>
<td>-48.2%</td>
<td>-36.7%</td>
<td>+10.6%</td>
<td>+4.6%</td>
</tr>
<tr>
<td>Peach John (Japan)</td>
<td>+17.5%</td>
<td>+20.6%</td>
<td>-14.1%</td>
<td>-19.0%</td>
<td>-6.6%</td>
<td>+32.4%</td>
</tr>
<tr>
<td>Ai</td>
<td>-2.4%</td>
<td>-14.1%</td>
<td>-14.8%</td>
<td>-36.1%</td>
<td>-28.8%</td>
<td>-20.7%</td>
</tr>
<tr>
<td>Lecien (Japan)</td>
<td>-23.1%</td>
<td>-7.9%</td>
<td>-19.0%</td>
<td>-43.9%</td>
<td>-40.9%</td>
<td>-38.4%</td>
</tr>
<tr>
<td>Nanana</td>
<td>-1.1%</td>
<td>-7.5%</td>
<td>-34.9%</td>
<td>-83.8%</td>
<td>-73.7%</td>
<td>-50.5%</td>
</tr>
</tbody>
</table>

*1 The figure before the transfer of internal expenses shows year-on-year changes, including internal sales.
*2 In addition to the three businesses listed, the figures include sales of other businesses and eliminations between business divisions.
*3 The figures for Wacoal America only are disclosed. It is not the figures of sales of Wacoal International including Intimates Online Inc. (LIVELY).

Please see page eight. This report presents an overview of results for the first quarter of the current fiscal year.
In the first quarter of the current fiscal year, sales of the Wacoal Business (Domestic) amounted to JPY15.5 billion. In Wacoal’s Ecommerce Business, sales increased by 91% YoY. However, due to the impact of store closures at directly-managed stores and by customers during the state of emergency declaration, sales decreased significantly. Despite efforts to reduce costs, the decrease in sales could not be absorbed, resulting in an operating loss of ¥3.1 billion. 

As a result of the above, Wacoal business (domestic) posted an operating loss of ¥3.1 billion. Operating loss was ¥5 billion YoY. Wacoal’s sales decreased significantly, and though efforts were made to cut costs, the decrease in sales could not be absorbed. 

Please see page 10.
closures and self-restraint from going out, sales decreased significantly in both the wholesale and retail businesses.

We posted an operating loss of JPY3.1 billion. Despite our efforts to reduce costs, Wacoal’s revenues declined.

Please see page 11.

In the Wacoal Business (Overseas), net sales were JPY7.8 billion. As in Japan, due to store closure and self-restraint from going out due to the spread of the infectious disease, the brick-and-mortar channels in each country had difficulties.

An operating loss of JPY1 billion was recorded. In addition to cost reductions, the Company made use of government support measures in some regions, but the impact of the decline in sales was significant and resulted in a loss.
 Supported by the high growth of its own EC business, PEACH JOHN’s sales were strong even in the COVID-19 environment.

**Net sales**:
- ¥5.2 billion → ¥2 billion YoY (-27%)

**Operating loss**:
- ¥400 million → ¥200 million YoY

PEACH JOHN returned to the black by increasing domestic revenue, controlling SG&A expenses, and reducing rent. Other businesses recorded operating losses.

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY2021 1Q results, 3 months</th>
<th>FY2021 1Q results, 3 months</th>
<th>Year-on-Year</th>
<th>comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peach John</td>
<td>2,587 36.3</td>
<td>2,538 49.0</td>
<td>-49</td>
<td>-1.9%</td>
</tr>
<tr>
<td>Lecien</td>
<td>1,329 18.6</td>
<td>996 19.2</td>
<td>-333</td>
<td>-25.1%</td>
</tr>
<tr>
<td>Nanasai</td>
<td>1,973 27.7</td>
<td>1,235 23.9</td>
<td>-738</td>
<td>-37.4%</td>
</tr>
<tr>
<td>Ai</td>
<td>818 11.7</td>
<td>252 4.9</td>
<td>-566</td>
<td>-63.8%</td>
</tr>
<tr>
<td>Intersegment transactions, etc., eliminations</td>
<td>426</td>
<td>154</td>
<td>-272</td>
<td>-62.0%</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>7,133 100.0</td>
<td>5,175 100.0</td>
<td>-1,958</td>
<td>-27.4%</td>
</tr>
</tbody>
</table>

*Operating income (loss)*
- FY2021 1Q: ¥192 million
- FY2020 1Q: -¥387 million
- Year on Year: ¥579 million

Please see page 12. Other sales were JPY5.2 billion. Sales of PEACH JOHN in Japan increased due to growth in Ecommerce sales but decreased due to weak Overseas sales.

For operating income (loss), we had an operating loss of JPY400 million. PEACH JOHN returned to the black, but NANASAI and Ai suffered large operating losses, resulting in a loss in the segment total.

Let’s move on. In this section, I will explain our full-year forecasts.

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**Full-year Forecasts**

for Fiscal Year Ending March 31
Please see page 14. This is a summary of the full-year outlook.

Net sales are expected to decline by 15% from the previous fiscal year to JPY158 billion. The plan is based on the assumption that the consumption slump caused by the spread of the infectious disease will continue until the end of the fiscal year, although it is expected to recover moderately from the second quarter onward.

We expect an operating loss of JPY5 billion. In preparation for the materialization of downside risks, an adjustment of JPY1.2 billion has been included in the plan. Details will be provided later.

As a result of the above, the Company expects to record a loss of JPY3.7 billion for both income (loss) before income taxes and net income (loss).

This is due to the spread of the infectious disease, but this is the Wacoal’s first loss since its establishment in 1949. We take this very seriously, and we intend to take various measures with a sense of speed to achieve early profitability.
Though a gradual recovery from the slump in consumption will occur from 2Q onward, the slump is also expected to continue until the end of the fiscal year

- Japan: Last fiscal year, the demand rush prior to the consumption tax increase and its repercussion greatly impacted the difference with the previous year (Returning to the sales level in 4Q of the fiscal year before last (FY2019) has been set as one benchmark)
- Overseas: We expect a slump in physical store channels, primarily in Europe and the US

<table>
<thead>
<tr>
<th>Wacoal</th>
<th>4Q target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year on Year</td>
<td>Comparison with two years ago</td>
</tr>
<tr>
<td>-20%</td>
<td>-10%</td>
</tr>
<tr>
<td>+5%</td>
<td>-5%</td>
</tr>
<tr>
<td>+10%</td>
<td>±0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Overseas</th>
<th>4Q target</th>
</tr>
</thead>
<tbody>
<tr>
<td>America Wacoal</td>
<td>4Q target</td>
</tr>
<tr>
<td>Year on Year</td>
<td>Comparison with two years ago</td>
</tr>
<tr>
<td>-15%</td>
<td>-15%</td>
</tr>
<tr>
<td>±0</td>
<td>+5%</td>
</tr>
<tr>
<td>±0</td>
<td>±0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Wacoal Europe</th>
<th>4Q target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year on Year</td>
<td>Comparison with two years ago</td>
</tr>
<tr>
<td>-40%</td>
<td>-25%</td>
</tr>
<tr>
<td>-15%</td>
<td>-15%</td>
</tr>
<tr>
<td>+5%</td>
<td>±10%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Wacoal China</th>
<th>4Q target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year on Year</td>
<td>Comparison with two years ago</td>
</tr>
<tr>
<td>-10%</td>
<td>-10%</td>
</tr>
<tr>
<td>+5%</td>
<td>±0</td>
</tr>
<tr>
<td>+5%</td>
<td>+10%</td>
</tr>
</tbody>
</table>

Please see page 15.

I would like to explain the prerequisites for the formulation of the full-year plan. Despite differences by region, we expect net sales in each country to decline from the same period of the previous fiscal year due to the impact of the spread of the infectious disease, at least until the second quarter. Wacoal is expected to finally recover to the level of normal sales in the fourth quarter, as can be seen from the comparison with the sales figures of the fiscal year before the previous fiscal year, in which there are a few special factors, such as the consumption tax hike.

Overseas, we expect Wacoal’s sales in China, where the infectious disease was quickly resolved, and Wacoal’s sales in the United States, where the ecommerce ratio is rising, to return to the previous fiscal year’s level by the end of the fiscal year. On the other hand, in Wacoal Europe, the pace of recovery is expected to remain moderate due to difficulties in the brick-and-mortar sales channel.
FY2021: Net Sales Plan for the Full Year (YoY Comparison)

- Decreases sales of -15% YoY (¥28.8 billion) are planned for:
  - Wacoal: ¥12.7 billion, Europe/US/China: ¥5.8 billion, four domestic subsidiaries: ¥5 billion

Please see page 16. I will explain the factors behind the changes in net sales from the previous fiscal year.

Net sales are expected to decline by JPY28.8 billion from the previous fiscal year. Specifically, we expect lower revenues at JPY12.7 billion for Wacoal, JPY5.8 billion for three countries in Europe and America, and JPY5 billion for four domestic subsidiaries.
Please see page 17. This section explains the factors behind the changes in operating income and loss from the previous fiscal year.

Operating income is expected to decrease by JPY11.6 billion from the previous fiscal year. We expect that employment subsidies related to the infectious disease will contribute JPY2.4 billion to earnings as these subsidies will result in a reversal of operating expenses since we adopt US GAAP.

Excluding one-time expenses such as impairment losses, operating income in real terms for the previous fiscal year was JPY8 billion. On the other hand, the current operating loss in real terms was JPY6.2 billion, after eliminating JPY2.4 billion of the employment subsidies and JPY1.2 billion of the adjustment budget in preparation for the materialization of downside risk. As a result, we expect a decline in real terms to be JPY14.2 billion.
FY2021: SG&A Plan for the Full Year

- The cost reduction plan in real terms which excludes temporary expenses is -¥4.2 billion
  - 1Q cost reduction of -¥3.5 billion, from 2Q onward, IT and brand investment will be prioritized for future growth
  - Continuous reduction of nonessential expenses (estimated additional reduction of ¥1-¥2 billion (not reflected in plan)

<table>
<thead>
<tr>
<th>Major Overseas Subsidiaries</th>
<th>FY2020 1Q results, 3 months</th>
<th>FY2021 1Q results, 3 months</th>
<th>Year on Year</th>
<th>FY2020 1Q results, 3 months</th>
<th>FY2021 1Q results, 3 months</th>
<th>Year on Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>America</td>
<td>9.7</td>
<td>9.1</td>
<td>-0.6</td>
<td>9.3</td>
<td>10.1</td>
<td>0.8</td>
</tr>
<tr>
<td>Europe</td>
<td>7.6</td>
<td>5.4</td>
<td>-2.2</td>
<td>6.3</td>
<td>5.4</td>
<td>-0.9</td>
</tr>
<tr>
<td>China</td>
<td>6.7</td>
<td>5.7</td>
<td>-1.0</td>
<td>5.7</td>
<td>5.2</td>
<td>-0.5</td>
</tr>
<tr>
<td>Major Japan Subsidiaries</td>
<td>7.1</td>
<td>6.9</td>
<td>-0.2</td>
<td>7.2</td>
<td>6.7</td>
<td>-0.5</td>
</tr>
<tr>
<td>Peach John</td>
<td>1.9</td>
<td>1.7</td>
<td>-0.2</td>
<td>2.2</td>
<td>1.7</td>
<td>-0.5</td>
</tr>
<tr>
<td>Nanasei</td>
<td>3.3</td>
<td>2.1</td>
<td>-1.2</td>
<td>3.1</td>
<td>2.6</td>
<td>-0.5</td>
</tr>
<tr>
<td>Other (Including intersegment transactions, etc. eliminations)</td>
<td>9.0</td>
<td>5.3</td>
<td>-3.7</td>
<td>8.0</td>
<td>6.2</td>
<td>-18.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>101.8</strong></td>
<td><strong>83.4</strong></td>
<td><strong>-18.4</strong></td>
<td><strong>95.2</strong></td>
<td><strong>88.4</strong></td>
<td><strong>-6.8</strong></td>
</tr>
</tbody>
</table>

SG&A expenses excluding temporary expenses | -4.2 |

Please see page 18. I would like to explain the full-year plan for SG&A expenses.

The reduction in selling, general and administrative expenses planned for the current fiscal year is approximately JPY6.8 billion, but the reduction in real terms, excluding temporary expenses, subsidies, and the adjustment budget, is JPY4.2 billion. We have already implemented cost reductions of JPY3.5 billion in the first quarter, so cost reductions from the second quarter onward will be limited to JPY700 million. The reasons for this are that we will prioritize marketing activities for future growth from the second quarter onward, and that the cost reductions that we implemented in the fourth quarter of last year will be reversed.

We plan to continue to reduce expenses, which have a low contribution to earnings. Although this has not been reflected in the plan, we would like to reduce SG&A expenses by an additional JPY1 billion to JPY2 billion in addition to the reduction target shown on this page.
FY2021: Upside and Downside Risk Related to Operating Income (Loss)

Considering the potential realization of downside risk, the budget for adjustments has been set at ¥1.2 billion.

**Upside risk**:
- Sales recovery and increased sales profit due to an early resolution of the infectious disease problem
- Further control of SG&A expenses
- Changes to earnout considerations

**Downside risk**:

- **Shared**
  - Decrease in sales profit due to decreased sales resulting from prolonged impacts of the infectious disease problem

- **Japan**
  - Possibility of impairment loss on tangible fixed assets of unprofitable stores
  - Possibility of impairment loss on other tangible fixed assets (real estate, etc.)

- **Overseas**
  - Possibility of impairment loss on IO Inc. and Wacoal Europe’s intangible fixed assets
  - Changes to earnout considerations

Note: It is necessary to re-evaluate impairment losses based on business performance this fiscal year. Furthermore, even if it is apparent, it does not lead to a decrease in cash flow, so there will be no impact on capital investment and shareholder returns.

Please see page 19. I would like to explain the upside and downside risks in the forecast for operating income and loss for the current fiscal year.

In terms of upside risks, we expect a sharp recovery in sales accompanying the early resolution of the infectious disease and further reductions in selling, SG&A expenses. On the other hand, downside risks include a decline in sales and profits due to the prolonged infectious disease, and impairment losses on tangible and intangible assets due to worsening profitability.
<table>
<thead>
<tr>
<th>Segment</th>
<th>FY2020 results</th>
<th>FY2021 forecast</th>
<th>Year on Year</th>
<th>FY2021 1H forecast</th>
<th>FY2021 2H target</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>% Of sales</td>
<td>% Of sales</td>
<td>Change</td>
<td>% Change</td>
<td>% Of sales</td>
</tr>
<tr>
<td>Consolidated net sales</td>
<td>186,760</td>
<td>158,000</td>
<td>-28,760</td>
<td>-15.4%</td>
<td>70,500</td>
</tr>
<tr>
<td>Cost of Sales</td>
<td>84,959</td>
<td>74,600</td>
<td>-10,359</td>
<td>-12.2%</td>
<td>33,000</td>
</tr>
<tr>
<td>Sales profit</td>
<td>101,801</td>
<td>83,400</td>
<td>-18,401</td>
<td>-18.1%</td>
<td>37,500</td>
</tr>
<tr>
<td>SG&amp;A Expenses</td>
<td>94,696</td>
<td>88,400</td>
<td>-6,296</td>
<td>-6.6%</td>
<td>40,700</td>
</tr>
<tr>
<td>Impairment charges on goodwill and other intangible assets</td>
<td>473</td>
<td>-473</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Operating Income (loss)</td>
<td>6,632</td>
<td>-5,000</td>
<td>-11,632</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other Income (expenses)</td>
<td>1,487</td>
<td>1,300</td>
<td>-187</td>
<td>-12.6%</td>
<td>700</td>
</tr>
<tr>
<td>Valuation gain (loss) on marketable securities and investments – net</td>
<td>-3,760</td>
<td>3,760</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Income before taxes (loss)</td>
<td>4,359</td>
<td>-3,700</td>
<td>-8,059</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net income attributable (loss) to Wacoal Holdings Corp.</td>
<td>3,472</td>
<td>-3,700</td>
<td>-7,172</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Please see page 20. This is an overview of the forecast for the current fiscal year.

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY2020 results</th>
<th>FY2021 1H target</th>
<th>FY2021 2H target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wacoal Business (Japan)</td>
<td>106,112</td>
<td>39,500</td>
<td>52,500</td>
</tr>
<tr>
<td></td>
<td>56.8%</td>
<td>56.0%</td>
<td>60.0%</td>
</tr>
<tr>
<td>Wacoal Business (Overseas)</td>
<td>50,552</td>
<td>18,900</td>
<td>22,600</td>
</tr>
<tr>
<td></td>
<td>27.1%</td>
<td>26.8%</td>
<td>25.8%</td>
</tr>
<tr>
<td>Other Businesses</td>
<td>30,096</td>
<td>12,100</td>
<td>12,400</td>
</tr>
<tr>
<td></td>
<td>16.1%</td>
<td>17.2%</td>
<td>14.2%</td>
</tr>
<tr>
<td>Net Sales</td>
<td>186,760</td>
<td>70,500</td>
<td>87,500</td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Next, page 21. Net sales and operating income and loss by segment are presented.
Next, please see page 22. The full-year forecasts for major subsidiaries are presented, so we would like you to see more details later.
### FY2021: Outlook for Q2 Onward

<table>
<thead>
<tr>
<th></th>
<th>FY2020 results</th>
<th>FY2021 results</th>
<th>Year on Year</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consolidated net sales</strong></td>
<td>47,313</td>
<td>28,551</td>
<td>-18,762</td>
<td>-39.7%</td>
<td></td>
</tr>
<tr>
<td><strong>Sales profit</strong></td>
<td>26,907</td>
<td>15,280</td>
<td>-11,627</td>
<td>-43.2%</td>
<td></td>
</tr>
<tr>
<td><strong>S, G&amp;A Expenses</strong></td>
<td>23,263</td>
<td>19,752</td>
<td>-3,511</td>
<td>-15.1%</td>
<td></td>
</tr>
<tr>
<td>Impairment charges on goodwill and other intangible assets (A)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Operating Income (loss)</strong></td>
<td>3,644</td>
<td>-4,472</td>
<td>-8,116</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Reference figure: Operating income (loss) not taking into account A</td>
<td>3,644</td>
<td>-4,472</td>
<td>-8,116</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>FY2020 results</th>
<th>FY2021 forecast</th>
<th>Year on Year</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consolidated net sales</strong></td>
<td>139,447</td>
<td>129,449</td>
<td>-9,998</td>
<td>-7.2%</td>
<td></td>
</tr>
<tr>
<td><strong>Sales profit</strong></td>
<td>74,894</td>
<td>68,120</td>
<td>-6,774</td>
<td>-9.0%</td>
<td></td>
</tr>
<tr>
<td><strong>S, G&amp;A Expenses</strong></td>
<td>71,433</td>
<td>68,648</td>
<td>-2,785</td>
<td>-3.9%</td>
<td></td>
</tr>
<tr>
<td>Impairment charges on goodwill and other intangible assets (A)</td>
<td>-473</td>
<td>-473</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Operating Income (loss)</strong></td>
<td>2,988</td>
<td>-528</td>
<td>-3,516</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Reference figure: Operating income (loss) not taking into account A</td>
<td>3,461</td>
<td>-528</td>
<td>-3,989</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

Please see page 23. These forecasts are for the second quarter and beyond.

Net sales from the second quarter to the fourth quarter are expected to improve due to a gradual recovery in consumer spending from the first quarter but decline by 7% YoY. In conjunction with the decline in sales, the company expects to post a cumulative operating loss of JPY500 million from the second quarter to the fourth quarter.
While prioritizing investment for future growth, we will also strive to enhance shareholder returns:

- Achieve ROE of 6% that exceeds the cost of capital
- Maintain a total return ratio of 100%
- Reduce cross-shareholdings (Target: 30% reduction)

Note: In the event of significant fluctuations in business performance or financial demand due to the spread of infectious disease, we will consider reviewing the policy.

Please see page 24. I would like to explain our capital policy and shareholder returns.

This is the basic capital policy in the current medium-term management plan announced in June 2019. There are no changes to the basic policy at this point in time, but in the event of further changes in business performance or capital demand due to the spread of the infectious disease, the Company will consider reviewing the basic policy.
FY2021: Dividend Plan and Repurchase of Treasury Stock

- **Annual dividend forecast: ¥40/share**
  (¥20/share for both mid-year and year-end distributions)
  - Interim dividend forecast is ¥20/share, a decrease of ¥20 from the previous year
  - Year-end dividend forecast is ¥20/share, the same as the previous year
  - As the timing of a conclusion to the infectious disease problem cannot be predicted, priority will be given to securing liquidity on hand

- **Regarding the repurchase of treasury stock, determinations will be made after assessing business conditions going forward**

<table>
<thead>
<tr>
<th>Dividend per share</th>
<th>Total amount of dividends (Millions of yen)</th>
<th>Payout ratio*</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY3/2020</td>
<td>40円</td>
<td>20円</td>
</tr>
<tr>
<td>FY3/2021 (revised)</td>
<td>20円</td>
<td>20円</td>
</tr>
<tr>
<td>Change from the previous year</td>
<td>▲20円</td>
<td>±0</td>
</tr>
</tbody>
</table>

*Payout ratio was calculated from net income in real terms without considering the impairment charges on intangible assets and valuation gain (loss) on marketable securities and investments.

Please see page 25. I will explain the year-end dividend for the current fiscal year.

Our basic policy is to pay stable dividends, while taking into account consolidated results. Nevertheless, the impact of the spread of the infectious disease is enormous and securing liquidity on hand is an urgent issue when the timing of convergence is uncertain.

From the perspective of the current earnings forecast, financial stability, and stable dividends to shareholders, the interim dividend forecast is JPY20 per share, a decrease of JPY20 from the previous fiscal year, and the year-end dividend forecast is JPY20 per share, the same as the previous fiscal year. As a result, the annual dividend forecast is JPY40 per share.

Regarding the repurchase of treasury stock, we will decide to resume the repurchase after examining our future business conditions.
Please see page 26. I would like to explain the investment plan for the current fiscal year.

We plan to invest approximately JPY5 billion for the current fiscal year. Regarding non-urgent new investments, although we will reconsider the timing of implementation, we will invest in future developments, including the cost of introducing 3D body scanners into stores, IT-related costs related to the development of our omni-channel strategy, and the expansion of distribution warehouses in line with the strengthening of in-house EC.

We borrowed JPY40 billion from financial institutions to ensure the liquidity on hand of group companies. We will steadily implement initiatives for future growth while ensuring the stability of our financial base.
Please see page 27. This is the last page. This is the investment results for the first quarter of the current fiscal year and the progress of the plan to sell the cross-shareholdings during the current medium-term management plan period. As there is no significant progress in this first quarter, I will not provide an explanation.

That’s all from me, so I would like to finish my explanation. This is an extremely challenging year, but we will continue to work to recover to sustainable growth as quickly as possible. Thank you very much for your attention.

Wacoal Group initiatives focused on the “with” and “after” novel coronavirus periods

Hironobu Yasuhara
Representative Director, President, and Corporate Officer
Wacoal Holdings Corp.
Yasuhara: I am Yasuhara. Thank you for taking time out of your busy schedule to participate in our financial results briefing today.

In the first quarter, the spread of the infectious disease worldwide resulted in extremely severe results. The outlook for the fiscal year ending March 2021 is also very difficult. While the scale of the challenges we face is enormous, we must calmly take the outcomes of the pandemic and accelerate our transformation to realize our long-term vision. Today, I would like to explain the Group’s initiatives for the new era.

The Impact of COVID-19

We expect the fight against COVID-19 to be a long-term battle

- We expect it to take about one and a half to three years for normalcy to return
- As conditions differ greatly from region to region, there are no clear scenarios for convergence. It will take more time before a reasonable judgment can be made regarding the extent COVID-19 will affect the market environment and business performance over the medium- to long-term.
- Customers’ awareness and values are changing, however, the future following such change is still unclear.
- Based on the premise of considering the “with” and “after” coronavirus business environment, “there will be no return to how things once were”
- It is necessary to make major changes, not only in terms of the products in demand, how they are sold, and touch points with customers, but also in terms of Wacoal’s corporate structure

Please see page 29. First, I would like to talk about the impact of the infectious disease.

I have been involved in management for many years, but this is my first time seeing the impact on the businesses that we operate in all countries and regions in the world. In addition, as conditions differ greatly from region to region, there are no clear scenarios for convergence.

The fight against the new coronavirus will certainly be a long-term battle. It may take at least a year and a half, or if it is long, it may take about three years until the world returns to normal.

We should consider the business environment after corona based on the assumption that everything will never be reverted to its original state. We recognize the need to change greatly, not only in terms of the products in demand, how they are sold, and touch points with customers, but also in terms of Wacoal’s corporate structure.
In Order to Win in the “With” and “After” Coronavirus Age

What is being called into question is the “Power of Self-reformation”
The impact of COVID-19 will change what Wacoal itself perceives as assets and values

- Challenge 1: Evolve our unique “organization capacity” that has been cultivated over a long period of time, and improve productivity
- Challenge 2: Deal with unprofitable businesses and establish new growth businesses to improve corporate value over the medium to long term

Please see page 30.

The most important item in order to survive in the face of severe environmental changes is described. It is a “self-reformation skill.” The impact of the infectious disease may have led to changes in Wacoal’s assets and values, so it is necessary to thoroughly inspect and update the value chain.

Fortunately, over the past few years, we have pursued the omni-channel strategy that integrates online and offline channels. In addition to the introduction of 3D body scanners and AI customer service at stores, the use of RFID has begun. By combining the strengths that Wacoal has cultivated over a long period of time, such as its research capabilities and sales capabilities, with digital products, Wacoal will strive to evolve its organizational capabilities so that it can create the value demanded by the new era.
Basic Policies in light of the Medium-term Management Plan (MTMP) and Spread of COVID-19 (announced May 20, 2020)

Face reality, ascertain future demand, and then boldly implement reform

[Basic policy]
Give top priority to the “health and safety” of customers, employees, and business partners.

(We recognize that the balance between maintaining such services as trial fitting and consideration of health and safety is especially important.)

[Short-term policy]
Thoroughly reduce costs and ensure the stability of the Company’s financial base with the deteriorating business conditions in mind

1. Carry out a bold review of the measures and expenditure plans that have been implemented so far across all business domains
2. Strengthen liquidity on hand in preparation for the prolongation of the infectious disease
3. Adjust production for avoiding excess inventory caused by a decline in sales

[Medium-to long-term policies]
Thoroughly inspect the value chain and implement reforms: A turning point toward a highly profitable management structure

1. Review the current cost structure (Promote initiatives to reduce fixed costs)
2. Accelerate our digital transformation efforts both in Japan and overseas
3. Review and reorganize touch points with customers (to respond to the changes in major channels)
4. Develop products and services that customers expect in new lifestyles, and strengthen our ability to respond to new customer needs and sales styles

Page 31 presents our basic policies in light of the spread of the infectious disease. I talked about this in detail in May, so I will omit the explanation today. The next page will explain how we will implement the reforms we have set out in this section, aiming to create a highly profitable management structure.
Current Medium-term Management Plan (MTMP): Initiative Going Forward

With an eye on the next three-year plan, decisively implement “profit structure reform” during the current MTMP period

- FY 2021: (1) Ascertain future demand, and determine what to “change” and what to “discontinue”
  (2) Start reforms once the direction becomes clear
- FY 2022: Complete structural reforms with a focus on the next three years (formulate measures for new medium-term plan)
  = Complete constitutional changes and structural reform, and aim to return to sustainable growth from FY2023

Process going forward

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Decisively implement profit structure reform (build a foundation for the next MTMP)</td>
<td>Complete structural reform aimed at realizing a highly profitable management structure</td>
<td>Start the “reborn Wacoal”</td>
</tr>
<tr>
<td>Ascertain future demand, and determine what to “change” and what to “discontinue”</td>
<td>Deal with unprofitable businesses (abolish, consolidate, etc.)</td>
<td>Establish highly profitable management structure</td>
</tr>
<tr>
<td>Implement reform without hesitation once direction is clear</td>
<td>Continue strategic investment</td>
<td>Further increase productivity</td>
</tr>
<tr>
<td>Ascertain changes in consumers and markets</td>
<td>Formulate next three-year plan</td>
<td>Accumulate non-financial assets (strengthen human and intellectual assets)</td>
</tr>
<tr>
<td>Start organizational reform focusing on changes at hand</td>
<td></td>
<td>Investment for discontinuous growth</td>
</tr>
</tbody>
</table>

Please see page 32. This section explains the initiatives in the current medium-term management plan.

First, for the current fiscal year, we will make it a period for us to consolidate what we need to do and what we need to stop looking at after corona. As I have explained earlier, we are making progress in our digital reform initiatives, which are essential for future growth. Due to the impact of the spread of the infectious disease, the period for verifying the effects has been extended, but we will steadily proceed without ceasing.

On the other hand, we have been reforming the earnings structure of the Wacoal Group since the previous fiscal year, but it has also been taking time to verify it due to the impact of the spread of the infectious disease. We will face the reality, identify future demand, and clarify what needs to be done.

The next fiscal year, which means the fiscal year ending March 2022, will be the final year of the structural reforms that take the next three years into account. We will complete structural reforms for a lean management structure by resolutely liquidating unprofitable businesses while continuing to invest in growth. In order to return to a growth trajectory and ensure the creation of sustainable profits over the next three years, the remaining year and a half will be an important period, so we will work with no compromise.
Please see page 33.

By segment, we have organized what we are already doing, what we will do in the current fiscal year, and what we will do by the end of the next fiscal year. With this plan, we will identify future demand, review the roles and modalities of each subsidiary and business within the Group from the perspective of total optimization, and reorganize and separate businesses, as necessary. Next, Wacoal Corp.’s initiatives will be explained by President Ito.

Despite an extremely challenging business environment, we plan to complete reforms during the period of the current medium-term management plan with a view to achieving regrowth and sustainable profit generation over the next three years. We will report the progress to you as needed, but I would be grateful if you could give me some advice through dialogue.

That’s all from me. Thank you very much for your attention.
Wacoal Corp. initiatives focused on the “with” and “after” novel coronavirus periods

Tomoyasu Ito
Director, Vice President Corporate Officer
Wacoal Holdings Corp.
Representative Director, President and Corporate Officer
Wacoal Corp.

Prepare a foundation for a return to growth over the next three years
What should be implemented in an accelerated manner during the current MTMP

The traditional business model has stalled, touchpoint replacements accelerated

- As the number of opportunities for going out decreases, each person’s “sense of values” is rapidly changing
- In line with lifestyle and workstyle changes, consumption behavior and “Places people gather” are changing
- Online positioning becomes more important

⇒ It is necessary to speed up actions aimed at establishing a competitive advantage for the medium to long term

Awareness of Changes in the Market Environment Due to the Pandemic

Impact of spreading infectious disease

What should be implemented in an accelerated manner during the current MTMP

Prepare a foundation for a return to growth over the next three years
Using the pandemic as an opportunity, accelerate business structural reform

- Ascertain future demand with an eye on the “with” and “after” coronavirus periods
- In line with channel reform, transition to a “self-managed business (directly managed stores, own EC)
- Fuse and blend store and EC operations (improve customer experience)
- Develop and evolve a unique business model via efficient use of customer data
- Accelerate initiatives aimed at improving profitability (decrease the fixed cost ratio which remains high)

Ito: I would like to explain Wacoal Corp.’s initiatives. Thank you in advance. Page 35.

The spread of the infectious disease has had a variety of impacts, and the sense of values has greatly changed. This means that there have been major changes in the direct business model that we excel in, which is the purchase and sale of products based on our stores.
For example, looking at the current situation for people’s gathering places, people’s flow is shifting to rural areas or suburban areas rather than urban areas, and problems within the commercial facilities themselves, and problems with the structures of shops are also changing.

Moreover, this is also our case, but the EC purchasing structure online has greatly increased at the same time. I think these are big changes.

What we should accelerate now is to think of how to increase profits and maintain points of contact, including the current real store structures and environments themselves to improve, and how to make digital investments in EC and stores, in which we have been investing. How we link and integrate them and create customers taking these two points into account will be the key.

Another is the improvement of profitability, in particular, including the fixed cost, which remains high. I think that how to improve this through our internal and external collaborations will be the key.

Please see page 36. This means that we will build deep, broad, and long-term relationships over the three-year period of the current medium-term management plan.

Over the past several years, we have been able to manage our customers directly. Approximately 3 million people have made Wacoal’s purchases over the past five years, and we regard this as 3 million customers of the directly managed EC and department stores. In reality, while using other media, more than five years on purchasing, but in terms of the list, we have additional 2.5 million people, so to some extent, we understand that we have about 5.5 million customers. In my opinion, the key points are to increase the number of contact points with loyal customers, and how we acquire new customers under the pyramid and expand them.

As explained by Yasuhara, for the left part of this diagram, we will work on increasing the speed of our business through digital investment, and for the top part, we have been improving the value of our stores by redefining the value of [inaudible] stores themselves and offline stores. For the bottom part regarding collaboration with other companies, I will explain later, but in such contexts, I think the key point is how to create contact points with areas that are not traditional Wacoal’s business areas.
With respect to the right part, it is about how to change our profit structure including such DX. I believe that we will center on brand restructuring particularly through [inaudible] of unprofitable offline stores, including the elimination and consolidation of stores.

**Strengthen Online Collaboration and Transition to a Self-managed Business**

**Rapidly changing market environment due to COVID-19**

Fusing and blending off/online operations becomes even more important

- Transition to a “self-managed business based on customer data utilization”
  (Note: self-managed business: a business model wherein we manage and administer stores, inventory, and customer data ourselves)
- Further strengthen EC collaboration and realize an improved customer experience
  ~Improve LTV (lifetime value)~

Please see page 37, especially the middle part that I just talked about. I would like to briefly explain the importance of collaboration and cooperation between offline and online, and the transition in the context of the self-managed business.

**Image of Business Model for FY2025**

Have online operations account for 25% of net sales, and have directly managed stores account for 40% of the offline portion

- Raise the portion of the business we directly manage ourselves (directly-managed stores, own EC) to about 50%
- Maintain/strengthen relationships with customers by considering and opening tenant positions in the department store channel
- More thorough management of store profit and loss (implement optimal staffing)

Please see page 38.
Currently, the balance between EC sales and store sales is 15% for online and 85% for offline in the fiscal year ended March 2020. For the fiscal year ending March 2025, we are working to improve our EC technology to 25% online and 75% offline.

Currently, offline stores account for 20% of total sales, while the wholesaling business model, including mainly department stores, mass retailers, and specialty stores, accounts for 80% of total sales. We are moving forward and aiming to achieve our targets of 40% for our direct managed stores and 60% for the wholesaling business by the end of March 2025. Accordingly, we anticipate that the proportion of direct business, including EC and directly managed stores, will be approximately 50%.

**Topics: Logistics Reform**

- **Unify logistics and warehouse operations to strengthen our own EC business growth and improve the efficiency of shipping operations**
  - Expand the Moriyama distribution center, aiming to start operations in the fall of 2022
  - Insource the currently outsourced operations that deliver product to individuals
  - Build a system that not only realizes efficient logistics operations, but also flexibly responds to changes in the retail environment going forward
  - Total investment of ¥4.7 billion (FY2020 about ¥1 billion, FY2021 about ¥3.3 billion, FY2022 about ¥400 million)

Please see page 39.

In terms of sales expansion of EC itself, we originally envisaged a line of JPY7 billion under the current medium-term management plan, which is a front-line investment of JPY7 billion announced in the previous fiscal year. However, at this stage, it is probably going to be around JPY7.5 billion in the current fiscal year. To support this, we are working to expand the Moriyama Distribution Center in the fall of 2022 in order to enhance individual delivery.
Customer Data Utilization

Rapidly changing market environment due to COVID-19

Fusing and blending off/online operations becomes even more important

- Transition to a “self-managed business based on customer data utilization”
  (Note: self-managed business: a business model wherein we manage and administer stores, inventory, and customer data ourselves)
- Further strengthen EC collaboration and realize an improved customer experience
  ~Improve LTV (lifetime value)~

Customer Data Utilization

Please see page 40. The other point is how to deal with customers in the future, how to broaden our customer base, and build deeper relationships. The key point is the utilization of customer data.

Customer Data Held by Wacoal

Leverage our customer data ~transform all activities, using customer data as the starting point~

Purchase Data
- Store members/Own EC members
- Dept. Store customer data, etc.
- About 3 million people

Body measurement data
- Accumulated measurement data for about 45,000 people
- People who have continually had their measurements taken (every 5 years): about 1,000 people
- For about 20,000 people

3D body measurement data

Please see page 41. At present, we have been able to capture the purchasing data of approximately 3 million people, as I mentioned earlier. Furthermore, we have about 45,000 pieces of data which have been collected at Human Science Research Center since 1969. In addition, 3D data itself, which was introduced in the predecessor regulations, totaled approximately 20,000 people. However, our strengths lie not in each of them being independent, so we would like to utilize a variety of data in relation to the customer purchasing data and the body data itself through customer management.
Develop a Vertically Integrated Business Model

Customer data × sales × manufacturing ~Develop a unique vertical business model~

- Along with implementing relationship marketing utilizing the customer data of about 3 million people, develop a value chain that integrates Wacoal’s strengths, from manufacturing to sales.

Traditional Wacoal flow (manufacturing and sales based on research)

Research → Planning → Procurement → Manufacturing → Sales → Customer

Wacoal flow going forward (manufacturing and sales based on customer data)

Research → Planning → Procurement → Manufacturing → Sales → Purchase data → 3D body data

- In addition to supporting brand quality, support the implementation of “manufacturing based on customers”

- New tech

Human science research institute
Technology & Production Div.
Quality test center
Directly managed factory (Japan and overseas)
Customer center

Purchase data

- Along with implementing relationship marketing utilizing the customer data of about 3 million people, develop a value chain that integrates Wacoal’s strengths, from manufacturing to sales.

- We would like to develop products through a unique perspective on how physical changes can lead to changes in psychology and lead to purchases.

Open Innovation with Other Companies/Industries

Utilize big data and new technologies in open innovation ~create new business opportunities~

Wacoal’s human and intellectual assets

Accumulated measurement data for about 45,000 people
People who have continually had their measurements taken (every 5 years): about 1,000 people

Precise measuring technology
For about 20,000 people

Body measurement data

3D body measurement data

Open Innovation

New business creation
Ex. Match Palette at the Isetan Shinjuku Store (released July 2020)

Please see page 42. As an example, this is a value chain that ranges from manufacturing to sales. The flow of this business used to involve planning and procurement under various hypotheses based on the body research data and deliver products to customers. However, with the customer management system, including the 3D, we can verify such hypotheses and apply them to our manufacturing as well as to the whole marketing. In other words, we would like to develop products through a unique perspective on how physical changes can lead to changes in psychology and lead to purchases.

Please see page 43.
This shop was developed by our 3D Smart & Try in the course of our recent efforts with Isetan. AI analyzes the sizes based on 3D, which was created based on the human science research, and also realizes a story of customer service that has been created at offline stores of our beauty advisors. We did this with Isetan. We would like to cooperate with the outside world in the form of open innovation for the software part of our business.

By doing this, we want to connect with the touch points that Wacoal has never had before. We also want to contribute to expanding the hem of the pyramid.

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**Initiatives Aimed at Realizing a Highly Profitable Management Structure**

**Improve management efficiency by thoroughly inspecting the value chain**

1. **Review low-profit businesses**
   - Dept. store business: review the sales floor environment and terms and conditions, and optimize the number of sales staff
   - Other low-profit businesses: ascertain future demand, and decide “businesses that should be terminated” and execute accordingly

2. **Reorganize the brand and optimize inventory in line with touchpoint changes**
   - Reduce the number of brands/groups (start from autumn and winter of 2021. Decided to reduce about 30%)
   - Examine the role and positioning of products other than innerwear, and implement further consolidation

3. **Reduce fixed costs by optimizing personnel deployment**
   - The total personnel expense ratio to sales exceeds 30% due to the decline in the top line (including labor cost for manufacturing personnel)
   - Implement planning management for personnel (optimize personnel allocation by taking stock of operations and adjust hiring accordingly)
   - Aim to bring the total personnel cost ratio down to below 25% (plan) over the span of the next three-year plan (FY2023-2025)

While strengthening profitability, build an organizational structure that can respond to changes in the business environment (spring 2021)

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Next, please see page 44. This describes the recovery of profitability or improvement of profitability as the other major pillar. We have listed three points. Basically, what should be done with low-profit businesses.

The first is the Department Store Business. It is not just department stores, but we increase the speed and focus on the profitability of stores. For example, there are about 400 sales floors in department stores today, and about one-third of them has been unprofitable. It is expected that this corona situation will increase inconvenience a little more, and in this situation, how we can create real stores, including a business model.

This is not just department stores but, as explained earlier, while we assess the future demand for the business, we also want to judge which business to discontinue.

Second, by doing so, we can reduce the right stock or the number of brand groups on which it is based. In other words, we will reduce SKU by approximately 30% by autumn and winter of 2021, so we will make further progress in concrete terms. We are also considering modalities of other products other than underwear in the same manner.

For a major point, we have been increasing productivity by focusing on the portion of total personnel costs as part of our personnel plans since the previous fiscal year. However, the decline in sales from the second half of the fourth quarter of the previous fiscal year caused total personnel costs to exceed 30% of manufacturing personnel costs, SG&A expenses, and the manufacturing business. We would like to accelerate the process of bringing such costs to 25% as soon as possible, taking the personnel plan, including the recruiting process, into account. I would like to use this axis to strengthen profitability.
### Details of Wacoal Corp. Initiatives (FY2021 – FY2022)

#### FY2021

**Overall management**
- Coronavirus measures
  - Analyze/share the impact of COVID-19
  - Reduce costs, secure liquidity at hand
  - Adjust production to avoid overstocking

**Growth strategy (omnichannel strategy)**
- Omnichannel strategy
  - Verify effectiveness at stores with installed 3D system
  - Continue customer database integration and analysis
  - On/offline cooperation
    - Link marketing between directly managed stores and own EC

**Business structure reform (value chain inspection)**
- Department store measures
  - Department store project launch
  - Examine store staff and P&L management method
  - Brand positioning and inventory optimization
    - Determine brands/groups to consolidate
  - Personnel planning management
    - Take stock of operations and discuss appropriate personnel allocation
    - Control hiring, primarily sales staff

**ESG**
- [Coronavirus measures]
  - Develop/maintain remote work environment
  - Support “health and safety” of customers/employees

#### To be implemented this FY

**Overall management**
- Organizational structure
  - Reorganize to facilitate response to environmental changes

**Growth strategy (omnichannel strategy)**
- Omnichannel strategy
  - On/offline cooperation
    - Mutually send customers between directly managed stores and EC
    - Verify effectiveness of the retail business at over 15%
    - Build collaboration between own EC and wholesale customers

**Business structure reform (value chain inspection)**
- Department store measures
  - Review the sales floor environment and terms and conditions
  - Brand positioning and inventory optimization
    - Assess/allocate product weighting in response to changes
  - Personnel planning management
    - Appropriately allocate personnel in anticipation of new organization
    - Develop new roles, control hiring

**ESG**
- Environment
  - Led by the supply chain environment project, reduce waste and develop environmentally friendly materials

#### Initiatives for FY2022

**Overall management**
- Organizational structure
  - Verify new organizational structure, bring on track

**Growth strategy (omnichannel strategy)**
- On/offline cooperation
  - Mutually send customers between physical stores and EC
  - Strengthen own EC business
  - 3D body scanner
    - Create efficient operations and accelerate installation

**Business structure reform (value chain inspection)**
- Department store measures
  - Review the sales floor environment and terms and conditions
  - Brand positioning and inventory optimization
  - Personnel planning management
    - Withdraw as needed

**ESG**
- [HR]
  - Review work styles and the evaluation system based on remote work, and consider introducing a system to improve job satisfaction

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Finally, regarding page 45, we have organized what we are already doing, what we will do in the current fiscal year, and what we will do in the next fiscal year. Since June, which was last month, we have been discussing our management strategies for the entire company with the specific items described in the current direction, so I would like to explain this at a new stage.

Thank you very much for your continued support. Thank you for your attention.