

This is the English translation of the original Japanese-language presentation material dated August 30, 2018 and is provided for reference purposes only.

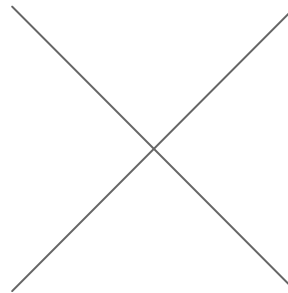
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A Comprehensive Business Alliance



"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

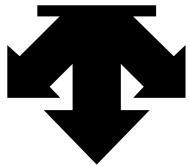
Internal Environment

- 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

DESCENTE



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	• High in-house production ratio and sewing technology • Innerwear product planning capabilities • Wide retail channel network in Japan and overseas	• 3D cutting technology and adhesive technology • Multi-brand strategy • Localization strategy with overseas partners

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

Basic Policy (1) Creating new business beyond the boundaries of current operations

Specific Example "New Brand Concepts"



"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**

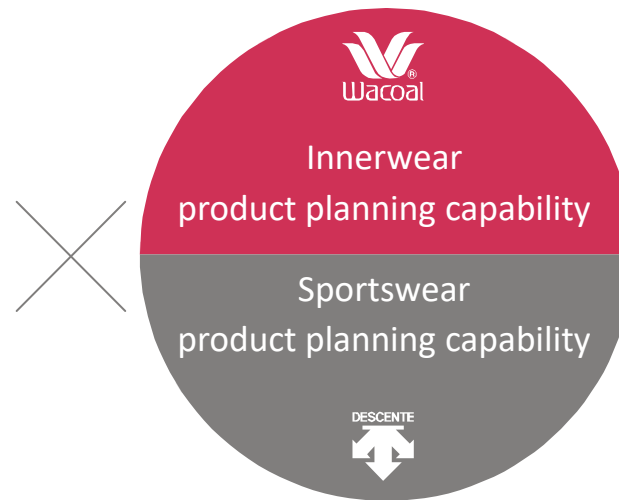
Basic Policy (2) Developing commercial materials that utilize both companies' "craftsmanship" strengths



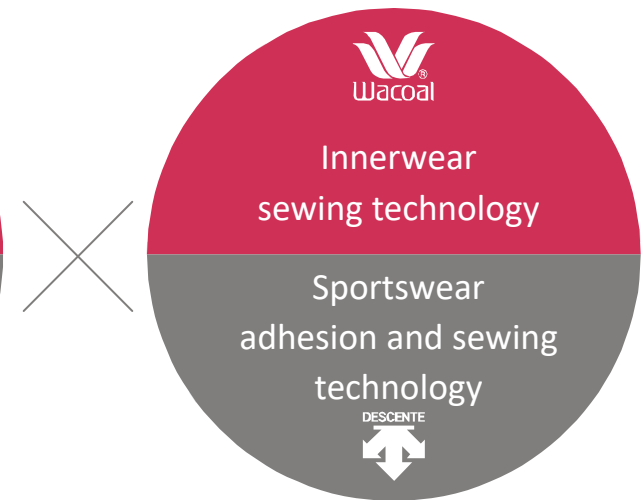
R & D Capability



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

Existing Area

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



[Assets of Both Companies]



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

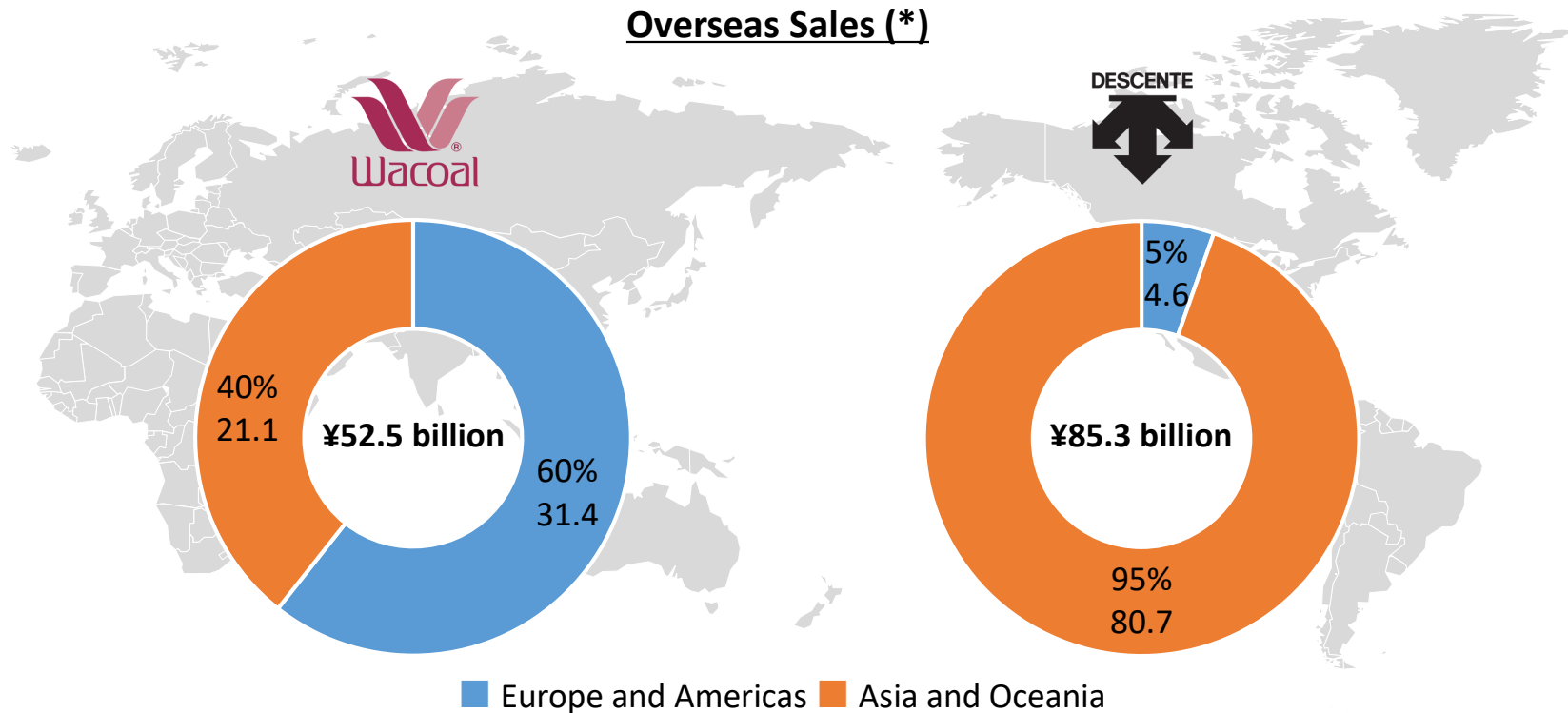
Basic Policy (3) Effective use of assets owned by both companies

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



Collaboration in e-commerce sites

Interlink domestic and overseas e-commerce sites

WACOAL WEB STORE



 **DESCENTE STORE**

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

