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# Fast Retailing Future Business Outlook

**Tadashi Yanai**  
Chairman, President & CEO of Fast Retailing Co., Ltd.



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

You have just received details from our CFO Takeshi Okazaki regarding our corporate performance for the first half of FY2021, so I would like to talk primarily about what Fast Retailing considers to be the most important issues right now and the thinking upon which we intend to base our management practices going forward.

# **The only way to survive is to develop global operations**

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The first thing that I want to say is that, however much the global environment in which we live in changes, there is only one path ahead for any company that wants to enjoy considerable growth going forward, and that is to develop global operations.

The first time that Fast Retailing opened stores in a market outside of Japan was in September 2001 in London, UK.

Then the following year in September 2002, we opened our first store in China in Shanghai. At the time, Fast Retailing's annual sales were much lower than they are now and we didn't have much capital, human resources, or brand visibility as we embarked on our journey into a world of which we had little experience.

Nearly 20 years have passed since then. During that time, we have made a mountain of mistakes but today the international arm of our pillar UNIQLO brand has surpassed the Japanese operation in terms of both sales and operating profit.

## **LifeWear**

### **A truly global representation of Japan's unique sense of beauty**

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As a company born in the Asian country of Japan, we boast a unique sense of beauty and commitment to high quality and functionality. We work with highly talented global designers including Christophe Lemaire, Jil Sander, and Jonathan Anderson and collaborate with art galleries around the world including MoMa in New York, the Louvre in Paris, and the Tate Modern in London. In short, we utilize diverse cultures, designers, technologies, talent, and resources from around the world to create advanced products.

Our LifeWear MADE FOR ALL is a unique concept even on the global stage with the potential to change the nature of clothing as we know it. I believe that people all over the world appreciate our management approach because we don't focus solely on Japan but strive to view things from a global perspective and because we use a truly global format in our quest to offer ultimate everyday wear that anyone can wear with ease and comfort.

# Become Asia's No.1

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I think Asia is, and will continue to be, the economic growth center of the world. By the year 2030, the world's middle-income population will total 5.0 billion people, with the majority living in Asia. Going forward, we intend to develop our core business in Asia with even greater determination than we have in the past. We plan to speed up the pace of new store openings and become Asia's number one brand.

Online sales will be key to this success. We are working to fuse our physical store and online sales and create synergies between the two. For instance, if customers pick up their online clothing purchases from a local store, they can try them on and exchange them on the spot if the size isn't right. Many customers also purchase other items when they come to the store to collect online purchases. In the UK for example, as many as 40% of customers who purchase our clothes online pick them up from a local store and we expect that ratio to increase further in other markets too.

We are currently constructing warehouses around the world that feature greater levels of automation to further strengthen our e-commerce operations in individual global markets.

## **Strengthen management teams in individual markets**

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We are strengthening our management teams in all markets in which we operate to enable us to pursue this strategy with even stronger momentum.

We are in the process of constructing a framework through which young people hired primarily from across Asia can become managers, and anyone can enjoy the opportunity of pursuing any job they want anywhere in the world as long as they are capable of joining us in furthering our global expansion.

Mainland China was the first market we entered in Asia. Today, we have approximately 30,000 employees in that market there who learn a great deal through their daily operations, are highly talented, and have the potential to work on the global stage.

We recently entered Vietnam. With the cooperation of the central government, we are starting to build a platform that will help modernize the nation's retail industry and give Vietnamese personnel the skills they need to work in global markets. Things are also going well on the sales front in Vietnam, with each of our seven stores in Hanoi and Ho Chi Minh City performing excellently.

We are also focusing on nurturing management personnel in markets outside Asia. We now have female COOs in Sweden and Belgium. While Europe is currently in the harsh grip of the COVID-19 pandemic, we intend to continue nurturing a flow of employees who are capable of working actively in the management field.

## **The courage to follow through on what you believe to be right**

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We at Fast Retailing started from humble beginnings as a small men's clothing store in the rural city of Ube in Yamaguchi prefecture. We weren't blessed with any particularly striking management or business resources. There is only one reason why we were able to grow from a small men's clothing store on a small shopping street into what we are today. We had the courage to follow through on what we believed to be right. The determination to never be discouraged or give up however tough things got. That is the primary factor behind our success.

## **Ask not what is common industry practice but what is the true essence of clothing**

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Don't ask whether there is an easy way to make money. Ask what products customers will most enjoy or what kind of business will be of greatest use to society. Then think seriously about how you can offer those things and take action.

We didn't devise our LifeWear concept by basing our ideas on conventional industry practice from the outset. Instead, we asked ourselves honestly what clothes are all about, what today's society is looking for in its clothing, and what kind of clothing is ultimately good for all people. We then thought carefully and formulated concrete LifeWear products.

Gradually, customer are starting to hear about our approach, we are selling LifeWear items one by one at our stores, and the number of customers saying they want to come back to buy from the same store is increasing. Aggregated over time, these developments have helped us get where we are today. Further accelerating these efforts is the only way to facilitate sustainable growth.

# **Sustainability is the pursuit of what is right**

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Our approach is the same when it comes to sustainability. We don't think about what would be good for us personally or how the company can profit. Instead, we consider what is right for the planet and the people living on it and take action. That approach forms the basis of our daily judgements.

In today's world, everyone is focused on their own fortunes and only thinks about their immediate interests. There are far too few people who truly try to consider the future of the human race. If we continue in this way, our planet might not survive beyond this current generation. I feel a real sense of urgency here.

If ever there was a time when we needed to think about the future of the entire human race and incorporate the whole planet in that consideration, it is now. We need to think seriously about how we can protect our planet for future generations and the type of activities companies should be pursuing to ensure that happens, and then take action.

## **Always remember to put the customer first**

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As you all know, our product price displays have changed to show one overall price inclusive of tax from April 1.

In anticipation of that move, we started using inclusive price displays when selling all UNIQLO and GU products from March 12. At that time, we decided to incorporate the sales tax element into the original product price displayed to date.

We decided to take this action because, as I've talked about here today, we adopted the same fundamental approach of exploring what method was the most convenient and easy to understand for our customers.

There were concerns that this move might cause a decline in revenue in the short term, but I argued that we would attract even more loyal fans and customers would buy more items from us in the long run if we stuck firm to our fundamental approach of putting the customer first. In the end, I made the final judgement on this decision.

## **The real critical moment will come once COVID-19 is over**

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Circumstances around the world have changed considerably over the past year or so due to the COVID-19 pandemic. The global flow of passenger traffic has all but halted and individual nations are seeing their economies continue to stagnate. While many countries have started to roll out their vaccination programs, we still don't know when the pandemic will be brought under control.

Instead, political frictions between nations have worsened in every region and that is starting to have a negative on-the-ground impact on business operations.

The situation is tough but there's no point grumbling or complaining. The COVID-19 pandemic will come to an end at some point and the real critical moment will come once the pandemic is over.

## **You can't protect your own interests by caring only about yourself**

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When we announced our FY2020 financial results in October 2020, I said that “the trend towards globalization stops for nothing and nobody.” Now, I am convinced that rather than ever stopping, the trend towards globalization is accelerating even faster.

Take the COVID-19 vaccine program for instance, we cannot take effective measures without a system in which all countries around the world cooperate. I have said this on every available occasion, but let me say it once again here. All countries and all individuals on this planet are inextricably linked.

We should use this experience to truly understand that we cannot protect our own interests by caring only about ourselves. I believe that is the biggest lesson we can learn from this COVID-19 pandemic.

## **Go back to the origins of the clothing business**

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Companies are social entities that can only exist within society. The more companies we have that are good for the world and useful to people, the more we can grow. That's the era we live in today.

We at Fast Retailing believe that now is the time to go back to the origins of the clothing business, which means valuing daily living and ensuring customers feel happy about having been shopping. We are focused on becoming a company that makes people all over the world happier through clothes and is loved and appreciated in every nation and neighborhood across the globe.

I think that is the best way to become one of the world's largest companies. I know we can definitely achieve that.

Thank you.

