

UNIQLO Europe

Rapid Progress and Further Expansion

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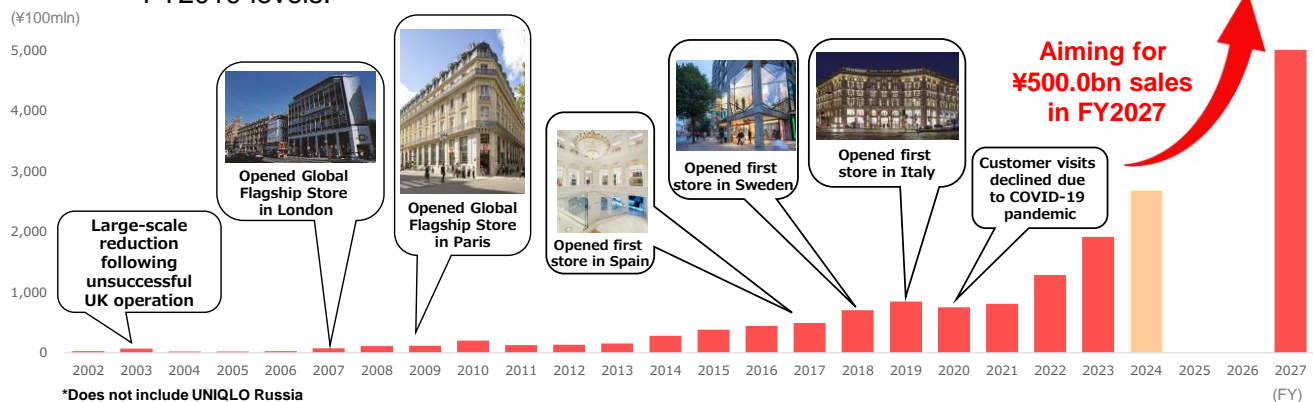
COO, Sweden & Denmark
UNIQLO EUROPE LIMITED

Hello everyone. My name is Taku Morikawa, and I am the CEO of UNIQLO Europe and a Group Senior Executive Officer at Fast Retailing.

Achieved Large Revenue, Profit Gains in FY2024 1H

Expect to achieve record performance in FY2024

- **1H:** Significant revenue and profit gains. Sales: ¥142.1bn (+38.4% y/y), operating profit: approx. ¥25.0bn (approx. +50%). UNIQLO Europe boasts the strongest growth rate by far in the FR Group in the first half.
- **FY2024:** Expect a record performance. Sales: ¥250.0bn (+30%), operating profit ¥40.0bn (+45%) (approximate estimates). Expect same-store sales growth of 60% compared to pre-COVID FY2019 levels.



UNIQLO Europe reported significant increases in revenue and profit in the first half of FY2024, and boasted the strongest growth rate in the Fast Retailing Group.

We expect the region will be able to generate a record performance for the full business year through August 31, 2024. We also plan to generate impressive growth in same-store sales of approximately 60% compared to pre-COVID levels.

Competitive Edge: A New, Unique Brand Concept (1)

Growing affinity toward clothing values and strong product power are attracting more and more supporters

- Western clothes originated in Europe, where many customers demand truly good, high-quality clothing, and affinity toward LifeWear is high.
- Items made with natural materials such as cashmere, extra-fine merino, and linen remain popular because we differentiate ourselves by offering the best quality materials at reasonable prices.
- Growing affinity for HEATTECH, Bra Tops, AIRism and other highly functional products that the European market has not experienced before.
- Significant potential for products like AIRism cotton that combine the great feel of natural materials with convenient and beneficial functionality.



Premium Linen Shirt



AIRism Active Sleeveless Bra Top



3D-knit Cashmere Turtleneck Sweater

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I feel that there are several reasons behind this strong performance, the most prominent being the fact that UNIQLO's LifeWear represents a unique brand concept that Europe has never seen before.

Other reasons include the fact that Western clothing originated in Europe, so many European customers are very discerning when it comes to good, high-quality clothing, and affinity toward LifeWear is high.

Our clothing items made from natural materials, such as cashmere, extra-fine merino, and linen, remain popular because we are able to differentiate ourselves from other companies by offering the highest quality materials at reasonable prices.

At the same time, recognition of the highly functional products developed and sold by UNIQLO, such as HEATTECH, Bra Tops, and AIRism also started increasing from FY2023 onwards, and the number of customers who are fans of these products is increasing.

I feel there is still great untapped potential for highly-differentiated UNIQLO products such as AIRism cotton in particular, because they combine the great feel of natural materials with convenient and beneficial functionalities.

Competitive Edge: A New, Unique Brand Concept (2)

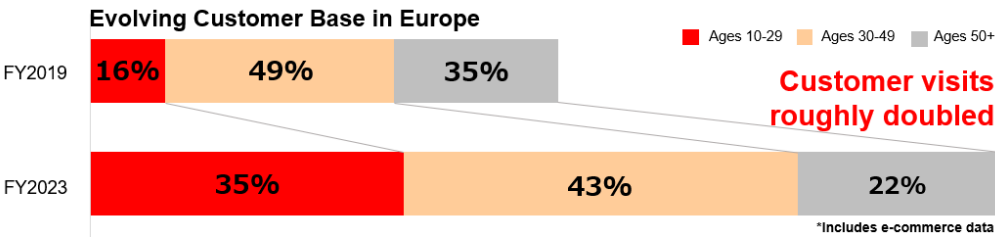
Secured a broad customer base, in particular rapid growth in sales to female and young customers

Enjoying an established loyal base among customers aged 30 and over

- Products made from natural materials are popular with customers in comparatively older age groups. We are redeveloping these products as annual items, expanding the range of annual colors/designs, and extending the sales period.

Younger customer base expanding as visibility and popularity rises

- Products including Seamless Down, BLOCKTECH, UT, Wide Leg Pants, Round Mini Shoulder Bag, etc. are very popular with young people.
- Sales from customers aged 29 and under more than doubled from 16% (FY2019) to 35% (FY2023).



European customers are beginning to appreciate many of our products.

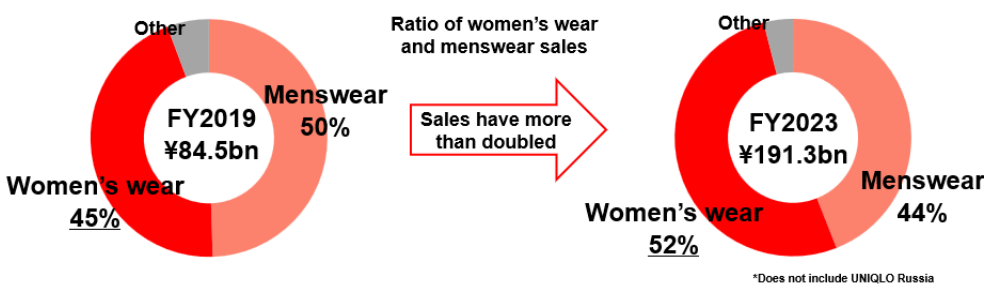
Our efforts to expand the range of colors and designs of products made from natural materials that sell well over the year, and extend the sales period for these products, is helping to establish a loyal fan base among customers aged 30 and over.

The proportion of total sales derived from customers aged 29 or under has more than doubled, from 16% in FY2019 to 35% in FY2023, thanks to the growing popularity among younger people of our Seamless Down, BLOCKTECH, UT, and Wide Leg Pants products, along with our Round Mini Shoulder Bags that were popular on social media.

A great opportunity to expand women's clothing in a strong women's wear market

Women's clothing expanding as a proportion of total sales

- Large rise in women's wear sales ratio as Bra Tops, Wide Leg Pants, bags, and other items become trends on social media.
- Proportion of women's wear sales overtook that of menswear in FY2023.



In FY2019, the proportion of our menswear sales outstripped that of womenswear. However, that relationship was reversed in FY2023, with our Bra Top, Wide Leg Pants, bags, and other items that captured mass fashion trends becoming popular, greatly boosting the women's clothing component of total sales.

Europe boasts a strong womenswear market, and we feel this market harbors great opportunities for expanding our sales of women's clothing.

Reliable product lineups and inventory management

LifeWear's commitment to fully stocked ranges is highly regarded

- The LifeWear concept of offering clothing for everyone, anytime, anywhere is new to the European market. Customers truly appreciate our inventory management approach that ensures customers always receive the same level of service, can buy the same product in any store at any time, and will never face a shortage of stock.

Attentive and thorough Japanese-style service

- The perfect mix of cleanness, Japanese-style service, and European friendliness.
- Customers truly appreciate the advent of a completely new type of retailer.

UNIQLO employees are the best.
So accommodating, helpful and good. Love shopping at UNIQLO! (Germany)



I really like shopping in this store. I always find what I'm looking for and they are very good products. I will continue to be a loyal customer of this brand. (Spain)



A lovely staff member asked me if I needed a basket and then got me one. Very polite and gentle, and not harshly intrusive. (UK)



European
customer testimonials

Another point I would like to make is that our LifeWear concept of offering clothing for everyone, anytime, anywhere is completely new to the European market.

Customers truly appreciate our approach to inventory management. which strives to ensure customers always receive the same level of service, can buy the same product in any store at any time, and will never face a shortage of stock.

European customers also greatly appreciate the exceptional store cleanliness that is unique to a Japanese brand. We have also received messages of gratitude and high praise from many customers who appreciate UNIQLO Europe's perfect blend of attentive Japanese-style service and friendly European service.

We have also received very positive feedback from customers who appreciate the arrival of a completely new type of retailer.

Visibility is Increasing Dramatically

Flagship stores are driving sales, profits and greater visibility

- Four European stores ranked in the top 10 best-selling global stores. Flagship stores drive progress on the sales and profit fronts, accounting for over half of total store profits.
- Our stores are fast becoming our biggest and best branding venues. Our first store in the new market of Luxembourg and first store in the new city of Annecy, France, have proved a great success since the day they opened.
- The decision to build our branding around flagship stores is now sparking a virtuous cycle in which overall business expansion helps improve profit structures.

Top 10 stores by global sales (FY2024 1H)

- | | |
|-------------------------------------|---|
| 1 UNIQLO 5th Ave (USA) | 6 UNIQLO 311 Oxford Street store (UK) |
| 2 UNIQLO Ginza store (Japan) | 7 UNIQLO Lee Theatre store (Hong Kong) |
| 3 UNIQLO Paris Opera store (France) | 8 UNIQLO Kalverstraat store (Netherlands) |
| 4 UNIQLO Cordusio store (Italy) | 9 UNIQLO TOKYO (Japan) |
| 5 UNIQLO SOHO (USA) | 10 UNIQLO Disney Springs (USA) |



UNIQLO Paris Opera store (France)

It is our stores that provide these kinds of products to our customers. Indeed, our regional flagship stores in Europe continue to play an important role as the key drivers of growth.

In the first half of FY2024, four European stores were ranked among the top 10 best-selling UNIQLO stores worldwide, which demonstrates that our stores are attracting a great deal of support from customers. Our flagship stores drive the whole operation, not just in terms of sales, but also on the profit front. Indeed, flagship stores now account for half of total store profits.

Our flagship stores are fast becoming our biggest and best branding venues, with our first store in the new market of Luxembourg, and first store in the new city of Annecy, France, proving very popular since opening and serving as further proof of UNIQLO's success.

The positive impact of our decision to build branding around these flagship stores is now sparking a virtuous cycle involving overall business expansion and improved profit frameworks.

Extremely High Potential in the European Market

UNIQLO accounts for less than 0.5% of the apparel market – There exists much room to expand market share

- We boast a strong presence and comparable store numbers to our competitors in London, Paris, and other central city locations.
- Many untapped markets and attractive new store opportunities.
- Room to improve outerwear, blouses, and dresses in a strong women's wear market. Still many opportunities to increase sales.



UNIQLO Kungsträdgården (Sweden)



UNIQLO Paris Opera (France)



UNIQLO RIVOLI (France)

At less than 0.5% of market share, UNIQLO constitutes a tiny proportion of the European apparel market, which is thought to be worth approximately 70 trillion yen. That suggests that there is plenty of opportunity to expand our market share in the future.

UNIQLO boasts a strong presence and a similar number of stores as our competitors in London, Paris, and other major city center locations.

Having said that, there are still many markets that we yet to enter, and we are also blessed with great new store opening opportunities, so I think there is significant potential for further growth ahead.

I can say the same thing about our products. As I mentioned earlier, Europe has a strong womenswear market, and there is room to improve our outerwear, blouses, dresses, and other women's clothing items. Developing and selling even better products will generate tremendous opportunities for expanding sales of women's clothing even further.

Strengthen Investment in New Store Openings

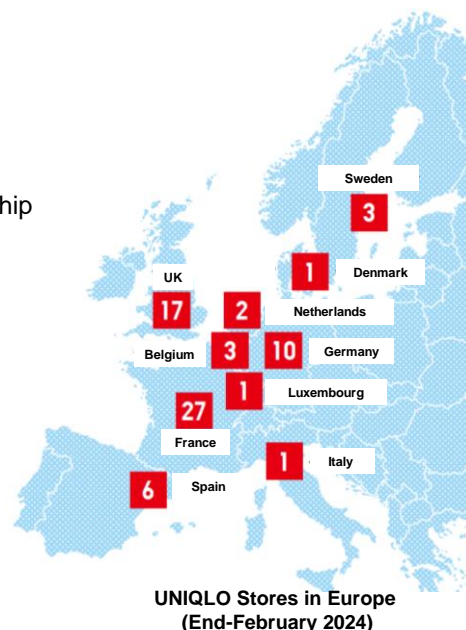
- Plan to open 10 new stores in FY2024. Aim to open approx. 15 stores in FY2025 and at least 20 stores in FY2026.
- Leverage considerable impact of sales per store being much larger in Europe than in Japan
- Convey our corporate identity and brand value by opening flagship stores in previously untapped major cities and countries, while also making flagship stores the pillars around which to expand sales and profits.
- Strengthen store openings in neighborhoods in each market that show a clear understanding and affinity towards our brand.
- Gain more opportunities to open even better stores as UNIQLO's name recognition grows and brand attractiveness and credibility increase. Accelerate store openings without sacrificing quality so that each store serves as a branding center.

Spring 2024 store openings include:

France: Nice

Italy: Rome, Milan

UK: Edinburgh, London



We intend to strengthen investment in new store openings going forward, in order to accelerate the expansion of UNIQLO Europe operations. We plan to open 10 new stores in FY2024, and our aim is to open approximately 15 stores in FY2025, and at least 20 stores in two years' time.

This might not sound like a lot in terms of simple store numbers, but sales per store are much larger in Europe than in Japan, and we intend to leverage that considerable impact.

We will open flagship stores in previously untapped major cities and new countries in order to convey UNIQLO's corporate identity and the value that we offer, while also creating new pillars from which to expand sales and profits. We will also strengthen store openings in each country in areas that show a clear understanding and affinity toward our brand.

As UNIQLO's name recognition grows and its brand attractiveness and credibility increase, we are enjoying even better store opening opportunities. We will accelerate store openings without compromising on quality so that each and every store can serve as a UNIQLO branding center.

Harness Resources from Across the FR Group

Support and develop the European business both in capital investment and human resources

Build logistics and infrastructure across Europe

- Optimize warehousing across Europe, including the launch of world-leading automated warehouses in Europe.
- Create a supply chain that can stably support annual business growth of 20% or more.

Enhance human resources at the European global headquarters

- Assign a full-time Group CIO in Europe to build company-wide IT strategies from a European base.
- Set up a global R&D center in London to attract top global talent.
- Create great products that will become huge hits on the global stage by developing products from a European standpoint in collaboration with other global bases.



Global R&D Bases

Furthermore, we will inject resources from across the Fast Retailing Group to actively promote capital investment and human resource development.

Furthermore, we will harness resources from across the Fast Retailing Group to actively promote capital investment and human resource development.

So far, we have invested in various projects to improve our warehousing systems and build automated warehouses and, going forward, we will launch the world's biggest automated warehouses in Europe, and generally optimize warehousing across the European continent.

We plan to make large-scale investments in our logistics operations, which have not previously been unable to serve as a driving force for accelerating business due to labor-intensive tactics and cost priorities. The ultimate aim is to stably support annual growth of 20% or more.

Meanwhile, we are actively injecting human resources from the Fast Retailing Group into UNIQLO Europe. A Group CIO will build company-wide IT strategies from a European base. In addition, we have launched an R&D center in London to attract top global talent, and will work with other global bases on original European product development to create outstanding products that will also succeed on the global market.

Strengthen Our Management Structure

Achieve an even higher standard of local store management

Shift to a management style that explores each market more deeply

- Shift from efficiency-oriented management of Europe as a single entity, to emphasizing local store management.
- Until now, we have used overall European sales plans as a basis for forming sales plans for individual markets. We are currently shifting to a system whereby we create sales plans together with individual COOs that are tailored to each market and better reflect individual store needs.

Training talent the European way

- Focus on training store managers and local management.
- Solve issues through on-the-job training, focus on frontline training opportunities.
- Thorough corporate philosophy training through direct sessions that provide opportunities for dialogue with senior management.
- Strive to increase retention rate by mapping out clearly tailored, long-term career paths, as people tend to change jobs more readily in the United States and Europe.



Local Convention held in Europe in March 2024

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In order to grow our business over the medium to long term, it is important to strengthen our management structures in each market. We are currently shifting from an efficiency-oriented management style of Europe as a single entity to one that emphasizes local store management, and goes deeper into each market.

What do I mean by this? For example, in the past, we created sales plans for the whole of Europe and then created sales plans for each individual country based on those master plans. Now, we are working with the COOs of each market to create sales plans that are tailored to each market, and develop a business model that reflects the needs of customers at individual stores.

In order to support this drive, we are focusing on training store managers and local management personnel.

My colleague Nikolina will discuss this topic in more detail in a few moments, but we are also working hard to instil our company's philosophy and corporate culture across the organization.

Fostering Outstanding Talent in Each Market

Business and store management conducted by managers who are familiar with local markets

COO, Belgium,
Netherlands &
Luxembourg



Kaman Leung

COO, Italy



Mark Barnatovic

COO, Sweden & Denmark



Nikolina Johnston

COO, UK



Alessandro Dudech

We are already fostering a deep pool of management personnel in Europe, with many local employees, including the four shown on this slide, playing active daily roles in UNIQLO Europe's ongoing development.

One of these employees, Nikolina Johnston, who is COO of the Sweden and Denmark operation, is here with us today.

Nikolina, let me hand the podium over to you.

Sympathizing with FAST RETAILING WAY philosophy and the LifeWear concept of ultimate everyday clothes



- 2014** Joined UNIQLO France
Worked at the UNIQLO Paris Opera store
- 2015** Manager of a store in Strasbourg
- 2016** General Manager, UNIQLO Paris Opera store
At an internal FR Convention, called for UNIQLO to expand into Scandinavia
- 2018** Manager of first UNIQLO store in Sweden
- 2020** COO, UNIQLO Sweden & Denmark

Good afternoon!

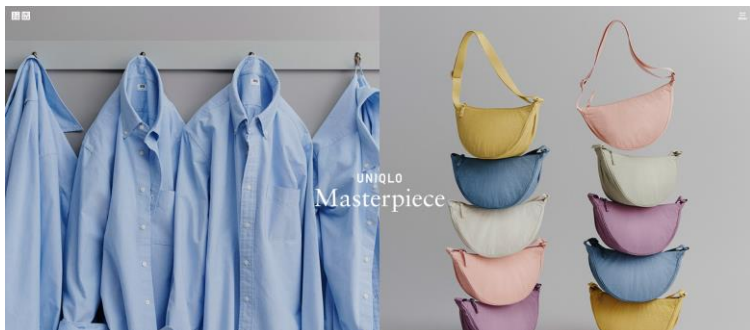
My name is Nikolina Johnston, and I am the COO for Sweden and Denmark. It is a pleasure to meet you here today.! I would like to share with you my career path so far in Fast Retailing, how we ended up expanding in Scandinavia and some key success factors behind our expansion.

I joined the company in 2014. At this point in time, I had never heard of the Uniqlo brand, but the brand instantly caught my attention by stating that their goal was to become No.1 in the world. So, I began researching Fast Retailing and UNIQLO, and I quickly realized that we shared many similar values which is why I decided to join.

I joined the company as a UMC, UNIQLO manager candidate, in Paris, France. After this one-year program, I was promoted to store manager in Strasbourg, France. Six months later, I was brought back to Paris to become the store manager of our Global Flagship Store UNIQLO Paris Opera. During the same period, I was given the opportunity to join the global Fast Retailing convention in Tokyo, which is our bi-annual group convention with over 4,000 people attending from all over the world. During the convention, a Q&A session was held with Mr. Yanai. I decided to raise my hand to state my goal, which was to open up UNIQLO in Scandinavia and that I wanted to be part of it. Two years later, we opened our first store in Stockholm. In 2020, I was appointed to my current role.

Expansion into Scandinavian markets

- Strong affinity with important local values: quality, simplicity, minimalism, and durability.
- Unparalleled sales floor displays in terms of efficient organization and ease of shopping. Commitment to creating crisp, clean stores and styles.
- Partnering with the Swedish Olympic and Paralympic Committees since 2019.



Examples of UNIQLO LifeWear products



Partnership with Swedish Olympic and Paralympic Committees

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Opening up UNIQLO in Sweden is one of my most treasured memories with this company. UNIQLO was surprisingly well-known in Sweden and at that time, and was the most-wanted-brand to enter the market. Some of the reasons that I was confident we could open up in Sweden was that UNIQLO has a strong affinity with the values that Scandinavian people hold dear: high quality, simplicity, and longevity. Scandinavian customers also appreciate the UNIQLO brand for its essential design, making it easy to combine with any other piece of clothing, yet offering a large variety of colors, making it easy for one to express their personality. Lastly, we are often recognized by our customers for having neatly organized and clean stores, which makes the shopping experience more comfortable for them.

I believe that a great testament of the strong affinity of values was when we entered a partnership with the Swedish Olympic and Paralympic committee back in 2019, providing the Swedish athletes with competition and everyday wear.

Instilling FR values is the key to success

- Overcome cultural differences by instilling FAST RETAILING WAY philosophy.
- Harness Europe's diverse pool of management talent as one of the region's key strengths.
- Build a competitive organization by capitalizing on the culture of selection and development.



We also use internal publications including
“Notes on Becoming a Business Leader,” and “FR: In Spirit and Action”

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I have faced many opportunities and challenges in my career. One example was during my first year, I was required to focus on learning the basics of the business by studying this strict manual of processes and policies. Back then, I remember feeling that I could not use the full potential of my creativity. Today, I deeply understand why the company required me to go through this. These processes and policies are what brought us here today, because they reflect the promises that we have made to our customers.

I will continue to face challenges, and when I do, I often revisit the company's philosophy in wanting to do good for society through clothes. Over the past 10 years, I have studied, interacted and practiced the Fast Retailing Way through the many different company tools that are available. Some examples are the multiple books written by Mr. Yanai, Fast Retailing conventions, and direct sessions with Mr. Yanai and other business leaders in the Group. These tools are also used to train our local members, including staff members, to better understand why we exist.

Speaking of local talent, across Europe we have a high percentage of local personnel in management positions, and I believe that this is part of the success in the region. Diversity in our team is essential, and by growing our local management base we can together better understand our customer needs. Also, presenting a broader picture of management helps us attract the best and brightest talent.

To continue to foster the growth of the local team, we focus on creating a culture where everyone feels that they can raise their opinion. We also focus on carefully and consciously selecting the members to grow within the organization, and supporting them with a clear career path like I experienced myself.

Finally, I want to highlight that I came here today to represent a bigger group of talented people in Europe where many examples could be lifted. We are a strong team that continue to grow with the common pursuit of better meeting the needs of our customers with the ultimate goal of becoming the most beloved brand in Europe.

Thank you!



Become Europe's Best-loved, Most-trusted Brand

