

WACOAL HOLDINGS  
INTEGRATED REPORT 2023

Wacoal Holdings Corp.  
29 Nakajima-cho, Kisshoin, Minami-ku, Kyoto 601-8530, Japan  
<https://www.wacoalholdings.jp/en/>

 WACOAL HOLDINGS CORP.

# Contents

## Prologue

- 03** The WACOAL Way
- 05** Wacoal Group History
- 07** Progress in Value Creation
- 09** Wacoal Group's Competitive Advantages
- 10** About Our Businesses



## Transformation

- 11** A Word About the Revised Medium-Term Management Plan
- 15** A Message from the President



- 23** Revised Medium-Term Management Plan Overview and Strategy
- 27** Value Creation Process
- 29** Material Issues to be Addressed by 2030

- 31** Major Items of the Revised Medium-Term Management Plan (Domestic Business)
- 31** Domestic Business Strategy (A Message from Wacoal Corp. President)



- 35** Key Initiatives in Wacoal's Revised Medium-Term Management Plan
- 37** Marketing Reforms
- 41** Major Items of the Revised Medium-Term Management Plan (Overseas Business)
- 41** Key Initiatives in the Revised Medium-Term Management Plan (Overseas Business)
- 43** Global Initiatives
- 45** Major Items of the Revised Medium-Term Management Plan (Financial Strategy)
- 45** A Message from the Director in Charge of Finance



- 50** Introducing ROIC Management

## ESG

- 51** Initiatives to Reinforce Human Capital
- 55** Actions for the Environment
- 57** Human Rights Initiatives
- 58** Fulfilling Social Responsibilities along Our Supply Chain

## Governance

- 59** Interview with an External Director



- 63** Management Team
- 65** Corporate Governance
- 71** Engagement (Establishing Mutual Trust Through Dialogues)
- 73** Investor Information / Our Corporate Website

### Corporate Information (As of March 31, 2023)

Company Name Wacoal Holdings Corp.  
 Head Office 29 Nakajima-cho, Kisshoin, Minami-ku, Kyoto 601-8530, Japan  
 Founding June 15, 1946  
 Establishment November 1, 1949  
 Capital ¥13,260 million  
 Representative Director, President and CEO Masaaki Yajima

Line of Business Wacoal's mainstay business is the manufacture, wholesale, and direct sales to consumers (for some products) of intimate apparel (mainly women's foundation garments, lingerie, nightwear, and children's underwear), outerwear, sportswear, and other textile products and accessories. In addition, Wacoal operates other businesses related to food, culture, services, and interior furnishing of shops.

Number of Employees (Consolidated) 19,147 (Excluding the average number of part-time employees)

### Editorial Policy

In accordance with international norms for integrated reporting, the Wacoal Group has been issuing integrated reports since fiscal 2011 as part of its communication with shareholders and other investors. This integrated report explains the Wacoal Group's value creation activities not only through financial information but also through nonfinancial information about unique, significant assets and other facets of the Group's business.

Further, the website of Wacoal Holdings Corp. includes a wide range of information about the Group. We hope that referring to this integrated report in conjunction with the website will further understanding of the Group. Going forward, we will continue pursuing an editorial policy that responds to changes in reader expectations.

### Forward-Looking Statements

Statements contained in this integrated report that are not historical facts are forward-looking statements, which reflect the Company's plans and expectations at the time of writing. These forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause the Company's actual results, performance, or achievements to differ materially from those anticipated in these statements.

Note: Pursuant with the adoption of the International Financial Reporting Standards, "sales revenue" has been used for fiscal 2023 and fiscal years thereafter, while "net sales" has been used for fiscal 2022 and earlier fiscal years.

## The WACOAL Way

### Mission

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

At WACOAL, we value each person as an individual and believe in nurturing the body and mind so everyone can be their best. When people with different backgrounds are empowered to come together and share ideas freely, we as a society will achieve true harmony. By continuing to evolve, WACOAL leads the way to a world where kindness, inclusivity, and mutual respect are the standards, and the future is full of promise for everyone.

Comfortable inside. Confident outside.

### Wacoal Group's Social Mission

The Wacoal Group's social mission is to contribute to the rich life of people throughout the world by helping them "be themselves," which includes not only uniform exterior beauty but also interior beauty. The Group aims to become indispensable for society by building mutual trust with all stakeholders based on this mission and its founding principles, which we have carried on for the more than 70-year history of the Company.

### Founding Principles

#### Our Promise

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

#### Our Culture

We, the employees and management of WACOAL, will maintain a refined corporate culture based on mutual trust and will continually strive to make the Company a global leader in the industry.

#### Our Value

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

# Wacoal Group History

With a strong desire to devote his life to working for society, Koichi Tsukamoto founded Wacoal based on the belief that “a peaceful society is one where women can express their beauty.” His goal was to contribute to society by helping people to express their beauty. In achieving this goal, business management based on mutual trust is essential. The Group has overcome numerous hardships over its long history based on its founder’s strong commitment to creating a company trusted by all stakeholders.



Koichi Tsukamoto Founder

## Establishing the business

### 1946 Founding

Koichi Tsukamoto, who had miraculously survived World War II’s harsh battles, returned to his home in Kyoto on June 15, 1946, and started a business dealing in women’s personal ornaments that very day. This is the date of Wacoal’s founding.

The Company’s initial trade name was Wako Shoji. In 1949, Tsukamoto’s strong desire to “help Japanese women express their beauty” and an encounter with “bra pads” brought about a decisive turn in the business. Thus Wako Corp., incorporating a global perspective, was established as a manufacturer of women’s western underwear.

### 1962 Establishing a corporate culture based on mutual trust

In 1962, labor-management relations were a major issue. Wacoal founder, Koichi Tsukamoto, was deeply moved upon hearing a lecture given by the President of Idemitsu Kosan, Sazo Idemitsu. Tsukamoto, thinking, “If we are going to talk about respect for human beings, firstly, the president must have faith in the union.” So, he acted decisively to establish a “corporate culture of mutual trust” by entrusting employees to make their own decisions regarding matters such as arriving late and leaving early. This action revitalized the mood within the Company and served as a foundation for generating further growth.



Koichi Tsukamoto at the wall of trust

## Establishing the Research and Development Center

### 1964 The start of human science research

To create products that perfectly fit the body shape of Japanese women, the Company established a Product Research Department in a building that was newly opened in Asakusabashi, Tokyo, in 1964. There, the Company started full-scale research and measuring the body shapes of Japanese women based on ergonomics. In addition to establishing a brassiere size system, anthropometric data were collected, and based on that, the ideal female body shape was expressed in numerical form. The Product Research Department eventually developed into the Human Science Research Center, and in addition to collecting body shape data, the Center has expanded its areas of research to include comfort, health, and movement.



Anthropometry in the late 1960s

## Japan sales

### 1950 Opening sales channels in department stores

### 1975 Developing the mass retailer channel

### 2001 Starting the directly managed store business



Wing sale counter at mass retailer

In the 1970s, mass retailers overtook department stores in clothing sales and grew into huge distribution channels. It was a turning point for the Company when mass retailers began to shift from selling large quantities of generic products to offering bargain sales on national brands. As a result of continued negotiations with major mass retailers, the national brand Wing was displayed in the lingerie sections of mass retailers on the premise that dedicated sales corners would be established and listed prices respected.



Sales counter at Takashimaya Kyoto Store

In 1950, Wacoal opened its first women’s underwear sales counter in a department store at the Kyoto branch of Takashimaya. Seizing upon the opportunity presented by women in Japan undertaking a big shift from Japanese to western clothing, Wacoal started designing women’s western underwear and manufacturing it at its own factory. During this period of high economic growth and an increasing interest in fashion and life quality demonstrated by women, the Company produced various products to meet their needs.



Directly managed store AMPHI

With the relative status of department stores and mass retailers declining and that of fashion-oriented buildings, station buildings, and shopping malls on the rise, in 2001, Wacoal opened its first SPA-style directly managed store, Subito, in Harajuku, Tokyo. Since then, the Company has opened a series of stores in various styles that are tailored to specific customer bases and store locations as it continues to take on the challenge of increasing customer footfall.

## Overseas sales

### 1981 Expanding overseas markets

### 1995 An earnest desire for profitability in the US

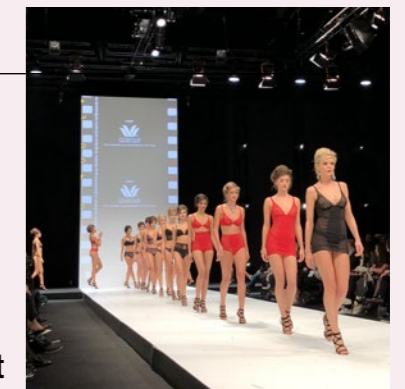
### 2012 Starting full-scale development in the European market



Building where Wacoal America’s office is located

In addition to establishing Wacoal America Inc. (currently Wacoal International Corp) in the United States in 1981 and Wacoal Hong Kong Co., Ltd. in Hong Kong in 1983, Wacoal also became the first Japanese apparel company to set up a joint venture in China. By developing a unique overseas business model rooted in local areas, the foundation for a global Wacoal was being laid.

After entering the U.S. market, the Company’s performance stagnated for many years because of bloated inventory and SG&A expenses. Even so, Wacoal improved quality at its plants while maintaining listed prices and a commitment to sales through consultations with beauty advisors, and in 1995, it achieved profitability for the first time.



The fashion show of Wacoal Europe

In 2012, aiming to expand the European business, Eveden Group Limited (currently Wacoal Europe Ltd.), a company with multiple brands suited to a wide range of body shapes and sizes and headquartered in the UK, was made a wholly-owned subsidiary. From that point on, Wacoal’s presence in the UK and the EU grew significantly. The Company is completing post-acquisition reorganization and building a stronger revenue through such activities as reviewing the brand portfolio. Having completed a post-acquisition reorganization, the Company is building a stronger revenue base by reviewing the brand portfolio.

# Progress in Value Creation

Since its foundation, the Wacoal Group has developed and evolved innerwear from the aspects of comfort, body contouring, and fashion with the goal of making people beautiful. Behind this evolution were changes in women's consciousness as expressed in trends, and technological innovations to respond to these changes. Customers' values have changed dramatically, and we are now in an era in which every one of us seeks beauty that is uniquely our own. We will continue to create new customer experiences and contribute to the enrichment and beauty of customers around the world.

## 1960s

The Tokyo Olympics were held and amidst a period of rapid economic growth, the mini-skirt boomed. It was a time of liberation among women who desired independence. It was also a time of great change in underwear with the advent of elastic materials.



## 1970s

Street fashion became popular, see-through and nude fashions appeared, and a trend toward enjoying fashion more freely emerged. Based on research into the body and the development of new materials, soft bras that flexibly correct the body and bras that express natural roundness appeared on the market.



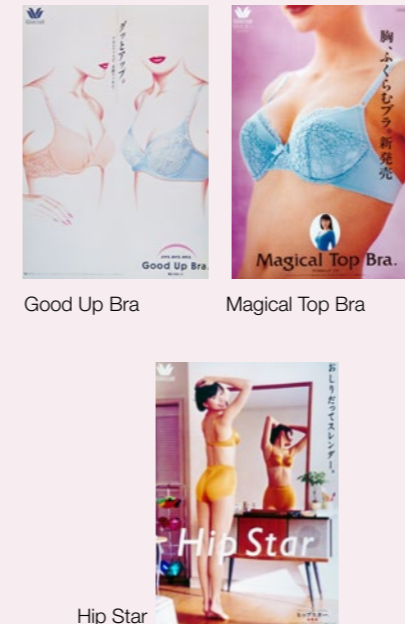
## 1980s

The fitness craze led to a trend toward body-conscious fashion, which takes the lines of the body into consideration. Shaping bras are also developed to suit different lifestyles.



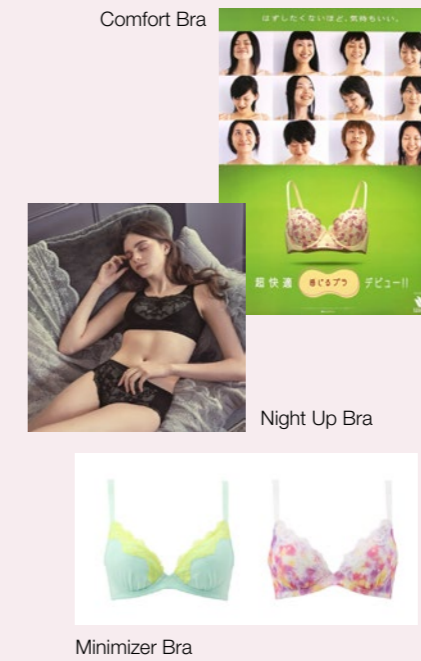
## 1990s

Changes in body consciousness continued into the 1990s. With women's growing desire to look more beautiful, hit products such as the Good Up Bra followed.



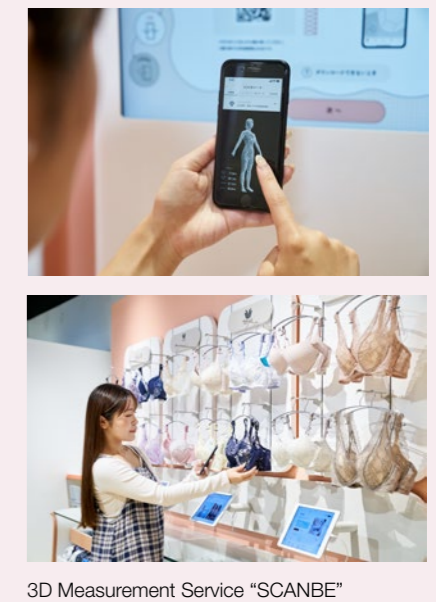
## 2000s

From the 2000s, the desire to live more naturally and in comfort emerges. People became aware of their own unique lifestyles and began to diversify. Bras continue to evolve, aiming for both beauty and comfort.



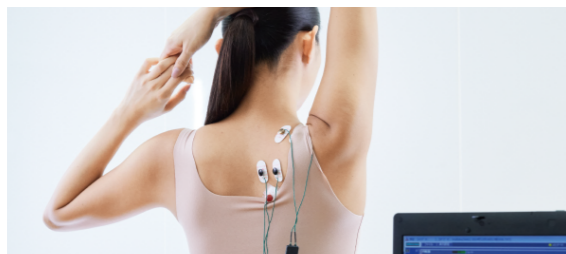
## 2020s

As expressed in the term "body positivity," this is an age in which each one of us seeks to realize our own unique beauty. We will continue to pioneer the realm of underwear culture and aim for further growth by providing services and value in response to the changing needs of our customers, utilizing measurement data and data obtained from our 3D measurement services.

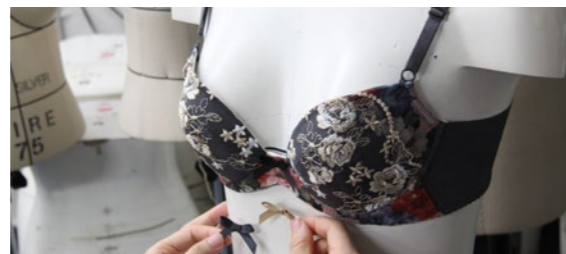


## Wacoal Group's Competitive Advantages

Delivering "long-lasting and high-quality products" across every time period is the Group's mission and the value it provides. Our system for producing high-quality products is one of Wacoal's greatest competitive advantages and an important asset that has been established throughout its history and within its organization.



The findings of the WACOAL Human Science Research & Development Center form the basis of our creation of beauty. To realize products loved by customers, the center researches and formulates theories on beauty, comfort, and health in relation to people's physiques. The data that the center has accumulated over 55 years underpins our businesses. Wacoal leverages the data not only to develop new products but also to maintain quality and make forays into new business fields.



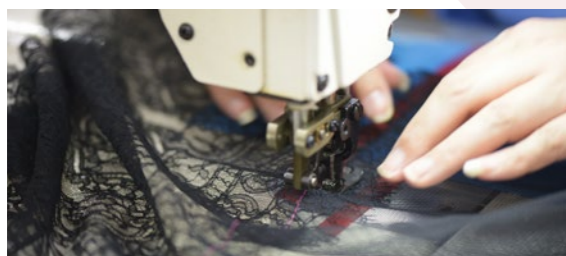
With the aim of helping people to express their beauty while catering to their current needs, Wacoal innerwear designers use creativity and physique measurement data to create products that afford wearers physical and emotional comfort. By repeatedly cycling through a process of fittings, analysis, and improvements, we realize optimal wearing comfort and figure enhancement.

Further build on strengths

Further utilize measurement data

Research & Development

Manufacturing / Quality Control



For Wacoal, "product quality preservation" is part of the value that it provides and a significant social responsibility. The quality of our products is supported by the handwork of highly skilled sewing personnel with years of experience and a quality control system that sets and ensures the implementation of stringent, painstaking standards for all processes, from material procurement through to production.

Further build on strengths

Shift to demand-linked production

Further build on strengths

Shorten lead time for product planning and development

Product Planning

Sales



Beauty advisors (BA) play an important role in ensuring that customers receive the best-fitting products. By using specialized knowledge and skills to help accentuate the beauty of each person, we build relationships with customers that are deeper, broader, and longer.

Further build on strengths

Utilize the voice of customers through DX and customer knowledge of BA

The system for responding to diverse values

## About Our Businesses

Our core business includes manufacturing, wholesaling, and some retailing of intimate apparel (especially women's foundation garments, lingerie, nightwear and children's underwear), outerwear, sportswear, and other textile products and accessories. Other businesses include food service, culture, services, and interior furnishing of shops, and others.

**Wacoal Business (Domestic)** Mainly operations of Wacoal Corp.

Main Brands



\*Not all brands shown

**Wacoal Business (Overseas)** Segment centered on Wacoal International Corp. (U.S.), Wacoal China Co., Ltd., and Wacoal Europe Ltd. (made a subsidiary in 2013; located in U.K.)

Main Brands



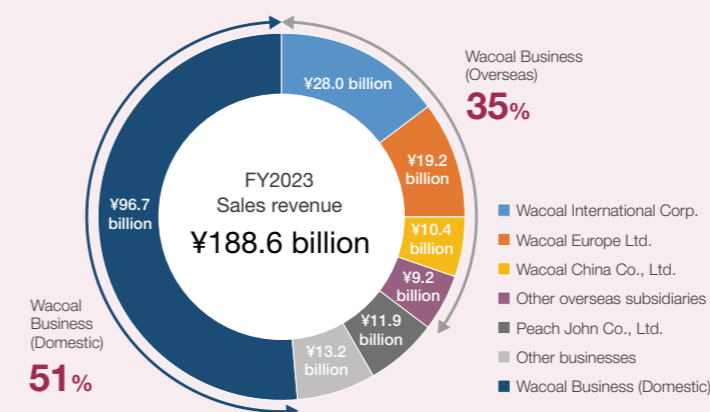
\*Not all brands shown

**Peach John Business** Segment centered on the Peach John Business (made a subsidiary in 2008)

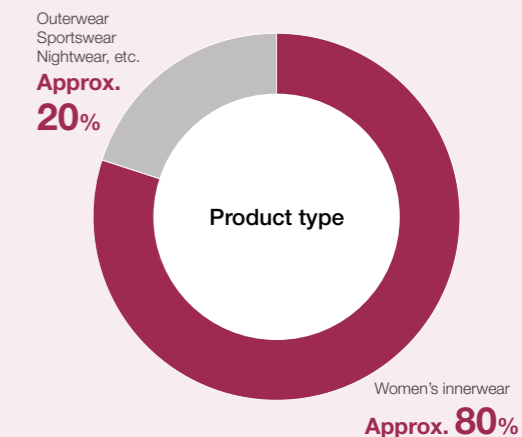
PEACH JOHN

**Other** Mainly operations of Nanasai Co., Ltd. (became subsidiary in 1987), Lecien Corporation (became subsidiary in 2009)

Consolidated Sales Revenue (FY2023) \*IFRS



Breakdown of Sales by Product Type (FY2023)

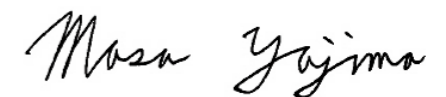


Embarking on a new journey  
aboard a ship (the company)  
that creates “individuality”

# *Transformation*

## A Word About the Revised Medium-Term Management Plan

We took the time to think about why Wacoal is struggling. One reason is that we have not been able to keep up with changes in consumers and the world. The value chain, including planning and sales, which we consider to be our strength, is fraying. Yet, we have not tackled the essential, underlying issues. Another reason is that we were not decisive enough. Fearing the pain and strife caused by reforms has caused us to put off what has needed to be done. To get Wacoal Group back on track for growth in the face of unprecedented headwinds, executive leadership and employees alike must carefully reflect on our past and work together to rebuild a business model that maximizes the value of the Wacoal brand. I liken a company to a single ship moving toward a single destination. In order to build a stronger ship that can move forward even in the face of headwinds, and in order for employees to take pride in this ship, we will carry out reforms with a strong commitment, and support employees as they take on challenges and grow both personally and professionally.



Masaaki Yajima  
Representative Director, President and CEO  
Wacoal Holdings Corp.

## We will quickly restore our ability to generate cash and sustainably enhance corporate value

We decided to revise the medium-term management plan because we fell significantly short of our goals in fiscal 2023, the plan's first fiscal year. Under the revised medium-term management plan, we will implement business model reforms to improve profitability, a growth strategy to achieve VISION 2030, introduce ROIC management, and promote asset reduction. We will rebuild supply chain management and strengthen our management base to improve profitability and capital efficiency and enhance the effectiveness of our strategies. Additionally, by encouraging employees to take on challenges and grow, we aim to evolve into a Wacoal Group that can continuously provide products and services that contribute to the "individuality" of our customers.

### The WACOAL Way

Mission

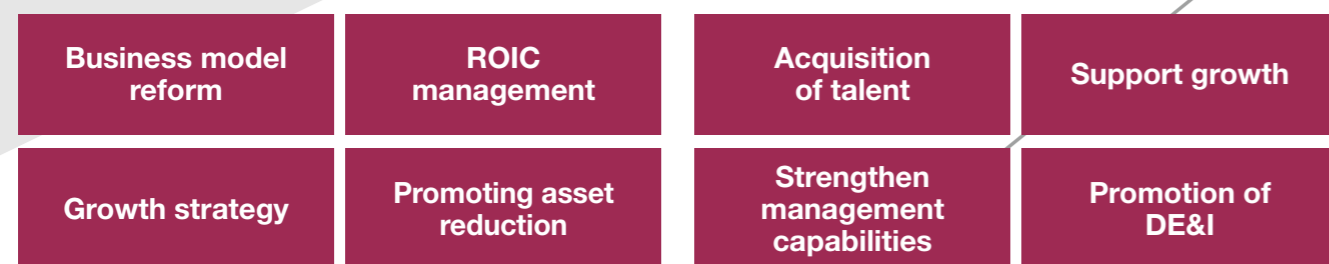
Founding Principles

## Revised the medium-term management plan to evolve into a company that can make forward progress despite business or market headwinds

# 2023-24

### Basic Policy of the Revised Medium-Term Management Plan

Transition to a corporate structure that can steadily generate cash to increase the likelihood of achieving VISION 2030



P. 23 ▶

### Basic Policy on Human Resources Strategy

Running the organization by a select few  
= Individual growth x Strengthening organizational capabilities x Fostering an appealing culture

Achievement of well-being P. 51 ▶

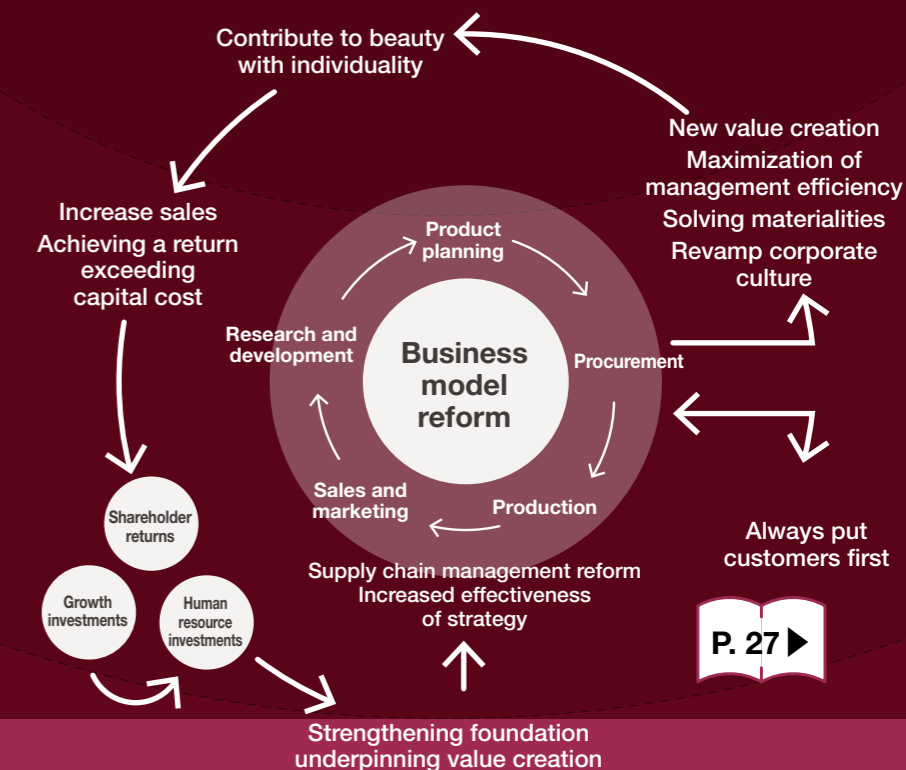
## 2025-26

Final fiscal year of the revised medium-term management plan (FY2026)

## 2030-31

VISION 2030 (FY2031)

### Evolution of value creation process



P. 27 ▶



A Message from the President

**We will build a foundation to restore growth for the Wacoal Group through the united efforts of executives and employees based on the revised medium-term management plan that embodies our determination to see things through, not put things off**

Masaaki Yajima

Representative Director,  
President and CEO  
Wacoal Holdings Corp.



Dramatically revising downward its net income forecast for fiscal 2024, the Wacoal Group announced on November 9, 2023, that it projects to post a net loss for the second consecutive fiscal year. At the same time, the Group announced that it would conduct an overall review of the medium-term management plan formulated in April 2022 and implement fundamental structural reform. The forecast of a net loss for fiscal 2024 is the result of stagnant net sales in major regions, expenses related to structural reform of the Japanese business, and impairment losses due to the withdrawal from the U.S. business. I am keenly aware

that this will cause major concerns for all stakeholders, including shareholders.

We revised the medium-term management plan as a result of dramatic changes in the business environment and consumer needs. Since around 2015, the Group's performance has continued to gradually trend downward because of the closure of department stores and mass retailers, our main sales channels for the Japanese business, and changes in business conditions. Furthermore, the consumption tax hike in 2019 and spread and extended duration of the 2020 COVID-19 pandemic further undercut

sales, which led to a rapid deterioration in profitability. For various reasons, including changes in the people's values following the pandemic, greater-than-expected inflation, volatile interest rates, and China's weak economic growth, the Group continues to face a harsh business environment. In an era of growing uncertainty, we determined that unless we change our business model, we do not have a future, which is why we are undertaking this structural reform.

I became Representative Director, President and CEO in June 2023. When asked about taking the position, I understood the perilous state of the company and the role

expected of me, and although the environment is not promising, I realized that taking responsibility for putting the company back on a firm footing is what I could do, and decided to accept the position. The current medium-term management plan with updated content (revised medium-term management plan) was formulated without worrying about the pain and discord that will arise during the reform nor putting off efforts to resolve the problems we face. With an eye toward fiscal 2026, the final year of the plan, we will move forward with structural reform with a determination to see it through.

## A Message from the President

### Process for Formulating the Revised Medium-Term Management Plan

#### Aiming to Transition to a Structure that Steadily Generates Cash By Revising the Value Chain From a Customer Point of View

In addition to continuing to record lackluster performance, which has been true for many years, the Group has been unable to fully implement its medium-term management plan and achieve its initial plans and is burdened with low capital efficiency. Although we have touted structural reform numerous times in the past, those attempts were unsuccessful because we were unable to thoroughly implement them and they lacked speed and ineffectiveness.

The main problem is our slow response to changes in customers. The Wacoal Group handles products that provide wearing comfort and are highly form-fitting, but a growing number of customers are also demanding ease-of-wear. To handle a customer, it takes about thirty minutes from when staff ask them about their preference until the fitting is completed, which is too long for customers who place a high value on time. Although it is necessary to consider what customers want and what is best for them, we lack a strong ability to respond to changes because of an overemphasis on our past strengths and service style. In addition, trying to solve problems causes discord and other issues, and I regret that the senior management team, including myself, were

unable to address problems and simply put off dealing with them, which contributed to the protracted period of weak performance. I think that a climate in which the management team does not make firm decisions also impacts employees, and results in employees trying to read what their superiors are thinking, not expressing their own opinions. Even though we should address customers' needs, a corporate culture in which we only focus on what is occurring in the company quickly took root.

Even with this awareness and our strong efforts to maintain manufacturing based on past practices, these harsh conditions will not change. Furthermore, the external environment is changing at a quicker pace than expected. It is important that we rethink what is common sense at Wacoal and review the value chain from a customer point of view. With the revised medium-term management plan, we are facing the problems that were recognized in previous medium-term management plans. We will work to transform the structure of the company into one that can steadily generate cash by fully implementing stated measures.

#### Formulating a Revised Medium-Term Management Plan Through Close Deliberations with External Directors

The Group has external directors who possess diverse skills, which includes ones with abundant knowledge and experience as managers, and ones with insight and knowledge of investing and financial capital markets (the Group has two internal directors and five external directors). During the process of formulating the revised medium-term management plan, we established a Group Strategy Committee, composed of internal and external directors, and for important agenda items, such as business strategy, growth investments, and asset holdings, we held repeated discussions from various perspectives, including the market, investors, importance for the company, and business performance, and fundamentally revised the current strategy.

Furthermore, employees in related departments played a central role in formulating measures related to the key issues of supply chain management (SCM) reform, cost structure reform, and growth strategy, but we also received advice from various perspectives by having consulting companies and external directors with specialized knowledge participate in the process.

Until now, the Group has not thoroughly stressed capital efficiency at the business-department level. Although the senior management team and management personnel should consider how to generate the most profit with the least amount of capital, our inventory has become bloated because we have not evolved our existing SCM system in response to

the greater-than-expected speed of changes in customers and logistics. Through the SCM reform discussed in the medium-term management plan, we will not only optimize in-store product lineup and control and optimize inventory level through a shift to production methods appropriate for

demand, but also reduce the production lead time. I think that these measures will also contribute to improved capital efficiency. Based on thorough deliberations, which external directors participated in, we have created an uncompromising management plan.

### Concrete Measures in the Revised Medium-Term Management Plan

#### Shift to Growth Trajectory by Implementing Cost Structure Reform and Increasing Brand Power, Customer Royalty, and Workforce Capabilities

The Wacoal Group systematically compiled a corporate philosophy in 2022. Having positioned Our Culture, Our Promise, and Our Values, as elements of our Founding Principles, we newly created a Mission that the Group should achieve in modern society. "VISION 2030," our medium- to long-term management strategy framework lists the issues that we should tackle by 2030 in order to achieve our Mission, and the medium-term management plan is one milestone toward VISION 2030.

The revised medium-term management plan outlines a return to growth through cost structure reform and strengthening of brand power, customer loyalty, and workforce capabilities while temporarily putting aside the issue of performance. At the same time, we will reinforce our business management infrastructure, increase management efficiency, and improve capital efficiency by introducing ROIC management.

I think that the Group's strengths are its manufacturing

capabilities and the trust we have built up with customers over the years. Our greatest competitive advantage is that we possess not only the various components of the value chain, including research, planning, production, and sales, but also the ability to create high quality products based on body type data accumulated by the Human Science Research & Development Center and 3D measuring service. However, we must evolve those strengths into a form appropriate for the current times. The value we provide will not change with the times but we will deliver that value to customers in a more evolved form. This will lead to customer satisfaction, and thus, all stakeholders, including employees, can benefit from this value. I think that it is our mission to maintain this.

The four main policies outlined in the revised medium-term management plan are those listed below. We will work to improve profitability and capital efficiency by steadily implementing these measures in line with the plan.

#### Basic Policy of Revised Medium-Term Management Plan

- 01 Business model reforms to improve profitability**
- Reviewing supply chain management
  - Cost structure reform
  - Dealing with unprofitable businesses

- 02 Growth strategy to achieve VISION 2030**
- Reviewing brand strategies
  - Focusing on growth markets
  - Human resource development and organizational development to enhance corporate value

- 03 Introducing ROIC management**
- Monitoring profitability and strategy effectiveness
  - Business portfolio management

- 04 Promoting asset reduction**
- Reducing inventories
  - Reducing cross-shareholdings
  - Streamlining real estate holdings

## A Message from the President

### Rebuilding the Supply Chain and Meeting Diverse Customer Needs

Implementing SCM reforms that make it possible to accurately respond to changes in customer needs is an important initiative to achieve the Group's mission to "empower people with the confidence that comes from looking and feeling their best and welcome everyone into our caring community built on mutual respect, diversity, and inclusion." However, at the current time, we are unable to smoothly provide products that meet consumer changes because the development lead time for products is more than one year. Through SCM reform, we will work to strength our ability to meet changing needs by optimizing in-store product lineup, shifting to production methods appropriate for demand, and shortening production lead time. The Group's SCM was constructed over its long history, and in order to implement these measures to update our methods, we must change how we think. To evolve into an organization that takes into consideration overall optimization, starting with customers, and makes it possible to undertake improvement activities that are not limited to a particular department, we will support employees' efforts to acquire new skills. Furthermore, we think that we should listen more carefully to the opinion of not only beauty advisors (BA) who work hard every day at stores but also customers, and we will analyze those opinions with digital technology and use them to evolve the value we provide.

As for the brand strategy for Japan, we organized market segments from a unique perspective and created a brand portfolio for segments we are strong in. In fields other than innerwear, we also aim to expand the "beauty, comfort, and health" business, and this will involve such activities as reinforcing 3D measurement services, personalized services that leverage customer data, and sports businesses, including CW-X. I try to closely communicate my intentions to Wacoal Corp. President Kawanishi on a regular basis. As the holding company, we will clearly indicate such items as policies and expectations while Wacoal Corp. takes responsibility for implementing the reforms. Furthermore, I consider monitoring progress in implementing these reforms as important for increasing the effectiveness of related efforts. External directors, too, have expressed the opinion that reinforcing our supervision functions is necessary to increase effectiveness, and we will confirm progress of initiatives so that our plans are not a mere pipe dream.

As for the overseas business, we expect conditions, including geopolitical risks and high inflation, to remain uncertain for some time. Therefore, through fiscal 2025, we will work with each country to build a management foundation and implement the growth strategy with an eye toward the next medium-term management plan.

### Dealing with Unprofitable Businesses and Shifting Resources to Growth Fields

For the revised medium-term management plan, we decided to liquidate or review unprofitable businesses throughout the company as one part of our business model reform. We have already announced that we will withdraw from the LIVELY business operated by U.S.-based Intimates Online, Inc. (IO) and liquidate the company. Since our acquisition of the company in July 2019, IO has operated a business that employs its own EC platform as its main sales channel and makes use of new digital media to communicate with customers, but the company's sales have fallen short of plans as a result of the entry of new competitors and limits on targeted ads due to stricter restrictions on the use of personal information. During the COVID-19 pandemic, there was also a dramatic decline in opportunities for ambassadors,\* who support the brand, to communicate information, making it impossible to achieve expected results.

\* The ambassador system positions core brand supporters who communicate information through social media and other media types as ambassadors and aims to raise awareness and promote product sales.

Under these conditions, we examined various possibilities for the business in the future but decided to withdraw from the business after determining it would be difficult to improve future performance. As for the decision to acquire the company, we conducted an analysis of various factors, including the market, competition, profitability, business plans, and risks, and while there were changes in the external environment, we regret that we did not conduct appropriate post-acquisition supervision of management by the charismatic founder of the company. As of now, IO is the only unprofitable business that we have settled on a response, but we will carefully ascertain conditions for other businesses by checking them in terms of such aspects as sustainability of the business's strengths, exposure to excess competition, market growth potential, and certainty of profitability.

#### Initiatives to Increase Capital Efficiency

### Fostering Awareness of Capital Efficiency by Introducing ROIC Management

As explained at the beginning, the Wacoal Group is plagued by a low ROE as it has been unable to achieve initial plans for many years. We consider this the result of a deterioration in our business management infrastructure, and have decided to introduce ROIC management in order to increase capital efficiency and achieve a robust corporate structure. It is the Group's mission to deliver products that support the "beauty, comfort, and health of each customer," and allocate cash obtained from that activity to investments in growth fields and human resources who support those activities and to pay all shareholders an appropriate return. Using ROIC as a management indicator that supports sustainable growth and recognizes multiple stakeholders will lead to the creation of corporate value.

We will also move forward with reducing assets through the revised medium-term management plan. With an eye toward improving the efficiency of assets and capital, we have

set a basic policy of liquidating assets that do not enhance corporate value, and as we liquidate those assets, we will search for investment opportunities that contribute to business growth, and those investment decisions will be based on ROIC. Moreover, in order to reduce assets, we will primarily look at inventories, cross-shareholdings, and real estate holdings when examining and revising asset holdings.

Our aim is to achieve an ROE of 7% during the period of the revised medium-term management plan by moving forward with our business and financial strategies. We are aware that our cost of shareholder equity is around 6%, which has resulted in a PBR less than one, and want to correct this situation. I do not want to be satisfied with a PBR that exceeds 1 but want to continually strive to raise our PBR through sustained initiatives to improve profitability and capital efficiency starting with the next medium-term management plan in order to achieve VISION 2030.



A Message from the President

Strengthening Sustainability-related Initiatives

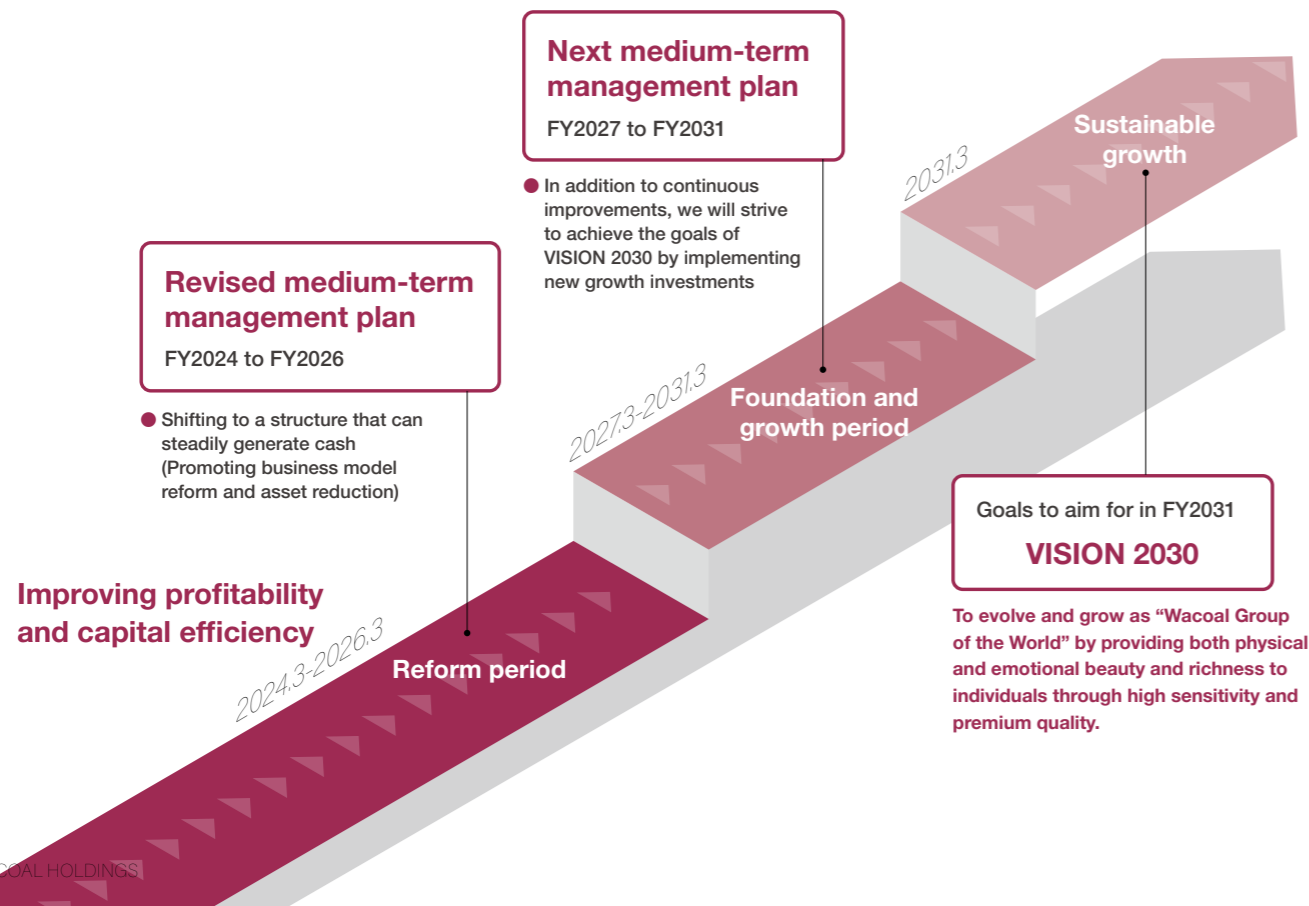
Reinforcing Response to Human Rights and Environmental Issues

Environment problems, such as climate change, and human rights problems are growing more serious, and the international community and customers are calling loudly for initiatives to achieve a sustainable society. To reinforce our response to important sustainability problems, the Group not only established the Sustainability Committee, an advisory body to the Board of Directors, and four promotion subcommittees, but also formulates concrete measure to address those problems, monitors the state of progress in implementing those measures, and evaluates the state of achieving those.

In terms of human rights, we revised the Wacoal Group Human Rights Policy in April 2022 so that it complies with the Guiding Principles on Business and Human Rights stipulated by the UN. While already accurately ascertaining the state of compliance with items stipulated in the Wacoal Group CSR Procurement Guidelines and running through a cycle that leads to continuous corrections and improvements, we will prevent and mitigate negative impacts on humans rights

throughout the supply chain and work to reinforce initiatives related to respect for human rights based on the idea of human rights due diligence compliant with UN Guiding Principles on Business and Human Rights.

As for the environment, we announced in September 2021 that we support the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and disclosed related information in June 2022. We are now moving forward with formulating a concrete action plan to reduce greenhouse gas emissions and promoting such initiatives as increasing the percentage of materials that are environmentally friendly, reducing the disposal of old products, and conducting recycling activities. It can be argued that our initiatives to increase sustainability is one part of implementing our corporate philosophy. In addition to increasing profitability and implementing our growth strategy, we will transition to a structure that can achieve sustainable growth by reinforcing initiatives related to human rights and the environment.



To Stakeholders

Resolutely Moving Forward By Taking a New Look at Customers and Changing our Corporate Culture

Having positioned the period of the revised medium-term management plan as a reform period, we will work to improve profitability and capital efficiency by steadily implementing the various measures in line with the plan. Starting with the next medium-term management plan, we plan to reap the benefits of these reforms in the foundation and growth period and implement a strategy to generate additional growth. When formulating the revised medium-term management plan, we held deliberations from various perspectives. It is clear what the Group needs to tackle, and the only thing left is for all executives and employees to see related initiatives through. For twenty years, we posted weak performance, and in the business environment at that time, we tended to have a negative attitude toward everything, and it is important that we establish a cycle that boosts motivation for routine operations. It is also important that we actually feel that we are making forward progress, and if that is possible, we can maintain motivation to accomplish everything we want. Since announcing the revised medium-term management plan, we have held briefing sessions for employees and townhall

meetings. The role of the executive management team is to provide leadership so that all employees view the revised medium-term management plan as our code, possess their own opinions, and can propose improvements. I would like to continue to dialogue with all employees until they have a proactive attitude toward what they must do to address the crisis that the company faces.

My vision for the company is for it to become a company in which its employees throughout the world enthusiastically take on challenges and provide new value while staying close to customers and society I envision a company that wins the trust of diverse people throughout the world and provides products and services that make people throughout the world happy. That is precisely why we have to change. We will take a new look at customers, change our corporate culture, and work to implement the revised medium-term management plan with determination.

I truly hope that all stakeholders continue to support the Group.



## Policies of the Revised Medium-Term Management Plan

In order to improve the probability of achieving VISION 2030, we will shift to a structure that can steadily generate cash

**Recognizing the Current Situation**





The speed of changes in the external environment was quicker than expected, and weaknesses in our supply chain management have become apparent

- With diversifying customer needs, we recognize that conventional advertising, product planning, and production systems are not enough to respond to market changes, causing deterioration in profitability and excessive inventory (especially with the existing product planning and development lead time [LT], which takes more than one year to market, and improvements are urgently needed).
- As for the harmful effects of functional organizations, various coordinated tasks and complicated profit and loss management hinder prompt decision-making.
- The responsibility for the management strategy is not clear, and the unity of the effectiveness of the strategy is not improving. In addition, the holding company's supervisory function over its subsidiaries is insufficient, and improvements are needed.

**Environmental Awareness**

<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>● Diversifying need to "be yourself"</li> <li>● Increasing need for health and comfort</li> <li>● Social inculcation of sustainability awareness</li> <li>● Developing markets with significant growth potential</li> </ul>	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>● Increasing procurement costs due to changes in the external environment</li> <li>● Declining domestic demand due to population decline</li> <li>● Lack of competitiveness due to slow innovation</li> <li>● Declining corporate attractiveness and a serious shortage of staff</li> </ul>
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**Wacoal Group's Strengths**

 Personalized body and mind database	 Research/knowledge of various body types/life stages	 Manufacturing technology for products that suit each customer	 Organizational ability to meet individual needs and embody services
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**Basic Policy**

Strive to improve and enhance profitability and capital efficiency and transform ourselves into a company that can continue to invest in the growth necessary to sustainably increase corporate value and return profits to our stakeholders.

- 1. Business model reforms to improve profitability**  
Implementing business model reforms (supply chain management reforms and cost structure reforms) to restore basic profitability
- 2. Growth strategy to achieve VISION 2030**  
Carrying out brand strategy and customer strategy, utilizing the power of digital resources and our Company's strengths to lead to further growth
- 3. Introducing ROIC management**  
Introducing ROIC management as business management infrastructure that supports measures to enhance profitability and the effectiveness of strategies
- 4. Promoting asset reduction**  
Improving capital efficiency by reducing inventories, cross-shareholdings, and streamlining real estate holdings



**Financial Strategy**

1. Improving profitability through business model reforms and growth strategies as a top priority, we will reduce inventories and cross-shareholdings, and streamline real estate holdings to improve capital efficiency and increase ROE
2. While prioritizing investments for future growth, we will actively return profits to shareholders to improve capital efficiency

## Revised Medium-Term Management Plan Strategy



**01 Business Model Reforms**

**Supply chain management reform** Strengthen responsiveness to changes in customer needs Improve earning power

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

P. 35 ▶

**Cost structure reform** Improve earning power

In order to restore Wacoal (Japan)'s basic profitability, a radical cost structure reform will be implemented. Setting reduction target to ¥7 billion

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)

**Dealing with unprofitable businesses** Improve earning power

Examine the future ideal state of each business and determine an action plan for the continuation, sale, or withdrawal of each business

P. 20 ▶

**02 Growth Strategy**

**Wacoal Corp.** Strengthen responsiveness to changes in customer needs

To meet diversifying customer needs, we will contribute to the "beauty, comfort, and health of each customer"

P. 36 ▶

**Overseas business** Strengthen responsiveness to changes in customer needs

Amid an uncertain business environment, we will first work to improve our management infrastructure and execute growth strategies for the next medium-term management plan

P. 41 ▶

**03 Introducing ROIC Management**

**Introducing ROIC management to improve capital efficiency and achieve a robust corporate structure**

In addition to portfolio management, it is also used as a means of performance management to accurately measure results, and quantitatively link improvement activities on the ground with improvements in profitability and capital efficiency expected by investors and other stakeholders

P. 50 ▶

**04 Promoting Asset Reduction**

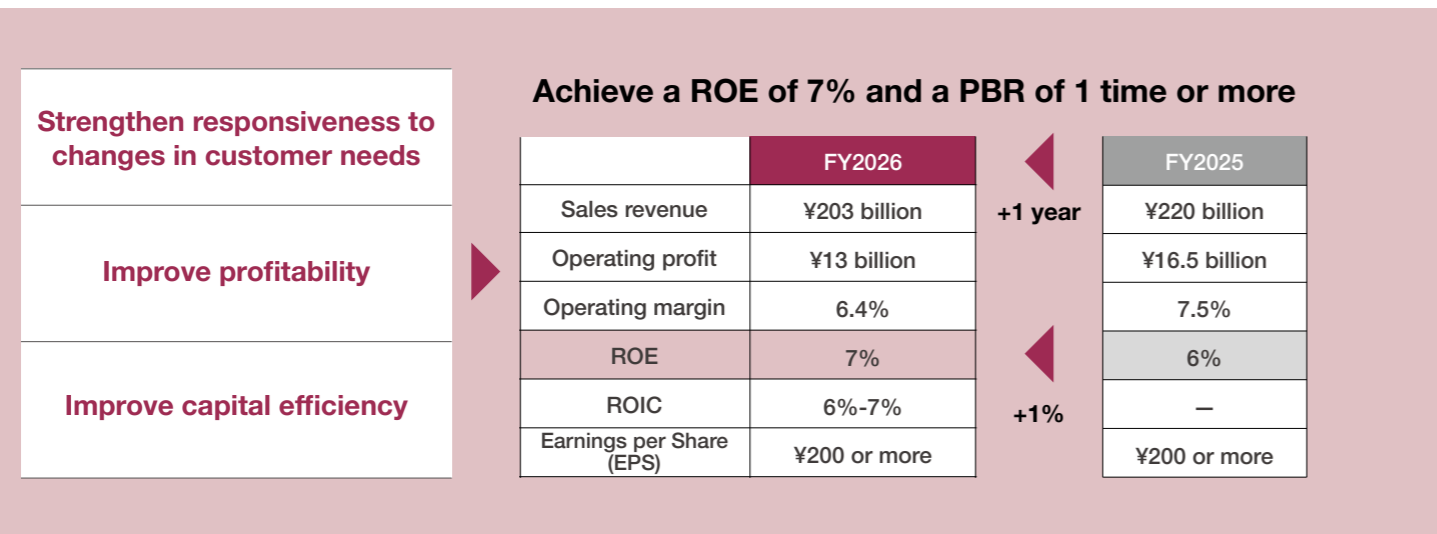
**In order to improve asset and capital efficiency, the Company's basic policy is to sell any assets that do not contribute to raising corporate value**

When selling, we will search for investment opportunities that will contribute to business growth, and determine the businesses that should be invested in from the perspective of ROIC (Inventories, cross-shareholdings, and real estate holdings are subject to review and implementation)

P. 48 ▶

## Quantitative Targets in the Revised Medium-Term Management Plan

In light of the external environment, initial sales targets have been revised downward. On the other hand, through business model reforms and growth strategies, we will strengthen our ability to respond to customer changes and profitability while striving to improve capital efficiency. In addition, we aim to achieve a ROE of 7% and a PBR of 1 time or more.

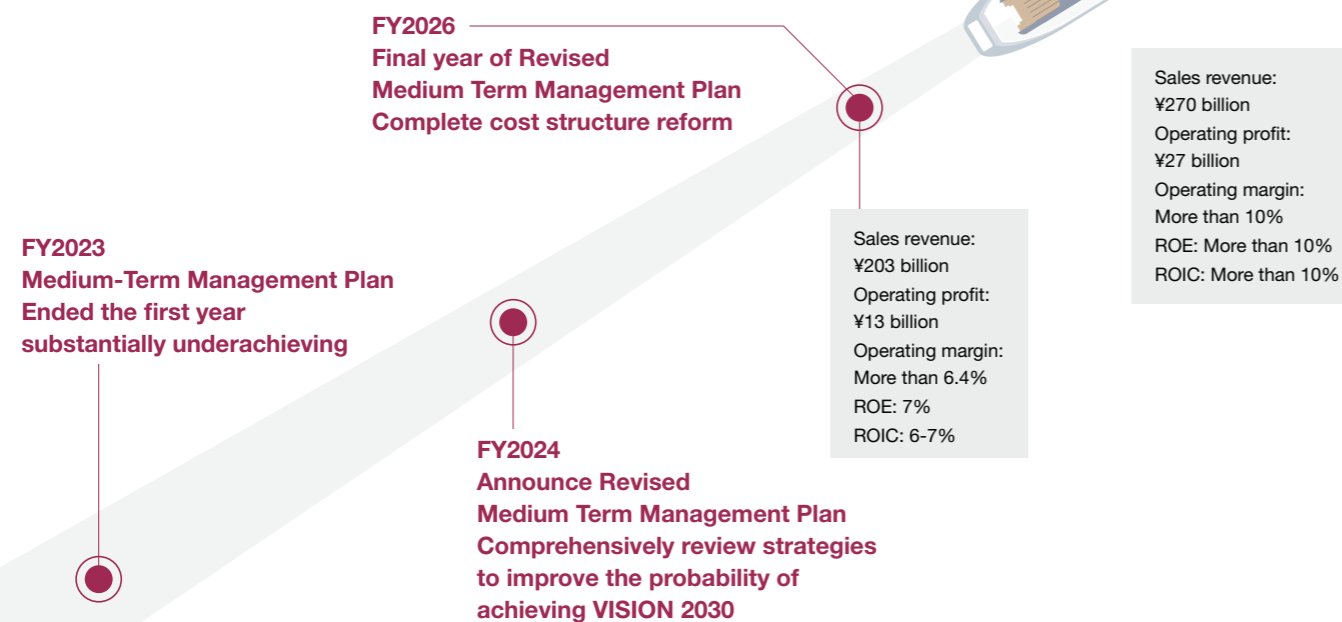


### Our Goals for VISION 2030

To evolve and grow as “Wacoal Group of the World” by providing both physical and emotional beauty and richness to individuals through high sensitivity and premium quality.

#### VISION 2030 (FY2031)

- Achieve global growth
- Achieve a high profitability structure and ROE higher than 10%
- Deepen the provided value and expanding business fields
- An attractive corporate culture in which workers can fully realize their abilities
- Solve material issues



## Financial Strategy P. 45

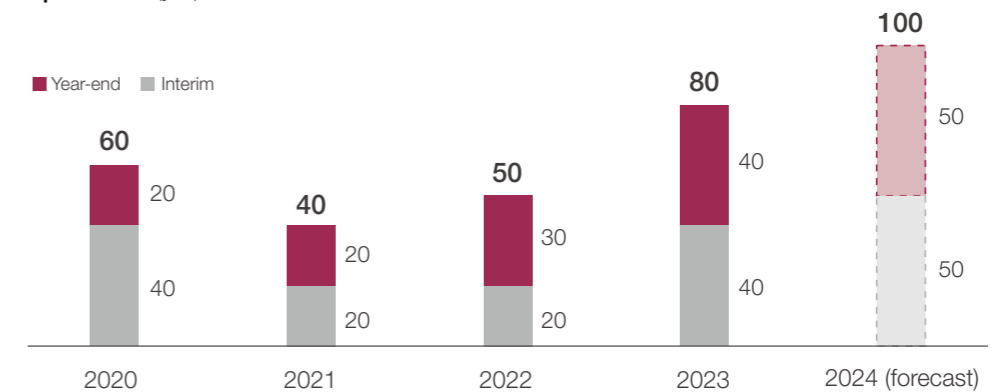
### Financial Policies

1. With improving profitability through business model reforms and growth strategies as a top priority, we will reduce inventories and cross-shareholdings, and streamline real estate holdings to improve capital efficiency and ROE
2. While prioritizing investments for future growth, we will actively return profits to shareholders to improve capital efficiency

### Dividend Policy

Our basic policy on profit distribution to shareholders is to make stable distributions based on consideration of our consolidated performance, while seeking to increase our enterprise value through active investment aimed at higher profitability and to increase net income per share.

Cash Dividends per Share (yen)

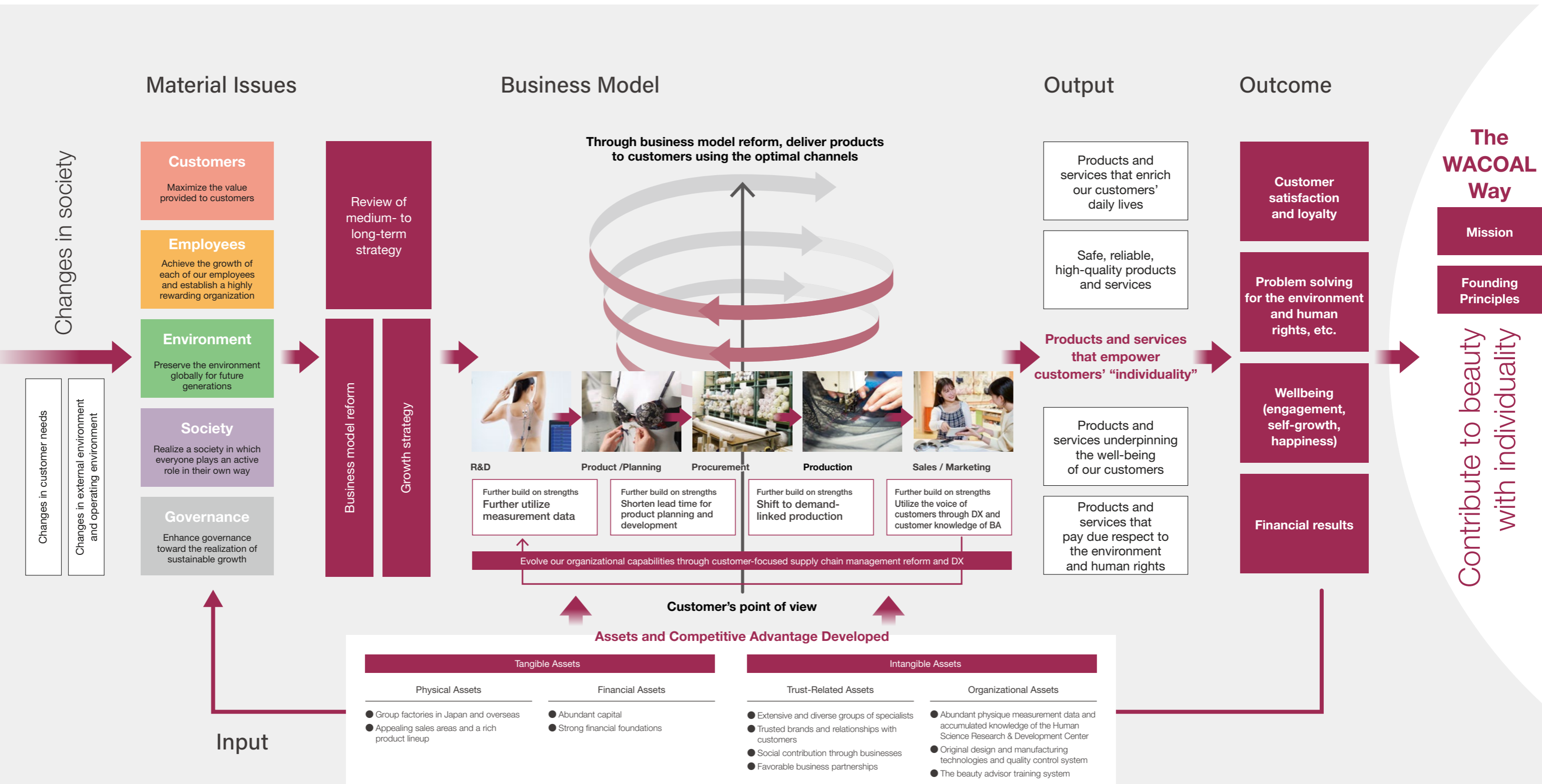


### Cash Flow Allocation

Cash inflow	Net income *excluding impairment loss	10
	Depreciation costs *excluding lease liabilities	20
	Asset reduction and debt utilization (Of this, ¥30 billion is for reducing cross-shareholdings)	80
<b>Cash generated during the 3-year period Total: ¥110 billion</b>		
Cash outflow	Investment in new and existing businesses ▶ Focusing on IT and digital investments for growth ▶ Investment in human capital	40
	Returning dividends ▶ Continuing to pay stable dividends while taking into account our consolidated financial results and the status of asset sales	15
	Share repurchase ▶ Actively promoting improvements in capital efficiency	55

Value Creation Process

The Group will maximize and optimize the various assets that it has developed—including physical, financial, trust-related, and organizational assets—and advance medium- to long-term growth strategies to resolve material issues and enhance enterprise value even further. Through rigorous, customer-focused business model reform, execution of growth strategy, as well as the evolution of our value creation process, we will continue bringing products and services that enrich society to the market.

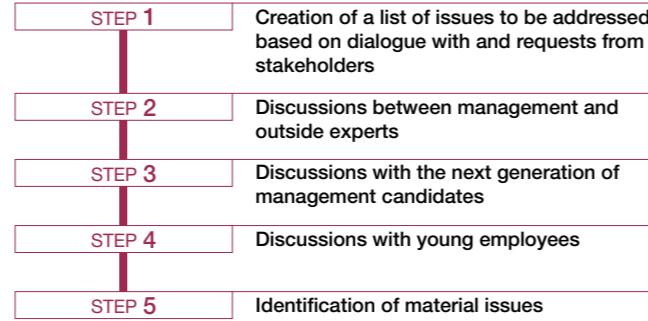


## Material Issues to be Addressed by 2030

We have established “11 material issues” with our customers, our employees, the environment, society, and governance as targets. These will serve as our benchmarks until 2030 for our business’ growth and our work to achieve a sustainable society.

### Identification Process

In order to realize VISION 2030—the Group’s medium- to long-term management strategy framework—while evolving our long cultivated strengths, such as research, planning, and sales, we conducted an analysis of material issues based on social and environmental issues to be addressed, as well as business growth. As a result, we identified five targets and 11 material issues. We arrived at this decision by gaining insight into the business challenges and social and environmental issues we expect to face by 2030, while taking into account macro trends and the requests of various stakeholders.



### Material Issues

#### Customers

#### Maximize the value provided to customers



	Material issues	Concrete efforts toward the resolution of material issues	KPIs (by 2030)	Targets
1	Enhancement of customer experience value by pursuing personalization	Increasing of customer connections and learning from them to wow other customers	Increase in the number of customers with connections to the Wacoal Group Increase in the number of people experiencing Wacoal's unique services that enhance the customer experience	To be considered in November 2023 in response to the revised medium-term management plan and announced during fiscal 2025
		Creation of products that exceed expectations and are loved	Revitalization of the innerwear business by promoting the development of new products and services that utilize customer data	
2	Endeavoring to expand business areas	Tackling of challenges in new areas to support customers from every angle	Increase in growth and profitability in businesses other than women's innerwear Creation of new business to contribute to well-being Expansion of internal resources into new fields	
		Achievement of global growth to provide inspiration to customers around the world	Overseas business expansion	
3	Deepening of product quality and building of service quality	Pursuit of quality control systems and quality levels demanded by the times	Continuous monitoring of product quality and implementation of improvement activities Maintenance and improvement of the quality of digital and over-the-counter services	

#### Employees

#### Achieve the growth of each of our employees and establish a highly rewarding organization



	Material issues	Concrete efforts toward the resolution of material issues	KPIs (by 2030)	Targets
4	Growth into human resources who can expand their potential and have confidence, pride, and success	Growth into of human resources that proactively enhance self-proficiency and take on challenges with enthusiasm, regardless of generation or position	Enhancement of initiatives geared toward self-motivated career design and skill improvement Nurturing of human resources and creation of an environment in which employees can take on challenges with enthusiasm	To be considered in November 2023 in response to the revised medium-term management plan and announced during fiscal 2025
5	Building of an organization that can demonstrate great results through co-creation and collaboration	Fostering of an organizational culture in which people from various positions can cooperate and achieve their missions	Development of a work environment in which people from diverse backgrounds can work together Increase in the number of employees who can act with clarity on what the Company should be and its mission	
6	Continuous improvement of employees' health and health awareness	Improvement of employees' mental and physical health	Improvement of employees' productivity and mental and physical health	
			Improvement of health literacy	

#### Environment

#### Preserve the environment globally for future generations



	Material issues	Concrete efforts toward the resolution of material issues	KPIs (by 2030)	Targets
7	Promotion of business activities that reduce environmental impact	Fostering of environmental awareness among both employees and consumers	Visualization of ecological activities in business activities	1) Zero in-house emissions (Scope 1 and 2) (domestic businesses) 2) Zero product waste (Wacoal Corp.) 3) Rate of environment-friendly materials used of 50% (Wacoal Corp.) 4) 20% reduction in supply chain emissions (Scope 3) (Wacoal Business (Domestic)) Note: For our overseas business, we plan to start by tracking our own emissions (Scope 1 and 2) and disclose our targets by the fiscal year ending March 31, 2025.
		Achievement of a decarbonized society	Realization of a decarbonized society and reduction in CO <sub>2</sub> emissions	
		Promotion of waste reduction	Reduction of product disposal rate	
		Achievement of a society of that recycles resources	Increase in rate of environment-friendly materials used	

#### Society

#### Realize a society in which everyone plays an active role in their own way



	Material issues	Concrete efforts toward the resolution of material issues	KPIs (by 2030)	Targets
8	Promotion of co-creation innovation to solve social issues	Contribution to the improvement of women's QOL	Promotion of breast care activities	To be considered in November 2023 in response to the revised medium-term management plan and announced during fiscal 2025
			Fulfillment of needs through products and services and development of ideas that contribute to improving women's quality of life Contribution to women's quality of life through ongoing dialogue with stakeholders	
		Promotion of diversity and inclusion	Promotion of in-house enlightenment activities to foster an understanding of diversity-related issues such as gender	
			Promotion of dialogue and co-creation activities with external stakeholders to foster an understanding of diversity-related issues such as gender	
Promotion of respect for human rights and CSR procurement activities	Establishment and implementation of human rights due diligence and promotion of human rights training			
	Expansion of scope of CSR procurement activities			

#### Governance

#### Enhance governance toward realization of sustainable growth



	Material issues	Concrete efforts toward the resolution of material issues	KPIs (by 2030)	Targets
9	Implementation of highly transparent management	Maintenance and establishment of an optimal corporate governance system that will improve effectiveness	Implementation of Japan's Corporate Governance Code	To be considered in November 2023 in response to the revised medium-term management plan and announced during fiscal 2025
			Demonstration of the Board of Directors' functions and promotion of diversity	
			Ongoing improvement of the system for the compensation of officers to increase corporate value	
10	Strengthening of the risk management system	Thorough compliance with laws and regulations and development of an organization with high ethical standards Strengthening of organizational resilience by steadily responding to business risk	Prevention of inappropriate behavior in corporate activities and enhancement of compliance awareness among all officers and employees	
			Review of selection methods and response policies for major risks, promotion of information security measures for digital transformation and communication technology operations, and enhancement of the business continuity plan	
11	Continuous improvement of profitability and capital efficiency	Execution of the management strategy and clarification of roles and authority	Strengthened management of key performance indicators and verification of cost-effectiveness to improve the effectiveness of medium- to long-term strategies	
			Implementation of business portfolio management to realize growth Establishment of an executive structure for timely and appropriate decision-making	



Major Items of the Revised Medium-Term Management Plan (Domestic Business) |  
**Domestic Business Strategy (A Message from Wacoal Corp. President)**

**We will empower each and every customer by returning to an approach from the customer's point of view**

**Keisuke Kawanishi**

Representative Director, President and CEO  
 Wacoal Corp.



**Revision of our Medium-Term Management Plan**

Since assuming office as President and CEO in April 2023, I have been working with internal and external members to inspect our company and review our management strategy in preparation for the start of "a new Wacoal." With the announcement of the revised medium-term management plan, I have made the decision to record approximately ¥6 billion in structural reform expenses in the financial results for the fiscal year ending March 31, 2024. I believe that my mission as President and CEO is nothing other than to transform Wacoal into a highly profitable company based on this decision. In the revised medium-term management plan period, I am determined to reform our business model with strong resolve in order to transform Wacoal into a structure that can ensure high profitability even in an increasingly severe external environment. And through strengthening our customer strategies, brand strategies, and human resource

strategy, which we have set as our growth strategy, we will evolve into a new Wacoal that can quickly respond to the changing needs of customers and the market. Regarding our performance plan, we have revised our sales target for the fiscal year ending March 31, 2026 down to ¥94 billion, taking into account the impact of the selection and concentration of brands and withdrawal of loss-making stores as a result of structural reforms, as well as the fact that it will take a certain amount of time before the results of our growth strategy are realized. We have also revised our business profit target downward. However, we will place priority on changing our business structure to one that can secure a certain level of profitability even in the face of declining revenue, thanks to the effects of cost structure reforms. First, we will work through the committed target figures, which will lead to growth from the next medium-term management plan onward.

**What We Want to Achieve through Corporate Transformation**

To date, Wacoal has undertaken a variety of initiatives to recover its business performance, but, unfortunately, they have not been able to produce results. We recognize that the reason behind this is that we have not properly faced changes in our customers' needs; in other words, we have lacked a customer perspective. Through our own inspections, we have confirmed that, unfortunately, each of our functions, such as manufacturing and sales, which we used to consider our strengths, has weakened. For example, bras, with their wide variety of sizes and colors, have a product characteristic that results in high SKUs\*. The system to maximize sales and profits while optimizing inventory was a strong management foundation supporting Wacoal's business model, but the accuracy of management declined as each operation became more efficient and the division of labor was promoted. In addition, we have confirmed that we have not been able to fully share with our clients the inventory management of hot-selling products and the promotion of their development in the face of their increasingly restrictive inventory policies. This means that our supply chain management (SCM) has not been able to respond to the diversification of customers' needs and the shortening of trends. Our insistence on maintaining our existing supply chain structure in the face of changes in customer needs and the distribution environment has resulted in dysfunction in various areas, leading to long-term sales stagnation and excessive inventories. Through this corporate transformation, our goal is to become a company, organization, and group of employees that can think and review ourselves from the customer's point of view, and act accordingly. We will develop products and

services from the customer's point of view and not miss opportunities to cater to them. We will implement customer-driven brand management and communication measures to ensure that our customers correctly understand the value we provide. In order to become a company that can put these goals into practice, we will implement SCM reforms that allow us to respond flexibly to changes in customer and market needs, and evolve into an organization that can implement measures for improvement with quick decision-making and high business efficiency. In addition to maximizing the value we provide to our customers, we will reestablish a series of processes that will lead to the next stage of growth by allocating the cash we receive as compensation for our efforts to invest in human resources and growth. Fortunately, we have a large customer base and the manufacturing and sales capabilities to respond to customer needs. We believe that by updating these capabilities from the customer's point of view, we can achieve renewed growth. In addition, our employees have diverse values and personalities, but I regret that we are not making the best use of this diversity. Another issue for our company is that because we operate as a vertically integrated organization, the idea of partial optimization has permeated our operations, and we are weak in making decisions and taking actions that are optimal for the entire company. By supporting the growth of each and every employee, we hope to turn this diversity into a driving force for growth. \*SKU (Stock Keeping Unit): Unit for counting the minimum number of items

Wacoal of the Past		Wacoal of the Future	
<b>Value proposition</b>	<ul style="list-style-type: none"> <li>Providing value based on the results of our 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 customer</li> </ul>
<b>Brand strategies</b>	<ul style="list-style-type: none"> <li>Over reliance on our strengths, the "product."</li> <li>Lack of clear brand marketing strategies</li> </ul>		<ul style="list-style-type: none"> <li>Through brand management thoroughly from the 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 beauty advisors (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 (SCM)</b>	<ul style="list-style-type: none"> <li>Due to the product planning and development lead time (LT), which takes more than one year to product development, a gap between demand and production planning tends to occur</li> </ul>	Revised medium-term management plan	<ul style="list-style-type: none"> <li>Building demand-linked supply chain management that can flexibly respond to changes in the market and customerz</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>Optimizing responsibilities for business profit</li> <li>Increasing productivity throughout the Company by achieving overall optimization</li> </ul>

## Major Items of the Revised Medium-Term Management Plan (Domestic Business) | Domestic Business Strategy (A Message from Wacoal Corp. President)

### How We Will Promote Business Model Reform

In order to move Wacoal in this direction, I would like to talk about three points: (1) What kind of business model reform we will promote, (2) What kind of value creation company we will evolve into, and (3) How we will promote a positive change in mindset to realize our goals.

As mentioned above, we consider the fact that our SCM is not able to respond to the diversification of customers' needs and the shortening of trends to be a major issue that needs to be resolved. We will work quickly to shorten the lead time (LT) from manufacturing to sales, which currently takes 14 months, to enable the rapid development of products that match trends, and to optimize the lineup of products demanded by customers while reducing overall inventory. While this SCM reform has the aspect of cost structure optimization, it is also a growth strategy because it directly leads to profit growth through smooth development and deployment of products that meet customer needs, accurate additional production of hot-selling products, and inventory control as a result. In the future, we plan to enhance our ability to respond to customer needs in three specific steps by building a demand-driven SCM system that also makes use of digital technology. First, we will optimize the composition of products in stores, second, we will shift to production methods that match the demand situation, and third, we will

shorten planning and development LT.

To optimize the in-store product lineup, we will review the existing uniform product lineup and delivery style of new products, and promote reform to a system that reliably delivers the best-selling products to the store shelves. We have already begun trial operations at several volume retailers, and have confirmed the effectiveness of this system in improving sales. Based on the results of these trials, we will begin operations at other stores of clients who have cooperated with us in the trial in the fiscal year ending March 31, 2024, and will also begin trials at other clients. By quickly expanding the range of target stores, we will strive to reduce sales opportunity losses. In addition, we believe that demand-linked production, an initiative to change from the conventional batch production method to a production method that matches the demand situation at stores, will lead to an improvement in the sufficiency ratio of hot-selling products. Shortening the planning and development LT is an initiative to shorten the LT from development to delivery by utilizing existing patterns and reviewing business processes such as planning and development meetings. We intend to improve sales activities by speeding up the launch of products that meet customer needs.

### What Kind of Value Creation Company We Will Evolve Into

From the customer's point of view, value-added products must be expensive, and those that are not must be priced commensurately or customers will not choose them. We believe it is important to carefully communicate and properly demonstrate to customers why products are priced the way they are. In our recent business performance, sales of products in the high price range have been strong, while sales of products in the middle price range (¥4,000-6,000) have been sluggish. One reason for this is that the price of the products does not match the quality of value demanded by customers. As with SCM, the theme of the revised medium-term management plan is to change brand and customer strategies to adapt to the times.

In formulating our brand portfolio, we have determined that we do not have sufficient response within the framework of our existing brands in the areas of High premium, Affordable, Young people, and Seniors. We believe that when we apply our current brands, there is a market opportunity in

this area, but Wacoal is not able to offer sufficient proposals. Naturally, needs and values differ by segment, so the profit structure is not uniform. We need to carefully examine what is required in each segment, decide which brands should play what role in the entire company, and in some cases, since the current brands are not enough to cover the needs, consider deploying additional brands. We will make decisions based on a careful look at our customers. In areas other than innerwear, we aim to expand our business in the areas of beauty, comfort, and health, including body data obtained from our 3D measurement services, personalized services utilizing research on the mind and body at the Human Science Research & Development Center, and strengthening our sports business such as CW-X.

The key to our customer strategy is the use of digital technology. In addition to the effective use of body shape data and ID-POS (customer purchase record data), we intend to use digital technology to analyze data such as customer

opinions and customer service knowledge of beauty advisors (BA), which are our hitherto untapped strengths, to improve the value of the customer experience. In addition, 3D measurement services and apps will be used in combination to provide a consistent and highly satisfying customer experience both in physical stores and online. The product reviews that we have already begun, in which beauty advisors introduce products online, have been extremely successful,

and we will continue to improve the accuracy of communication to meet diversifying customer preferences and appropriately convey the value that we offer. In the fiscal year ending March 31, 2024, we are renaming "SCANBE" and reviewing the service content. We will evolve this service beyond the benefit of "knowing your size in 5 seconds" to help customers find the best solution for their individual needs.

### How We Will Promote a Positive Change in Mindset to Realize Our Goals

In formulating this revised medium-term management plan, we have renewed our determination to evolve into a company that responds to the diversifying values of our customers, and have defined the value we will provide as "empowering the individuality of each and every customer." We recognize that Wacoal's strength is not in providing uniform value, but in offering products and services that respond to diversity and can be tailored to a variety of customers. The only way to achieve our goals is to repeatedly take on challenges and improve our ability to respond to change through a high-speed PDCA cycle. What I strongly expect of our employees from now on is this ability to respond to change. It is necessary to be keenly aware that the status quo will sink relative to the competition, and to be willing to take on the challenge of change. Wacoal, which has been in business for more than 75 years, has strengths in product quality and functionality, as well as in the customer information it has accumulated over the years. However, we have been in a prolonged slump because we have somehow lost our customer-orientation. It is not an easy task, but unless we get rid of the culture of maintaining the status quo, we will not be able to escape from the long-term stagnation.

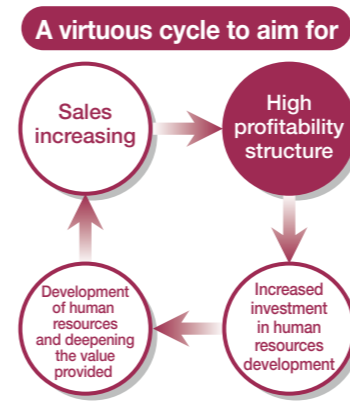
In this revised medium-term management plan, we intend to steer the company back toward growth by rebuilding the organization and operating from the customer's point of view. We intend to promote communication within the company and strive to create an organization that can respond to diverse customers with a sense of speed. As mentioned earlier, our potential in terms of brand and customer service has not declined. We intend to strengthen our investment in human capital during the revised medium-term management plan period, thereby helping each employee to maximize their diverse values and individuality. Although I have assumed the position of President and CEO in a difficult environment, I intend to carry on with my desire to make Wacoal a better company and strive to achieve the revised medium-term management plan. We will also share the progress of these transformations with our investors and employees. We sincerely ask for the continued support of our stakeholders.



# Major Items of the Revised Medium-Term Management Plan (Domestic Business) | Key Initiatives in Wacoal's Revised Medium-Term Management Plan

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

In order to transform our business structure into one that can secure high profitability even in an increasingly challenging external environment, we will first implement cost structure reforms and strengthen our brand strength, customer loyalty, and human resource to achieve a return to growth. In addition, to become a new Wacoal that can quickly respond to changes in customer and market needs, we will utilize digital technology and establish demand-linked supply chain management (SCM).



Quantitative Targets for Wacoal (\* including internal sales)

	Initial goal	Revised target
	FY2025	FY2026
Sales revenue	¥110 billion	¥94 billion
Business profit	¥7.5 billion	¥6 billion
Business profit margin	6.8%	6.4%

+1 year

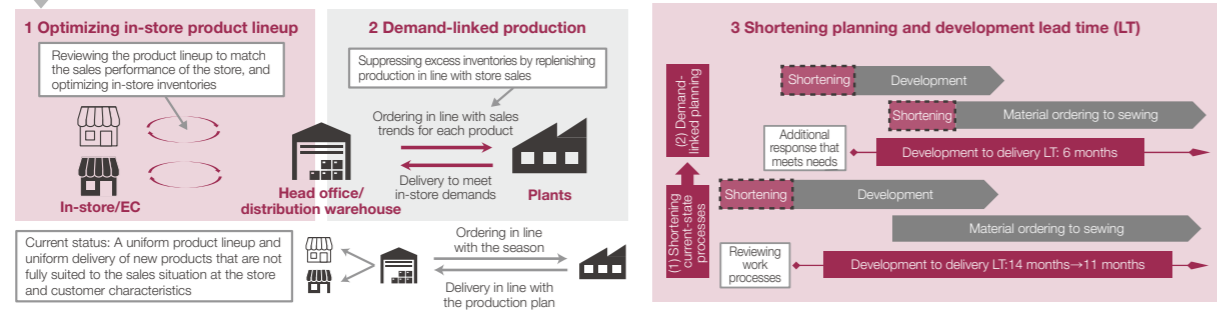
## Business Model Reform

### Supply Chain Management Reform

Reform Wacoal Corp.'s supply chain management in order to respond quickly to changes in customer needs and the market environment. Build a customer-driven, demand-driven SCM by leveraging digital technology and optimize the cost structure through thorough selection and concentration

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

<b>1 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 revised medium-term management plan</li> </ul>
<b>2 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 revised medium-term management plan period</li> </ul>
<b>3 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 shortened additional plans</li> </ul>



### Cost Structure Reform

In order to restore Wacoal (Japan)'s basic profitability, a radical cost structure reform will be implemented. Setting reduction target to ¥7 billion. 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 fiscal 2026 (compared to fiscal 2023)

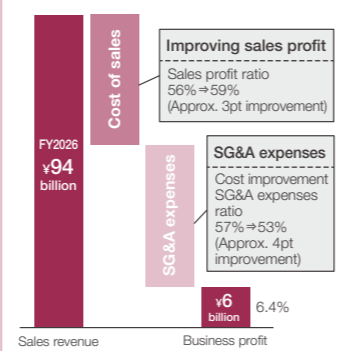
#### Specific Cost Structure Reform Initiatives

Implemented items	Specific activities	Implementation timing	Effects
<b>Brand focus and selection</b>	<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
<b>Reducing production costs</b>	<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
<b>Reducing production and material costs</b>	<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
<b>Improving the profit and loss of stores</b>	<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
<b>Offering voluntary retirement</b>	<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
<b>Optimizing other sales promotion expenses</b>	<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
<b>Reducing distribution costs, etc.</b>	<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

#### Wacoal: Figures for the FY2026 business plan

Based on the effects of cost structure reforms and the results of growth strategies, the revenue levels of ¥94 billion and business profit of ¥6 billion (6.4%) have been set as hurdle rates in the revised medium term management plan



## Growth Strategies

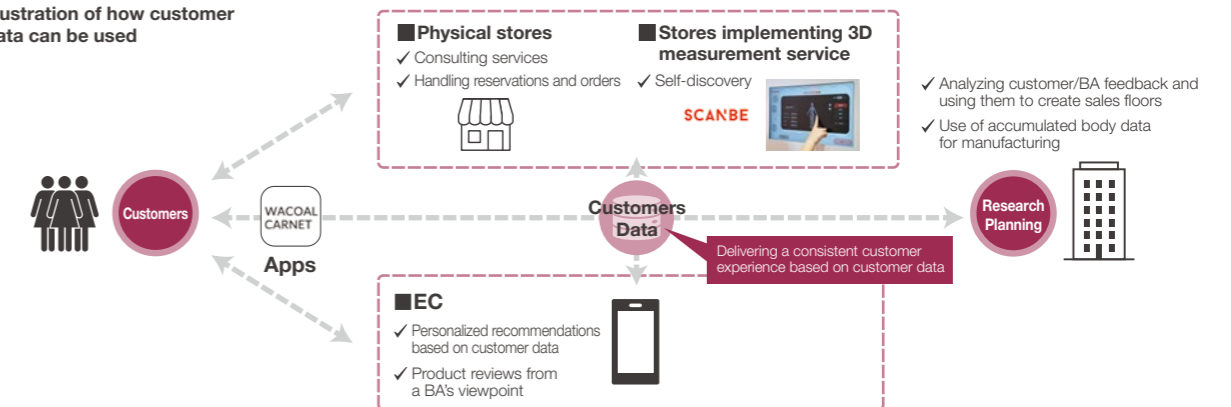
### Customer Strategies

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

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

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



### Brand Strategies

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.

<b>1 Innerwear</b>	<ul style="list-style-type: none"> <li><b>Brand portfolio tailored to market segments</b></li> <li><b>Rebranding Wacoal</b></li> </ul>	<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> <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>	<ul style="list-style-type: none"> <li>Starting from the 24 AW season product</li> <li>FY2028 ¥45 billion (125% compared to FY2023 (CAGR4.6%))</li> </ul>
<b>2 Other than innerwear</b>	<ul style="list-style-type: none"> <li><b>Expanding our "beauty, comfort, and health" business</b></li> </ul>	<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 services and data</li> <li>Strengthening sports business such as CW-X</li> </ul>	<ul style="list-style-type: none"> <li>FY2031 ¥20 billion</li> </ul>

#### About market segments

Analyzing the market attractiveness of each segment based on the "compound annual growth rate" x "bra market size" for fiscal 2019 to fiscal 2023. Setting market segments and developing brand strategies in line with the strengthened segments (market attractiveness of each market segment and other information not disclosed)

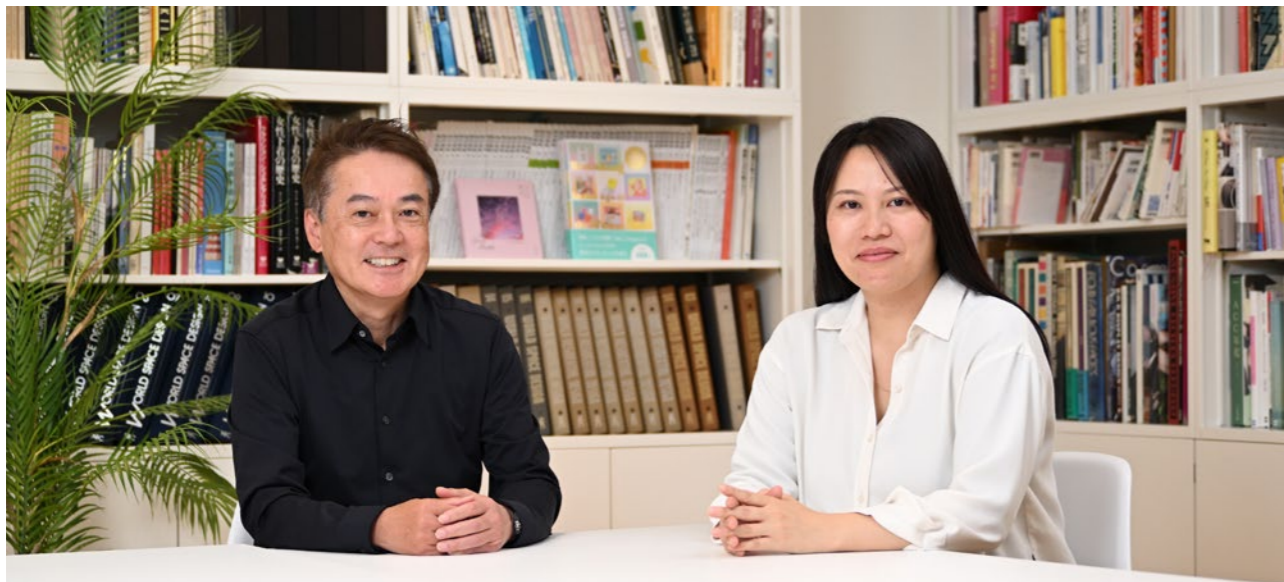
Price range	Age group					
	15 to 19 yrs old	20 to 29 yrs old	30 to 39 yrs old	40 to 49 yrs old	50 to 59 yrs old	Age 60 and above
High premium				High premium		
Premium				Rebranded Wacoal		
Better	Young people					Seniors
Moderate						
Affordable	Affordable					
Cost saving						

Major Items of the Revised Medium-Term Management Plan (Domestic Business) |

## Marketing Reform

# Reviewing the value provided from the customer's point of view and cultivating an attractive brand: The current place of marketing reform

In the revised medium-term management plan, the value that Wacoal will provide in the future is defined as “empowering customers to be themselves.” What are the goals of Wacoal’s marketing activities as it moves toward further reform?



**Shigekazu Sugiyama**

Marketing Advisor, Wacoal Corp.  
(Representative of SEN Marketing)

**Atsuko Shinoduka**

Corporate Officer In charge of the Group DX Marketing Strategy  
Director Corporate Officer Head of Marketing Div. of Wacoal Corp.

## What are Wacoal's marketing challenges?

—Please tell us how you came to be appointed as a marketing advisor.

**Sugiyama:** Around the fall of 2022, I was approached by Wacoal and asked if I could help them strengthen their marketing efforts. Having had experience in marketing at a cosmetics manufacturer, I decided to take on the role of advisor in the hope that I could help Wacoal, which also targets women as its main customers, to solve its problems.

There are many companies that have marketing challenges, but I find that the challenges are not very different. The problem is basically to analyze the market, where they are going to offer their products and services, what the value of

their offerings is, and whether it matches what their customers are looking for. In many cases, these are not well connected, and I hypothesized that this might be the case for Wacoal as well.

—Was it the case?

**Sugiyama:** I had heard that Wacoal lacked a strategic approach to marketing, but I was honestly surprised to see that the company is engaged in an amazingly wide range of activities. For example, they continue to analyze customer segmentation, purchase data, and consumer surveys. I also had the impression that progress is being made in integrating

customer databases. However, I also felt that each of these surveys and analyses were independent and not well “linked” to product development and in-store sales promotion. Therefore, I first proposed ways to link and utilize the current marketing research and analysis, and then worked to visualize the current issues so that marketing investments could be made effectively.

—Ms. Shinoduka, you assumed the position of Head of the Marketing Division in April. What challenges did you see when you started?

**Shinoduka:** In the beginning, there was no common language within the company as to what “Wacoal’s marketing activities”

meant. Whether we were talking about advertising, needs analysis, or research, each department’s understanding of marketing was not consistent, so it was natural that discussions would fall apart. It is said that “the challenge is marketing,” but without a clear understanding of what the company-wide issue is, if each department works individually on its own idea of marketing, it will never lead to a real solution. Therefore, we decided that the first priority was to define marketing in our company as “all activities that create value for customers.” We believed that if the members involved could connect Wacoal’s current issues from the customer’s point of view and grasp the overall picture, we would be able to take the most appropriate steps.

## Clarifying the value provided by each brand and developing a company-wide brand strategy map

—How did you go about developing your market segments and strategy map?

**Sugiyama:** First of all, we made a list of the values that each brand offers. I had a suspicion that maybe we would list the same things under all the brands. When we discussed the two main points of “value provided (what the brand delivers to customers)” and “difference from other brands,” we found that all brands except Salute and Yue had almost the same kind of value provided. What we found most worrisome was that the value offered by Wacoal and Wing was very similar. We expected that the offering values would be similar since the brands were originally created based on a channel-specific concept, but the channel-specific concept is not in line with current consumer purchasing behavior, so it would be very inefficient if the brands’ offered values were not clearly separated.

—How was the reception of the members?

**Sugiyama:** Since each brand manager looked only at their own brand, they may not have been aware of the overlap, or if they were aware of it, they may not have seen it as a major problem. When we asked them to think about it over and over again, some of them asked why there had to be a difference in the value provided by the brands. That was the starting point.

—Once you had organized the value offered by each brand, how did you segment the market?

**Sugiyama:** In the case of innerwear, changes in body shape are a major factor in product selection, so President Kawanishi, who was then General Manager of the Marketing Division, decided to create a strategy map that identified where the market had the greatest potential for growth by segmenting products based on price range and age, and then determining which priorities to address.

Based on this strategy map, we also decided to clearly determine the areas that Wacoal will not target. Specifically, we have clarified that Wacoal’s strategy is not to target the low-priced segment, which is losing market share to other brands. In addition, we have set our priority focus segments as young people, affordable, seniors, and high premium. We are now at the stage of deciding which brands to strengthen in these priority segments.

**Shinoduka:** As for the results of the consumer survey, the first and second most influential factors in purchasing innerwear are price range and age. We believe that axing factors that can be quantified as absolute values and for which there is research evidence, rather than values and subjectivities that are perceived differently by different people, is good in terms of being able to continuously track whether the products and services we provide are truly supported by customers.

## Major Items of the Revised Medium-Term Management Plan (Domestic Business) | Marketing Reform

### Cultivating a brand where customers can feel a connection and a promise, and building a deep relationship of trust

—What are the key points of this brand strategy?

**Shinoduka:** I think the most important point of our brand strategy is to better clarify what kind of value our brand can provide. Since we have presented market segments for the first time, we tend to talk about segments such as affordable and high premium, but what is really important is the value we provide. Earlier, Mr. Sugiyama mentioned that when we articulated the value propositions of our brands, they were all the same, but this is the worst thing we could do. What will be important in the future is to clearly define the value provided by all brands, and to focus on what kind of customer experience the customers who support the brand want. I believe that the rebranding of Wacoal will be a symbol of this.

—How are you proceeding with the rebranding of Wacoal?

**Shinoduka:** We had been considering a rebrand since last year, but we were still unclear about what Wacoal was. The value provided by the Wacoal brand is often described as “cradle to cradle,” but it is not clear what exactly the brand provides from cradle to cradle. The members who are actually in charge of the brand have also been complaining that they cannot see the face of Wacoal because of the wide variety of products. I think it is difficult for customers to build a relationship with something when they don’t know what it really is. We asked Mr. Sugiyama to provide us with advice on how to build a relationship with customers over the medium to long term with regard to the value that Wacoal provides, and he was involved in the rebranding process.

**Sugiyama:** In discussing this with the members, we also talked about why branding is necessary in the first place. The

best business situation is to create a virtuous cycle in which a small investment efficiently generates profit, which is then reinvested. A brand is something that takes root among consumers, and when a brand takes root among consumers, it can efficiently continue its relationship with customers. However, a brand must have a solid value, and if the value changes from season to season, a long relationship with the customer cannot be established. What can Wacoal promise to its customers over the long term? Is there more to innerwear than just security and comfort? I tell them that we should have a thorough discussion about what value the brand can offer from such a perspective.

—And as for the customer strategy, DX is the key point, isn’t it?

**Shinoduka:** In the revised medium-term management plan, we have defined the value we will provide as “empowering each customers’ individuality” in order to evolve into a corporate entity that responds to the diversification of customer values. We will continue to provide optimal customer experiences for each of our customers, and digitalization is the key to this. Digitalization and personalization go hand in hand, and we believe that the use of digital technology will be very effective as we aim to empower each and every Wacoal customer to be themselves.

While the body shape data accumulated by Wacoal’s Human Science Research & Development Center over its 60-year history and customer data through its 3D measurement service are certainly our strengths, on the other hand, data is only valuable if it is used in some way. In this respect, I feel that we are not making full use of the feedback of our customers and of our beauty advisors who are in daily

#### Profile Atsuko Shinoduka

Joined Wacoal Corp. in 2005. After working as a sales representative for department stores, she was in charge of overseas e-commerce business support, business restructuring and M&A, as well as brand manager and MD for subsidiaries. In 2017, she was transferred to the Omni-Channel Strategy Promotion Department of the General Planning Office, and in April 2023, she was appointed Director, Corporate Officer, and Head of the Marketing Division of Wacoal Corp.



contact with the customers in our stores. If we can pick up on small feedback that might have been drowned out in the past, and if we can take advantage of the strengths of digital technology, which removes the physical and time constraints that existed until now, and capture the needs and insights that

customers want to solve, I feel that we can make more interesting and appealing proposals.

We believe that it is an important mission of Wacoal to revitalize the innerwear market itself as a more exciting one by proposing new values.

### What Wacoal needs from now on is a reform of “awareness” and “mechanisms”

—What will it take for Wacoal to return to a strong growth trajectory?

**Shinoduka:** Human resource utilization and development. For example, in the Marketing Division, we have started a cross-sectional project this fiscal year to gather chief-level members who are candidates for next-generation leaders. Mr. Sugiyama has been heavily involved in this project as well.

**Sugiyama:** Each member of the project is aware of the issues and understands the bottlenecks to solving them. However, at the beginning of the discussion, they took the stance that it was not their job to remove the bottleneck. “My duties end here. I think we can do better if the walls are removed, but it is not my role to break down the walls.” This habit of thinking is part of the culture that needs to be changed at Wacoal. So, Mr. Shinoduka and I started asking them, “Who else is going to break down these walls if you aren’t going to?” Then, gradually, people began to change their mindset.

**Shinoduka:** This change also applies to marketing strategy proposals. In the past, the Marketing Division’s role in market research and consumer surveys was to present the results of the analysis, but from this time, the role has changed to proactively proposing brand strategies based on the results of the analysis. I think we are now able to make proposals with the determination that we are the ones who decide the direction of the brand.

—An awareness that you are the ones creating the brand.

**Sugiyama:** Wacoal has all the strengths and human resources to create powerful and exciting value. I think it is important to have a sense of urgency and a “can do” attitude.

—Ms. Shinoduka, in what ways do you hope to realize Wacoal’s value creation in the future?

**Shinoduka:** In this revised medium-term business plan, we have decided to place “empowering individuality” at the core of the value we provide, and I believe this applies not only to our customers but also to our employees. If each employee can maximize his or her strengths, it will lead to good performance for the company and provide good value to our customers. I have some regrets when I think back about whether our corporate environment has been conducive to demonstrating our strengths, but I am also positive that there are many things that can be improved going forward. I believe that it is precisely because we are now facing a difficult business climate that new seeds of growth are easily born.

As Mr. Sugiyama pointed out to me, at Wacoal, we often hear talk of dropping decisions made at various meeting into the workplace. However, we are now in an era of absorbing rather than dropping in. In this era of change, just top-down is too slow. The hints for improving Wacoal are found in the field. We will establish a system to absorb voices and responses from the frontlines, and a process to promote autonomy of the frontlines, utilizing digital technology as well. I would like all of us at Wacoal to work together to create products and services that empower both our customers and ourselves by valuing the small voices that have been raised in the field but have not been heard, as well as the hidden thoughts that have not even been voiced in the first place.



#### Profile

#### Shigekazu Sugiyama

After working for Lion Corporation and Coca-Cola (Japan) Company, Limited, he joined Shiseido Company, Limited in 2009 and became President and Representative Director of Shiseido Japan Co., Ltd. in 2017. In 2020, he retired from Shiseido and established SEN Marketing. In November 2022, he became Marketing Advisor for Wacoal Corp.

## Major Items of the Revised Medium-Term Management Plan (Overseas Business) | Key Initiatives in the Revised Medium-Term Management Plan (Overseas Business)

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

Assuming that the situation will continue to be uncertain, we will prioritize profit generation in fiscal 2024 to fiscal 2025 in each key company while working to improve our management base and implementing growth strategies for the next medium-term management plan

### Basic Strategies

**Growth strategies**

**Strengthening supply chain management**

**Reviewing strategies for inefficient businesses**

#### 1. Growing EC

Expanding contact points with customers and achieving EC growth by promoting digital strategies (OMO, CRM, Asia EC platform)

#### 2. Developing and providing new products that meet market trends

Expanding contact points with new customers by developing and selling new products based on market trend analyses in China and other countries in Asia

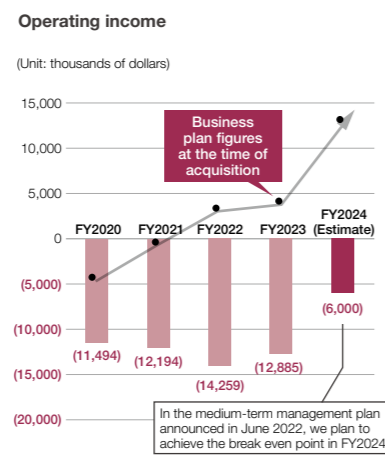
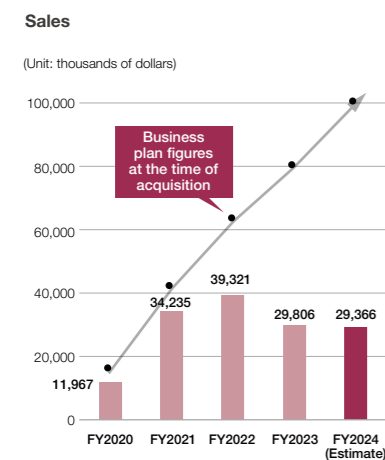
- (1) Optimizing production and material procurement processes in overseas business
- (2) Reducing manufacturing costs by reorganizing the supply system within the Group
- (3) Expanding the supply network outside the Company to strengthen the affordable market in China and Asia

#### Withdrawal of LIVELY brand (IO)

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

### Withdrawing from the LIVELY business of Intimates Online, Inc., a U.S. subsidiary, and liquidating the company

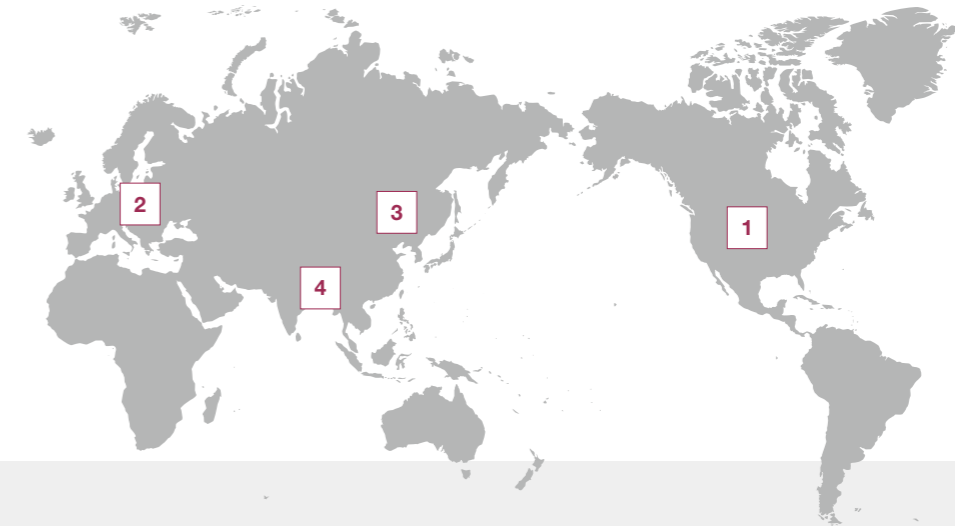
Intimates Online, Inc. has developed its business since its acquisition in July 2019, using its own e-commerce as its primary sales channel and new digital media, particularly social media, as a communication tool with its customers; however, sales fell short of the plan due to the entry of competitors into the digital market and restrictions on targeted advertising due to increasing restrictions on the use of personal information. After considering various possibilities for future business development, we have determined that it will be difficult to improve the performance of this business in the future and have resolved to withdraw from it. As a result of the withdrawal from this business, we will record a loss of approximately ¥7.3 billion, mainly consisting of impairment loss on goodwill related to Wacoal International in the fiscal year ending March 31, 2024.



	FY2020	FY2021	Total
Acquisition prices	86,041	—	86,041
Earnout payments	—	26,825	26,825
<b>Total</b>	<b>86,041</b>	<b>26,825</b>	<b>112,866</b>

Company name	Intimates Online, Inc.
Address	136 Madison Avenue New York NY 10016 USA
Representative	Kristin DiCunzolo
Business description	Planning and sales of female innerwear
Capital	433 dollars
Date of establishment	May 1, 2015
Date of acquisition	July 30, 2019
Shareholders	WACOAL INTERNATIONAL CORP. (100% capital ratio)



### Major Subsidiaries' Initiatives

- 1 Wacoal America, Inc. (Wacoal International Corp.)**

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 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
  
- 2 Wacoal Europe Ltd.**

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's own EC, collaboration with other companies' EC)
  - **Increase sales in continental Europe**  
In addition to cultivating existing areas, we will strengthen sales activities in Germany and France, where there is significant room for growth  
In addition to expanding our sales network, including EC and brick-and-mortar stores, we will also consider alliances and M&As with other companies to achieve growth with quality and speed
  
- 3 Wacoal China Co., Ltd.**


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
  
- 4 Other Countries 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 brick-and-mortar 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

## Main Items in Revised Plan (Overseas Business) | Global Initiatives


U.S.	FY2023	FY2026 target	 <p>Mitch Kauffman President &amp; CEO Wacoal America, Inc.</p>	
<small>Note: Results and targets are for Wacoal America, Inc. only. Includes internal sales revenue. FY2026 targets are based on internal management figures.</small>	<b>Sales Revenue</b>	<b>184.2 million US dollars</b>		<b>198.7 million US dollars</b>
	<b>Business Profit</b>	<b>10.6 million US dollars</b>		<b>9.4 million US dollars</b>
	<b>Business Profit ratio</b>	<b>5.8%</b>		<b>4.7%</b>

### Current Situation and Issues Faced by Each Subsidiary

Since the post COVID sales surge of FY 2021 Wacoal America has been faced with a very different business environment which has challenged both sales growth and profitability. Consumer trends of casual dressing and the prioritization of spending on experiences over things, along with inflation has resulted in declining sales for apparel and Department Stores. Digital privacy initiatives and higher advertising costs have slowed the rate of online sales growth. Government mandated wage increases at our Wacoal Dominicana factory along with higher freight and material costs continue to put pressure on gross margins. Wage and benefit inflation in the U.S. have also driven other expense growth. These challenges together have resulted in a reduction in historical Operating Profit levels. During the period of the medium-term management plan (Revise), we intend to focus on addressing these issues.

### Specific Initiatives for Achieving the Revised Plan

To address the sales and profitability challenges and achieve our plan goals, a key strategy continues to be growing our DTC online business. Wacoal Direct online is our fastest growing (107% of LY through H1 '23) and most profitable business (19.7% Op. Inc through H1 '23). During the period of the medium-term management plan (Revise), We will continue to invest in infrastructure (CRM system, and Loyalty program) that will enable us to realize further growth of the DTC online business. In addition, to improve profitability, we have taken wholesale and retail price increases this year and took steps to reduce material costs. From now on, we are also diversifying our production by placing more new programs with contractors that can offer needed technical capabilities and/or better margins than we can achieve in Wacoal Dominicana. Also, we will plan to optimize the cost structure by optimizing staff in the Distribution Center and through a previously completed restructure of the Sales Organization.


Europe	FY2023	FY2026 target	 <p>Geoff Embley CEO Wacoal Europe Ltd.</p>	
<small>Note: Includes internal sales revenue. Business profit includes brand depreciation expense. FY2026 targets are based on internal management figures.</small>	<b>Sales Revenue</b>	<b>117.7 million GB pounds</b>		<b>132.5 million GB pounds</b>
	<b>Business Profit</b>	<b>16.3 million GB pounds</b>		<b>14.5 million GB pounds</b>
	<b>Business Profit ratio</b>	<b>13.8%</b>		<b>10.9%</b>

### Current Situation and Issues Faced by Each Subsidiary

Over the past year, most Western economies have experienced high inflation rates, which has prompted central banks to raise interest rates. Consequently, there has been a discernible reduction in consumer spending, with a notable shift toward risk aversion among retailers who are reluctant to invest in inventory or commit to forward orders. The growth in e-commerce, which witnessed an unprecedented rise during the COVID-19 pandemic, has markedly decelerated with the relaxation of restrictions and the resurgence of consumers patronizing brick-and-mortar establishments. In addition, businesses within the e-commerce sector, are contending with escalating digital advertising costs and the necessity to modify their operational models in response to the impact of privacy initiatives on digital advertising.

### Specific Initiatives for Achieving the Revised Plan

To address these challenges related to market access and inventory management, our strategic approach consists of three key initiatives. Firstly, we aim to assert control over the route to market by expanding our proprietary e-commerce platforms into new territories. Secondly, where advantageous, we intend to adapt the traditional wholesale model to broaden our reach to a larger audience. Additionally, we are willing to take calculated risks on what we perceive as key performing styles. Thirdly, We are also focused on reducing lead times for products, thereby enhancing the business's responsiveness to market changes. This, combined with more stringent inventory collections, empowers us to deliver excellent service to our customers. This strategic approach underscores our dedication to resilience and adaptability in navigating the ever-evolving landscape, reflecting our commitment to sustained growth and operational excellence.


China	FY2023	FY2026 target	 <p>Zhang Mao Director and General Manager Wacoal China Co., Ltd.</p>	
<small>Note: Includes internal sales revenue. FY2026 targets are based on internal management figures. Sales by department stores (store prices) are included unchanged in the totals.</small>	<b>Sales Revenue</b>	<b>525.4 million renminbi</b>		<b>660.0 million renminbi</b>
	<b>Business Profit</b>	<b>-34.9 million renminbi</b>		<b>44.0 million renminbi</b>
	<b>Business Profit ratio</b>	<b>—</b>		<b>6.8%</b>

### Current Situation and Issues Faced by Each Subsidiary

The recovery of China's economy after the lifting of the country's zero-COVID policy has been slow, and consumer spending has been sluggish. Our sales have not even reached 70% of the pre-pandemic level, and we continue to face a challenging situation in terms of bottom line. Under these circumstances, we face three challenges. The first is to improve the efficiency of brick-and-mortar stores, where the bottom line is deteriorating due to diminished customer traffic. The second is the restructuring of our e-commerce business, which continues to underperform, despite the fact that the ratio of e-commerce to total retail sales in China has exceeded 50%. The third is to improve the efficiency of our organization and operations and respond to changes in our business structure. In particular, the e-commerce business is on the rise due to the diversification of platforms, while our sales remain stuck at a low level. We will step up our response to new platforms, raise visibility among young people, who are our main consumer group, and accelerate the development of products that meet their needs, while at the same time transforming our business structure and returning to a growth trajectory.

### Specific Initiatives for Achieving the Revised Plan

In terms of brick-and-mortar stores, we will focus on increasing sales per store by encouraging customers to return to the store by improving CRM. Additionally, we will strive to increase the number of customers by improving the loyalty program and increasing convenience, such as by standardizing membership measures with our own e-commerce site. In terms of unprofitable stores, we plan to improve business efficiency by optimizing the number of employees per store, while also restructuring. In the e-commerce business, we plan to increase the number of new customers among young people by raising our visibility and renewing the brand image through improved sales promotion measures while opening stores on new platforms. In addition, we will develop competitive products and strive to cultivate hit products in conjunction with intensive promotions. Through these measures, we will bring our e-commerce ratio up to the 30% level during the period of the revised Medium-Term Management Plan. With regard to the issue of profitability, we intend to improve our operating profit margin by expanding sales through the above measures and reducing costs and SG&A ratio.

Asia	FY2023	FY2026 target	 <p>Takehiko Yonekawa CEO Responsible for Asia Sales Headquarters Wacoal Singapore Private Limited</p>	
<small>Note: Results and targets are for Wacoal India only. Includes internal sales revenue. FY2026 targets are based on internal management figures.</small>	<b>Sales Revenue</b>	<b>402.3 million Indian rupees</b>		<b>733.1 million Indian rupees</b>
	<b>Business Profit</b>	<b>-91.1 million Indian rupees</b>		<b>-89.0 million Indian rupees</b>
	<b>Business Profit ratio</b>	<b>—</b>		<b>—</b>

### Current Situation and Issues Faced by Each Subsidiary

Our subsidiaries in Asia recovered well after the pandemic was brought under control, but the situation remains challenging due to the subsequent surge in inflation and the slowdown in China's economic growth. In response to rapid fluctuations in sales, it is becoming more difficult to secure profits than before due to the increasing difficulty of inventory management and larger SG&A expenses, such as labor costs and increased costs for store and office rent. We are also seeing changes in customer buying channels and product trends. As in Japan, e-commerce usage is increasing in Asian countries, and demand for conventional highly molded or fitted innerwear has decreased due to changes in values after the pandemic, and more consumers are seeking products with comfort in mind. This trend was also evident in our analysis of the characteristics of the best-selling products of major e-commerce marketplaces in China and Asia conducted in May 2023. Delays in responding to changes in customers have become a common issue for our subsidiaries in Asia.

### Specific Initiatives for Achieving the Revised Plan

In order to strengthen our sales structure and improve business efficiency in Asia, we established a headquarters to oversee sales in Asia in April 2022. The target is five companies in Singapore, Hong Kong, Malaysia, the Philippines, and Vietnam. Under this new structure, we are also promoting information sharing and coordination of measures among each company while maintaining a basic policy of locally-led management. In order to respond to the growing e-commerce market, we have developed a common platform for our own e-commerce and have started rolling it out in each country. In the future, we plan to strengthen cooperation with brick-and-mortar stores centered on CRM. We will also conduct promotions in cooperation with other companies' e-commerce companies in Asian countries to raise brand visibility and acquire new customers. With regard to the value we provide, which is an issue, we will develop products that meet consumer needs based on "comfort of wear," "affinity with fashion trends," and "solutions tailored to the climate of Southeast Asia." In addition, we will share measures related to inventory and expense management in an effort to improve the growth and profitability of our operations in Asia as a whole.

**We will transform our business model to improve earnings and capital efficiency, transition into a stronger profit structure, and achieve sustainable growth.**

**Akira Miyagi** Representative Director, Vice President, Executive Officer and CFO  
 Wacoal Holdings Corp.



**Review of Fiscal 2023 and the Medium-Term Management Plan**

Fiscal 2023 shed light on the weakness of the Group's supply chain management in response to changes in customer needs and purchasing behavior. In some regions such as Europe, we were able to maintain our growth trajectory due to strong sales of our core brands, but in Japan, China, and the United States, results were significantly lower than initially planned due to the effects of COVID-19, sluggish growth in customer traffic at our retail stores, and restraints on purchases by business partners. In addition, due to the large impairment loss recorded in our U.S. operations, we recorded a loss for the first time since our founding. As previously announced, we expect to post a loss for fiscal 2024 due to weaker sales, the impact of structural reforms, and an impairment loss recorded due to our exit from the U.S. We fully understand that our shareholders and other stakeholders are deeply disappointed about the losses that we have incurred for two consecutive fiscal years.

The reason we fell short of the plan was the Group's inability to respond to changes in the external environment. Not only was our response to changes in consumer needs in terms of products and sales delayed, but our profit and loss planning was overly optimistic, resulting in delays in measures such as cost reductions. In addition, inventory controls failed to function effectively in response to sudden sales fluctuations and production delays in recent years, causing the Group's

inventories to increase significantly over the past two years. In addition to overly optimistic market forecasts, there were inadequacies in management and supervisory functions, which limited the effectiveness of strategy, and many issues remain to be addressed in order to enhance profitability.

We take seriously the fact that the results of fiscal 2023, the first year of the medium-term management plan, fell significantly short, and determined that it will be impossible to achieve the targets if we do not change the way we manage the Company. For this reason, we decided to conduct a comprehensive review of our strategy. The revised medium-term management plan was formulated with a strong intention to accept the reality that we are disconnected from our customers and the market, and to transition to a structure that can generate large amounts of cash even in the face of drastic changes in the external environment. In the revised medium-term management plan, in light of the severe external environment, we have pushed back our goals by one year from fiscal 2025 to fiscal 2026, and revised our initial sales goal downward to ¥203.0 billion. On the other hand, we plan to improve capital efficiency by strengthening our ability to respond to changes in customers and profitability by reforming our business model and implementing our growth strategy, aiming for ROE of 7%.

**Quantitative Targets for Wacoal in the Revised Medium-Term Management Plan**

	Initial goal		Revised target	No change
	FY2025	+1 year	FY2026	FY2031 (VISION 2030)
Sales revenue	¥220 billion		¥203 billion	¥270 billion
Business profit	¥16.5 billion		¥13 billion	¥27 billion
Business profit margin	7.5%		6.4%	More than 10%
ROE	6%	+1 %	7%	More than 10%
ROIC	—		6 to 7%	More than 10%
EPS	¥200 or higher		¥200 or higher	—



Major Items of the Revised Medium-Term Management Plan (Financial Strategy) |  
**A Message from the Director in Charge of Finance**

**Restoring Basic Earnings Power through Business Model Reform**

To restore Wacoal's profitability—a top priority for the Group—we intend to proceed with both cost structure reforms and supply chain management reforms.

With regard to cost structure reforms, we have been working to control various costs, including workforce plan management. As a result of carefully reassessing the outlook for future sales revenues in light of the current severe business situation, however, we have determined that further reform of the cost structure is necessary in order to transition to a structure that can secure a certain level of profitability. Specifically, as part of “brand selection and concentration,” we expect to reduce production lines by 40% and the number of products by 10% by fiscal 2025, resulting in cost reductions of ¥1.9 billion. In addition, we believe that “lower manufacturing costs,” “lower production and material costs,” and “improved store profit/loss” will occur as a result of the review of the supply chain, and we expect a total effect of approximately ¥2 billion. In particular, with regard to “improved store profit/loss,” we plan to withdraw a total of 32 stores,

including 22 directly managed stores and 10 stores in department stores, for the fiscal year under review, and we are currently negotiating terms for the remaining 150 or so stores. The total cost reduction effect of these measures is estimated to be approximately ¥7 billion by fiscal 2026, and we plan to improve the profit margin by 3 to 4 points and SG&A expenses by 4 to 5 points compared to fiscal 2023.

In addition, we will consider plans to deal with unprofitable businesses and unprofitable subsidiaries. We have already decided to exit the LIVELY business of Intimates Online, Inc. in the U.S. and liquidate the company. For other businesses, we will examine the future approach without creating sanctuaries, and decide on an action plan for business continuity, sale, and withdrawal. During the period of the revised medium-term management plan, we will steadily implement these cost structure reforms and transition to a stronger earnings structure that will enable us to continue to invest in growth toward the realization of our VISION 2030.

**Introduced ROIC Management to Strengthen Our Business Management Foundation**

The fact that we receive many comments from investors and other external stakeholders shows that they want us to correct our losing habits, correctly evaluate the value of our brands, and boldly take on the challenge of growth. In fact, our business performance has been downtrodden for a long time, and we have been unable to achieve not only the goals set out in the medium-term management plan but also the initial plan for each fiscal year. Capital efficiency has also remained low. This was due to inadequacies in management and supervisory functions.

In the revised medium-term management plan, we deeply reflected on this point and decided to introduce ROIC management to improve capital efficiency. In addition to transitioning to management at the Wacoal Holdings, each

operating company and each division that is more conscious of profitability and capital efficiency than ever before, we intend to generate cash by promoting disciplined business operations and continuously allocate these funds to human resources and growth investments to achieve sustainable enhancement of corporate. In preparation for the start of ROIC management in April 2024, we will hold briefings on the introduction of ROIC for the presidents and corporate officer of operating companies in Japan and overseas during fiscal 2024, and then proceed with the establishment of an ROIC tree for Wacoal Corp. In addition to using ROIC as an indicator for managing financial targets, we also plan to use it as a means of accurately measuring results, and in the future, we plan to link it to executive compensation.

**Promoting Asset Reduction to Increase Capital Efficiency**

We regard the return of profits to stakeholders as one management's tasks, and place emphasis on ROE. Currently, we recognize that our cost of equity is in the 6% range, and the ROE level of 7% set in the revised medium-term management plan is a figure that we should achieve at a minimum. Therefore, during the period of the revised medium-term management plan, we intend to improve profitability through growth strategies and cost structure reforms, as well as promote asset reduction such as lowering inventories, reducing cross-shareholdings, and restructuring real estate holdings. We will achieve ROE of 10% in VISION 2030 by improving the elements of net income margin, total asset turnover, and financial leverage, which represent ROE, even during the period of the next

Medium-Term Management Plan, to restore our core profitability and strengthen our financial position.

In order to improve asset and capital efficiency, we have adopted a basic policy of selling assets that do not contribute to the enhancement of corporate value. At the time of sale, we will search for investment opportunities that will contribute to business growth and make investment decisions from the perspective of ROIC. First, with regard to the reduction of cross-shareholdings, we plan to sell approximately ¥30 billion worth of the agreed upon shareholdings, and reduce them to less than 10% of net assets by fiscal 2026. In addition, we will also verify our real estate holdings in accordance with our basic policy and respond accordingly.

Implemented items	Specific activities	Goals
<b>Reducing inventories</b>	<ul style="list-style-type: none"> <li>Reducing inventories through business model reforms (supply chain management reform and cost structure reform)</li> <li>Appropriate disposal of inventory resulting from the withdrawal and consolidation of unprofitable brands</li> </ul>	Wacoal: Inventory turnover ratio in FY2026: 2.5 turns
<b>Reducing cross-shareholdings</b>	<ul style="list-style-type: none"> <li>Gradually selling the shareholdings that we have agreed to sell</li> </ul>	During FY2024 to FY2026 we will sell approx. ¥30 billion of cross-shareholdings (Reducing less than 10% of net assets by FY2026)
<b>Streamlining real estate holdings</b>	<ul style="list-style-type: none"> <li>As for real estate that does not contribute to enhancing corporate value, we will proceed with consideration based on the basic policy of selling</li> </ul>	While carefully examining the feasibility and validity, we will gradually respond (starting the phase from FY2024)

**Growth Investments Focused on Capital Efficiency**

The cash allocation plan for the period of the revised medium-term management plan can be found on page 26. Of the cash generated, net income is expected to be approximately ¥10 billion due to the impact of one-off expenses associated with structural reforms. As mentioned earlier, as a result of our efforts to reduce assets and use debt, we expect the total amount of cash generated over the three-year period to be around ¥110 billion.

On the other hand, in terms of cash used, we will continue to flexibly repurchase shares to improve capital efficiency, and we plan to pay dividends of approximately ¥15 billion to shareholders. With regard to growth investments in existing and new businesses, in addition to the drastic changes in customer needs and the purchasing environment, information and communication technology is rapidly evolving,

which necessitates the determination of the technologies and systems that will contribute to the transformation of our business model. As for investments in existing businesses, we expect to invest in strengthening our own e-commerce, but we believe that it is necessary to conduct detailed verification of individual investments, run the PDCA cycle at high speed, and make appropriate corrections based on what we have learned. In terms of new investments, we will seek to expand our business footprint in Europe and invest in growth in the fields of beauty and health, as well as sports. We aim to improve the asset efficiency of the entire Group by searching for investment opportunities that contribute to growth and making investment decisions from the perspective of capital efficiency, and striving to maximize the effects.

## Major Items of the Revised Medium-Term Management Plan (Financial Strategy) | A Message from the Director in Charge of Finance

### Responsibilities as CFO

Based on the philosophy of “empowering people with the confidence that comes from looking and feeling their best” of our customers, we have aimed to make the lives of all people around the world better through the development and provision of innerwear that satisfies both the body and the mind. However, we were unable to abandon the manufacturer’s belief that “Wacoal’s products are good products, so if we make them, they should sell,” and we continued to make overly optimistic predictions that once the pandemic is under control, our business performance will go back to normal, which has created the current difficult situation. I myself solemnly accept that we will not be able to overcome this situation and will record losses for the second consecutive fiscal year. I believe that the key to growing again is for all employees to recognize the fact that they are in the current earnings situation as a result of this disconnect from customers and the market.

In the process of formulating the revised medium-term management plan, we held a number of discussions with an unwavering determination to never undertake painful reforms again. In order to restore solid profit growth, going forward, we will check the effectiveness of our strategies at the Board of Directors and the Group Strategy Committee while cooperating with external directors to regularly monitor profitability, and make prompt management decisions according to business conditions. In addition, we will revitalize internal communication and encourage the creation of new corporate value through collaboration between departments. The situation surrounding the Group is becoming increasingly severe. In order to steadily put the Group back on a path of growth, we will return to the customer’s perspective and undertake business revitalization with a fresh mindset.

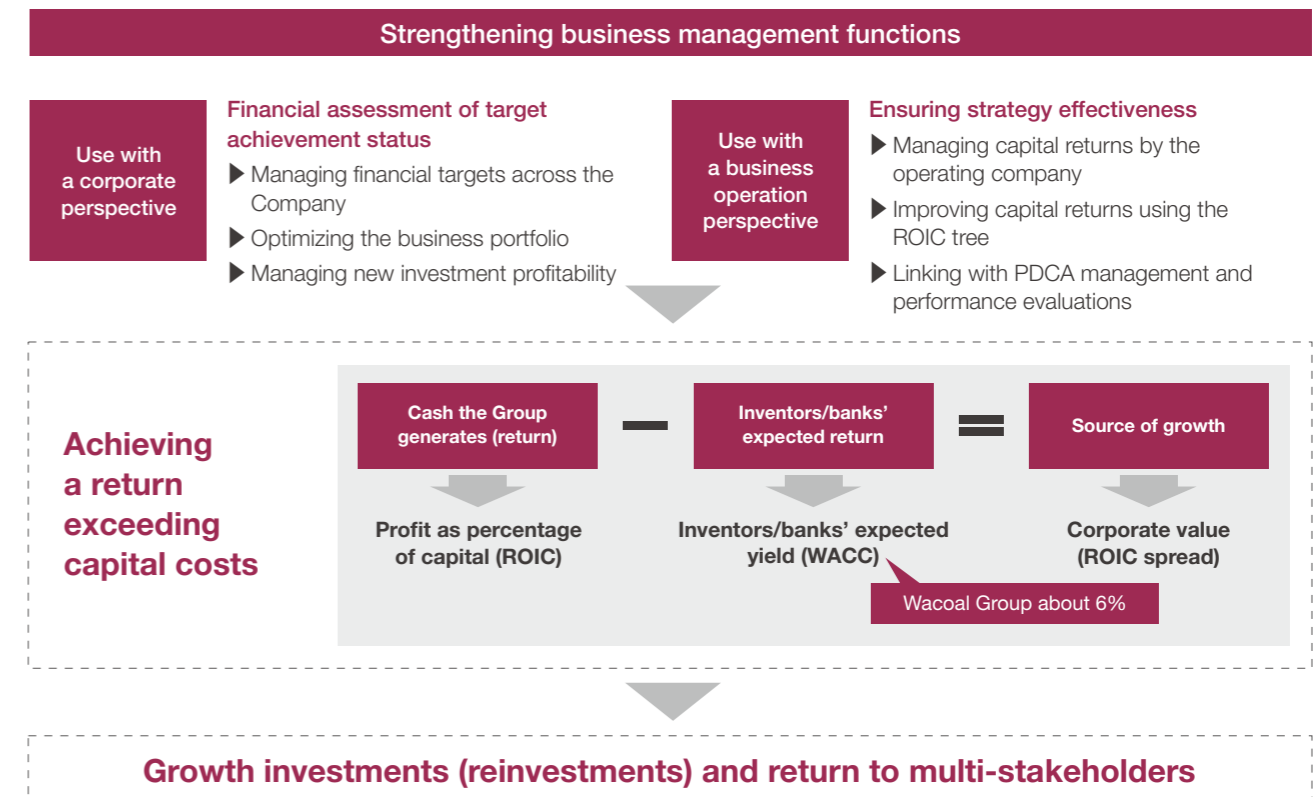


### Introducing ROIC management

It has been decided to introduce ROIC management at the Group to improve capital efficiency and achieve a muscular corporate structure. ROIC will not only be used to manage company-wide financial targets, but also as a performance management tool to accurately measure results, quantitatively linking onsite improvement activities with the improvements in profitability and capital efficiency expected by investors and other stakeholders.

In fiscal 2024, Wacoal Corp. launched a project to create an ROIC tree, and starting in fiscal 2025, the company will operate its businesses using ROIC. Furthermore, the company plans to link this to the compensation of officers starting in fiscal 2026 in order to increase the certainty of achieving targets and effectiveness of related strategies.

### ■ Purpose of Introducing ROIC Management



### ■ Introducing the Process of ROIC Management to Business Departments

KPIs	Target Companies	Inculcation Process		
		FY2024	FY2025	FY2026
FY2026 ROIC 6 to 7%	HD	<ul style="list-style-type: none"> <li>● Consider introducing ROIC</li> <li>● Conducting simulations to grasp ROIC values</li> </ul>	<ul style="list-style-type: none"> <li>● Starting ROIC management</li> </ul>	<ul style="list-style-type: none"> <li>● Linking to compensation</li> </ul>
	Wacoal (Japan)	<ul style="list-style-type: none"> <li>● Sharing ROIC management introduction policy</li> <li>● ROIC study meetings</li> <li>● Incorporating into business activities (ROIC tree building)</li> </ul>	<ul style="list-style-type: none"> <li>● Starting ROIC management</li> </ul>	<ul style="list-style-type: none"> <li>● Linking to compensation of officers</li> <li>● Linking to compensation</li> </ul>
	Domestic and overseas subsidiaries	<ul style="list-style-type: none"> <li>● Sharing ROIC management introduction policy</li> </ul>	<ul style="list-style-type: none"> <li>● ROIC study meetings</li> <li>● Incorporating into business activities (ROIC tree building)</li> </ul>	<ul style="list-style-type: none"> <li>● Starting ROIC management</li> <li>● Linking to compensation</li> </ul>

## Initiatives to Reinforce Human Capital

Consistent with its founding principle of mutual trust, the Wacoal Group manages employees' health and safety, trains personnel, and is receptive to diversity in human resources and values in each workplace, thereby deepening mutual trust with employees and developing workplace systems conducive to the creation of environments where the talents of individual employees can be fully realized.

We have built value chains that comprise proprietary networks, which span all stages from fundamental research, product planning, and development through to materials procurement, production, and sales. In these value chains, human resources are the Group's most important management resource. For this reason, we believe that creating an appealing corporate culture that is employee friendly and offers job satisfaction will lead to sustained growth.

### Wacoal Corp.'s Human Capital Strategy

(Basic policy)

Further promote career autonomy and foster a corporate culture that allows employees to feel fulfillment in their work, and aim to become "a company that shares its success with all employees" by bringing out the individuality and strengths of each employee

#### Revised Medium-Term Management Plan

#### VISION 2030

#### Targets of the revised medium-term management plan

Running the organization by a select few = Individual growth x Strengthening organizational capabilities x Fostering an appealing culture

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.

#### Revised medium-term management plan



#### What we look for in our employees: "Autonomous and innovative employees"

- Employees who respect and can embody our management philosophy.
- Employees who can rethink existing concepts and current frameworks and innovate with enthusiasm.
- Employees who can proactively enhance their own abilities and take on the challenges of new possibilities.
- Employees who can build good teamwork and contribute to organizational goals.
- Employees who can practice healthy and sound lifestyles.

#### Priority issues

- 1 Recruit, train and promote employees who will be responsible for the company's growth.**
  - The company will recruit and develop a personnel portfolio based on the changes in the business portfolio and business model.
  - Expand opportunities and time for autonomous career development and support individual growth.
- 2 Improve management capabilities to link individuals' strengths to organizational results.**
  - Strengthen appropriate appointment and placement based on the succession plan.
  - Improve management and organizational capabilities through fostering a healthy feedback culture.
- 3 Foster an organizational culture of high engagement and psychological safety.**
  - Promote DE&I and foster a culture with a high level of psychological safety in which diverse individuals can play an active role in a fair environment.
  - Implement a personnel and remuneration system that is fair and in line with the times, and clarify the criteria and processes for promotion and appointment.

#### Interview

### Empowering individual employees and reforming culture to create a rewarding place in which employees can use their individuality and strengths



**Shinsuke Fukazawa**  
Corporate Officer Head of HR Dept. of Wacoal Corp.

In the revised medium-term management plan, we defined the value the company provides as "empowering customers' ability to be themselves." In order to support the "beauty, comfort, and health of each individual customer" as needs grow more diverse, it is necessary to empower employees who possess diverse values and individuality, draw out the capabilities of each employee as much as possible, and transform that into the power of the organization. Therefore, we will build a system that generates growth through business model reform and growth strategy, and increase investments in human capital that is responsible for sustainable growth.

As for acquiring talent and developing human resources, we plan to not only reinforce measures so that individual employees can acquire the skills they need to grow but also aggressively invest in acquiring talent.

To implement structural reform and growth strategy, it is necessary to make decisions that optimize the whole company and change our perceptions so that each employee sees this as theirs and can act autonomously. Therefore, we will not only expand the responsibility and authority of the heads of departments and section chiefs and accelerate decision-making and actions by revising the organizational structure but also make changes so that we can offer flexible compensation that reflects work value and results. We will link these activities to improved organizational results. Furthermore, we will foster an organizational culture that makes it possible for each individual to use their strengths within an environment that offers high psychological safety, which includes creating opportunities to learn about unconscious bias, in order to maximize the use of human resource diversity.

## Initiatives to Maximize Human Capital

### 1 Acquisition of talent

The Group believes that valuing a culture of boldness and daring to take on challenges, and diversity that creates new value by bringing in new ideas, is the source of our competitiveness, and we are focusing on recruitment of new graduates as well as lateral hires (including recent graduates and career recruits). At Wacoal Corp., we plan to continue to use lateral hires for approximately 30% to 50% of the total number of career-track positions, including management candidates, global, EC and DX specialists and other personnel.

#### Hiring Status at Wacoal Corp. (career-track positions)

Question		Fiscal Year ended March 2020	Fiscal Year ended March 2021	Fiscal Year ended March 2022	Fiscal Year ended March 2023
Lateral hires (people)	Male	2	4	1	4
	Female	6	6	1	6
	Total	8	10	2	10
New graduates (people)	Male	10	13	7	6
	Female	13	16	16	10
	Total	23	29	23	16
Lateral hire ratio		26%	26%	8%	38%

### 2 Support growth (human resource development, reskilling, career development)

Aiming to transform into a company where individuality and strengths of each employee are fully realized, the Group provides various training programs to support the growth of each employee by providing learning opportunities and career advancement support.

#### Human Resources Development

At Wacoal Corp., we believe that our development as a company is dependent upon efforts to enhance the qualifications of each employee and his/her support. Based on this belief and with the aim of fostering personnel who can put our management philosophy into practice, we support career and personal development by providing training programs that support the development of employees' careers and professional skills, as well as self-development support programs to promote employees' self-study.

New Personnel Development System details  
<https://www.wacoalholdings.jp/en/sustainability/resource/development/>

#### Reskilling

At Wacoal Corp., we are working to develop human resources through reskilling (relearning) to ensure that our employees have the skills necessary for business growth and new business. During the fiscal year ending March 31, 2024, we have launched the operation of an online learning tool as a part of initiatives to raise the level of IT literacy to improve labor productivity of office work.

#### Career Development

At Wacoal Corp., we are working to develop human resources capable of generating innovation by expanding the "Internal Job Challenge" program, which allows employees to personally request transfers, and "Outside Career Challenge" program, which allows employees to gain experiences that are not available within the company through secondment to companies and organizations outside the Group, to increase opportunities for employees to develop their careers on their own initiative.

#### TOPICS

### Meet My Career Program

Wacoal Corp. has introduced the "Meet My Career Program," which aims to have employees develop their career independently and actively by expanding the diverse systems and structures for career development and to enhance job satisfaction and revitalize organizations by promoting career autonomy. Through this program, in addition to conventional self-assessment, career interviews, training/self-development, and transfers, we systematically provide opportunities for employees to proactively develop possibilities and their careers, such as job challenges and internal recruitment, outside career challenges, long-term leave, and side-work. With this, we aim to accelerate the realization of diverse career development for people by encouraging employees to actively implement a variety of ways to work, and at the same time, by providing employees with opportunities to acquire new skills, and refine them.



Meet My First Career, a fiscal 2024 event for matching new career-track recruits and departments where they might work

### 3 Strengthen management capabilities

Profitability has been declining at Wacoal Corp., our core operating company, due to sluggish sales and a cost structure with a high fixed cost ratio. We will implement the business strategies set forth in our revised medium-term management plan to return to top line growth and improve profitability. In order to enhance management effectiveness, it is an extremely important issue to strengthen management capabilities to make accurate and fast decision-makings and contribute to organizational achievements. We will, once again, work to cultivate, develop and appoint management human resources based on the succession plan. We also recognize that it is essential to foster a healthy feedback culture from the perspective of strengthening organizational capabilities. We will promote efforts to secure and develop management human resources who can realize our vision, implement our strategies, and motivate members to link individuals' strengths to organizational results.

#### Development of Management Personnel

During the period of the revised medium-term management plan, we plan to provide new trainings for the senior management as part of measures to disseminate the Group's management philosophy, and for all management positions, to promote diversity as a source of innovation and to acquire basic knowledge of psychological safety, which is a foundation of organizational development, and unconscious bias.

#### Review of Evaluation System

At Wacoal Corp., while increasing the diversity of human resources, we are building a more productive organization with a small number of highly skilled employees. In addition, we are reviewing, as needed, our systems and operations for "fair evaluation and treatment" and "appointment of leaders who can continue to enhance the attractiveness of an organization" which form the basis for such efforts. By fostering a culture of feedback and enhancing the level of acceptance of evaluation results, we aim to strengthen our organizational capabilities.

### 4 Promotion of DE&I

The Group is building a sound corporate culture and a strong management structure by pursuing a system that enhances the job satisfaction of each employee, while at the same time by ensuring the quantitative and qualitative appropriateness of human resources. Under the management philosophy of "mutual trust," we aim to create a work environment that is receptive to diverse human resources and values, deepens relationships of mutual trust and that allows each employee to perform to the best of their ability. We will continue to expand the diverse career paths and work options, and will implement initiatives related to human resources that will allow us to take advantage of the diversity of employees in organizational decision-making for a rapidly changing market, such as by promoting an introduction of a new personnel evaluation system.

#### Empowerment of Women

As many of our employees at Wacoal Corp. and customers are female, Wacoal Corp. considers the empowerment of women's involvement and activities as an important management goal in order to reflect more diverse viewpoints in its management decision-making. Therefore, Wacoal Corp. has established a workplace environment that is appropriate and in line with women's unique life stages, promotes more flexible work styles, and has instituted a system for promotion and advancement based on ability and performance, regardless of gender or age. In February 2021, Wacoal Corp. received the "Eruboshi Certification" from the Ministry of Health, Labour and Welfare of Japan, having been recognized as a company that has made effective efforts to advance women's participation.

#### Promotion of Women in Managerial Position

Wacoal Corp. has formulated a general employer action plan based on the Act on the Promotion of Women's Active Engagement in Professional Life, under which we aim to increase the percentage of women in managerial position (section manager and higher level) to 30% or higher by the end of fiscal year ending March 31, 2025. The percentage of women in managerial position (section manager and higher level) as of April 1, 2023 was 29%.

We will continue to identify human resources with a high aptitude for leadership from an early stage, regardless of gender, and further promote the provision of training opportunities to candidates for managerial positions. We will also develop talents capable of being in charge of managerial and executive positions by supporting the autonomous growth of employees, encouraging them to gain experience in a variety of businesses and positions, and continuously working to foster career awareness.

#### Differences in Wages between Male and Female Employees

The differences in wages between male and female employees, one of the indicators for empowerment of women, at Wacoal Corp. is 52.9% (full-time employees 53.9%, part-time and fixed-term employees 58.1%, career-track positions 79.2% and management positions 91.2%). At Wacoal Corp., there is no wage differential between male and female employees in the same role. For this reason, the difference is due to (i) the ratio of men in the managerial positions making up approximately 70% of all managerial positions, (ii) the ratio of female employees in career-track positions, especially in the hiring of new graduates, having been increasing year by year, resulting in a high ratio of female employees among employees who have been with the company for 10 years or less (10 years or less since joining the company: 110 employees, 51.9%; over 10 years since joining the company: 71 employees, 15.9%), and (iii) the fact that a higher proportion of employees in sales related job groups compared to career-track positions.

We will increase the ratio of women in new graduates and lateral hires in career-track positions, promote women based on their abilities regardless of age and gender, and also increase the ratio of women in the managerial positions and executive positions in order to close the differences in wages between male and female employees.

#### Differences in wages between male and female employees in current fiscal year (%)\*

Name of Company	All Employees	Of which, are full-time employee status by position				Of which, are part-time/ fixed-term contract employees
		All Full-time Employees	Management	Career-track	Sales	
Wacoal Corp.	52.9	53.9	91.2	79.2	*	58.1

- The figures shown have been calculated pursuant to the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015)
- Part-time/fixed-term contract employees include contract employees and post-retirement rehires.
- An asterisk "\*" indicates that comparison cannot be made due to the absence of applicable male employees.

#### Promotion of Foreign Nationals to Managerial Positions

The Group, as a corporate group operating in countries and regions around the world, appoints local personnel to the positions of representative (president) and key managerial positions in each of our overseas entities, including the U.S., Europe and China. We will continue to hire diverse local human resources regardless of nationality and promote them to key managerial positions in order to expand our business from the customer's point of view and strengthen our competitive advantage in the overseas markets.

#### Employment of People with Disabilities

The Group is improving the working environment and providing work support by conducting training so that everyone is able to work proactively, and we also conduct individual interviews to listen to worker opinions. In February 2018, Wacoal I Next Corp. was founded to promote the employment of people with disabilities and to create opportunities for their active participation. In December 2018, the company was certified as a special subsidiary under the Employment Promotion Act for Persons with Disabilities.

#### Work-Life Balance

Wacoal Corp. is developing workplace environments that enable employees to lead fulfilling lives and to make the best use of their skills. For example, as part of our initiatives to help employees meet work and child-rearing commitments, we are establishing programs and norms with a view to creating environments that are convenient and fulfilling to work in not only for employees with child-rearing commitments but also for coworkers who support them. Further, as a result of preparing an action plan based on Japan's Act on Advancement of Measures to Support Raising Next-Generation Children and taking measures to implement the plan, in 2018 we received "Kurumin" certification for the third time and "Platinum Kurumin" certification. We plan to create a system that allows employees to be flexible in the way they use their time so that they can increase the diversity of their individual experiences and skills and create innovation at work, by actively having connection not only with work and family, but also with society.

### 5 Achievement of well-being

In order to achieve "to evolve and grow as 'Wacoal Group of the World' by providing both physical and emotional beauty and richness to individuals through high sensitivity and premium quality" as addressed under our medium to long-term strategy framework "VISION 2030", it is essential to increase the satisfaction of our employees, who are key stakeholders, and to improve the productivity of the organization as a whole.

At Wacoal Corp., we believe that improving the job satisfaction and happiness of each employee is the driving force to achieve high productivity, and we will implement initiatives to achieve well-being to improve employee engagement.


#### Promotion of Diverse Working Styles

We are promoting initiatives at Wacoal Corp. that seek to raise awareness and change behavior on how to increase working productivity through a combination of proactive use of remote work tailored to each department, promotion of flexible hours, and operation of a limited work location system. While promoting organizational reforms which emphasize on performance and achievements, we are focusing on creating a corporate culture that respects each individual as a business partner by recognizing diverse opinions and values. While remote work has been adopted rapidly as a measure to prevent the spread of COVID-19, we will continue to utilize remote work tailored to the characteristics of each department as "a work style to maximize the achievements and performance" even after the downgrade of COVID-19 to a Class 5 disease (common infectious disease). In addition, we continue to promote reforms in the way we work, such as starting a "super flexible time" system from April 2023.

#### Health Management

Viewing the health of employees as an important asset for sustained growth, Wacoal Corp strategically promotes the health management by working together with the health insurance society and labor union as a trinity. Our goal under the newly formulated Wacoal GENKI Project 2025 for promoting health management is to improve the physical and mental well-being of employees, leading to increased productivity and improved employee engagement. We will continue to promote health maintenance through the ongoing implementation of various countermeasures to address lifestyle diseases, cancer, and mental health while further developing a working environment that enables employees to make self-initiated efforts to improve their health, thereby encouraging changes in behavior and attitudes toward the subject of health improvement itself. We are also stepping up our efforts to address health issues that are specific to women. Furthermore, Wacoal Holdings Corp. has been selected as an Excellent Enterprise of Health & Productivity Management (White 500) for seven years in a row since 2017.

## Targets and Goals

Human Capital Issues based on Management Strategies	Initiatives to Maximize Human Capital	Targets and Goals (KPI)	
		Targets	Goals
Recruit, train and promote employees who will be responsible for the company's growth	<ol style="list-style-type: none"> <li>Acquisition of talent</li> <li>Support growth (human resource development, reskilling, career development)</li> </ol>	Status of lateral hires (career-track positions)	Achieve lateral hires of 30% - 50% in total hires of career-track positions
		Investment costs in development and training human resources Number of participants in programs and hours invested in learning (as to working hours)	To formulate during fiscal year ending March 31, 2024
		Number and percentage of employees reassignment through internal recruitment and Job Challenge	To formulate during fiscal year ending March 31, 2024
Improving management capabilities to connect individuals' strengths to organizational results	<ol style="list-style-type: none"> <li>Strengthen management capabilities</li> </ol>	Contribution of management that leads to sustainable growth	To obtain 60% or higher positive responses for questions related to potentials and future prospects in engagement survey
		Foster a feedback culture	To obtain 60% or higher positive responses for questions related to approval and praise, fair evaluation in engagement survey
Foster an organizational culture of high engagement and psychological safety	<ol style="list-style-type: none"> <li>Promotion of DE&amp;I</li> <li>Achievement of wellbeing</li> </ol>	KPI achievements under Wacoal GENKI project 2025	 <a href="https://www.wacoalholdings.jp/en/sustainability/resource/wellbeing/">https://www.wacoalholdings.jp/en/sustainability/resource/wellbeing/</a>
		Employment of people with disabilities	Statutory employment rate of 2.5% for fiscal 2025

## Actions for the Environment

The Group believes that it bears a responsibility as a company to protect the global environment during the course of its global business activities. We are expanding our disclosure of environmental information while promoting initiatives to address climate change and realize a sound material-cycle society.

### Response to Climate Change

In order to move forward with measures to realize a carbon-free society and firmly ensure the reduction of greenhouse gas (GHG) emissions along the supply chain, we began calculating GHG emissions for the entire supply chain (Scope 3) of the Wacoal Business (Domestic) in 2021. Moreover, in addition to disclosing reduction targets for Scope 1 and Scope 2 GHG emissions from our operating bases in Japan in pursuit of our 2030 nonfinancial goals, in June 2022 the Company disclosed reduction targets for the aforementioned Scope 3 GHG emissions of the Wacoal Business (Domestic).

**Governance** The Group established the Sustainability Committee in April 2022 to promote sustainability management and achieve both solving social issues and sustainable growth through our business activities. We have also established four subcommittees under the Sustainability Committee in order to strengthen our response to important sustainability issues.

In order to reduce the environmental impact and environmental risk of Wacoal Group's business activities and to promote voluntary and active environmental preservation activities, the Subcommittee for Carbon-Neutral will deliberate on activity policies and initiatives related to environmental issues, such as climate change measures and reducing the environmental load of back offices, and strategic investment projects related to environmental preservation, and monitor progress.

**Strategy** The Group conducted a scenario analysis on climate change during the fiscal year ended March 31, 2023. In the scenario analysis, we examined countermeasures and identification of risks and opportunities for Wacoal Corp., which has the highest percentage of overall sales in the Group, in two hypothetical scenarios in which the global temperature increased by 2°C and 4°C. The scenario analysis showed that while a rise of 2°C had some positive impacts, such as gaining support from environmentally conscious consumers, transition risks, such as the introduction of carbon taxes, could have a negative impact on business. In addition, it was found that a rise of 4°C may lead to physical risks, such as storms, floods, and other extreme weather, that could have a negative impact on business.

**Risks:** We believe that the major risks affecting the Group's business, strategy, financial plans, etc. include, among 25 others, the intensification of extreme weather, such as storms and floods, and increases in carbon pricing.

**Opportunities:** The Group is promoting environmentally friendly activities, such as building a manufacturing and sales system in which few products are discarded. In the future, we will continue to promote business activities with a low environmental impact, aiming to achieve the "Environmental Goals for 2030". As environmental awareness is growing among consumers and society, we believe that business activities like these will be an opportunity to boost sales for the Group.

**Risk management** With respect to risks related to sustainability issues of the Group, the Sustainability Committee and its subcommittees examine the impact on the entire supply chain, including direct operations and certain upstream and downstream operations, from a short-, medium-, and long-term perspective. The results are reported to the Board of Directors, the upper decision-making body, which ultimately identifies and evaluates risks. Risks are also managed through monitoring and evaluation of achievement by the Sustainability Committee and each subcommittee.

**Indicators and goals** The Group has set its own environmental goals for 2030 to promote efforts to solve increasingly serious climate change issues and realize a carbon-free society.

Note: For overseas business operations, we will start by calculating our own emissions (Scope 1 and 2) and plan to disclose the targets by the end of March 2025.

### Results in the Fiscal 2022

Environmental data  
<https://www.wacoalholdings.jp/sustainability/environment/activities/#data>

In fiscal 2022, greenhouse gas emissions in the supply chain of Wacoal Business (Domestic) decreased by approximately 12% compared to fiscal 2020 amid cutbacks in the use of raw materials due to sluggish sales.

		FY2022 Results	Compared to FY2020 (base year)	Target for 2030
In-house emissions (Scope 1 and 2*)	Target: Domestic offices	6,105 t	-3%	Neutral
Supply chain emissions (Scope 3)	Target: Wacoal Business (domestic)	294,512 t	-12%	20% reduction
Product disposal rate	Target: Wacoal Corp.	1.6%	—	0%
Rate of environment-friendly materials used	Target: Wacoal Corp.	12%	—	50%

### Recognition as a CDP 2022 Supplier Engagement Leader

CDP is an international nonprofit organization that conducts research and analyses on the initiatives of companies and organizations around the world to address climate change and other environmental issues and discloses the results of these assessments. The CDP's Supplier Engagement Rating assesses how companies work effectively with suppliers to resolve the issue of climate change. The Group engaged in CDP's climate change questionnaire and was selected as a "B list" company.



### Initiatives in Fiscal 2024 and Plan for Fiscal 2025

#### Initiatives for Reducing Our own Greenhouse Gas Emissions

In order to reduce greenhouse gas emissions at our domestic business sites, in fiscal 2024, we investigated the CO<sub>2</sub> emission reduction potential of our headquarters and distribution centers, and established detailed reduction programs. From fiscal 2025 onward, we plan to implement specific measures in line with our reduction roadmap. In addition to Wacoal Distribution Corp. (Moriyama City, Shiga Prefecture) and the Shin-Kyoto Building, Wacoal Manufacturing Japan Corp. has decided to introduce a new solar power generation system at its Nagasaki Plant.



Wacoal Distribution Corp.

#### Initiatives for Reducing Greenhouse Gas Emissions in Our Supply Chain in Japan

Collaboration with suppliers is vital to reducing emissions in our supply chain. In fiscal 2024, we explained the Group's environmental policy to suppliers and shared plans for our future initiatives, and conducted research activities to formulate reduction scenarios in collaboration with a third-party organization. From fiscal 2025 onwards, we plan to continue conducting research activities and refining our calculation methods.

#### Initiatives for Reducing Greenhouse Gas Emissions in Our Overseas Operations

In order to reduce greenhouse gas emissions in our overseas operations, we have determined that our own garment factories, which account for more than 80% of the total electricity consumption, are subject to boundaries and have calculated their greenhouse gas emissions. In fiscal 2025, we plan to formulate a reduction program and consider medium- to long-term reduction targets.

### Achieving a Resource-Circulating Society

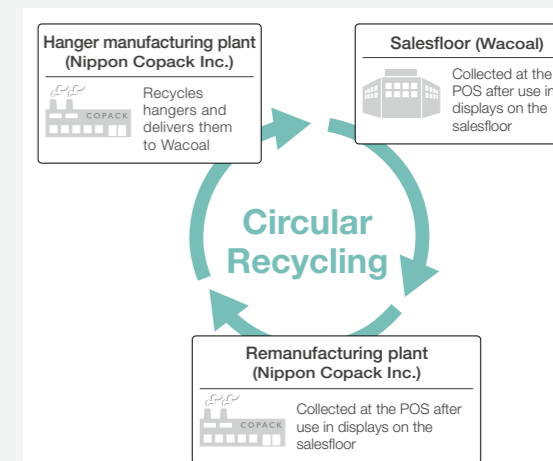
At Wacoal, we are constantly developing and expanding our line of environment-friendly products and materials in order to address the needs of consumers for more products that respect the environment and to contribute to the realization of a sustainable global environment. The Subcommittee for Resource Circulation, which falls under the Sustainability Committee, deliberates on standards for environmentally friendly materials and monitors the progress of waste reduction in production and procurement activities in order to promote the sustainable use of resources and materials in the supply chain and the reduction and recycling of waste toward the realization of a resource-circulating society.

#### TOPICS Development and introduction of recycled hangers reduces the use of virgin plastics by half

Wacoal Corp. jointly developed a circular recycled hanger made from recovered plastic hangers with Nippon Copack Inc., and has been using them steadily for products sold mainly at chain stores since July 2023. We expect to use 13 million recycled hangers annually in the future.

In the past, after use as a display hanger at chain stores, we collected hangers at the store's point of sale (POS), and recycled them into solid fuel and plastic products for apparel after collection. This newly developed circular recycled hanger is made by combining recycled materials after collection and virgin plastic raw materials into a new hanger that is used again for product displays.


By using 50% recycled materials, this circular recycled hanger can reduce the amount of virgin plastic raw materials used by around 75 tons per year.



## Human Rights Initiatives

Ever since its inception as a corporate entity, the Wacoal Group has never rested in its mission to further business management rooted in mutual trust and respect for humanity. Wacoal's purpose is to contribute to the everyday health and affluence of each and every one of our customers through the products and services that we supply, effectively setting our sights on the realization of a sustainable society. We recognize that all of our business activities must be grounded in the premise of unrelenting respect for human rights. True to this stance, we pledge to fully grasp and support international principles and standards, such as the United Nations "Guiding Principles on Business and Human Rights," as the minimum tenets and benchmarks to be maintained with regard to human rights.

### Human Rights Policy

 The Wacoal Group Human Rights Policy  
<https://www.wacoalholdings.jp/en/sustainability/rights/>

We have established the Wacoal Group Human Rights Policy as a guideline for promoting group-wide efforts to respect human rights and fulfill corresponding responsibilities. This Policy conforms to the United Nations "Guiding Principles on Business and Human Rights."

### Human Rights Structure

The Human Rights and Diversity & Inclusion Subcommittee, which was established under the Sustainability Committee responsible for planning of sustainability activities and monitoring of progress, conducts education and awareness activities related to the protection of human rights and provides advice and recommendations for the implementation of human rights due diligence to ensure the Group fulfills its responsibilities to respect human rights according to its Human Rights Policy and that its operations are executed appropriately.

<p>Action Policy for the revised medium-term management plan</p>	<ul style="list-style-type: none"> <li>Identify human rights risks and formulate a system for conducting human rights due diligence</li> <li>Formulate and implement policies to deal with the amended Act for Eliminating Discrimination against Persons with Disabilities and LGBTQ+ customers</li> <li>Formulate and disclose a roadmap for D&amp;I promotion</li> </ul>
<p>Details of initiatives during the fiscal year ended March 31, 2023</p>	<ul style="list-style-type: none"> <li>Conducted a simplified assessment of human rights issues in the supply chain</li> <li>Conducted hearings with experts on the implementation of human rights due diligence, and considered and decided on specific activities for fiscal 2024 and beyond</li> <li>Conducted hearings with experts on the promotion of D&amp;I</li> </ul>
<p>Activity plan for the fiscal year ended March 31, 2024</p>	<ul style="list-style-type: none"> <li>Implement human rights risk assessments in collaboration with experts (identify human rights risks and select important themes)</li> <li>Respond to reasonable accommodations required by the amended Act on the Elimination of Discrimination against Persons with Disabilities and review policies for working with LGBTQ+ customers</li> <li>Sort D&amp;I issues at Wacoal Corp., visualize gaps, and determine priorities for initiatives</li> </ul>

### Identifying Human Rights Risks for Commencing Human Rights Due Diligence

In accordance with the CSR Procurement Guidelines, the Group has a process in place to identify negative impacts and risks to human rights in product procurement and to formulate and implement appropriate countermeasures. However, we have not been able to identify human rights issues in the supply chain other than the procurement process.

Therefore, in October 2023, we conducted a human rights risk assessment to identify potential human rights risks in the Wacoal Group's supply chain. As part of the assessment process, in addition to desktop surveys, we hold cross-functional workshops with the participation of directors, corporate officers, and management to discuss human rights risks in the process from procurement to sales and consumption.

Looking ahead, we plan to start human rights due diligence after identifying human rights themes that the Group should prioritize through consultation with a third-party organization.




## Fulfilling Social Responsibilities along Our Supply Chain

The Wacoal Group engages in responsible procurement with its business partners around the world with the aim of fulfilling its social responsibilities throughout the entire supply chain. Realizing the importance of meeting the expectations of society, establishing mutual trust, and working in unison, we believe that promoting CSR procurement together with our contract manufacturers will maximize the interests of all of our partners along the supply chain and contribute to the sustainable growth of all parties. As such, we will continue to engage proactively in this area going forward.

### CSR Procurement Based on Mutual Trust and Cooperation

Supply chains for textiles and apparel begin with product planning and design in the countries and regions where the products will be sold. Almost all of our products are shipped to their respective markets after processing through international networks in which the production or procurement of raw materials and the sewing and manufacturing of finished products are carried out in China or emerging countries in the ASEAN region. Established in October 2017, the "Wacoal Group CSR Procurement Guidelines" declare that "in order to fulfill our social responsibilities, we must build close partnerships with all suppliers involved in our product manufacturing activities, and together with them we must comply with and respect society's requirements with regard to not only quality, pricing, and delivery but also human rights, labor practices, the environment, and ethics." Since February 2018, we have been conducting a management cycle that continuously amends and improves the guidelines in light of careful monitoring of compliance with the guidelines. Further, Wacoal has been disclosing the basic information of contract manufacturers that endorse disclosure since May 2018.

 List of factories entrusted with the manufacturing of products  
<https://www.wacoalholdings.jp/en/sustainability/csr/list/>

Basic Information Disclosed on Contract Manufacturers (as of June 2023)

Country/region	No. of factories operated by Wacoal or contract manufacturers	Percentage of total factories worldwide
<b>Total</b>	<b>273</b>	<b>100.0%</b>
China	129	47.2%
Japan	102	37.4%
Vietnam	13	4.8%
Thailand	7	2.6%
Cambodia	4	1.5%
Indonesia	4	1.5%
The Philippines	3	1.1%
Taiwan	2	0.7%
India	2	0.7%
Tunisia	2	0.7%
Other	5	1.8%

### Fiscal 2023 Initiatives and Fiscal 2024 Plan

#### Fiscal 2023 Initiatives

- Verified the status of compliance with matters specified in the "Wacoal Group CSR Procurement Guidelines" via self-assessments**  
 Conducted self-evaluation for contract manufacturers that started CSR procurement activities in the fiscal years ended March 2019, March 2021, and March 2023
- Made preparations for expanding the scope of CSR procurement activities for raw material suppliers and dyeing factories**  
 Conducted pilot on-site audits of raw material production plant subsidiaries and dyeing factories of the Group's overseas subsidiaries in order to expand the scope of coverage to raw material suppliers and dyeing factories in fiscal 2024
- Expanded the scope audits of contract manufacturers based on the certification results of external auditing institutions**  
 Evaluated that audit content required by the Company can be ensured even at domestic sewing factories in order to expand the scope of CSR procurement activities in light of the rationality and efficiency of audits

#### Fiscal 2024 Plans

- Accurately monitor the status of compliance with matters specified in the "Wacoal Group CSR Procurement Guidelines" through self-assessments and provide feedback on analyses and assessments**
- Strengthen monitoring of sewing factories that accept foreign technical intern trainees**  
 Conduct questionnaires and on-site audits exclusively for foreign technical intern trainees
- Expand the scope of CSR procurement activities for raw material suppliers and dyeing factories**  
 Conduct self-assessments of major raw material production plants and dyeing factories under the Wacoal and Wing brands
- Conduct on-site audits and implement audits**  
 Resume on-site audits in Japan, partially resume on-site audits overseas, and promote implementation of audits

### TOPICS Relief and Support for Foreign Technical Intern Trainees

In November 2022, it was revealed that a supplier of sewing services to Wacoal Corp. was planning to file for bankruptcy due to a non-payment of wages at a sewing factory from which Wacoal Corp. ordered the production of pajamas for mail-order catalogs through a primary contractor. As one of the company's buyers, Wacoal took the issue of non-payment of wages very seriously, determining that the 11 technical intern trainees who were working at the contractor needed immediate relief and examining the details of the support. Subsequently, in December, we donated ¥5 million to the Japan-Vietnam Tomoiki Support Association, which assists Vietnamese technical intern trainees and international students. The donation was used to support the lives of technical intern trainees who worked at the company through the support association.

Wacoal recognizes that there is room for improvement in its previous CSR procurement initiatives. We are implementing initiatives to improve effectiveness, such as conducting surveys of factories that accept foreign technical interns and strengthening on-site audits.

Interview with an External Director

## In order to achieve the “total optimization” required of the Wacoal Group, I will provide valuable feedback from an external perspective in an effort to enhance the Company’s corporate value.

Koji Nitto External Director



### Issues Faced by Wacoal Group and the Role of External Directors

#### — You were appointed an external director in June 2023. What are your thoughts since taking up your position?

In April 2023, I was asked to become an external director after a request was made to increase the number of external directors. Honestly, I was surprised by this development. Even before I took office, I was aware that Wacoal was struggling in terms of performance. Yet, I didn’t expect the situation to be this severe because Wacoal is one of Kyoto’s leading blue-chip companies. While talking with the management,

I felt a keen sense that the company needed to change. I decided to take on the job because I thought that my knowledge would be useful to the Wacoal Group. Above all, I wanted to help turn around the company because it is headquartered in Kyoto, similar to OMRON Corporation, where I worked previously.

After starting my role, as I began to understand the internal situation and the expectations of external stakeholders, the opinions and suggestions of investors were quite natural based on my perspective of having held positions

in finance and as CFO in my previous job. I knew deep down that it was now or never for Wacoal to transform itself.

#### — What issues does the Wacoal Group face?

Wacoal is a powerful brand that leads the innerwear market in Japan. There are many talented people at the company, who work hard and make high-quality products with confidence in their manufacturing. Therefore, there is a strong tendency to carry on with the status quo, almost to a fault. Although it tried new things in the past, the company was unable to transform its core parts. However, the needs of the world are changing. We find ourselves in an era where certain companies are now competing against one another, even though we thought this would never be the case. If the assumptions of the business environment have changed, Wacoal’s approach to doing business must also change. Wacoal has upheld the notion that its “manufacturing is unique,” and the fact that it did not pursue reforms has led to the current difficulties in performance.

In 2022, the Wacoal Group systematically defined its management philosophy and formulated the medium- to long-term management strategy framework called VISION 2030. This framework is put together very well. Yet, I feel that what the company aims for in 2030 and what it will do to achieve it is not shared internally, leading to a disconnect with individual work. Given the severity of the external environment, the company has not been able to produce results, so it appears as if the company is actually only working on cost cutting from a short-term perspective. Without a strategy that motivates employees to work hard and is supported by shareholders, it is impossible to aim for medium- to long-term growth and sustainable corporate management. In that sense, I thought the plan lacked connection.

#### — With this current situation in mind, how were you and other external officers involved in the process for formulating the revised medium-term management plan?

At my previous job, the basic stance of governance was that directors were responsible for monitoring and supervision, and that business execution was entrusted to internal directors who also served as executives. For example, when formulating strategies and measures, external directors naturally gave their opinions, but they were not involved in actual business execution. From the executive’s point of view, the Board of Directors existed to rubber stamp their projects. An ideal style of governance is one where such oversight, supervision, and execution are separated and supported by a relationship of trust.

However, the role of monitoring and supervision as an external director is only one function behind the enhancement of corporate value. When I thought about the current situation at Wacoal, the significance of being invited to serve as an external director at this time, and the expectations of Wacoal, I have made it a point to communicate closely with the management team and focus on everything I can do to enhance Wacoal’s corporate value and restore its performance. This does not mean that I’m on the business execution side. As an external director, I hope to provide maximum support to the management team in formulating highly effective management strategies and implementing them with a sense of urgency.

Change requires ensuring that management philosophy and goals are shared within the company, and that executives and employees are on the same page as they work together to achieve them. Considering the current situation of the Wacoal Group, it was necessary to clarify the direction of the medium-term management plan and formulate a detailed action plan with a high degree of effectiveness. In this regard, I provided quite strong input from an external perspective. Other directors have endorsed my contributions. The revised medium-term management plan was formulated by internal directors and corporate officer with the support of an external consultant. External directors were also deeply involved in the process of formulating important agenda items.



## Interview with an External Director

**Strengthening Connections to Enhance Corporate Value****— ROIC management, which was introduced as part of the company's revised medium-term management plan is one of your specializations. Were there any issues associated with its introduction at Wacoal Holdings Corp.?**

ROIC management balances “earnings power” and “the power to create value,” which helps strengthen each function of the company. However, it is up to each and every employee to make this possible. ROIC management cannot be achieved unless the corporate officer and related members look in the same direction across departments and understand and agree on what needs to be done. The most important thing to be competitive as an organization is to be aware of “connections.” When introducing ROIC, I insisted on this point very strongly. Things are inherently connected by a causal relationship. Internally, however, the reality is that there is a mixture of clear causal relationships and opaque relationships. For example, if the company wants to reduce inventory while securing sales, the sales department can only accomplish so much alone. In order to optimize the product mix in stores, improve the supply ratio, and build out a production system to prevent excess inventory, the production and planning departments must also discuss matters together. By being thoroughly aware of how business and departments are connected, Wacoal Holdings Corp. can determine what is needed and what is not necessary to achieve its goals.

I've said that Wacoal Holdings Corp. has a corporate culture in which each individual is serious and works hard. On the flip side, though, this also means that Wacoal is a company that has an extremely strong tendency to toward departmental or partial optimization. What the Wacoal Group needs now is the concept of total optimization. Departments and individuals must work together as a team to fulfill their individual roles and move flexibly toward a shared goal. Fortunately, however, each of Wacoal's divisions has a high level of competence, so the company can maximize its potential by reviewing and connecting existing ways of thinking, methods, and priorities.

In the process of formulating the revised medium-term management plan, I repeatedly explained three things. First, the importance of understanding that supply chain management can be fatal if it fails in even one place. Second, in order to fully realize its potential, the supply chain must be connected end-to-end from procurement to customers. Finally, no matter how much new product development or brand development the company may accomplish, it is meaningless unless the company can deliver products to

customers in a timely manner. “Supply chain management reform” is the first agenda item in the revised medium-term management plan. This is proof that the executive team understands the importance of cooperating and connecting with the perspective of total optimization. The other thing is to be aware of the sense of urgency and take action.

**— In terms of total optimization, the company clarified its plan for asset reduction.**

ROIC management is about how to efficiently manage the money you receive and achieve high yields. From that perspective, if there are assets that do not contribute to the bottom line or corporate value, the company's overall performance will appear to decline, which should be avoided. Wacoal Holdings Corp. should continue to generate profits by providing products and services in the innerwear market and the fashion industry. There is no need to have assets that do not contribute to this core business.

In order to revamp management, it is essential to clarify and promote the basic policy of asset reduction and to utilize the funds obtained from this policy to invest in employees, as they are responsible for the revised medium-term management plan. Or the funds should be returned to shareholders and invested in businesses.

**— Wacoal Group is making progress with structural reforms. What changes are being made to the Board of Directors?**

President and CEO Yajima and Vice President Miyagi believe that outside knowledge is extremely important for the Wacoal Group today. They want board members to be free to express their opinions. The two of them continue to hear tough talk, with some painful points and unprecedented proposals. The Board of Directors is serious about the situation and able to have a deep discussion on each agenda item. There is no sense of distance between internal and external directors.

This stance has had a positive impact on everyone on the executive side. Participants in board meetings take a positive view of our opinions and proposals and work together to exchange opinions on reforms for the Wacoal Group. Discussions and information exchanges between external directors and executives actively take place away from board meetings. In the future, I would like to further engage both to push back on execution, while monitoring and supervising, which will help to speed up reforms.

**— With the transformation of its corporate structure under a new management system, how do you view the Wacoal Group going forward?**

In reviewing the medium-term management plan, the Board of Directors held considerable discussions on the basic approach to formulating the plan. As a result, we came to the conclusion that the Wacoal Group would incorporate everything that needed to be done without compromise. The final product was the revised medium-term management plan. In particular, the plan is backed by supply chain management reform and brand strategy. I would like to speed up the process a little more. Although the external environment is also uncertain, I would like to see the company exceed the figures set in the revised medium-term management plan at the very least. Therein, the motivation of workers becomes important. Employees need to move in the same direction and move forward with a sense of unity as a company, but this depends on whether all employees can incorporate the revised medium-term management plan revision into their own work and take action. However, just showing the target number will only cause pressure. This will not motivate employees. In order to make the power that comes from employees' love for Wacoal into the strength of the company,

I have told the executive management team that I want them to create opportunities to talk about difficulties, dreams and hopes for the future. The long-term slump in business performance may have opened up a gap between management and employees. Yet, communication to deepen mutual understanding is something that must be done even if it takes time and money.

If it sees results in the future, the company will be able to have a sense of reality and expectations regarding the achievement of its goals and the goals set forth in the VISION 2030. That is, the company should be highly motivated. In that sense, the revised medium-term management plan is an especially important period. In addition, ROIC management and improvement of capital efficiency are only a means to enhance corporate value. Achieving an early recovery into a corporate entity capable of generating cash, appropriately returning the generated cash to stakeholders, and redirecting this cash to growth investments for the next stage of growth will lead to the realization of the Wacoal Group's corporate philosophy. Utilizing my own knowledge, I will continue to provide strong input and supply a variety of supports that contribute to Wacoal's growth and enhancement of corporate value.

## Profile

**Koji Nitto**

After graduating from the Department of Instrumentation Engineering, Faculty of Science and Technology at Keio University in March 1983, Koji Nitto graduated from Doshisha Business School in March 2006. Nitto joined Tateisi Electronics Co. (currently, OMRON Corporation) in April 1983. He was appointed an executive officer of OMRON Healthcare, Inc. in April 2008. He was appointed as Director, Senior Managing Executive Officer, and Senior General Manager of the Global Strategy HQ, OMRON Corporation in June 2014. Nitto became Director, Senior Managing Executive Officer, Chief Financial Officer (CFO), Global Strategy HQ, OMRON Corporation in April 2017 (stepping down in March 2023 and retiring in June 2023). He was appointed as an external Director of Wacoal Holdings Corp. in June 2023. He has also served as a Director of the Japan Association for Chief Financial Officers, and Director of the Center for iPS Cell Research and Application, Kyoto University.





# Management Team As of June 30, 2023

## Directors



Representative Director, President and CEO (Group CEO)  
**Masaaki Yajima**  
 Mar. 1984 Joined the Company  
 Jun. 2004 Director and President, Wacoal International Hong Kong Co., Ltd.  
 Apr. 2007 Leader of Sales Group, International Headquarters, Wacoal Corp.  
 Sep. 2008 Director and Deputy General Manager, Wacoal China Co., Ltd.  
 Apr. 2009 Director and General Manager, Wacoal China Co., Ltd.  
 Apr. 2011 Corporate Officer, Wacoal Corp.  
 Apr. 2015 Corporate Officer and General manager of Technology & Production Division, Wacoal Corp.  
 Apr. 2016 Director, Corporate Officer and General Manager of Technology & Production Division, Wacoal Corp.  
 Apr. 2018 Director, Managing Corporate Officer and General Manager of Wholesale Division, Wacoal Corp.  
 Apr. 2021 Director, Managing Corporate Officer and General Manager of Global Division, Wacoal Corp.  
 Apr. 2022 General manager of Global Division of the Company  
 Jun. 2022 Director, Executive Corporate Officer and Head of Global Operations Div. of the Company  
 Apr. 2023 Director, Executive Corporate Officer in charge of Business of the Company  
 May. 2023 Director, Executive Corporate Officer in charge of Business and Head of Global Operations Div. of the Company  
 Jun. 2023 Representative Director, President and CEO (Group CEO) and General Manager, Global Headquarters of the Company (current position)



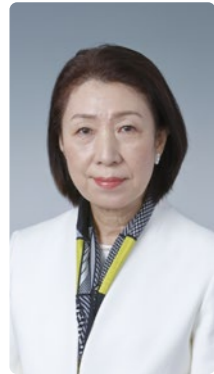
Representative Director, Vice President and Executive Officer and CFO  
**Akira Miyagi**  
 Mar. 1984 Joined the Company  
 Oct. 2007 Manager of Business Management and Administration of Wacoal Brand Operation Division of Wacoal Corp.  
 Apr. 2011 Director and Deputy General Manager of Wacoal China Co., Ltd.  
 Apr. 2014 General Manager of Corporate Planning of the Company  
 Apr. 2017 Corporate Officer of Wacoal Corp.  
 Jun. 2018 Director and General Manager of Corporate Planning of the Company  
 Jun. 2019 Managing Director and General Manager of Corporate Planning of the Company  
 Apr. 2020 Director and Managing Corporate Officer in charge of Group Finance of the Company  
 Jun. 2021 Director and Managing Corporate Officer in charge of Group Business Management of the Company  
 Jun. 2022 Director, Vice President, Executive Officer and CFO in charge of Group Business Management of the Company  
 Dec. 2022 Representative Director, Vice President and Executive Officer and CFO of the Company (current position)



External Director (Independent)  
**Shigeru Saito**  
 Nov. 1979 Joined TOSE CO., LTD.  
 General Manager of Development Department  
 Oct. 1985 Director of TOSE CO., LTD.  
 Feb. 1987 Representative Director and President of TOSE CO., LTD.  
 Sep. 2004 Representative Director and President, and CEO of TOSE CO., LTD.  
 Dec. 2015 Representative Director and Chairman, and CEO of TOSE CO., LTD. (current position)  
 Jun. 2017 Director of the Company (current position)



External Director (Independent)  
**Tsunehiko Iwai**  
 Apr. 1979 Joined Shiseido Co., Ltd.  
 Apr. 2002 General Manager of Product Commercialization, Planning Department, Shiseido Co., Ltd.  
 Apr. 2008 Corporate Officer, General Manager of Technical Department, Shiseido Co., Ltd.  
 Jun. 2014 Director, Corporate Executive Officer in charge of Research & Development, Production and Technical Affairs, Shiseido Co., Ltd.  
 Jan. 2016 Representative Director, Executive Vice President, Chief Technology & Innovation Officer, Shiseido Co., Ltd.  
 Mar. 2018 Senior Advisor, Shiseido Co., Ltd.  
 Jun. 2018 Director of the Company (current position)  
 Apr. 2022 External Director, Cross Plus Inc. (current position)



External Director  
**Chizuru Yamauchi**  
 Apr. 1975 Joined Nippon Life Insurance Company  
 Mar. 2009 Head of Kagayaki Promotion Office, Nippon Life Insurance Company  
 Mar. 2014 General Manager, Service Planning Dept., Nippon Life Insurance Company  
 Mar. 2015 Executive Officer, General Manager, CSR Promotion Dept. in charge of diversity promotion, Nippon Life Insurance Company  
 Mar. 2019 Managing Executive Officer, General manager of Health & Productivity Management Promotion Division, Nippon Life Insurance Company  
 Jul. 2019 Director and Managing Executive Officer, General manager of Health & Productivity Management Promotion Division, in charge of Olympic & Paralympic Games Promotion Dept., Public Affairs Dept., CSR Promotion Dept., Health Management Dept., Nippon Life Insurance Company  
 Chair, Diversity and Inclusion Sub Committee, Labor Policy Committee, Kansai Economic Federation  
 Mar. 2022 Director, Nippon Life Insurance Company  
 Jul. 2022 Advisor, Nippon Life Insurance Company (current position)  
 Jun. 2023 Director of the Company (current position)



External Director  
**Hisae Sato**  
 Apr. 1985 Joined the Hokkaido Takushoku Bank, Limited  
 Sep. 1997 Joined Watson Wyatt K.K. (current Towers Watson Investment Services K.K.)  
 Feb. 2004 Joined AIG Global Investment Corp., Japan (current PineBridge Investments Japan Co., Ltd.) as Deputy General Manager of Institutional Business Development Division  
 Sep. 2005 Joined Nissan Motor Co., Ltd. as Shukan, Chief Investment Officer, Treasury Department  
 Apr. 2008 Member of the Investment Committee, the Government Pension Investment Fund of Japan  
 Jun. 2016 Councillor, International Christian University (current position)  
 Jun. 2017 Trustee, International Christian University  
 Apr. 2018 Member of Fund Management Committee of Local Public Service Mutual Aid Associations (current position)  
 Member of Fund Management Committee of Pension Fund Association for Local Government Officials (current position)  
 Apr. 2021 Member of Working Group for Investment Policy of The University Endowment Fund, Council for Science, Technology and Innovation, Cabinet Office  
 Oct. 2021 Member of the JST\* Investment Advisory Committee (current position)  
 \* JST: Japan Science and Technology Agency  
 Feb. 2022 Member of Expert Committee of Council for Science, Technology and Innovation, Cabinet Office  
 Apr. 2022 Adjunct Member of Pension Actuarial Subcommittee of the Social Security Council, Ministry of Health, Labor and Welfare (current position)  
 Jun. 2023 Director of the Company (current position)



External Director  
**Koji Nitto**  
 Apr. 1983 Joined OMRON Corporation  
 Jun. 2011 Executive Officer, Senior General Manager, Global Resource Management HQ, OMRON Corporation  
 Apr. 2013 Managing Executive Officer, Managing Director, Global Resource Management HQ, Senior General Manager, Global SCM and IT Innovation HQ, OMRON Corporation  
 Apr. 2014 Senior Managing Executive Officer, Global Strategy HQ, OMRON Corporation  
 Jun. 2014 Director, Senior Managing Executive Officer, Global Strategy HQ, OMRON Corporation  
 Apr. 2017 Director, Senior Managing Executive Officer, Chief Financial Officer (CFO), Global Strategy HQ, OMRON Corporation  
 Apr. 2023 Director, OMRON Corporation  
 Jun. 2023 Director of the Company (current position)

## Audit & Supervisory Board Members



Audit & Supervisory Board Member  
**Shinichi Kitagawa**  
 Mar. 1985 Joined the Company  
 Apr. 2008 Director and General Manager of Accounting and Administration Division of Studio Five Corp.  
 Apr. 2009 Director and General Manager of Business Control Division of Studio Five Corp.  
 Apr. 2013 IR/Public Relations Officer of the Company  
 Apr. 2018 General Manager of Accounting Department of the Company  
 Jun. 2020 Audit & Supervisory Board Member of the Company (current position)  
 Jun. 2021 Audit & Supervisory Board Member of Wacoal Corp. (current position)



Audit & Supervisory Board Member  
**Katsuhiro Okamoto**  
 Mar. 1986 Joined the Company  
 Apr. 2010 Materials Control Manager of Technology/Production Division of Wacoal Corp.  
 May 2012 Representative Director and President of Hokuriku Wacoal Sewing Corp.  
 Apr. 2014 Representative Director and President of Kyusyu Wacoal Manufacturing Corp.  
 Apr. 2016 General Manager of Innerwear Merchandising Supervisory Division, Wacoal-Brand Operations of Wacoal Corp.  
 Apr. 2018 Corporate Officer, General Manager of Wacoal-Brand Innerwear Products Supervisory Division, Wholesale Division of Wacoal Corp.  
 Jun. 2021 Audit & Supervisory Board Member of Wacoal Corp. (current position)  
 Jun. 2021 Audit & Supervisory Board Member of the Company (current position)



External Audit & Supervisory Board Member  
**Mitsuhiro Hamamoto**  
 Oct. 2000 Admitted to the Bar  
 Oct. 2000 Joined the Law Office of Tadashi Yamada  
 Oct. 2004 Joined the Kikkawa Law Office  
 Apr. 2008 Partner of the Kikkawa Law Office  
 Jun. 2017 Audit & Supervisory Board Member of the Company (current position)  
 Feb. 2019 Managing Partner of Hamamoto Law Office (current position)



External Audit & Supervisory Board Member  
**Hitoshi Suzuki**  
 Apr. 1977 Joined The Mitsubishi Bank, Ltd. (current "MUFG Bank, Ltd.")  
 May. 2002 General Manager, Treasury Planning Office, The Bank of Tokyo-Mitsubishi, Ltd. (BTM) (current "MUFG Bank, Ltd.")  
 Jun. 2005 Executive Officer and General Manager, Treasury Planning Office, BTM  
 Jun. 2008 Managing Director, Chief Executive, Global Markets Unit, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU) (current "MUFG Bank, Ltd.")  
 May. 2011 Senior Managing Director, Chief Executive, Global Markets Unit, BTMU  
 Jun. 2012 Deputy President, BTMU  
 Jun. 2014 Corporate Auditor, BTMU  
 Jun. 2016 Director, Audit and Supervisory Committee Member, BTMU  
 Jun. 2017 Advisor, BTMU  
 Jul. 2017 Member of the Policy Board, Bank of Japan  
 Sep. 2022 Advisor, Mitsubishi UFJ Research and Consulting Co., Ltd. (current position)  
 Jun. 2023 Audit & Supervisory Board Member of the Company (current position)



External Audit and Supervisory Board Member  
**Motoko Tanaka**  
 Oct. 1989 Joined Tohmatsu Awoki & Sanwa (current "Deloitte Touche Tohmatsu LLC")  
 Mar. 1993 Registered as Certified Public Accountant  
 Oct. 1995 Deloitte & Touche LLP, New York  
 Jul. 2003 Partner of Deloitte Touche Tohmatsu LLC  
 Jul. 2020 Managing Partner of Tanaka CPA Office (current position)  
 Jun. 2022 Outside Director and Audit & Supervisory Committee Member of TOWA Corporation (current position)  
 Jun. 2023 Audit & Supervisory Board Member of the Company (current position)

Significant concurrent positions  
[https://www.wacoalholdings.jp/ir/public\\_item/soukai/files/soukai\\_01\\_230602.pdf](https://www.wacoalholdings.jp/ir/public_item/soukai/files/soukai_01_230602.pdf)

## Skills Matrix for Directors and Audit & Supervisory Board Members

	Name	Male Female	Independence (for external officer only)	Expertise and experience beneficial to the Company*										
				Company management (experience and insight)	Legal and compliance	Investment/Financial/Capital market	Finance and accounting	Sustainability and diversity and inclusion	Human resource and organizational development	Global awareness	Digital transformation	Marketing	Technology and production quality control	
Directors	Masaaki Yajima	●		●							●			●
	Akira Miyagi	●		●	●		●			●				
	Shigeru Saito	●	●	●							●	●		
	Tsunehiko Iwai	●	●	●	●			●					●	●
	Chizuru Yamauchi	●	●	●					●					
	Hisae Sato	●	●	●			●	●	●					
Koji Nitto	●	●	●			●	●				●			
Audit & Supervisory Board Members	Shinichi Kitagawa	●		●			●			●		●		
	Katsuhiro Okamoto	●		●							●			●
	Mitsuhiro Hamamoto	●	●		●					●				
	Hitoshi Suzuki	●	●	●			●				●			
	Motoko Tanaka	●	●	●				●	●					

\* The above overview does not represent the entirety of directors' and Audit & Supervisory Board members' expertise and experience.

# Corporate Governance

The basic policy and purpose of the Wacoal Group's corporate governance is to continuously enhance corporate value by increasing transparency and ensuring the fairness and independence of corporate management in order to build mutual trust in relationships with every stakeholder, including shareholders, customers, employees, business partners, and local communities.

Corporate Governance Guidelines  
[https://www.wacoalholdings.jp/en/group/files/governance\\_guidelineen.pdf](https://www.wacoalholdings.jp/en/group/files/governance_guidelineen.pdf)

## Corporate Governance Structure

We, as a holding company, have adopted the company with Audit & Supervisory Board system in accordance with the Companies Act for the purpose of ensuring the corporate governance of group companies, and have both the Board of Directors and the Audit & Supervisory Board monitor and audit the management and operation of the Company. In addition, we have voluntarily established the Nomination of Directors Advisory Committee and Remuneration of Directors Advisory Committee, the majority of which are composed of independent external directors, as the advisory bodies to the Board of Directors.

### Summary of the Corporate Governance System and the Reasons for Its Adoption

The Company has adopted a governance system based on a Board of Directors, comprising directors who are conversant with businesses and external directors with diverse professional backgrounds, and an Audit & Supervisory Board, including external Audit & Supervisory Board members. This governance system enables the holding company to effectively supervise and audit the execution of operations at Group companies and to realize and maintain high-quality business management. In addition, the Nomination of Directors Advisory Committee and the Remuneration of Directors Advisory Committee have been established as advisory bodies to the Board of Directors. The fairness, independence and objectivity are enhanced by having a majority of both of these Committees composed of independent external directors and by having an independent external director serve as the Chair of each of these Committees.

The Board of Directors comprises seven directors, five of whom are external directors and two of whom are woman, who carry out management decision-making and supervision from an objective perspective. They aim to reinforce supervisory functions and enhance decision-making. To clarify management responsibility, directors are appointed for one year. Thus, we have built a business management system that enables rapid responses to changes in business conditions. Comprising five Audit & Supervisory Board members, three of whom are external members, the Audit & Supervisory Board aims to strengthen their supervision and auditing of business management.

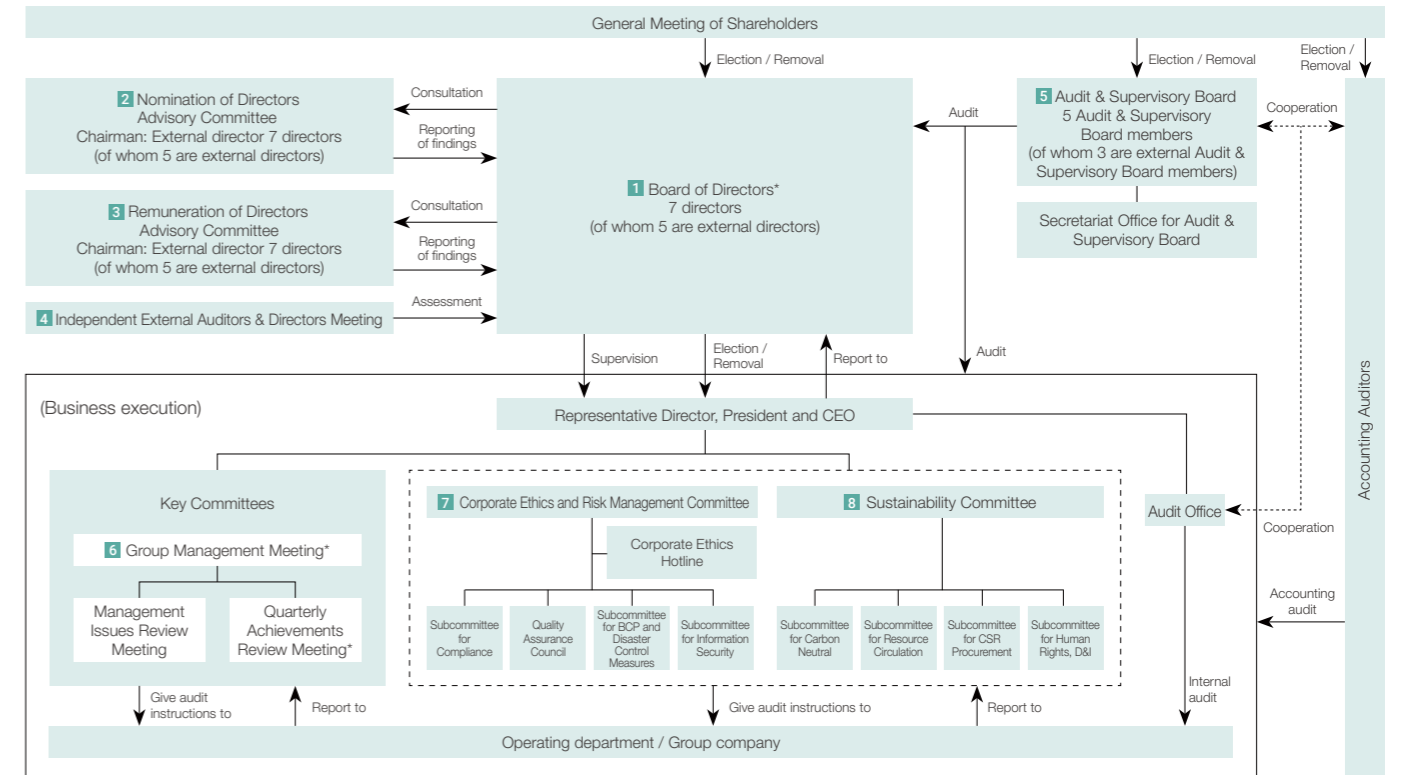
### Overview of the Corporate Governance Structure (as of June 28, 2023)

Format	Audit & Supervisory Board system
Number of directors	7
Of whom, external directors	5
Term of directors	1 year
Number of Audit & Supervisory Board members	5
Of whom, external Audit & Supervisory Board members	3
Number of independent officers	8
Participation of external directors in determination of remuneration	Yes
Organizations to assist in decision-making	Nomination of Directors Advisory Committee and Remuneration of Directors Advisory Committee
Key committees	Group Management Meeting, Management Issues Review Meeting, and Quarterly Achievements Review Meeting
Results-linked remuneration	Yes

### Corporate Governance Initiatives

	2005	2010	2015	2020
Topics	2005 Establishment of a pure holding company		2013 Wacoal stopped listing ADRs on the U.S. NASDAQ market and de-registered with the SEC.	2022 Changed the structure of the Group Philosophy for the first time since our founding and defined our new Mission in modern society
Representative Director and President	Yoshikata Tsukamoto			2018 Hironobu Yasuhara 2023 Masaaki Yajima
Compensation/Evaluation				2021 Introduction of Compensation Framework in the Form of Transfer-Restricted Stock 2022 Revised the ratio of base compensation and stock compensation
Number of independent external officers	2005 Increased the number of external directors by two members and the number of external Audit & Supervisory Board members by one member	2010 Increased the number of external directors by one member		2023 Increased the number of external directors by two members
	External directors: 2 External Audit & Supervisory Board members: 3	External directors: 3; External Audit & Supervisory Board members: 3 (For the period of 2013-2014 only, there were 2 external directors and 3 external Audit & Supervisory Board members)		External directors: 5 External Audit & Supervisory Board members: 3
Establishment of committees		2007 Establishment of the Remuneration of Directors Advisory Committee		2015 Establishment of the Independent External Auditors & Directors Meeting 2017 Establishment of the Corporate Ethics and Risk Management Committee by integrating the Risk Management Committee and Corporate Ethics Committee 2022 Establishment of the Sustainability Committee

## Corporate Governance Structure



\* Both internal and external Audit & Supervisory Board members attend meetings for the purpose of auditing the performance of duties by directors

### Overview and Composition of the Board of Directors, Advisory Committees, and Other Meetings

Name	Description	Number of meetings convened in FY2023
1 Board of Directors	Our Board of Directors is entrusted by shareholders and makes the best decisions based on fair judgment. In addition, our Board of Directors exercises its supervisory function for the execution of its business and aims to maximize corporate value. Our Board of Directors conducts a review of our medium- to long-term management strategy and social issues, as well as decision-making regarding material matters as stipulated in applicable laws and regulations or in our Articles of Incorporation. The Company will formulate basic policies on sustainability issues, and monitor the allocation of management resources and the implementation of business portfolio strategies to contribute to sustainable growth.	17
2 Nomination of Directors Advisory Committee	This Committee discusses and provides recommendations to our Board of Directors on matters related to evaluation, election, dismissal, and promotion of directors, and on matters regarding establishment and revisions of rules and bylaws of directors. Attendance and approval of all committee members is required to pass resolutions.	8
3 Remuneration of Directors Advisory Committee	This Committee discusses and provides recommendations to our Board of Directors on matters regarding performance review and remuneration of directors, and matters regarding remuneration system of directors. Attendance and approval of all committee members is required to pass resolutions.	7
4 Independent External Auditors & Directors Meeting	The meeting attendees, mainly composed of our independent external officers, exchange and share opinions regarding corporate governance and our Board of Directors. The meeting attendees analyze and evaluate the effectiveness of our Board of Directors, identify issues, compile improvement measures, and provide recommendations to our Board of Directors.	2
5 Audit & Supervisory Board	The Audit & Supervisory Board is entrusted by shareholders to discuss or resolve important matters relating to the audit and establish a high-quality corporate governance system that responds to social trust. The Board builds a system to enhance the effectiveness of audit by each Audit & Supervisory Board member.	18
6 Group Management Meeting	The Meeting considers matters concerning the management strategy of the Group and important management issues. The Meeting also conducts preliminary deliberations on important matters mainly related to business execution, prior to resolutions by the Board of Directors, from the viewpoint of legality, objectivity and rationality.	23
7 Corporate Ethics and Risk Management Committee	The Committee identifies risks related to the overall management of the Group, and build and strengthen our risk management system. This Committee prescribes the "Risk Management Basic Rules" subject to the approval of the Board of Directors. The Committee clarifies the responsibilities by risk category pursuant to these rules, and formulates a risk management system that thoroughly and/or comprehensively controls potential risk within the Group. This Committee promotes risk-mitigation initiatives, identifies risks, monitors the implementation of countermeasures, and reports the operation status of our risk management system to the Board of Directors a regular basis.	6
8 Sustainability Committee	In order to accelerate our initiatives to achieve balancing "to resolve social issues" and "sustainable growth" through our business, this Committee formulates specific measures, monitors progress, and evaluates the status of achievement based on our basic policy on sustainability issues including climate change, global environmental issues and human rights issues. The Board of Directors monitors the allocation of management resources and the implementation of strategies related to the business portfolios to ensure that the initiatives of the Sustainable Committee contribute to sustainable growth.	7

## External Directors and External Audit & Supervisory Board Members

Criteria to Ensure the Independence of Outside Officers  
[https://www.wacoalholdings.jp/group/files/governance\\_outsidedirectors\\_en.pdf](https://www.wacoalholdings.jp/group/files/governance_outsidedirectors_en.pdf)

We have elected those persons having extensive knowledge and experience as executives and persons having insight into investment and financial capital markets, to our external directors, and each of such persons takes a role in improving the appropriateness of the decision made by the Board of Directors by giving objective and independent advice based on their long careers in each business area and extensive professional knowledge. Also, we have elected those persons who have experiences as business administrators in financial industry, and extensive knowledge from his experience as a member of the Policy Board of the Bank of Japan, independent attorneys at law or independent certified public accountants having a considerable degree of finance and accounting knowledge, to our external Audit & Supervisory Board members. Each external Audit & Supervisory Board member conducts a strict audit on the legality of directors' decision making and performance of their businesses from a technical perspective by maintaining high levels of independence.

### Reasons for Election of External Directors and External Audit & Supervisory Board Members

External Directors	Reason for election	Expected field of expertise and knowledge	Attendance at Board of Directors' meetings (fiscal year ended March 31, 2023)
Shigeru Saito	It is anticipated that Shigeru Saito will enhance management supervisory functions by providing input from various perspectives based on his extensive knowledge and experience as a representative director and chairman of another company.	Company management, global awareness, and digital transformation	17/17
Tsunehiko Iwai	In addition to his extensive knowledge and experience as a business manager, Tsunehiko Iwai can also be expected to contribute to management using his specialist knowledge relating to research, production, and various fields of technology.	Company management, legal, compliance, sustainability, diversity and inclusion, marketing, technology, and production quality control	17/17
Chizuru Yamauchi	In addition to extensive knowledge and experience as an executive, Chizuru Yamauchi has expertise in diversity and inclusion. We expect she will provide advice that contributes to human resource strategies, such as women's empowerment and personnel development, while further enhancing the supervisory function of our corporate management.	Company management, sustainability, diversity & inclusion	—
Hisae Sato	In addition to knowledge and insight related to investment and financial capital markets, Hisae Sato has experience overseeing pension assets on a global level. We expect she will help improve the Company's corporate value and further enhance the supervisory function of the Board of Directors.	Investment/financial/capital market, finance/accounting, sustainability, diversity & inclusion	—
Koji Nitto	Koji Nitto has extensive experience as a manager who can incorporate finance into management strategies. We expect he will help improve the Company's corporate value and further enhance the supervisory function of the Board of Directors.	Company management, investment/financial/capital market, finance/accounting, global awareness	—

External Audit & Supervisory Board members	Reason for election	Attendance at Board of Directors' meetings and Audit & Supervisory Board meetings (fiscal year ended March 31, 2023)	
		Board of Directors' meetings	Audit & Supervisory Board meetings
Mitsuhiro Hamamoto	Mitsuhiro Hamamoto's experience and specialized knowledge as an attorney make him an appropriate external Audit & Supervisory Board member.	17/17	18/18
Hitoshi Suzuki	As a manager with many years of experience in the financial industry, we expect Hitoshi Suzuki will apply his knowledge and experience to our auditing system.	—	—
Motoko Tanaka	As a certified public accountant, we expect Motoko Tanaka will apply her specialized knowledge and experience in accounting and finance to our auditing system.	—	—

## Strengthening of the Functions of the Audit & Supervisory Board and Its Members

The Audit & Supervisory Board comprises two internal full-time Audit & Supervisory Board members and three external Audit & Supervisory Board members. In addition, one full-time staff member is assigned as the secretariat of the Audit & Supervisory Board to assist the Audit & Supervisory Board members in their duties as needed. The Audit & Supervisory Board makes decisions on the preparation of the audit report, selection and dismissal of full-time Audit & Supervisory Board members, audit policies, methods of investigation of businesses and financial conditions, and other matters related to the execution of duties by Audit & Supervisory Board members, in accordance with the Companies Act, and also makes decisions on matters related to the election, dismissal or non-reappointment of accounting auditors, consent to compensation, etc., of accounting auditors, consent to the appointment of Audit & Supervisory Board members, and other matters related to the resolution of the Audit & Supervisory Board. In addition, the Audit & Supervisory Board exchanges information and opinions on matters related to audits, including prior consideration of the agenda of Board of Directors meetings and sharing of the agenda of important meetings attended by full-time Audit & Supervisory Board members, exchanges opinions with representative directors, and interviews with executive directors and directors of important subsidiary Wacoal Corp. on the status of execution of their duties.

At meetings of the Audit & Supervisory Board, external Audit & Supervisory Board members communicate and coordinate extensively with full-time Audit & Supervisory Board members. For example, the latter provide the former with reports on the status of audits of operations and the details of discussions at important meetings. External Audit & Supervisory Board members also receive various types of reports from the accounting auditor and departments engaged in internal control as well as audit internal control systems, including the appropriateness of financial reporting. With a view to heightening the effectiveness of audits, external Audit & Supervisory Board members engage in a range of other activities. For example, they attend important meetings other than those of the Board of Directors in light of discussions of the Audit & Supervisory Board and visit subsidiaries to conduct audits and investigative interviews.

## Internal Control

Pursuant to the "Internal Audit Regulations," our Audit Office, the internal audit division, which is directly under the control of the Representative Director and President, audits the legality and appropriateness of the execution of operations at the Company and our domestic and overseas subsidiaries, and evaluates the effectiveness of the internal controls. The number of staff of our internal audit department (Audit Office) was 7 as of March 31, 2023.

Our Audit & Supervisory Board members and internal audit department (Audit Office) have a regular meeting for reporting and confirmation once a month. The main purpose of such meeting is to report the discussions at major meetings at which our Audit & Supervisory Board members attended, and plans and achievements by our Audit Office. We have implemented an audit system allowing the sharing of documents and information necessary for audit so that audit working papers are mutually exchanged and confirmed by our Audit & Supervisory Board members and Audit Office, and the audit can be performed more efficiently and effectively through alliance between our Audit & Supervisory Board members and Audit Office. Audit & Supervisory Board members and accounting auditors hold regular reporting and review meetings. The contents included explanations of audit plan, report on results of audit pursuant to Companies Act, report on quarterly review, and report on results of audit pursuant to Financial Instruments and Exchange Act and internal control audit.

## Measures to Strengthen the Effectiveness of Corporate Governance

The Company conducts an annual evaluation on the effectiveness of the Board of Directors, and strives to continuously enhance the functions and effectiveness of the Board of Directors. We work on the improvement measures for issues identified by the evaluation, and confirm the status of improvement during the evaluation of the Board of Directors in the following fiscal year, while at the same time continuing to confirm the evaluation of the current issues.

### Evaluation Process

Starting from the fiscal year ended March 31, 2022, we have changed to a method of analyzing and/or evaluating the effectiveness of the Board of Directors using a third-party evaluation design (including, among other things, preparation of questionnaire survey, analysis, and comparison with other companies, identifying issues, drafting action plans). With the aim of further improving the effectiveness of the Board of Directors from the viewpoints of "enhancing trust from stakeholders (creating social value)" and "improving organizational performance (enhancing corporate value)", we conduct a questionnaire survey for all directors and Audit & Supervisory Board member, and conduct interviews of external directors and external Audit & Supervisory Board members through a third party organization to gain a deeper understanding of their responses and awareness of the issues raised in their comments. We compile improvement measures based on the analysis of such responses and issues. The improvement measures are discussed at the Independent External Auditors & Directors Meeting and recommendations are provided to the Board of Directors.

The evaluation items of the questionnaire survey are as follows:

1. Roles and responsibilities of the Board
2. Composition of the Board
3. Quality of deliberations (agenda items and document contents), and
4. Constructive dialogue with stakeholders

The analysis and/or evaluation based on the questionnaire survey and interviews using the third-party evaluation design is conducted every other year. During the interval year, we focus on initiatives to improve the issues identified from the questionnaire survey, while at the same time conducting evaluation through monitoring and sharing opinions at the Independent External Auditors & Directors Meeting.

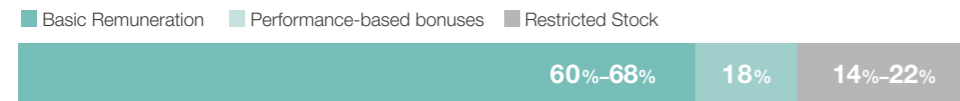
### Evaluation Results of Effectiveness and Progress on Initiatives for Improvement (Fiscal Year Ended March 31, 2023)

Based on the evaluation results, we plan to further strengthen the supervisory and advisory functions of the Board of Directors, while continuing to make efforts for improvement and further utilizing the knowledge of external directors.

Evaluation Result (Issues and Concerns)	Progress/Plan of Initiatives for Improvement
Allocation of more time to the consideration of important business matters, such as medium to long-term strategies, and at the same time, utilization of knowledge of external directors and promotion of more active discussion at the meetings of the Board of Directors.	We have increased the number of agenda items other than decision-making items related to business execution, such as consideration of medium- to long-term business issues, reporting and/or sharing important brand strategies or promotion strategies. We also have moved forward with advance preparation and environmental arrangement that led to active discussion.
Further improvement in the quality of deliberations based on communication with our employees and inspection of local business offices in order to understand the reality of business conditions as well as risks and opportunities.	We have set up an opportunity for a planned visit and/or inspection at stores, factories and business offices including overseas, as well as opportunities for communicating with the Corporate Officers and managers.

## Executive Remuneration System

Under the Company's system for the compensation of officers, compensation comprises basic compensation, which is fixed; bonuses linked to the Company's performance in each fiscal year; and share-based stock options, which provide medium- to long-term incentives. Given that they are not involved in the execution of duties, independent outside directors and Audit & Supervisory Board members only receive fixed basic remuneration. Further, in July 2022 the Company revised the ratios of stock compensation to basic compensation so that stock compensation accounts for a larger percentage of the compensation of officers as they rise in rank. The breakdown of rank-based percentages reflecting said change will be within the ranges shown below. Further, this breakdown assumes calculation methods for performance-based bonuses that are in accordance with standard values.



### Roles and Activities of Remuneration of Directors Advisory Committee

As an advisory body to Board of Directors, the Remuneration of Directors Advisory Committee discusses and resolves matters related to officers' remuneration and system from an independent and objective perspective. A majority of the members of the Remuneration of Directors Advisory Committee, chaired by independent external director Mr. Tsunehiko Iwai, are independent external directors. The Remuneration of Directors Advisory Committee is also attended by the external Audit & Supervisory Board member(s) as an observer to ensure transparency.

August 10, 2022: Review of the system for the compensation of officers  
 September 29, 2022: Method of Calculating of executive bonus  
 February 24, 2023: Compensation (monthly compensation) for FY2024  
 March 29, 2023: Performance-based Bonus for FY2023  
 April 28, 2023: Performance-based Bonus for FY2023

### Roles and Agenda at the Board of Directors' Meeting

Board of Directors discusses and resolves matters related to officers' remuneration based on recommendations received from the Remuneration of Directors Advisory Committee.

May 12, 2022: Review of total transfer-restricted stock  
 May 12, 2023: Performance-linked bonus for FY2023  
 May 31, 2023: Remuneration (monthly remuneration) for FY2024

### Basic Remuneration

The basic remuneration is based on the so-called single rate remuneration system, in which the same remuneration is paid for the same position. The Company annually verifies the adequacy of the level of remuneration, which has been set according to the business results and scale of the Company and is based on comparison with other companies within the same industry or of the same scale through the investigation results on remuneration prepared by an external agency.

### Performance-Based Bonuses

The total amount of the performance-based bonus is based on achievement as a percentage of the consolidated operating income recorded for each fiscal year, plus other performance factors (consolidated net sales, consolidated income before income taxes), to increase the degree of linkage between bonuses and consolidated business performance. Performance-based bonus is paid once a year after approval at the general meeting of shareholders for the relevant fiscal year.

### Restricted Stock

The restricted stock are determined in consideration of the monthly amount of basic remuneration and the fair value of stock, which in turn are determined pursuant to the recommendations of the Remuneration of Directors Advisory Committee, which is composed of members, majority of which are independent external directors and will be allotted in the number determined and resolved at a Board of Directors meeting once a year. Allotted shares will be subject to transfer restriction during the period from the date allotted shares are granted until the date such director, Audit & Supervisory Board member or Corporate Officer designated by the Company retires from their position. The transfer restrictions on all allotted shares will be removed upon the expiration of the transfer restriction period if such eligible grantee has continuously held the position of director, Audit & Supervisory Board member or Corporate Officer until the date of the first Ordinary General Meeting of Shareholders. The Company may repurchase all of the allotted shares bearing transfer restrictions as a result of a breach of restricted stock allotment agreement without consideration.

### Reviewing the System for the Compensation of Officers with a View to Strengthening Its Effectiveness

The Remuneration of Directors Advisory Committee is engaged in an ongoing review of the entire system for the compensation of officers. Going forward, the committee will consider the following matters:

- The mix of basic compensation, performance-based bonuses, and medium- to long-term incentives (review of monetary amounts and percentages)
- The calculation method for performance-based bonuses (strengthening linkage with the numerical targets of the medium-term management plan)

## Remunerations Paid to Officers in FY2023

Classification	Total amount of remuneration, etc. (¥ million)	Total amount of remuneration, etc., by type (¥ million)				Number of eligible recipients
		Basic compensation	Performance-based bonuses	Stock compensation	Non-monetary remuneration	
Directors (excluding external directors)	216	172	–	44	44	5
Audit & Supervisory Board members (excluding external members)	40	40	–	–	–	2
External directors and external Audit & Supervisory Board members	50	50	–	–	–	6

## Policy on Cross-Shareholdings and Standards for Exercising Voting Rights

From the viewpoint of improving asset efficiency, the Company intends to reduce its cross-shareholdings by approximately ¥30 billion during the revised medium-term management plan period (from the fiscal year ending March 31, 2024 to the fiscal year ending March 31, 2026), and to reduce the ratio of cross-shareholdings to net assets to 10% or less.

Furthermore, the Corporate Governance Guidelines stipulate that the purpose of the Company's cross-shareholdings is to enhance enterprise value over the medium to long term by maintaining and strengthening transactional relationships; establishing, maintaining, and strengthening cooperative and transactional relationships with respect to business development; and maintaining stable financial transactions. The Company determines whether cross-shareholdings are appropriate from a medium- to long-term perspective and whether the attendant benefits and risks of cross-shareholdings commensurate with equity cost are verified, and the findings are periodically reported to the Board of Directors. Based on the verification findings, the Board of Directors analyzes whether cross-shareholdings contribute to the enhancement of the Company's corporate value over the medium to long term and decides whether to continue or dispose of cross-shareholdings. Stocks that have lost value as holdings are gradually disposed of or reduced, taking into consideration the situation of the counterparty company. The Board of Directors reviews the significance of each stock holding on a case-by-case basis. With respect to the exercise of voting rights for cross-shareholdings, we determine whether to approve or disapprove of proposals based on a comprehensive consideration of whether they contribute to the enhancement of the corporate value of the companies concerned and the Company, while fully respecting the management policies of the companies in which we have invested.

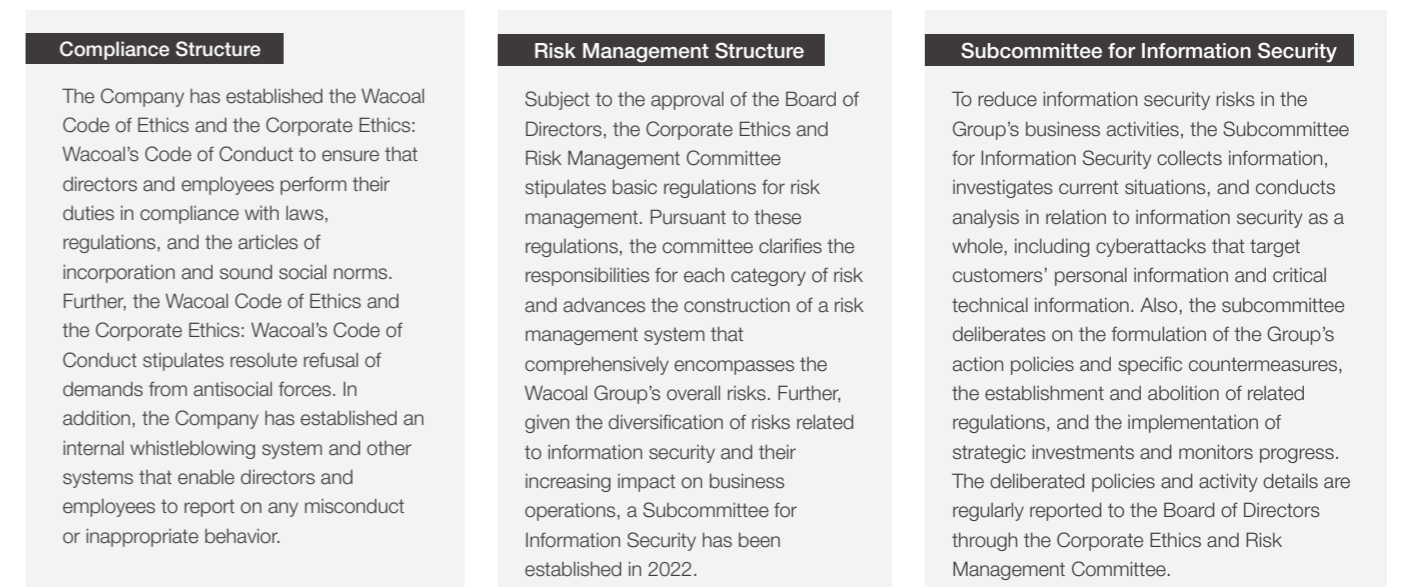
Reference: Shareholdings of Wacoal Corp.

	FY2020	FY2021	FY2022	FY2023
Number of stocks	84	73	63	59
Monetary amount (¥ billion)	42.2	50.1	46.0	44.0
As a percentage of total assets	15.2%	15.5%	15.2%	15.4%

Note: The shareholdings of Wacoal Corp. for which the largest monetary amount is recognized on the balance sheets in relation to investment in equity securities (the monetary amount of equity securities recognized) have been stated.

## Compliance and Risk Management Structure

The Company's Corporate Ethics and Risk Management Committee has the Representative Director, President and CEO acting as the administrative manager, supervisor, and the director, vice president and managing corporate officer in charge of Group business management as its chairperson. The committee is tasked with developing the compliance structure, examining compliance issues that could significantly affect the Wacoal Group, ensuring all employees understand and internalize corporate ethics, and effectively promoting control of any management risks to the Wacoal Group.



## System for Promoting Risk Management



## Engagement (Establishing Mutual Trust Through Dialogues)

We consider constructive dialogue regarding improving corporate value important for strengthening mutual trust with all stakeholders. Therefore, in order to link medium- to long-term improvement in corporate value and the construction of a highly effective management system, we actively undertake engagement activities that target stakeholders, including shareholders and investors, and reflect their valuable opinions in our management strategy.


### Basic Policy on Dialogue with Shareholders and Other Stakeholders

As it is our opinion that actively holding constructive dialogue with shareholders and investors and reflecting the results of that dialogue in management leads to medium- to long-term improvements in corporate value and sustainable growth, we set policies related to these activities.

 Policy for dialogue with Shareholders / Investors  
[https://www.wacoalholdings.jp/en/sustainability/talk\\_with\\_stockholder/](https://www.wacoalholdings.jp/en/sustainability/talk_with_stockholder/)

### Basic Policy on Information Disclosure

We see timely disclosure of accurate information as the foundation of mutual trust in relationships with all stakeholders. We are also keenly aware that disclosure is essential for accurate assessments of our corporate value. We actively disclose information while complying with all related regulatory requirements.

 Basic Policy on Information Disclosure  
<https://www.wacoalholdings.jp/en/ir/management/disclosure/>

## Stakeholder Relations

At the Wacoal Group, we define corporate value as the integration of all value gained by customers, employees, shareholders, investors, and other stakeholders. Through our communication with all stakeholders, we strive to maintain solid relationships and build deep mutual trust. Moreover, the details of our investor relations and ESG (environmental, social, and governance) activities are communicated through the efforts of the Corporate Communications Department.

### Communication Activities for Analysts and Institutional Investors (Results)

Activity	FY2021	FY2022	FY2023
Individual meetings with institutional investors and analysts	126 times	131 times	128 times
Results briefings (for analysts and institutional investors)	4 times	4 times	4 times
Business briefings (for analysts and institutional investors)	3 times	3 times	Twice
Factory tours (for analysts and institutional investors)	—	—	—
Conferences organized by securities companies	Once	Twice	Once
Overseas road shows	—	—	—
Briefings for individual investors	Once	Once	Once
Individual meetings with external directors (for analysts and institutional investors)	4 times	—	10 times

Activity	FY2021	FY2022	FY2023
Feedback on IR activities (for directors)	Quarterly	Quarterly	Quarterly
Briefings (for employees)	Held briefings on integrated report for management personnel	Held of sustainability seminars for employees (320 participants)	Held briefings on integrated report for employees (389 participants)

## FY2024 IR Activities

During fiscal 2024, we will hold quarterly results briefings, normal IR meetings, investor meetings by Representative Director, President and CEO Masaaki Yajima (15 times), and small meetings on the revised medium-term management plan that Wacoal HD and Wacoal Corp. executives participated in. We also plan to hold small meetings that external directors will participate in at the end of fiscal 2024.

### Follow-up meetings regarding the revised medium-term management plan (small meetings)



Date : December 5, 2023  
 Location : Tokyo  
 Attendees : Masaaki Yajima, Representative Director, President and CEO; Akira Miyagi, Representative Director, Vice President and Executive Officer and CFO; Keisuke Kawanishi, Representative Director, President and CEO Wacoal Corp.; Mitsuru Sekiguchi, Director Corporate Officer Head of Product Development and Merchandising Div.; Katsuya Hirooka, Director Corporate Officer In charge of Administrative Control; Atsuko Shinoduka, Director Corporate Officer Head of Marketing Div.  
 Participants : 11 participants from 10 companies

#### Investor's opinions of the revised medium-term management plan

At a time when the Wacoal continues to be unable to achieve its plans, it is encouraging to hear the new senior management team apologize for past management. I highly rate its plans to temporarily put aside consideration of performance and put the Company on a growth path by increasing brand power, customer loyalty, and workforce capabilities following firm cost structure reform. (Person in charge of exercising voting rights)

I think that it is important to gain the understanding of employees and spread that understanding in order to implement the revised medium-term management plan. Wacoal employees who are unaccustomed to change may have a negative view of the details of the revised medium-term management plan, even though they were thoroughly examined. I hope that progress in implementing the plan is properly shared with employees. I do not think that employees will consider the strategy as something that involves them unless a healthy sense of crisis continues to be fostered. (Fund manager)

The elimination of mass retailer discounts will probably have a major impact on the Japanese business's stagnant sales, but selling the proper volume at the proper price is good for both sellers and buyers and is how it should be. I would like Wacoal to uncompromisingly move forward because ensuring profit through an appropriate profit structure, not volume of sales, is important. (Sell-side analyst)

I am concerned that if the integration of brands and product numbers is undertaken only from a quantitative perspective, such as ABC analysis, there will be insufficient product numbers required by customers. The company should promote business focus and selection by also giving consideration to aspects other than quantity, such as customer opinions and value provided. Furthermore, it would be best to establish a system that supports such activities as product planning by delegating decision-making to the frontline, which is closer to customers, and leveraging the knowledge of logistics and marketing possessed by members of management and the senior management team. (Fund manager)

### In-house briefings and townhall meetings regarding revised medium-term management plan



Date : Revised medium-term management plan briefings: November 20, 21, and 22, 2023 at five locations  
 Townhall meetings  
 Plan to hold ten meetings between the end of November 2023 and March 2024  
 Location : Kyoto, Tokyo, online  
 Attendees : Masaaki Yajima, Representative Director, President and CEO; Akira Miyagi, Representative Director, Vice President and Executive Officer and CFO; Keisuke Kawanishi, Representative Director, President and CEO Wacoal Corp.; Mitsuru Sekiguchi, Director Corporate Officer Head of Product Development and Merchandising Div.; Katsuya Hirooka, Director Corporate Officer In charge of Administrative Control; Atsuko Shinoduka, Director Corporate Officer Head of Marketing Div.  
 \* Participants depend on day of the meeting  
 Participants : Revised medium-term management plan briefings: about 1,400 participants; Townhall meetings: about 200 participants (expected)

#### Employee opinion of revised medium-term management plan

Because I learned about the company's plans from the revised medium-term management plan, I thought that I would give the department general manager my opinion regarding how the department should move forward. (Employee in their fifties)

It is irritating that although there are visible problems on the frontline, it has been impossible to undertake major company-wide optimization because there is a focus on optimization of the organization and its parts. I would like to see opportunities for communication because I want to work with the senior management team to solve problems. (Employee in their thirties)

I think that it is only natural to "set out company-wide policies, and then have each department break down the policies based on a common understanding and incorporate those ideas into its strategy and operations," but I was surprised that department general managers and section chiefs commented that "plans lack concrete details" and questioned "how department operations should be organized." I think that they do not understand the meaning of possessing authority. (Employee in their twenties)

I would like management to talk about such issues as the overall direction, bolstering employee motivation, and an atmosphere in which people move forward with unity. Although I understand that traditionally detailed decisions should be left up to departments, I was disappointed that at the briefing, the responses to many of the detailed questions were vague. (Employee in their thirties)

It is good that following the briefings, there were townhall meetings at which participants could directly talk with the executive management team. This provided an opportunity to consider the role of one's own department as seen from the overall company and based on the stated policy. (Employee in their thirties)

Although there are quite high psychological hurdles to general employees talking with executives, the opportunity to communicate intentions and thoughts through direct discussions changed the impression of the revised medium-term management plan to positive from negative. I think it is important that both sides come together and understand each other. (Employee in their fifties)

## Investor Information

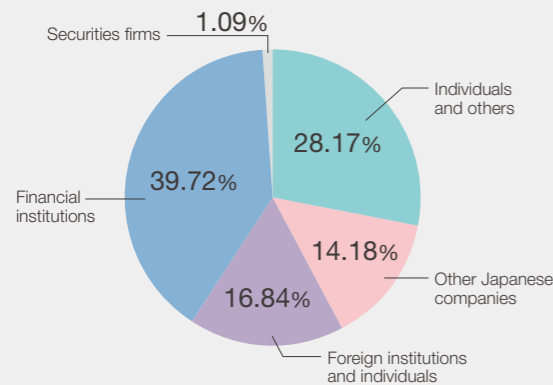
(As of March 31, 2023)

<b>Stock Listing</b>	Tokyo Stock Exchange
<b>Fiscal Year-end</b>	March 31
<b>Securities Code</b>	3591
<b>Fiscal Year</b>	From April 1 to March 31
<b>Number of Shares Issued</b>	64,500,000 (Treasury Stock: 6,487,185)
<b>Trading Unit</b>	100 shares

<b>Shareholder Register</b>	Mitsubishi UFJ Trust and Banking Corporation,
<b>Agent for Common Stock</b>	1-4-5, Marunouchi, Chiyoda-ku, Tokyo 100-8212, Japan
<b>American Depository Receipts</b>	Cusip No.: 930004304 Ratio (ADR:ORD): 1:5 Market: OTCQX Symbol: WACLY
<b>Depository</b>	The Bank of New York Mellon, 240 Greenwich St., New York, NY 10286, U.S.A. Tel: 1-201-680-6825 U.S. toll free: 888-269-2377 (888-BNY-ADRS) <a href="https://www.adrbnymellon.com/">https://www.adrbnymellon.com/</a>

Number of Shareholders 19,648

### Ownership and Distribution of Shares



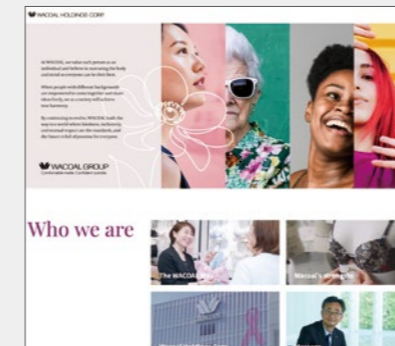
### Major Shareholders

Name	Number of shares held (Thousand shares)	Percentage of shares outstanding (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,509	9.50
Custody Bank of Japan, Ltd. (Trust Account)	3,720	6.41
Meiji Yasuda Life Insurance Company	3,050	5.26
MUFG Bank, Ltd.	2,986	5.15
The Bank of Kyoto, Ltd.	2,352	4.06
The Shiga Bank, Ltd.	1,751	3.02
Nippon Life Insurance Company	1,569	2.71
Mitsubishi UFJ Trust and Banking Corporation	1,525	2.63
Asahi Kasei Corporation	1,241	2.14
Custody Bank of Japan, Ltd. (Re-trust of Sumitomo Mitsui Trust Bank, Limited; Trust Account for the retirement allowance for Toray Industries, Inc.)	1,205	2.08

## Our Corporate Website

### Wacoal Holdings Corp.'s Website

<https://www.wacoalholdings.jp/en>



#### Vision

- > Message
- > The WACOAL Way
- > "VISION 2030"
- > Medium-Term Management Plan
- > Corporate Governance
- > Compliance

#### Wacoal's Business

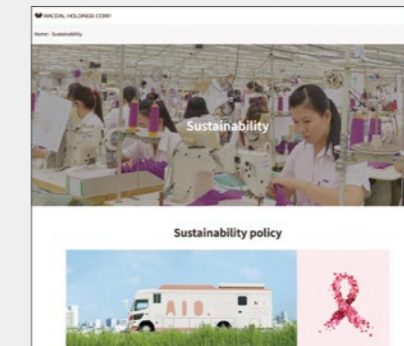
- > Wacoal's Strengths
- > Value Creation Process
- > Material Issues
- > Business Field

#### Company Profile

- > Wacoal Holdings Corp.
- > Wacoal Corp.
- > Wacoal Group
- > Turning Point

### Sustainability

<https://www.wacoalholdings.jp/en/sustainability/>



#### Sustainability Policy

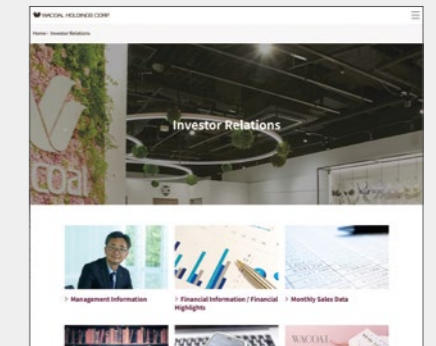
- > The WACOAL Way
- > Message
- > Basic Policies and Relations with Stakeholders
- > System for Promoting Sustainability
- > Material Issues
- > Integrated Report
- > ESG DATA BOOK

#### Focus Areas of Our Initiatives (ESG Issues)

- > CSR Procurement
- > Corporate Governance
- > Compliance
- > Risk Management
- > Quality and Safety
- > Human Capital
- > Environmental
- > Social Contribution
- > Human Rights
- > Engagement with Stakeholders
- > ISO 26000 Comparison Table

### Investor Relations

<https://www.wacoalholdings.jp/en/ir/>



#### Investor Relations

- > Management Information
- > Financial Information / Financial Highlights
- > Monthly Sales Data
- > IR Library
- > Dividend and Share Repurchase
- > Shareholder Benefits
- > Stock Information
- > Stock Price Information

#### IR News

- > IR News
- > IR Schedule
- > Disclaimer
- > FAQs

For financial information and financial highlights, please visit the Company's website below.  
<https://www.wacoalholdings.jp/en/ir/finance/>