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Fast Retailing Future Business Outlook

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Good afternoon.

I would like to talk primarily about what Fast Retailing considers to be the most important issues right now, the policies we are implementing at present, and the thinking upon which we intend to base our management practices going forward.

A new growth era

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The COVID-19 pandemic is being brought under control around the world. We are starting to emerge from a stagnating economy and seeing stronger moves towards a new stage of growth.

For a variety of reasons, customers around the world had learned to refrain from purchasing clothing over the past few years. Now, while there are differences from region to region, we are seeing sales at stores in many markets picking up and sense that consumer appetite among our customers is steadily increasing.

Genuine growth in international markets

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As explained earlier, our business results show that revenue increased and profit expanded considerably in the year ending August 31, 2022, with UNIQLO International reporting an especially strong performance.

Over 20 years have passed since we opened our first store outside Japan, in London in September 2001.

In the early days, we lacked experience and made many mistakes, but we have been carefully and patiently conveying our concept of LifeWear – high-quality everyday wear that makes daily living more comfortable. Thanks to those persistent efforts, we have earned increased customer loyalty, first across Asia, from Mainland China to Southeast Asia, and have established business frameworks in North America and Europe that enable us to generate consistent profits. Furthermore, we turned our first profit in India this fiscal year, the third year since entering that market.

Becoming a true global player

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We currently have 1,585 stores within the UNIQLO International business segment and 809 stores within UNIQLO Japan. The number of stores outside Japan is now nearly double the number of stores in Japan.

Given the situation, we are determined to focus more attention than ever on global development.

Our aim is to accelerate the pace of new store openings particularly in North America and Europe and to open a comparable number of new stores in Mainland China and Southeast Asia in our quest to become a No.1 brand with the highest customer affinity. Now that we have successfully established the foundations that will enable us to consistently expand our operations in North America and Europe, I feel conditions are at last right for us to become a true global player and a global brand in the true sense of the word.

Now, I would like to talk about the operational reforms we are currently pursuing to enable us to become a true global player.

Strengthen our local power in all regions around the world

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We are pursuing initiatives designed to strengthen the local power of our operations in all regions worldwide so that we can enjoy global growth as one group.

We intend to create new organizational frameworks where, instead of having Tokyo global headquarters make all decisions and direct all operations in other markets, managers in each market, together with those in charge of production, distribution, IT, and other functions, will make their own decisions and solve issues based on appropriate local frontline information. At the same time, managers from global headquarters will travel around the world and visit various on-the-ground operations to assist with management decisions and processes.

Strengthen New York headquarter functions

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Based on this concept, in addition to the current Tokyo global headquarters, we are enhancing New York office functions to become another global headquarters. Going forward, global headquarters will play a proactive role in the functions involved in the product-creation process, from R&D centers and product development to merchandising and marketing, in order to build a fresh power center for Fast Retailing's global strategy.

We also intend to create a new business framework together with Tokyo headquarters that boldly incorporates leading US technology in advanced IT and global distribution networks, etc.

We are steadily establishing concrete organizational frameworks that will lead us in this direction. As we look to enter a new stage of corporate development, our aim is to build a powerful head office function in New York that can operate as a second central hub and beat global competition.

Change the way we conduct management

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Concurrently, we are introducing fundamental changes in the way we conduct management across all our operations, in order to create a new ideal company. As I have already mentioned, we intend to introduce a new style of working in which managers from the Tokyo headquarters and individual market operations, as well as managers of individual functions, will be able to travel around the world and cooperate with each other. From time to time, they will all gather in the Tokyo or New York headquarters to foster greater mutual understanding, and then disperse again around the globe.

With that premise in mind, we have appointed Mr. Daisuke Tsukagoshi, who has built a strong track record in global management, as UNIQLO Global CEO, and Mr. Takahiro Wakabayashi, who has similar experience, as UNIQLO Global COO. We put that management framework into action from September 1. Under the new framework, the UNIQLO Global CEO and COO will spend their time traveling around the world and directly visiting on-the-ground operations together with local managers to encourage swift evaluations, decision-making, and business execution, and help solve issues in individual markets.

Transform stores from a place to shop to a place to provide information

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As we scale up our globalization and digitalization drives in this way, one part of our operation that will undergo even greater changes will be our individual stores. We intend to change our stores considerably from their current role as places for customers to buy products and turn them into places to convey information to customers and serve as a hub for a local community.

When it comes to offering customers a comfortable purchasing experience through our app and website, nearly all of that can be realized virtually, including online fittings. We are currently in the implementation phase technologically speaking. That being the case, the future significance of our stores will lie in being able to provide something that cannot be done online, namely a physical experience. So, we will continue to ensure ultimate convenience for our customers using digital technology, while our stores will be transformed into places that offer customers a polished optimum experience. In short, our stores need to evolve from places that offer things to buy to places that offer the ultimate shopping experience.

The true significance of our physical stores is to provide the ultimate shopping experience

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As Mr. Taku Morikawa will talk about later, our stores today not only serve as places where people can come to pick up online purchases, but staff at some stores are also already taking on last-mile delivery themselves.



Our live commerce, where staff talk directly to customers on digital channels, is being well received. Our stores must continue to reach out proactively, talk to customers, and develop strong links with local communities. In fact, our stores will not have a significant role to play in the future if they cannot evolve into places that people look forward to visiting or can offer an ultimate shopping experience that people really want to explore.

Using digital technology, we intend to further strengthen these initiatives designed to change the entire way we work. In Japan in particular, we aim to progress with bold scrap & build policies of replacing smaller, less profitable stores, with larger, better located ones so that stores can exhibit their individual strengths and features in a more obvious way.



PEACE FOR ALL



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And now let me turn to one more initiative: PEACE FOR ALL. This movement involves selling UT T-shirts featuring designs from well-known persons from all around the world who have agreed to participate voluntarily in the campaign, because they sympathize with its goal of encouraging individuals to act fueled by a desire for global peace. All profits from the sale of the T-shirts (20% of the retail price of each T-shirt) are donated to international organizations that contribute to society.

Fast Retailing donates those profits to three organizations with which we have formed partnerships. Concrete action taken by individuals is important for realizing a peaceful world. Based on that viewpoint, we intend to further expand this project until it extends worldwide.

Creating a peaceful society by leveraging the strength of private companies and individuals

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We have experienced many sad events over the past few years including a global pandemic, confrontation between major powers, and multiple natural disasters. Throughout those experiences, we have keenly felt that the world is inextricably intertwined, and it is impossible to sever those links.

There is much clamor about demarcation or division, but that is just not possible. We have no option but to work together to enrich lives in a peaceful setting. Now is the time for private companies and individuals to transcend national borders and political interests, and come together to establish a more abundant, stable society that respects the mutual interests of all parties. Never have we experienced an era in which the cooperation of global private companies and discerning individuals has been more vital.

**We offer high-quality,
comfortable
“clothing infrastructure”
we call LifeWear**

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Our mission at Fast Retailing is to offer “clothing infrastructure” to people around the world – which we call LifeWear - that helps generate a more comfortable, high-quality living. After having experienced an era of pandemics and confrontations, what we want to see is an era that enables people around the world to live comfortable, reassuring, and regular lives. Gone are the days when people demanded cheap products, whose quality was determined purely by the way they looked, or extravagant products. The future era will offer products that further enrich daily living and offer substantive value.

Fast Retailing is a company that can deliver this reassuring clothing infrastructure to people worldwide. We intend to continue offering trustworthy products with sincerity and integrity. I want to satisfy the demands of people living in a united world by doing precisely that, and I want to help create a more peaceful world through our business.

I sincerely hope we can count on your support. Thank you.

