

Growth Strategy to Enable UNIQLO Southeast Asia to make great strides on the global stage

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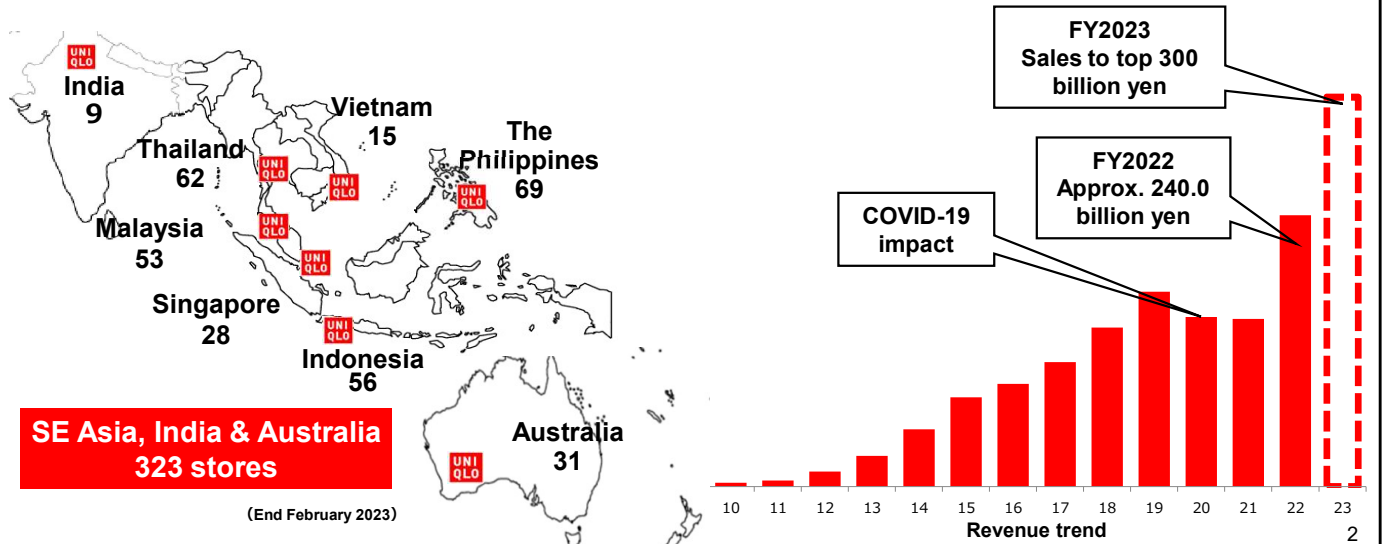
Hello everyone. My name is Yuki Yamada and I am a Group Executive Officer at Fast Retailing and the CEO in charge of our operations in Singapore, Malaysia, and the Philippines.

To give you a brief outline of my career to date, I joined Fast Retailing in 2001, where I gained experience as a store manager and a supervisor before being appointed to sales positions in Europe and United States from 2010. I was subsequently assigned to Malaysia from 2017 and I became the CEO of our operations in Malaysia and Singapore in 2019. That role was expanded to include the Philippines from 2022.

Thank you all for coming today. I would like to talk to you about our growth strategies that are designed to enable UNIQLO Southeast Asia to make great strides on the global stage.

Southeast Asia, India & Australia Stores and Sales

- Becoming a dominant presence primarily in urban areas in each country with 323 stores at end February 2023.
- Growth has been picking up since end 2022 after emerging from the COVID-19 pandemic.
- Expect to achieve the FY2023 300 billion yen sales target announced in FY2018 by August 2023.



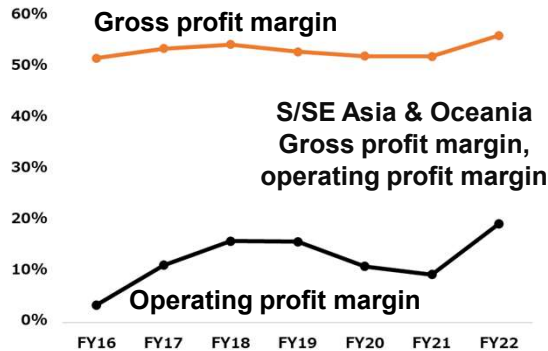
Let me first explain the state of our business in the Southeast Asia, India & Australia region.

We opened our first store in Singapore in 2009. Since then, we have expanded the number of markets in which we operate and worked on developing a dominant presence. As a result, we now boast 323 stores in the region (as of the end of February 2023).

Growth has been picking up since the end of 2022 now that we have emerged from the COVID-19 pandemic, and we expect to be able to achieve the 300 billion yen sales target for FY2023 that was announced in FY2018 by the end of this business year in August.

Southeast Asia, India & Australia Profit Structure

- Operating profit margin declined temporarily during COVID-19 but regained a high level from FY2022. We expect to be able to maintain a similar level in FY2023.
- Revenue per store approx. 1.5 higher than pre-COVID levels. Profits doubled.
- Successful marketing designed to convey our brand and product value has led to a significant decrease in discount sales.
- Store opening conditions improving as brand position rises, leading to lower store rent cost ratios.



UNIQLO Orchard Central Store (Singapore)

The operating profit margin declined temporarily during COVID-19 in the Southeast Asia, India & Australia region, but it has subsequently risen to a high level from FY2022 and we expect to be able to maintain a similarly high level in FY2023.

Revenue per store has increased by approximately 1.5 times compared to pre-COVID levels and profits are growing considerably. In fact, profits actually doubled over the same period. We have been successful with our marketing which is designed to convey the value of our brand and our products, and that has helped achieve a significant decrease in discount sales.

Furthermore, the store opening conditions extended to us by developers have been improving as our brand position rises, which has, in turn, helped reduce store rent cost ratios.

(1) Instilling LifeWear Concepts

- Strengthen marketing designed to convey product value
Starting to successfully convey the value of LifeWear as ultimate everyday clothing through in-store promotions and events and contents that convey product value (LifeWear Magazine, UNIQLO Masterpiece Catalogue, etc.)

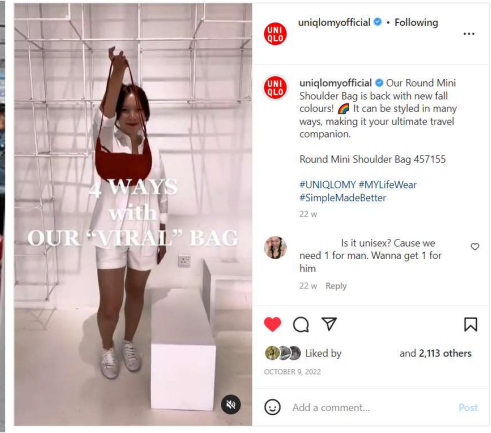


U AIRism Cotton Crew Neck Oversized Half-Sleeve T-Shirt

AIRism recognition is higher in Singapore than Japan (FR survey)



Malaysia also puts lots of effort into in-store events



Spreading information on popular bags on social media, which then become popular in each market

We believe that there are four main factors underpinning the strong performance from the Southeast Asia, India & Australia region.

The first factor relates to our efforts to instill our LifeWear concepts. I feel that we are starting to successfully instill the value of LifeWear as ultimate everyday clothing that we have been advertising through a combination of in-store promotions and events and contents that convey product value.

For instance, thanks to our efforts to advertise the superior functionality of AIRism during the COVID-19 pandemic in Singapore, our AIRism cotton oversized T-shirts and other AIRism products proved extremely popular, and visibility increased markedly.

In this way, we have been able to enhance understanding of our brand and increase customer trust in our products and services.



(2) Greater Trust in UNIQLO, Higher Evaluation of Social Contribution

- **UNIQLO's social contribution in each country during COVID-19 is valued.**
 - ✓ **Singapore :** Donated masks for healthcare professionals, delivery service drivers, food and beverage workers and provided uniforms and polo shirts to key industry companies in each market.
 - ✓ **Malaysia :** Provided clothing to regions affected by heavy rains and floods. Consistently conducted shopping experiences for people with disabilities and tree-planting activities.
 - ✓ **Thailand :** Held sustainability events for local communities. Supported the Red Cross Children's home with the Princess of the Kingdom of Thailand.



Donating masks to public transport workers and commuters in Singapore



Tree-planting activities in Malaysia



Supporting the Red Cross Children's Home with Princess Maha Chakri Sirindhorn of the Kingdom of Thailand

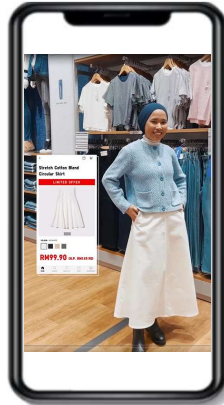
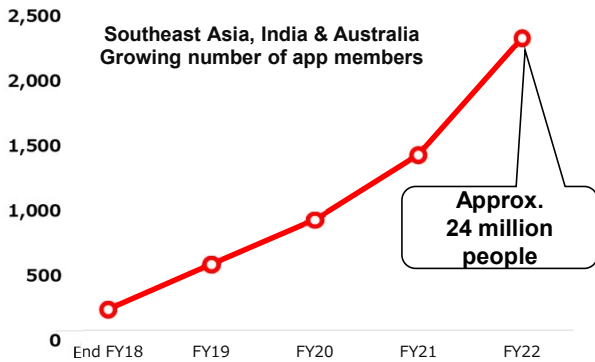
The second factor is: Greater trust in UNIQLO and a higher evaluation of our social contribution activities.

In the Southeast Asia, India & Australia region, we actively pursue the various support and social contribution activities that are required in each individual market. I have introduced just a few of them here, but we are conducting many social contribution activities in each country.

I feel that our customers are gradually starting to recognize the UNIQLO brand and our corporate stance more readily through these market-tailored social contribution activities, and that trust in the UNIQLO brand is increasing.

(3) Expanding our Diverse Customer Base

- Our marketing activities and local community-rooted business during the pandemic are bearing fruit, with local customer support rising higher than ever.
- Needs for outerwear, office wear, travel clothes, and other going-out items rising as travel demand recovered and chances to go out increase now restrictions lifted. Sales rising as a result.
- Increasing young customer base with stronger digital marketing. Store staff serve as cast members and actively disseminate information on social media, etc. Gaining support among customers in their teens and 20s by transmitting content they can sympathize with.



Store staff introduce products on social media

The third factor is: Expanding our diverse customer base.

During the three-year COVID-19 pandemic, travel demand was low so we focused on developing business and marketing that was much more closely focused on local customer needs. As a result, support for the UNIQLO brand among local customers has now risen to even higher levels than before COVID-19.

Furthermore, demand for outerwear, office wear, travel clothes, and other going-out items rose as travel demand recovered once restrictions were eased and opportunities to go out also increased. This increase in demand has boosted sales as a result.

We are also expanding our young customer base by strengthening our digital marketing. The proportion of the population in Southeast Asia in their teens and 20s is very high, so, with that in mind, our store staff serve as cast members and actively disseminate information on social media, etc. We transmit contents that young people can really relate to. As a result, support among young people in their teens and 20s is growing.

(4) Expand Stores in Each Market, Develop a Dominant Presence

- Individual country managements regularly communicate with developers and landowners to build solid relationships of trust over the long term.
- Sales at roadside stores, our future growth drivers, proved strong, so we are expanding store openings. More people are purposely going to UNIQLO to shop and new purchasing behavior is emerging that differs to that in conventional large malls.
- Accelerating Scrap and Build policy and creating larger, better-located stores. Looking to strengthen marketing and improve customer convenience.



UNIQLO Lat Krabang Store (roadside), Thailand

The fourth and final factor involves expanding the number of stores in each market and building a dominant presence.

Individual country managements regularly communicate with developers and landowners in order to cultivate solid relationships of trust over the long term.

To date, we have focused on opening new stores in shopping malls, but we are now actively opening new roadside stores in Thailand, the Philippines, and elsewhere. These roadside stores are generating strong sales, so we plan to further expand new roadside store openings as a driver of future growth.

More people are now purposely going to UNIQLO to shop and we feel that a new style of purchasing behavior is emerging that differs from that in conventional large malls.

At the same time, we intend to accelerate our scrap and build policy of replacing smaller, less profitable stores with larger, better-located stores. We are looking to further expand our customer base by both strengthening our marketing and improving customer convenience.

**Aim to achieve sales of 1 trillion yen
from the Southeast Asia, India & Australia region,
which harbors the greatest growth potential
in the world**

In future, we aim to achieve sales of 1 trillion yen from the Southeast Asia, India & Australia region, which harbors the greatest growth potential in the world.

Realize our “Global is local. Local is global” concept by fully coordinating with global headquarters in order to become a truly global company



To that aim, we will seek to realize our “Global is local. Local is global” concept by fully coordinating with our global headquarters and always sharing information with each other.

4th Frontier Growth Strategies and Challenges

(1) Strengthen human resources development, shift to frameworks guided by a small number of select elites

- ✓ Encourage the more active transfer of human resources between SE Asia and other parts of the world. Nurture management personnel with ample worldwide frontline experience who can act on the global stage.
- ✓ Nurture staff who understand our management philosophy and embody the value of our brand in our stores.

(2) Accelerate strategic opening of roadside stores

- ✓ Establish new purchasing behavior where customers go to UNIQLO to shop rather than wander around large malls.
- ✓ Maintain high profitability, enhance community-rooted roadside stores.
- ✓ Create an environment in which customers can buy products anytime, anywhere by fusing physical stores and e-commerce operations.
- ✓ Shift gradually from 70 new stores a year to 100 new stores a year by opening global flagship stores and stores in shopping malls.

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In terms of concrete action, we are pursuing various initiatives.

First, we are looking to strengthen our human resources development and to shift to a management framework that is steered by a small number of select elites. This involves encouraging a more active transfer of human resources between Southeast Asia and other parts of the world and nurturing management personnel who have gained ample worldwide frontline experience and are able to act on the global stage. We also need to nurture staff who understand our management philosophy and embody the value of our brand in our stores.

Second, we are looking to accelerate the strategic opening of roadside stores.

We intend to establish new purchasing behavior in which customers go to UNIQLO to shop rather than wander around large malls. To do that, we will strengthen the opening of community-rooted roadside stores, while also taking care to maintain a high level of profitability.

In addition, we are looking to create an environment in which customers can buy products anytime, anywhere by fusing physical stores and e-commerce operations. We are also looking to gradually shift from a business pattern where we open 70 new stores a year to one that can support 100 new stores a year, and we intend to do this by opening global flagship stores and stores in shopping malls.

4th Frontier Growth Strategies and Challenges

(3) Develop products in SE Asia, India & Australia for global sale

- ✓ **Accurately grasp customer needs in SE Asia, India & Australia region, create new lifestyle customs, and propose new ways of wearing products that sell well globally. (= Establish SE Asia, India & Australia LifeWear)**
- ✓ **Work together with global headquarters to create original products from SE Asia that suit subtropical climates and seasons but can also be sold globally.**

(4) Establish a digital consumer retailing industry

- ✓ **Work with global headquarters to establish a supply chain, based on customer feedback received in-store and sales information, that enables customers to buy what they want, when they want.**
- ✓ **In addition to commercializing information, we will communicate information to customers at the appropriate time for the Southeast Asian market.**
- ✓ **Reduce distribution costs and lead times by consolidating local production sites in SE Asia and optimizing transportation methods.**

Third, we are working hard on developing products in Southeast Asia, India & Australia that can also be sold globally.

I want to establish a brand of LifeWear from the Southeast Asia, India & Australia region by accurately grasping customer needs in the region, creating new lifestyle customs as we have done with AIRism products, and proposing new ways of wearing products that sell well globally.

We will also work together with our global headquarters to create original products from Southeast Asia that are suitable for subtropical climates and seasons but can also be sold globally in order to get even more customers to experience the value of LifeWear for themselves.

Fourth, we are looking to establish a digital consumer retailing industry.

We will work with our global headquarters to establish a supply chain, based on customer feedback received in-store and sales information, that enables customers to buy what they want, when they want. Furthermore, we won't only seek to commercialize information, but also to communicate information to customers at the appropriate time, when Southeast Asian customers want it.

Beyond that, we will work to reduce distribution costs and lead times by consolidating local production sites in Southeast Asia and optimizing transportation methods.

**Become the most trusted,
No.1 brand in the
Southeast Asia, India & Australia region**

By pursuing these initiatives, I believe we can become the most trusted, No.1 brand in the Southeast Asia, India & Australia region.

Thank you.