

MESSAGE FROM OUR CEO



LifeWear, Changing Cr

COVID-19 has radically changed our society and our lives. It has also threatened the survival of apparel retailers like us. However, I believe we must turn this crisis into an opportunity to further transform ourselves.

Our LifeWear (ultimate everyday wear) seeks to create simple, quality clothing that fully satisfies daily needs and enriches all people's lives everywhere. COVID-19 has changed customers' lifestyles and what they want from everyday clothing. Now, customers want simple, long-lasting, high-quality, comfortable clothing that doesn't waste precious resources. That is exactly what LifeWear strives to offer.

Fast Retailing has many strengths, including the fact that we manage the entire clothes-making process ourselves from planning and manufacturing, distribution, in-store and online retail, right through to recycling. We are one of the world's biggest apparel companies in terms of production volume. We have many talented employees around the world and we have built a framework that actively utilizes information technology to enhance our commercial business. We have steadfastly forged a solid operational platform that we are further strengthening through our ongoing Ariake Project corporate transformation.

In spring 2020, while COVID-19 was dampening people's spirits, UNIQLO forged ahead and opened a string of new global flagship and large-format stores in prime urban locations in Japan such as Ginza, Harajuku, and Yokohama. These stores have safely welcomed many customers. The way I see it, cheering people up is part of our social duty and reason for being.

We will continue transforming ourselves into an even stronger company centered around LifeWear by being vital to society. We are contributing to a sustainable society by providing products and services that customers need, and helping to solve environmental, human rights, and various social issues.

January 2021

Tadashi Yanai

Chairman, President and CEO



isis Into Opportunity

Clothing Infrastructure to Support Society

Appreciation of LifeWear Grows Even During COVID-19

Our ultimate everyday LifeWear clothing is made for all people regardless of nationality, ethnicity, gender, or age. People worldwide can easily select and purchase LifeWear to suit their individual lifestyles. I don't think I'm exaggerating when I say that now is exactly the time for our ideal LifeWear to blossom, in the wake of these great coronavirus-induced changes

across the globe.

UNIQLO's branding and products have advanced dramatically over the past decade as our global store network has expanded. Today, UNIQLO is recognized as a global brand. The key to UNIQLO's success all over the world is the fact that so many people relate to our LifeWear concept. I think that global appreciation and support for LifeWear will continue to strengthen, even in the face of COVID-19, because LifeWear enables you to shed the unnecessary and create your own unique lifestyle.

LifeWear enriches time at home—clothes, blankets, and other goods benefit from our experience in making soft, comfortable apparel. 3D-knit lambswool-blend turtleneck sweater (left). Girls flannel long-sleeve checked dress (right).





This is LifeWear

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

Our Driving Ambition: Become the Infrastructure That Supports Society

This might sound obvious, but we make clothes for our customers, not for ourselves. As part of our Ariake Project, we are analyzing customer opinions and developing the products that customers want now. We are also steadily increasing the accuracy of estimated product sales.

For instance, demand for relaxing loungewear has expanded with more people staying home due to COVID-19. People want good-quality, comfortable clothing that will last even after repeated washing. In response to that demand, we have developed various casualwear items, which are selling well.

Our front-opening innerwear is one example of how we created a commercial product based on customer

requests. We received many requests for front-opening innerwear, to be used by those who find it difficult to pull clothes on and off over their heads, such as people with limited mobility and people in nursing care. UNIQLO took those comments into account and brought front-opening innerwear to retail. In response to the mask-related requests we were receiving, we also developed AIRism face masks made with material ordinarily used to make UNIQLO innerwear. UNIQLO used its unique technology to create a highly functional mask that is gentle on the skin, which earned many messages of gratitude from happy customers.

The information collected directly from customers worldwide is useful for product development. To enhance this strength, we need to apply Ariake Project tools to the ever more accurate analysis of changing customer needs. In the realm of apparel, I want Fast Retailing to become a key piece of the infrastructure supporting society. That is our mission and our reason for being.

LifeWear = Sustainability

Sustainable Growth for Our Society

Making Society Better

The spread of COVID-19 is severely impacting communities and economies across the globe. In a situation like this, individuals and corporations worldwide need to proactively join forces to turn this crisis into an opportunity, and create a better world through concrete action.

Right after the virus had emerged, we donated money, masks, and infrared thermometers to partner factories and business partners in China so they could respond to the challenges at hand. We also donated HEATTECH and Ultra Light Down clothing to frontline medical workers. As the virus spread globally, we provided support to countries and regions that needed it. I believe it is the clear social

duty of any company operating a global business to provide such support. Ensuring the safety of our customers, business partners, and employees is equally important. Each of us only has one life on this Earth. Offering peace of mind and a safe working environment are key to a functioning company. These are necessary in order to help customers and to contribute to society.

However difficult the circumstances, we will not run away from a crisis, but face it head on. In today's world, it is definitely not enough for only you or your company to thrive. Instead, we want to join forces with other determined individuals and businesses to think about what we must do to make the world a better place, and then take action. We will stand at the forefront and keep pressing forward.



Staff at the Osaka Saiseikai Nakatsu Hospital said their large stock of masks and isolation gowns gave them peace of mind.

Supporting a Sustainable Society With Circular LifeWear

In all our business activities, we strive to fulfill our corporate philosophy of creating a better world through clothes. Today, customers scrutinize companies and buy from those that benefit society.

Being involved in a business like ours that manages the entire clothes-making process—from materials development through production and retail—means that customers and society as a whole will judge whether we are encouraging wasteful, excess production, and whether there are any environmental, labor, or human rights issues at our partner factories. We work earnestly to react and find a solution to any issues that arise. Recently, there has been a greater focus on making products that embrace the concept of a “circular economy.” For apparel, this means using the resources that serve as

clothing materials more effectively. UNIQLO has now joined this effort.

For instance, in the 2020 Spring Summer season, we started selling DRY-EX polo shirts that use polyester recycled from used plastic bottles. Our unique recycled polyester method was developed by UNIQLO’s strategic partner Toray Industries. UNIQLO global brand ambassador Roger Federer wears these DRY-EX shirts during his tennis matches. Then, for the 2020 Fall Winter season, we recycled feathers from used down products and successfully used them to make new down jackets. An automated machine developed by Toray made it possible to recover the feathers from used down products, and in turn, we were able to produce large volumes of new down jackets. By February 2020, we were able to collect approximately 620,000 used down products to be recycled. This shows just how much value customers place in sustainable products.

There are many issues to consider with this sort of circular production. These include high manufacturing costs, difficulties with mass production, and maintaining a high level of quality. We will continue the proactive development of recycled products that compare favorably with our existing products in terms of price and product quality.



DRY-EX Polo Shirt



Recycled Down Jacket

Left: UNIQLO global brand ambassadors Roger Federer (left, professional tennis player) and Shingo Kunieda (right, professional wheelchair tennis player) wear DRY-EX items made with recycled polyester during matches.

Right: Uniqlo U 100% recycled down jacket is a versatile piece suitable on its own or as a layer.

New Strategic Stores in the Tokyo Area

New Store Formats, New Styling Inspiration

In spring 2020, we opened strategic global flagship and large-format stores in the prime Tokyo locations of Ginza, Harajuku, and Yokohama. These stores were inspired by a desire to give shoppers the full experience of LifeWear clothing. Safely opening these stores despite COVID-19 brightened our customers' spirits.

The UNIQLO PARK Yokohama Bayside store, which incorporates a sloping rooftop park, embodies the LifeWear goal of being an integral part of people's daily lives. In this combined UNIQLO and GU store, I want customers to enjoy both brands, and have a shopping trip that feels like a fun day in the park. From the rooftop park, customers can view Yokohama's yacht-filled marina and enjoy a little downtime.

UNIQLO Harajuku features displays linked to our digital StyleHint app and our largest full-floor display of UT printed T-shirts anywhere in the world. The

store allows us to share the latest information about UNIQLO, right from the famous Harajuku fashion district. Jointly designed by UNIQLO and GU, the StyleHint app enables customers to check global styles and explore style ideas using picture search. We invite customers, employees, and influencers to model their own creative styling combinations of new UNIQLO and GU items. App users get much more enjoyment out of their clothes as they discover new ways to wear them.

Our new UNIQLO TOKYO store in Ginza is a global flagship store that boasts the largest floor space of any UNIQLO location in Japan. The interior exudes a spaciousness that accentuates the original building's attractive features. The LifeWear Square area in the center of the ground floor showcases items that illustrate what makes UNIQLO products great. The bustling store also houses boutique shops for Group brands Theory and Comptoir des Cotonniers. Inspired by the concept of enjoying life to the fullest, we have even started selling fresh flowers on the ground floor.



A 240-picture full-wall display inside UNIQLO Harajuku enables shoppers to refer to photos of popular influencers and app users to help discover their own perfect style.

LifeWear SQUARE



AIRism
comfort & conditioning technology

LifeWear Square displays UNIQLO's highly functional ranges and collaborative products, and gives a clear overview of UNIQLO's LifeWear concept.

Fusing Physical and Virtual Stores Fuels Online Sales

Accelerating Global Investment to Make E-commerce Our Main Business

People shop in various ways. They might buy goods online while in a store, or might check a product on their phone, then come to a store to purchase it. Whether it is through physical or online stores, what is important to the customer is that they can immediately buy what they want, when they want it.

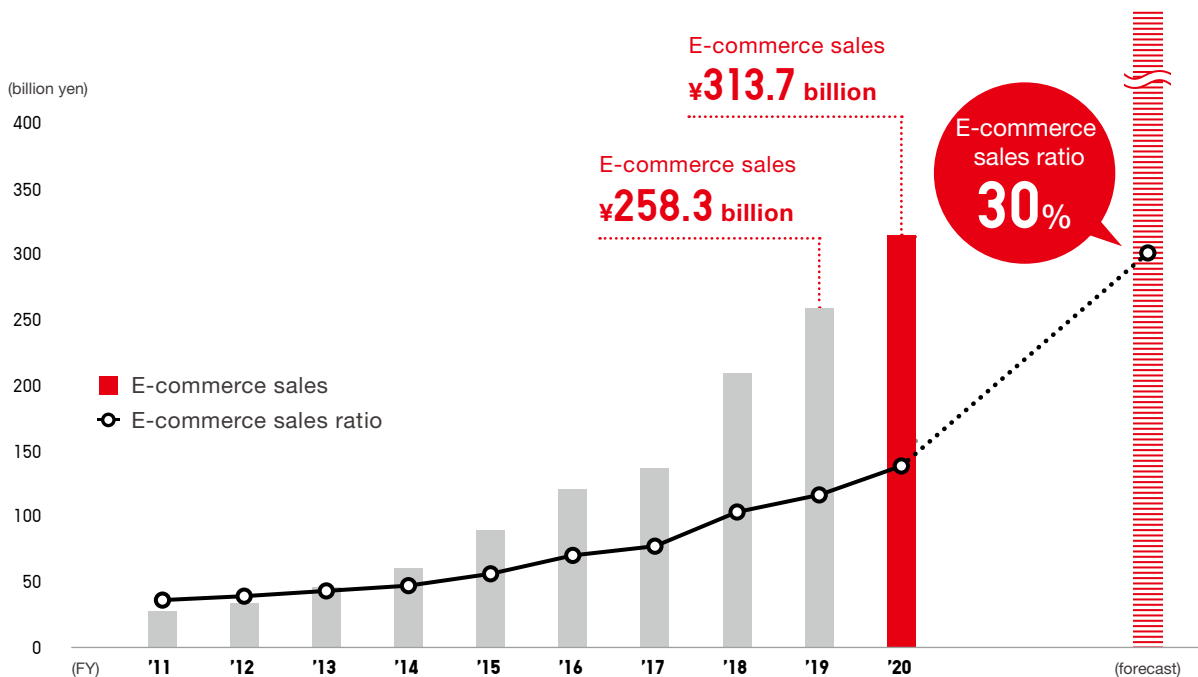
E-commerce sales were boosted by lifestyle changes brought about by COVID-19, but ultimately the rise of online shopping is due to customers choosing the most convenient shopping method. Our aim is to unify our sales channels. By using our StyleHint app, customers can access

up-to-the-minute information on their phones, see clothing combinations firsthand, and buy the products they want immediately, whether in-store or online.

In FY2020, online sales for the whole Fast Retailing Group topped ¥300 billion, representing approximately 15% of total sales. We have declared our goal of expanding this to 30% in the future. Fast Retailing boasts a global network of over 3,000 stores, and we want to rebuild business platforms in individual markets to increase synergies between stores and e-commerce. We will also proactively invest and secure the human resources required to expand our e-commerce business.

We are pressing ahead with our Ariake Project because we are determined to develop e-commerce as a main business. Transforming our distribution systems is one key component. To deliver online purchases to customers straight away, we have begun

Fast Retailing Group E-commerce Sales and Sales Ratio





This world-class automated apparel warehouse in Ariake, Tokyo operates with minimal staff 24 hours a day, 7 days a week, 365 days a year, meaning products are delivered to customers in a timely manner.

setting up our own distribution centers and automated warehouses, starting with our Ariake Warehouse in Tokyo and our West Japan EC Warehouse. We intend to develop similar infrastructure in Mainland China, the United States, and Australia. Operating our own distribution warehouses will allow us to prevent product shortages by unifying e-commerce and in-store inventory. Centralizing stock in this way will enable us to deliver goods to customers from in-store stock if we don't have e-commerce inventory. A system like this has already been established in Mainland China, allowing us to deliver products via the

optimal route. We plan to gradually develop similar systems in Japan and worldwide, and we intend to further enhance shopping convenience by providing more “click and collect” services for customers to pick up their online purchases from a nearby store.

We are also creating frameworks to quickly order additional production of strong-selling items based on online sales information and to swiftly develop new products that successfully anticipate changing customer needs. I believe the building of new business models that fuse physical store and e-commerce operations will continue to drive future growth.

Spurring a FY2021 Recovery

Expect Further Recovery in FY2021

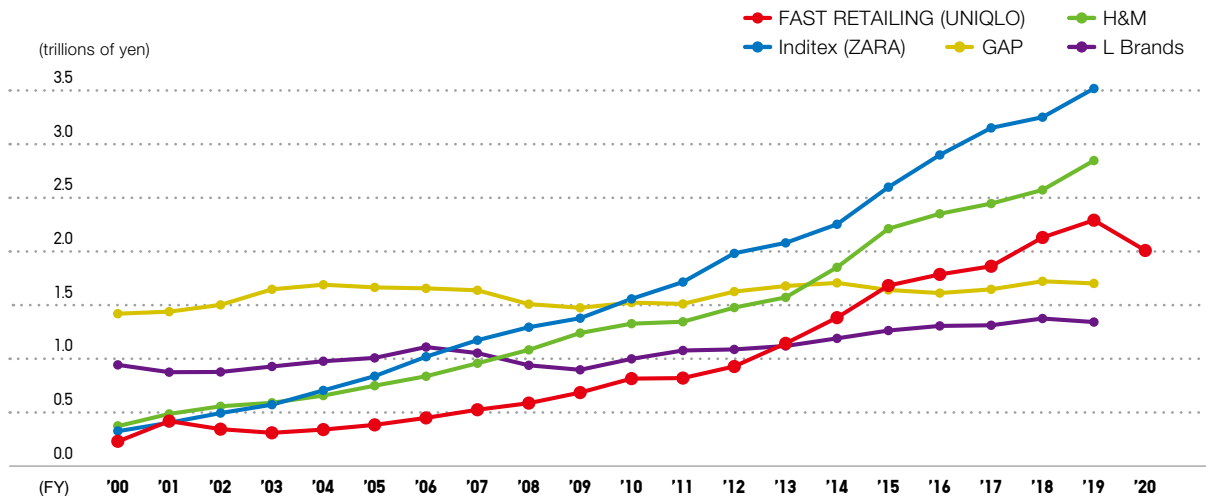
UNIQLO FY2020 revenue and profit declined sharply in all overseas markets in the wake of COVID-19. However, we expect to see a healthy recovery in FY2021. UNIQLO Japan sales began recovering from mid-May 2020 with clothing demand in the pandemic shifting toward casualwear, loungewear, and sport utility wear. Mainland China constitutes a large portion of UNIQLO International sales, and sales there started recovering at a faster-than-expected pace from March 2020 after COVID-19 infections were brought under control. It is hard to predict corporate performance in parts of Southeast Asia, North America, and Europe that are still experiencing lockdowns, but we will strive to generate a recovery there while prioritizing customer and employee safety.

We expect Greater China (Mainland China, Hong

Kong, and Taiwan) and Southeast Asia will generate the greatest growth going forward. Middle-income populations are predicted to increase dramatically as economies develop, and I believe younger generations will fuel consumption. We plan to open multiple new stores in the region spanning Mainland China, Southeast Asia, and India, which we view as the growth center of the global economy.

UNIQLO operations in North America and Europe were hit hardest by COVID-19, resulting in poor overall performance in FY2020, but online sales expanded rapidly. We will promote our LifeWear concept by compiling product lineups that suit local customers' needs. We will press ahead with our scrap and build policy to forge a network of prime-location, high-profit stores. We aim to generate a UNIQLO recovery in North America and Europe in FY2021 despite COVID-19 lockdowns and other lingering uncertainties. We will strengthen product development and improve profit margins and cost ratios to spur a recovery for GU as well.

Sales at Leading Apparel Retailers



*Compiled from individual annual report data and calculated using exchange rates as of end of November 2020.

Building a Truly Global Platform

Linking Individuals and Companies Worldwide to Create a Better Society

My dream is to build a truly global platform that transcends national and cultural boundaries. I am determined to deliver on our corporate philosophy to make the world a better place through clothes by working with talented global designers, innovators, and companies to create products that offer real meaning and value to customers.

Fast Retailing has operational bases in the major cities of the United States and Europe, as well as

East Asia, Southeast Asia, and Australia. We are also opening stores in emerging markets such as India and Russia. These global platforms truly represent the source of our strength. As the world continues to face many challenges and issues, we will join forces with individuals and companies around the globe to help realize a better society for all.

I believe that there are no national borders in business. I will continue doing everything I can to make the world a better place by forging close links with individuals and companies that possess superior talent and advanced technologies, creating new clothing value through LifeWear, and providing people all over the world with the joy, happiness, and satisfaction that clothes can bring.



THE FAST RETAILING WAY—FR Group Corporate Philosophy

**Changing clothes.
Changing conventional wisdom.
Change the world.**

GROUP MISSION

- To create truly great clothing with new and unique value, and to enable people all over the world to experience the joy, happiness and satisfaction of wearing great clothes
- To enrich people's lives through our unique corporate activities, and to grow and develop our company in unity with society