

# BUSINESS SECTION

The Joy and Satisfaction of Truly Great Clothes

UNIQLO BUSINESS

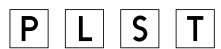


GU BUSINESS



OUR GLOBAL BRANDS

Theory



PRINCESSE tam•tam  
PARIS

COMPTOIR DES  
COTONNIERS



The joy of choosing clothes is like the joy of choosing the perfect bouquet of flowers. Plants and clothes both serve to brighten and enrich people's lives. This person is wearing a Smooth Stretch Cotton Crewneck Long-sleeved T-shirt (¥1,500), which feels soft and smooth on the skin, together with our Baggy Jeans (¥3,990), which are casual but flattering.



## The Secret to UNIQLO Success

### 01 LifeWear Resonates Worldwide

UNIQLO's LifeWear is simple, high-quality clothing, inspired by everyday needs and constantly evolving. LifeWear appeals to so many people and enjoys such broad demand because the clothes themselves are not the main point—they serve as parts that can be beautifully coordinated to suit all different styles. The creation of LifeWear always starts with our customers. By reflecting their opinions in our products, we can perfect the minute details of our ranges, achieve more comfortable fits, and swiftly develop items that reflect new and changing lifestyles. LifeWear continues to evolve and win new support worldwide because it fulfills ever-shifting customer needs.

### 03 World-class Materials and High Quality at Reasonable Prices

UNIQLO's strength lies in offering clothing made with high-quality materials at reasonable prices. We negotiate directly with global producers and place long-term orders for superior materials such as Supima® cotton, merino wool, and premium linen. Such economies of scale enable us to secure a more favorable supply of materials than our competitors at greatly reduced costs. The high quality of UNIQLO LifeWear is also underpinned by the strong trust built over many years with our partner factories. Our production department communicates closely with these factories so we can immediately address any quality-related requests from customers and make improvements.

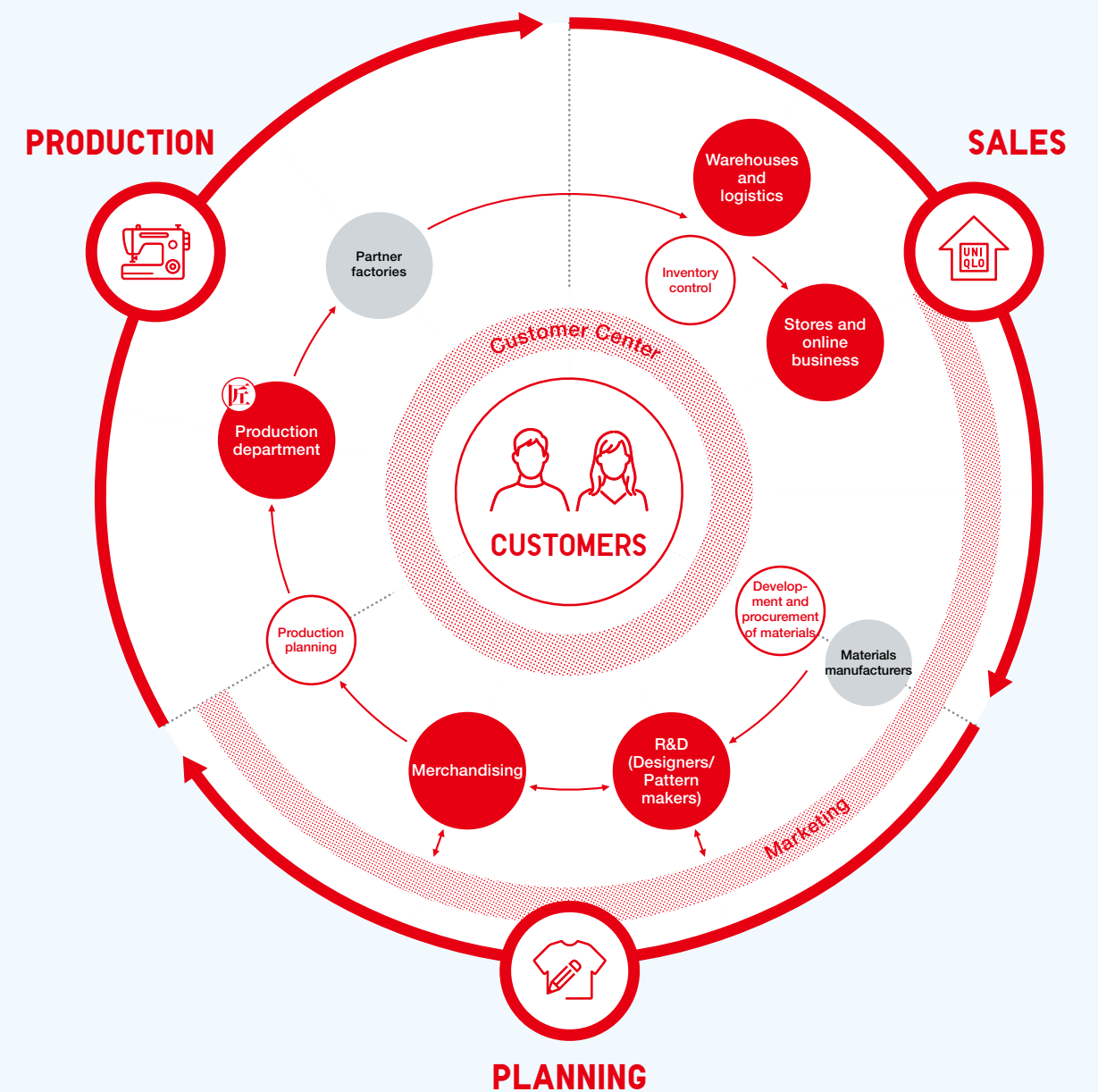
### 02 Creating Demand with New Functional Materials

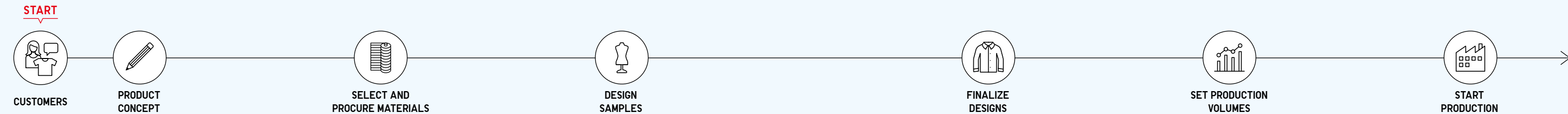
Working with world-leading fiber manufacturer Toray Industries, UNIQLO has created many highly advanced, highly functional products. These include our HEATTECH range, which both retains and generates heat, as well as our Ultra Light Down garments, which are made with dense material that keeps down in place. Other innovations include our versatile, cooling AIRism material, which is being used in an increasing variety of products, and our BLOCKTECH garments with windproof coating. We have spent years perfecting our advanced materials, and they cannot be replicated by our competitors. Developing clothes with new functionality can change customers' lifestyles and create fresh demand.

### 04 Linking Customers, E-commerce, and Stores for a Comfortable Shopping Experience

We continue to integrate our e-commerce and retail store operations to create a more convenient shopping experience for our customers. Customers can collect online orders from nearby stores or order any item currently out of stock at their local store for delivery anywhere. Our popular livestream service encourages customers to buy products they are interested in both immediately and directly. UNIQLO has a strong global store network, and we use our scrap and build policy to open new stores in optimal locations. Our online-to-offline (O2O) business is proving to be a strong engine of growth.

# UNIQLO BUSINESS MODEL





BUSINESS SECTION UNIQLO

# PLANNING



A product planning meeting at our Ariake Headquarters

## Research & Development (Designers/Pattern Makers)

An important part of R&D at UNIQLO is developing products that respond to customer requests, while also identifying emerging needs. Accordingly, our UNIQLO R&D centers constantly incorporate customer opinion while researching global fashion trends and new materials.

One year before a product's intended launch, the R&D department holds a concept meeting with a diverse range of representatives from the merchandising, marketing and materials development teams to determine the right design concept for each season. Our designers then begin the process of preparing designs and refining samples. Even after a design is decided, its color and silhouette can be refined multiple times before it is truly finalized.

## Merchandising (Product Planning)

The merchandising team plays a vital role in the product creation process, from product planning through production. Deciding product lineups and volumes through the year is an important aspect of the department's job. To do this, merchandisers communicate closely with R&D, the production department, and other divisions to determine the designs and materials required for each season's products. They also manage the launches of our strategic products in close cooperation with other key departments.

Many UNIQLO products are manufactured in lots of approximately 1 million units, and the merchandising department monitors the latest sales conditions, issuing instructions to either increase or decrease production during the season—a key responsibility of the team.

## Development and Procurement of Materials

UNIQLO can secure stable, high-volume supplies of top-quality materials at low cost by negotiating directly with materials manufacturers worldwide. Utilizing our economies of scale enables us to achieve more favorable terms than any other manufacturer. The materials used for our core items are particularly important. Our in-depth research and experimentation generates improvements in the functionality, feel, silhouette, and texture of our clothes. For example, we work closely with Kaihara Corporation to source denim to specific spinning standards and dyeing specifications. We also partner with world-leading synthetic fiber manufacturer Toray Industries to create innovative new fibers and materials such as the ones found in our HEATTECH range.

# PRODUCTION



A UNIQLO fabric-making factory

## Production Department

We assign production department members, who manage product quality and production progress, and Takumi (skilled artisans) to production offices in Shanghai, Ho Chi Minh City, Dhaka, Jakarta, and Bengaluru (formerly Bangalore). Production office representatives visit factories weekly to resolve any issues. The production department swiftly addresses any quality concerns raised by customers and implements improvements if required.

### UNIQLO Production Offices



## UNIQLO Takumi Teams

"By visiting factories and providing technical advice, Takumi establish thorough quality control and a strong relationship of trust. I offer instruction on dyeing technology at partner factories, and this can encourage workers to embrace a new production management philosophy and to improve their factories. I am proud to be passing on expert Japanese techniques to the next generation."

## Production Network

UNIQLO does not own any factories. Instead, we outsource the production of almost all our products to factories outside Japan. We have built strong relationships of trust with our partner factories over many years, and hold annual conventions to promote dialogue with factory managers. Our monitoring programs at our sewing factories and major fabric suppliers help to prevent human rights violations and to ensure good working environments and management frameworks in the making of our products. When required, we help factories implement improvements. UNIQLO continues to produce high-quality products by maintaining win-win relationships with partner factories. As we expand our global sales, we continue to grow our partner factory network in countries like Vietnam, Bangladesh, Indonesia, and India.



Dyer Takumi Kazuaki Iida

SALES



UNIQLO Asakusa store (Japan)



UNIQLO Regent Street store (UK)

Inventory Control

The inventory control team works to improve management efficiency by supplying inventory that reflects the sales capabilities and product sales of each individual store. The team monitors weekly sales and stock at each store and dispatches inventory to fulfill orders and maintain appropriate inventory levels. At the end of each season, merchandisers and the marketing department coordinate sales promotions and help reduce residual inventory.



Flyer delivered with national newspapers

Marketing

Each season, UNIQLO conducts promotional campaigns for core products such as HEATTECH, Ultra Light Down, AIRism, and Bra Tops. During the campaigns, UNIQLO advertises the products' unique qualities and features through TV commercials and online ads. In Japan, we use UNIQLO apps, email, social media, and flyers delivered with newspapers to notify customers about limited-period discounts, typically of 20-30%, on new seasonal ranges.



TV commercial

Stores

UNIQLO Japan had 809 stores (including 10 franchise stores) at the end of August 2022. UNIQLO International had 1,585 stores, roughly double the number of stores in Japan (Greater China region: 996, South Korea: 122, Southeast Asia & Oceania: 293, North America: 59, and Europe: 115).

We have started accelerating store openings not only in Greater China and Southeast Asia, but also in North America and Europe.



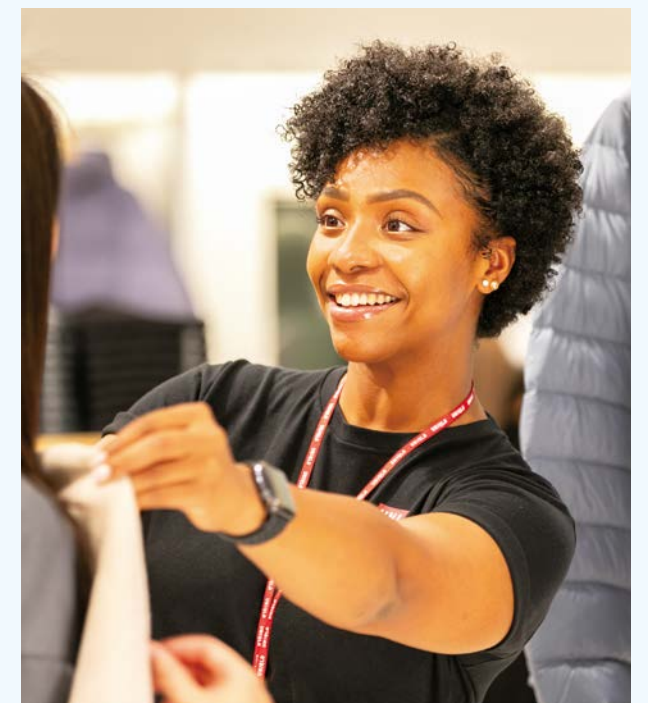
UNIQLO roadside store

E-commerce

Our e-commerce operation is growing increasingly important as more customers shop both online and in stores. In FY2022, online sales accounted for approximately 16% of total sales (16.2% in Japan, 20% in the Greater China region, North America and Europe, and 10% in Southeast Asia & Oceania). We intend to further expand integrated store and e-commerce services that enable customers to shop conveniently when and how it best suits them, and to strengthen our role as an information-sharing platform through UNIQLO LIVE STATION and other services.

Customer Centers

Our customer centers analyze huge volumes of customer requests. Customer feedback helps us improve core products, develop new products, and enhance services. We have also adopted the latest AI, chatbot, and voice-recognition technology, enabling convenient communication with our customers through phone, email, chat, and other channels. In FY2022, we revised the size range of our wireless bras and started selling Ultra Light (previously known as Kando) jackets and pants for women based on customer feedback.



UNIQLO RIVOLI store (France)



# GLOBAL R&D

## The Star of LifeWear: The Person, Not the Clothes

### Yukihiro Katsuta

Group Senior Executive Officer,  
Fast Retailing Group General Manager,  
Global Product Division and Officer  
in Charge of R&D, UNIQLO CO., LTD.

Joined Isetan in 1986. Seconded to Barneys New York head office, with which Isetan had collaborative ties, in 1992. Seconded to Barneys Japan in 1994. Moved to Polo Ralph Lauren New York head office in 1998 and to Bergdorf Goodman in 1999. Since joining Fast Retailing in 2005, he has been in charge of R&D at UNIQLO.

### Creating a Collection of Masterpieces

UNIQLO is often described as basic clothing, but “basic” is a profound concept that can express a great deal about the wearer. So we have to offer unbeatable quality and design to customers looking to select clothes to suit their particular style. The ideal scenario is to develop a collection of products that offers every single customer a way to create their own style and persona. If we can do that, we will be invincible.

The design process intrinsically involves thinking long and hard about what you need to experience, feel, reinterpret, or utilize to achieve your design. You organize and build on the information you have, and consider what kind of changes or future realities you could bring about by combining your knowledge with the information you currently have available. And in today’s world, where information is relatively easy to access, you must probe and explore your designs to the core in order to create an ultimate masterpiece.

When UNIQLO collaborates with top designers and creators, I am always impressed by how deeply thoughtful they are throughout the design process. The precious experience UNIQLO gains by cooperating with these top creators serves as an inspiration, and provides hints for enhancing our own brand power. The LifeWear concept of durability, quality and simple designs that can stand the test of time was created from this long-amassed experience.

The information we receive from our stores is extremely important. You can instantly see what is selling well by simply looking at the data. However, sometimes you have to be in the physical store to understand the essential elements of customer psychology. Why did they buy something? Why didn’t they buy something? What do they actually want? I think we can enhance the persuasiveness of our designs by talking with store managers and staff and using their informed input to create targeted and tailored output.

### Dynamic Proposals From a Global Brand

Previously, fashion trends tended to start in Europe and then pass through New York to Japan over the course of the next year. Today, information spreads simultaneously around the globe on social media, sparking new trends everywhere. We are striving to build stronger, globally competitive R&D frameworks so we can reflect any new kernels of information—in our products in a timely way. That means assigning designers and pattern makers, who are mainly located in Tokyo, to our product development centers in Europe, the United States, and Asia, as well as hiring local talent. If we can harness the nascent opportunities found in customer feedback and grasp market needs more accurately, we will be able to turn information into commercial products faster than our competitors. We can also develop products more swiftly by encouraging designers and pattern makers to communicate directly across time zones.

UNIQLO’s store network extends worldwide. We can present swifter, more dynamic proposals by having creators living in Japan, Asia, Europe, and the United States who experience local trends firsthand and witness change with their own eyes. We then turn that knowledge into products that are advertised and sold worldwide, giving customers the excitement of constant access to the clothes they really want.

Truly great clothes offer both fashion and functionality. If you can wear an item every day, you might want two or three in different colors. That’s the kind of clothing we aim to create. Each year, I want to create indispensable basic items that are simple, high-quality, and long-lasting. I want to create “today’s classics.”

### Worldwide R&D Centers



We visualize seasonal and theme-based product development plans across six global centers. We share product overviews globally and pursue product development in each center.



### UNIQLO and MARNI

UNIQLO and MARNI is a joint collaboration with Italian luxury fashion brand MARNI. The collection combines MARNI’s unique shapes and colorful expression with UNIQLO’s rich artisanry.

TOPICS

# LifeWear

Simple made better.

Simple items that incorporate design features that will make you want to wear them forever.

We want to tell you about LifeWear—the materials, the designs, and the functionality that enhance your comfort.

## SWEAT PULLOVER HOODIE

A vintage feel with a modern fit, thanks to enhanced materials and a refined silhouette. It is specially designed to not leave lint behind.

### POINT - 1

#### Elegantly Contoured Hood

The inside of the hood is made from a voluminous raised-nap fabric for a beautifully contoured look. The cotton-polyester blend interior fabric dries quickly.

### POINT - 2

#### Amazingly Smooth Front and Back

Compact yarn means smoother fabric and less fuzz. This creates better durability, so the product stays looking good for longer.



### POINT - 3

#### Various Ribbing Improvements

Repeated refinements have achieved the perfect balance between sleeve and cuff. The finer ribbing gently hugs the wrist, for a premium look with high durability.

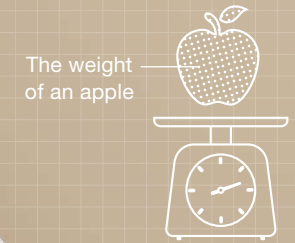


## ULTRA LIGHT DOWN JACKET

Amazingly light, warm, and easy to carry in the included pouch. Repeated enhancements have resulted in our lightest, softest feel ever.

Approx.

268g\*



\*2022 Ultra Light Down Jacket (L size, black) used for measurement. Excludes carrying pouch.

### POINT - 1

#### Premium Down, Warm and Light

Our high-quality down offers outstanding heat retention and features an optimum balance of down and feathers. Surprisingly light, yet seriously warm.



### POINT - 2

#### Surprisingly Light, and No Down Pack

Special high-density nylon fabric creates a two-layer structure that eliminates the need for an inner down pack to keep down in place, reducing weight and shedding.



# UNIQLO EXPANDS GLOBALLY

UNIQLO delivers LifeWear to people worldwide. UNIQLO International increased its store numbers by 83 to 1,585 in the year ending August 2022. We intend to develop UNIQLO into a brand that is loved by customers everywhere.

Global Total  
(As of August 31, 2022)

**2,394** STORES



STOCKHOLM



TOKYO



SHANGHAI



NEW YORK



HO CHI MINH CITY

JAPAN  
**809** STORES

GREATER CHINA  
**996** STORES

SOUTH KOREA  
**122** STORES

SOUTH ASIA, SOUTHEAST ASIA & OCEANIA  
**293** STORES

NORTH AMERICA  
**59** STORES

EUROPE  
**115** STORES

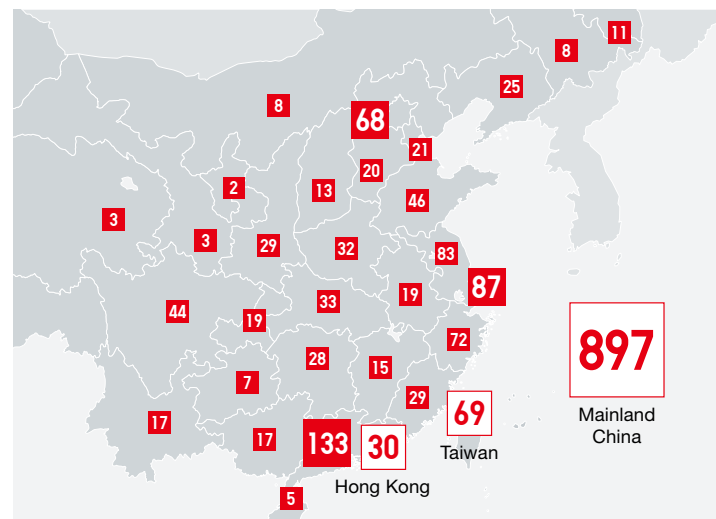
# GREATER CHINA



BUSINESS SECTION UNIQLO

UNIQLO SHANGHAI

## Strong Management for Future Growth



In FY2022, revenue increased but profit declined sharply in the Greater China region (Mainland China, Hong Kong, and Taiwan) due primarily to the spread of COVID-19 and the required temporary closure of stores in mainland China. Full-year revenue totaled ¥538.5 billion (+1.2% year on year) and operating profit totaled ¥83.4 billion (-16.8%). However, fourth-quarter revenue rose and profit rebounded significantly as consumption picked up once lockdowns were eased in Shanghai on June 1. Our diligent efforts to strengthen marketing and bolster sales frameworks and store displays in preparation for the resumption of economic activity helped us respond successfully to increased customer demand. Despite continued tough management conditions, we pressed ahead with active store openings,

adding 89 new stores in FY2022.

Recently, our efforts to strengthen marketing have increased support for our LifeWear across a broad range of customers. This encouraged more customers to visit UNIQLO to buy clothes after lockdowns were lifted.

The mainland China market is huge, so I am convinced we can generate considerable growth going forward. We are working to strengthen our business foundation to support consistent double-digit growth in annual sales. We are taking solid action in various marketing-related areas to build even greater affection for our LifeWear concept, holding exhibitions in 15 major cities in mainland China from FY2021 and conducting store-linked branding campaigns. We are developing new products that sell well in mainland

China and globally by proactively proposing different designs, materials, and colors. We are also opening stores in China's Tier 3 and Tier 4 cities with the aim of promoting growth over the next 10 to 20 years. Sales per store may still be low there compared to cities like Beijing and Shanghai, but they harbor huge growth potential.

We owe our competitive advantage to our many talented employees who understand and implement UNIQLO's management philosophy. As we continue to open roughly 100 new stores each year, we need to enhance the training of capable personnel. I am confident that we can solidify our position as a No. 1 brand in the Greater China region by steadily solving any issues that arise and firmly seizing opportunities.



**Ning Pan**

CEO, UNIQLO Greater China Group Senior Executive Officer, Fast Retailing Co., Ltd.





UNIQLO SOHO NEW YORK

# NORTH AMERICA

## First Full-year Profit Spurs an Accelerated Growth Phase

UNIQLO North America generated significantly higher revenue and profit in FY2022. The operation also recorded its first full-year profit since opening its inaugural store in New Jersey in 2005. This is thanks to committed branding, aggressive social media use and other marketing, and proactive local community initiatives, including hurricane disaster aid. Affinity for UNIQLO increased 1.7 times compared to 2020, with the brand proving especially strong in New York after 15th anniversary celebrations for UNIQLO Soho New York store began in September 2021.

UNIQLO has also benefited from changing North American customer values in the era of COVID-19. Local support for our reasonably priced,

high-quality, and long-lasting LifeWear has increased. Sales of signature UNIQLO items such as T-shirts, fleeces, and AIRism rose significantly year on year. Our Super Non-Iron Shirts, Smart Pants, and Ultra Light Down jackets now rank among the nation's top-selling UNIQLO items, and North American customers are increasingly looking to UNIQLO for everyday wear.

UNIQLO North America now has a solid organizational structure capable of generating consistent profits. This is due to stronger marketing, which has helped us greatly reduce discounting rates; the closure of unprofitable stores; and more efficient store management, which has greatly reduced cost ratios. We've prepared the foundations for a new accelerated growth phase, and I want to set a five-year target of ¥300 billion in sales and 20% operating profit margins. We will open roughly 30 stores annually to reach 200 stores by FY2027 by opening more global flagship stores on the east and

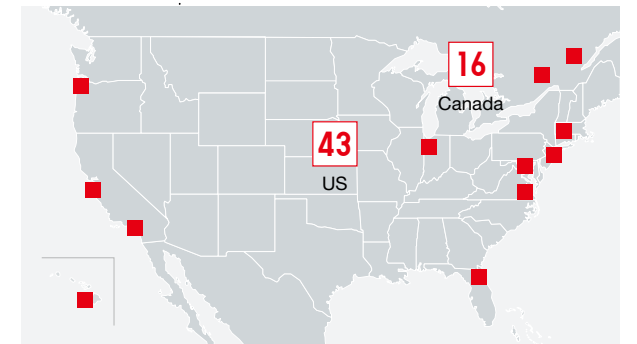
west coasts, where we already have a presence, and accelerating store openings in high-quality shopping malls and other locations.

It is important to build a cohesive organization so we can tackle challenges with greater speed. I want to create a passionate group with strong teamwork and high aspirations, recruiting, educating, and selecting talented human resources irrespective of race, nationality, age, or gender. I also intend to further promote our sustainability activities so local customers can learn more about our corporate values and we can become a truly beloved brand in North America.



**Daisuke Tsukagoshi**

CEO, UNIQLO North America  
Group Senior Executive Officer,  
Fast Retailing Co., Ltd.



UNIQLO 5TH AVENUE



# EUROPE

## Rising LifeWear Popularity and Faster Store Openings



**Taku Morikawa**

CEO, UNIQLO Europe  
Group Senior Executive Officer,  
Fast Retailing Co., Ltd.



We opened our first store in London in September 2001. Today, UNIQLO Europe (excluding Russia) is reporting large rises in revenue and profit, with sales totaling approximately ¥130.0 billion, operating profit reaching roughly ¥15.0 billion, and the operating profit margin rising to 12% in FY2022. We intend to maintain this momentum and achieve ¥500 billion sales and a 20% operating profit margin by FY2027.

The widespread success of our regional flagship stores underpinned this strong performance. Many of these regional flagship stores are located in historic buildings. Our UNIQLO Regent Street store houses UNIQLO and Theory in a beautifully renovated 19th century building. The store also focuses on sustainability by offering repair services, including custom repairs using Japanese Sashiko techniques, in its RE.UNIQLO STUDIO. Regional flagship stores showcase important information about UNIQLO's products, sustainability activities, and corporate values. Opening more flagship stores should spread the word across Europe, creating a positive cycle of brand awareness.

European customers are discerning when it comes to clothes. UNIQLO's commitment to truth, goodness, and beauty as well as our LifeWear concept resonates with

European customers, which has increased their affinity for the UNIQLO brand and fueled strong FY2022 performance.

The COVID-19 pandemic has increased our number of new online customers. App membership is up. First-time UNIQLO buyers have become repeat customers and also started to visit retail stores, driving strong store sales. Meanwhile, e-commerce sales have roughly doubled compared to pre-COVID sales three years ago, now constituting approximately 20% of total sales.

Our operational growth is supported by young hires from various parts of Europe who

understand their local cultures and climates and can compile product ranges and services that match customer needs. Training these personnel to be senior managers will enhance our growth potential.

We intend to focus on operational expansion and accelerate regional flagship and other store openings in markets such as Eastern Europe and major cities where UNIQLO has no current presence. I want to grow UNIQLO into the most-trusted brand in Europe by perfecting products tailored to customer needs. This is crucial to UNIQLO becoming the world's No.1 apparel brand.



UNIQLO REGENT STREET



The 1,900m<sup>2</sup> UNIQLO Regent Street regional flagship store is housed in a beautifully renovated historic building in one of London's iconic shopping areas. The store works with many different local businesses to serve the community.



## Fashion Fun at Low Prices: Time for Global Expansion



### Osamu Yunoki

CEO, G.U. CO., LTD.  
Group Senior Executive Officer,  
Fast Retailing Co., Ltd.

GU offers fun fashion for everyone, recommending new products to customers each month and offering subtle variations in looks and styling. Given the nature of the brand, any delay in product delivery can lead to lost sales opportunities. In FY2022, lockdowns and other restrictions in mainland China severed overseas production and distribution channels, resulting in delayed product deliveries and a decline in full-year revenue and profit. However, we have used this year to improve our product lineups. By reducing product numbers, increasing products that incorporate mass fashion trends, and pursuing more effective marketing, we were able to create hit products such as color slacks and T-shirts with sweatwear styling details. As supply chains gradually return to normal, we can greatly expand GU performance in FY2023 by responding flexibly in ways that are less vulnerable to external factors.

On October 7, 2022, we opened a GU pop-up store in SoHo, New York, USA. With space in the 270 m<sup>2</sup> store being tight, we selected products that

incorporated global mass fashion trends and asked our uniquely skilled "GU Osharista" (a combination of the Japanese word oshare, which means fashionable, and the word fashionista) to suggest special New York styling options. The store got off to a good start, with sales exceeding expectations. We did experience shortages of strong-selling items and issues with product lineups and marketing, so our experience here is proving to be a key milestone in ensuring that GU meets global standards.

Looking ahead, we intend to leverage GU's "fashion fun for everyone" concept to generate rapid growth in Japan and the Greater China region and then expand globally in the United States, Southeast Asia, and finally Europe. Ultimately, I want to expand GU's store network and e-commerce operation to achieve ¥1 trillion in annual sales. We will accelerate city-center, shopping-mall, and roadside store openings and increase the number of joint UNIQLO and GU stores to harness customer-generating synergies. We hope to open as many stores worldwide as UNIQLO and to become an indispensable pillar of the Fast Retailing Group. I think GU is traveling the same path that UNIQLO took—only much, much faster.



GU New York Soho store, a pop-up store opened in SoHo, New York, USA



# GLOBAL BRANDS



## Theory

### Contemporary Fashion From New York

Theory is a contemporary fashion brand launched in New York in 1997. The Theory brand offers perfectly fitting and elegant designs and styling. Its acclaimed comfort stems from the use of superior materials. In September 2022, Theory launched a collaboration with visionary Dutch fashion designer Lucas Ossendrijver.

P L S T

### Top-quality Clothing for Everyday Living

PLST offers everyday clothing with a smart feel that is perfect for going to work or going out. PLST boasts an abundance of ingenious design, from stunning silhouettes and patterns to extremely comfortable materials, and it offers high-quality clothing at reasonable prices.



COMPTOIR DES  
COTONNIERS

### The Allure of French Esprit

Comptoir des Cotonniers is an affordable luxury brand founded in 1995 in France. With the belief that contemporary, sophisticated femininity is the ultimate allure, Comptoir des Cotonniers is known for its high-quality materials and tailoring, attention to detail, and careful finishing. It offers timeless, stylish items that can be lovingly worn for a lifetime.

PRINCESSE tam•tam  
PARIS

### A Graceful Brand From France That Celebrates Individuality

Princesse tam.tam is a French brand whose “lingerie that lets personality shine through” resonates with countless women. Princesse tam.tam’s basic concept celebrates the natural beauty of the unadorned body. The brand is known for its original prints and vibrant colors and offers a wide range of lingerie, loungewear, and other apparel.

