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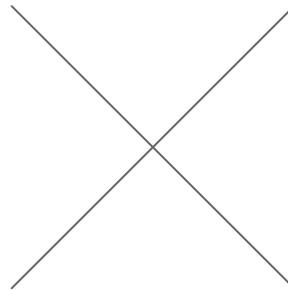
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**A Comprehensive Business Alliance**

# Principle of the Alliance

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"Providing beauty, health and comfort"

"Providing a rich lifestyle through sports"

**A partnership to respond to all those who wish to look and feel better and healthier**



## External Environment

- Slowing of growth in existing distribution channels and rise of emerging channels such as e-commerce
- Accelerating digitization and expanding consumer-to-consumer direct communication
- Increasing social activities of women and seniors

## Internal Environment

- Lowering of profitability in domestic businesses
- Response to new distribution channels
- Expansion of overseas business
- Strengthening competitiveness through group synergies
- Expansion of non-innerwear business

## Strategic Direction

- Improving the efficiency of wholesale business
- Strengthening of e-commerce and omnichannel business
- Further expansion in Europe, the US and China
- Organizing product supply infrastructure in ASEAN region
- Aggressive development of new business and collaboration opportunities



## External Environment

- Growing awareness of the importance of health and sports as lifestyle
- Expansion in the women's market starting with athleisure. Growing focus in the sports industry on the women's market.
- Importance of DTC (Direct to Consumer) due to digital development and changes in consumer purchasing behavior

## Internal Environment

- Increasing globalization
- Response to expanding peripheral sports areas
- Brand integration
- Maintenance of DTC

## Strategic Direction

- Establishment of a fourth pillar after Japan, South Korea and China
- Expanding business areas with sports
- Reinforcement of shoe business
- Strengthening digital operations such as CRM and e-commerce

# Characteristics of the Two Companies



Core Customer	Females	Sports Enthusiasts
Specialization	Women's innerwear	Sportswear
R & D Base	An accumulated anthropometry database: "Ergonomics"	Pattern making based on performance analysis for each competition: "Sports Engineering"
Strengths	<ul style="list-style-type: none"> <li>• High in-house production ratio and sewing technology</li> <li>• Innerwear product planning capabilities</li> <li>• Wide retail channel network in Japan and overseas</li> </ul>	<ul style="list-style-type: none"> <li>• 3D cutting technology and adhesive technology</li> <li>• Multi-brand strategy</li> <li>• Localization strategy with overseas partners</li> </ul>



**Expand business and promote globalization**  
by leveraging the strengths of both companies  
in sports, health and fashion  
to create new value and new markets.

### <Basic Concept of the Collaboration>

- (1) Creating new business beyond the boundaries of current operations**
- (2) Developing commercial materials that utilize both companies' "craftsmanship" strengths**
- (3) Effective use of assets owned by both companies**

**(1) – (3) above form the basic concept of the collaboration aimed at expanding business and promoting globalization**

**"Offer an "active lifestyle" concept for women around the world"**

**Ergonomics  
based material and  
patterns**

**Attention to  
delicate comfort  
based on innerwear  
experience**



[Core Business]  
Innerwear for women



[Core Business]  
Sportswear  
for sports enthusiasts

**Able to  
respond to the  
mobility requirements  
of top athletes**

**The power of Japan  
brand creativity /  
Product planning capability  
on a country by  
country basis**

**New fields beyond the existing boundaries of fashion, sports, health and beauty  
represented by athleisure**

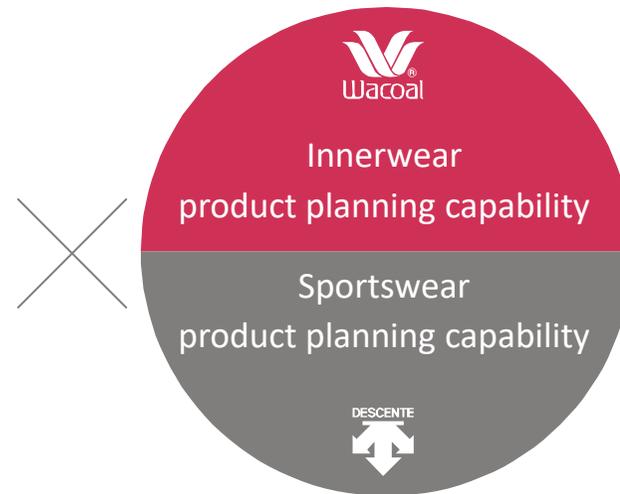
# Basic Policy (2) Developing commercial materials that utilize both companies' "craftsmanship" strengths



## R & D Capability



## Product Planning Capability



## Manufacturing Capability



**Both companies' existing "craftsmanship", built on R & D, product planning and manufacturing capabilities, will enable joint development of new commercial materials and business opportunities**

# Basic Policy (2) Developing commercial materials that utilize both companies' "craftsmanship" strengths

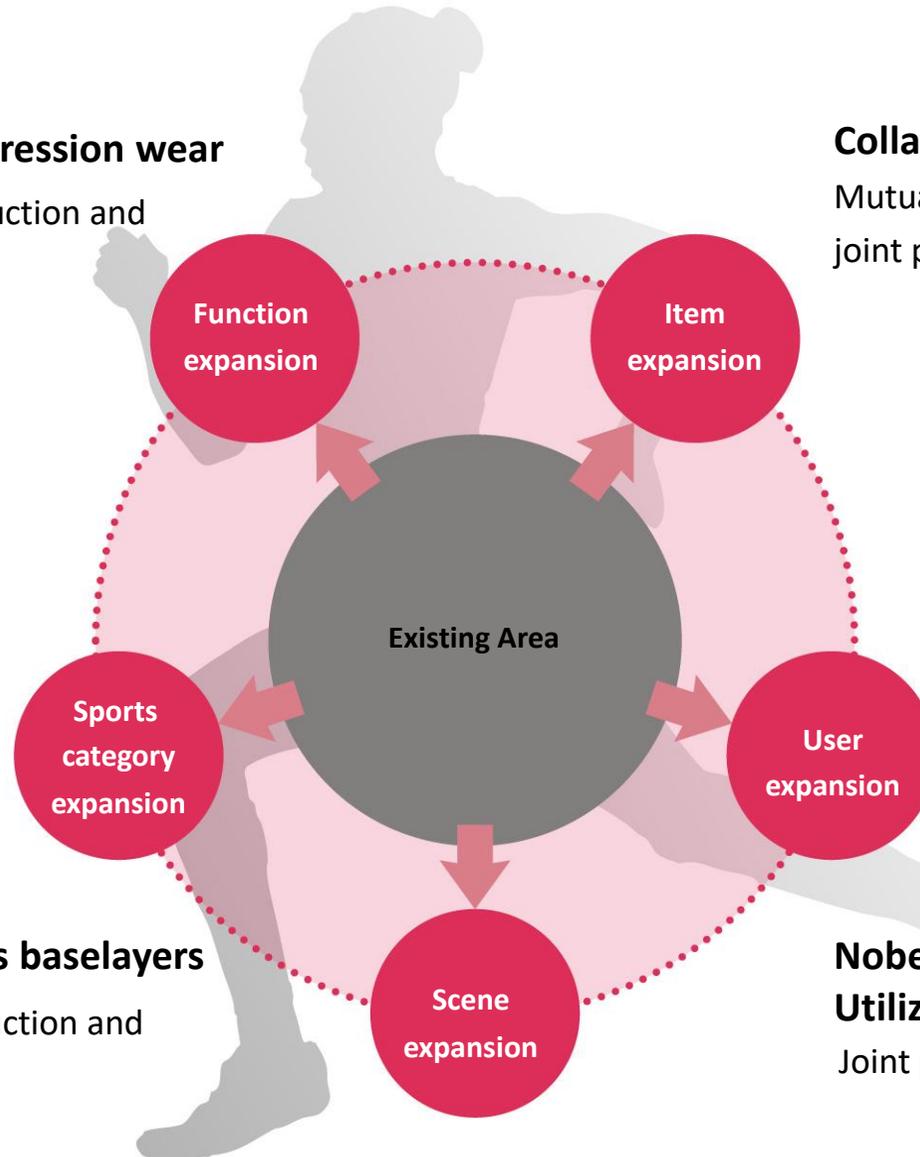


## Collaboration in compression wear

Joint development, production and sales of products

## Collaboration in swimwear

Mutual use of channels and joint product development



## Collaboration in sports baselayers

Joint development, production and sales of products

## Nobel Prize Material "Graphene" Utilization

Joint product development

## Basic Policy (3) Effective use of assets owned by both companies

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### [Assets of Both Companies]



**Effective use of assets from both companies to synergize and complement existing businesses**

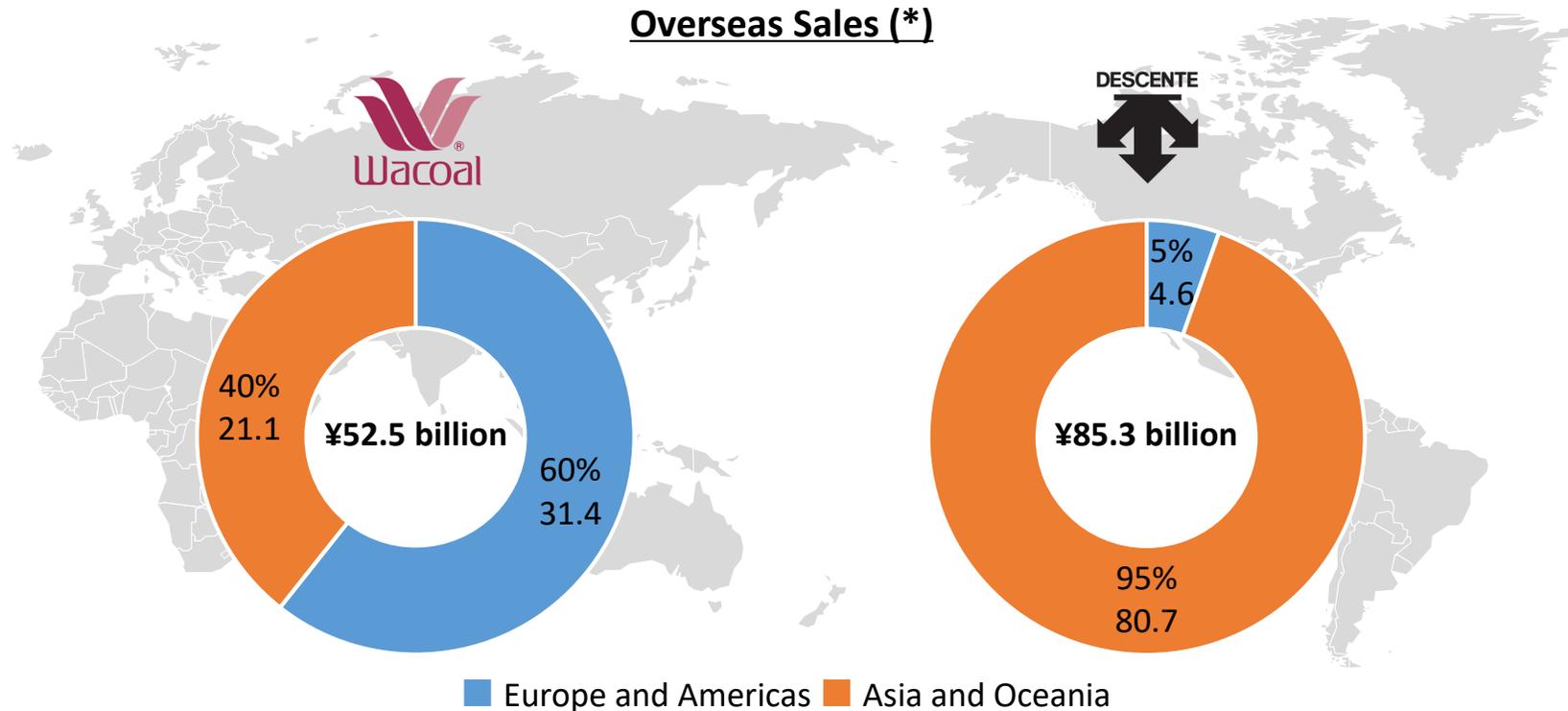
# Basic Policy (3) Effective use of assets owned by both companies

Specific cases: "Use of both companies overseas bases"



Accelerate global growth by exploiting Wacoal's strong business base in Europe and America and Descente's presence in Asia

## Overseas Sales (\*)



2018/3 (Excluding sales of affiliates accounted for under the equity method)

# Basic Policy (3) Effective use of assets owned by both companies

## Specific Examples

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### Collaboration in e-commerce sites

Interlink domestic and overseas e-commerce sites

WACOAL WEB STORE



DESCENTE STORE

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### Collaboration in the junior market category

Expanding sales of Junior market brands



### Other Collaboration

- Mutual use of domestic and overseas factories
- Streamlining of logistics and storage
- Exchange of human resources
- Joint sponsorships, etc.

## Aiming to create synergies of tens of billion yen in the future

Creating new business beyond the boundaries of current operations

+

Developing commercial materials that utilize both companies' "craftsmanship" strengths

+

Effective use of assets owned by both companies

