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Fast Retailing Future Business Outlook

Tadashi Yanai

Chairman, President & CEO of Fast Retailing Co., Ltd.



Today's Key Messages

- We Have Entered a Completely New Stage
- Becoming a Universally Respected Company
- LifeWear Can Change Our World

2

Good afternoon everybody. My name is Tadashi Yanai, Chairman, President and CEO of Fast Retailing.

You have heard the details of our FY2019 first-half corporate performance from our CFO Takeshi Okazaki, so I would like to talk primarily about Fast Retailing's current challenges, and future business outlook and direction.

I would like to share three key messages with you today, and will explain them each in turn:

We have entered a completely new stage.

We are working hard to become a universally respected company.

LifeWear can change our world.

But before I launch into these messages, I would like you to take a look at this video.

***Showing of video about Fast Retailing news since July 2018**

**Things we never would
have imagined 10 years ago**

We Have Entered a Completely New Stage

3

Those were just some of the exciting things that happened in the few months from July 2018.

Indeed, we are now forming partnerships with some of the world's top companies and embarking on unprecedented projects. Things that we couldn't even have imagined just a few short year ago, are now considered normal parts of our everyday working lives.

UNIQLO opened its first store in the United States in 2006. Today, ten years later, we are incorporating elements we never would have dreamed of. I see that as proof that we are already operating in a new stage that is completely different from our past experience and practice.

Becoming a Universally Respected Company

5

I would now like to talk about exactly what we are currently doing, and what we are aiming to do to become a universally respected company.

Completely different corporate evaluation standards

Becoming a Universally Respected Company

6

In recent years we have said we wanted to become the world's No.1 digital consumer retail. However, we have now entered an era in which the former categorization of broad industries, industrial classifications, nations and regions have been rendered meaningless.

The standards by which all corporates are being evaluated are also changing. Today, evaluation criteria do not stop at a company's level of sales, profits or market share, but extend further into the realm of defining and assessing a companies' overall level of quality and broad achievement. In other words, the most significant companies are those that exert a positive social impact on different regions around the world, and are respected for changing people's lives for the better worldwide.

We are determined to become such a company.

Ariake Project

**Revolutionizing the way we think
Transforming the very way we work**

Becoming a Universally Respected Company

7

Our transformative Ariake Project is the vehicle that will make it possible to deliver our fundamental concept of LifeWear to all people all over the world.

The project has now finally moved from the formative stage into the implementation stage. Each day, we face considerably challenges and much trial and error, but we are gradually making progress. Our future medium-and long-term strategy will be conducted in accordance with our Ariake Project principles and progress.

I have said this several times before, but the Ariake Project is not born out of a superficial idea to introduce leading global information systems or further strengthen e-commerce operations.

Instead, the Ariake Project is about revolutionizing the very way that we ourselves think, transforming the very way that we ourselves work. It is about changing our corporate culture, changing the value we offer society, and even changing society itself. It is a project, first and foremost, to turn our LifeWear concept into a universal reality.

**Eradicate every
customer inconvenience**

**Pursue ultimate
customer satisfaction**

Becoming a Universally Respected Company

8

Our goal is to use real information that we obtain from front-end customer interaction via stores, customers centers and e-commerce operations to realize merchandising that can comprehensively coordinate product planning, design, marketing and production, so that we can provide our customers with the appropriate products in their appropriate volumes, at the appropriate time and location, and at the appropriate price.

Our 130,000 staff worldwide are linked via a flat management structure that enables us to work together to eradicate every customer inconvenience, and pursue ultimate customer satisfaction. We are not quite there yet, but the environment is now firmly in place to progress with this aim.

While we have aims, goals and targets, the Ariake Project, by its very nature, is never-ending. All our employees will participate in pursuing ultimate customer satisfaction, and that means we will always have to be constantly and attentively focused on customer and global changes, and continually striving to change ourselves.

Eliminate corporate bloating

Aim for true growth

Becoming a Universally Respected Company

9

Next, I want to talk about our aim to eliminate corporate bloating, and aim for true growth. This refers to the typical response that can accompany a period of strong corporate performance, whereby strong business performance leads to a relaxation in efforts to run a lean and vibrant operation.

One of the key aims of the Ariake Project is to prevent this kind of situation ever happening at Fast Retailing. By enabling concrete data to be viewed by all in real time, and by clarifying and visualizing all policy decision-making processes, all employees will be able to immediately verify the results of any decision. We facilitate this by fully utilizing the power of artificial intelligence. We will not settle for corporate bloating. We are aiming for true growth.

The most important thing of all is to be valued by our customers. There is no point automating all sorts of processes using the most advanced technologies unless it will be of use to our customers.

**Companies don't perish
from deprivation
They perish from excess**

Becoming a Universally Respected Company

10

One of my favorites mottos is: Companies don't perish from deprivation. They perish from excess.

It is precisely when things are going well that we must brace ourselves and focus our energies. When things are going well, you can achieve great results with just a little effort, and it is easy to overestimate your true ability. If such an atmosphere spreads within an organization, things can slump very quickly.

When business gets tough, you never have enough people or money. You naturally focus your mind and try your best, so this "excess syndrome" is unlikely to occur. Companies don't perish from deprivation. They perish from excess. This is a truth I have felt keenly over my long years in business.

LifeWear Can Change Our World

11

Finally, I would like close my presentation by talking out our LifeWear concept, which underpins the very core of our business.



In August 2018, we opened our first store in Northern Europe in Stockholm, Sweden. This is a photo of the new store opening.

The opening day was extremely busy with over 1,000 customers queuing up to get in. Local customers greatly appreciated and valued our LifeWear clothing, with its global perspective.

We are keen to contribute to deeper mutual understanding and stronger bilateral ties between Sweden and Japan.

LifeWear is
clothing designed to make everyone's life better.

It is simple, high-quality, everyday clothing
with a practical sense of beauty—
ingenious in detail,
thought through with life's needs in mind,
and always evolving.

13

Today, we have provided you all with our LifeWear and Ariake Project concept booklet. This explains what we believe clothes should be, and expresses our fundamental clothing stance.

LifeWear is clothing designed to make everyone's life better. It is simple, high-quality, everyday clothing with a practical sense of beauty—ingenious in detail, thought through with life's needs in mind, and always evolving.

Clothing that all people around the world can easily afford. Clothing that serves as parts for creating your own unique lifestyle. That is what we call LifeWear.

Over the past 10 years or so, we have participated in repeated debate with many creative people from both inside and outside the company to help form our view of what clothes should be.

LifeWear is our celebrated result of that earnest deliberation.



We are already seeing global appreciation of LifeWear increase strongly around the world.

The “Art and Science of LifeWear—Creating a New Standard in Knitwear” exhibition hosted at the Jeu de Paume arts center in Paris last September embodies the LifeWear concept in the simplest of terms.

The exhibition illustrates the unique and superior nature of UNIQLO knitwear by displaying the expertise and technique applied to the knitwear products’ material selection, design, manufacture and finish. It’s a degree of expert application that creates products that cannot be imitated.

The exhibition was hugely popular, and was attended by media and regular visitors and customers from around the world.



JWANDERSON



15

Elsewhere, UNIQLO also started a joint collection, UNIQLO and JW ANDERSON in the 2017 Fall Winter season with one of today's most notable designers, London-born JW Anderson.

Known for its highly finished items, sales of the recently announced 2019 Spring Summer collection accounted for 50% of online orders in the UK and across Europe on launch day.



“For me, the point of doing this collaboration was that I believe in democracy in fashion, and what I hope will be achieved is that any age demographic can pick up and find something within the collection to relate to.”

– JW Anderson
by Scott Trindle

16

“For me, the point of doing this collaboration was that I believe in democracy in fashion, and what I hope will be achieved is that any age demographic can pick up and find something within the collection to relate to.”

JW Anderson’s view on clothes and his pursuit of democracy in fashion dovetails extremely closely with our desire to realize fashion democracy through LifeWear.

We recognized a kindred spirit the moment we met, and decided to work on a collection together.

Changing clothes.

Changing conventional wisdom.

Change the world.



17

Changing clothes. Changing conventional wisdom. Change the world. This is the Fast Retailing corporate statement. I say this every time, but this statement is the point of departure for absolutely everything that we do.

To overturn former concepts, and create completely new clothing. And in so doing, make people's lives move fun, comfortable and convenient.

Under the banner of the LifeWear concept, we are committed to helping create a better society by joining forces with highly talented individuals and companies from around the world to create a completely new industry.

That is our pledge to you. Thank you.