



UNIQLO BUSINESS

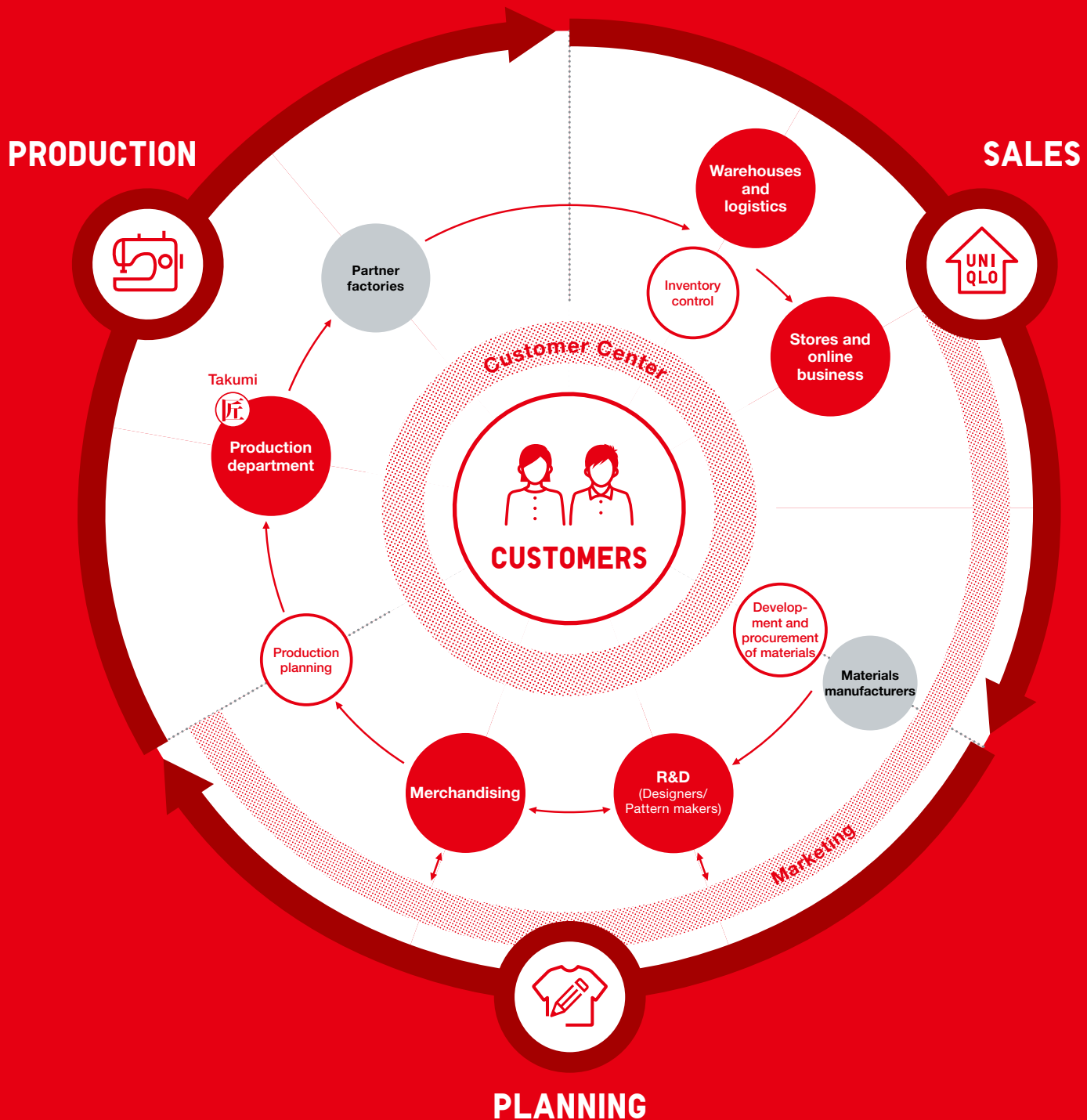
# UNIQLO, Driving LifeWear Innovation

Waterproof, windproof, breathable, and with a durable, water-repellent finish, our BLOCKTECH parka is part of UNIQLO's highly functional outerwear series. Tape applied over the seams and water-blocking fasteners stop rain from getting through. Be comfortable every day.





# The Secret to UNIQLO's Success





## **LifeWear Resonates Worldwide**

UNIQLO's LifeWear is simple, high-quality, everyday clothing with a practical sense of beauty. LifeWear enjoys a wide customer base and broad demand because it appeals to people of all ages. LifeWear creation starts with the customer. By reflecting customer opinions in our products, we are able to perfect the details of our core ranges, achieve a more comfortable fit, and swiftly develop clothes to satisfy new needs and trends. LifeWear is always winning new hearts because it fulfills ever-changing customer needs.



## **World-class Materials and High Quality at Reasonable Prices**

UNIQLO's strength lies in offering reasonably priced clothing made with outstanding materials. We negotiate directly with global producers on long-term, mass orders of superior materials such as cashmere, Supima cotton, and merino wool. That enables us to secure a more favorable supply than our competitors and greatly reduce costs. The high quality of UNIQLO clothing is also underpinned by the strong trust built over many years with our partner factories. Our production department and factories communicate closely so that we can immediately address any quality-related demands from customers and implement improvements.



## **Create New Demand With New Functional Materials**

UNIQLO has worked with synthetic fiber manufacturer Toray Industries to refine various highly functional materials such as our popular thermal HEATTECH garments and our Ultra Light Down jackets made with highly dense material that safely seals the down inside. We have spent years refining and perfecting these functional materials—they have proved very hard for our competitors to copy. Products such as our versatile, cool-feeling AIRISM garments and our BLOCKTECH parkas, with their unique windproof film coating, are the result of ingenuity and imagination. Developing clothes with new functionality changes lifestyles and ignites fresh demand.



## **O2O: Linking E-commerce and Physical Stores**

UNIQLO offers a full range of exclusive online sizes and products to meet diverse customer needs. We seek to meld our physical and e-commerce operations. We encourage customers to collect online orders from nearby stores, or, if an item is out of stock at their local store, to order it online and have it delivered to that store, their home, or another preferred location. Opening new stores in better locations through our scrap and build policy will help us efficiently manage this online-to-offline (O2O) business. For a brand like UNIQLO with a strong store network, expanding O2O is a great way to fuel additional growth.





## PLANNING

START

► PRODUCT CONCEPT

► SELECT AND PROCURE MATERIALS

► DESIGN SAMPLES

A product planning meeting at our Ariake headquarters

### Research & Development (Designers/Pattern Makers)

UNIQLO's R&D centers constantly research the latest in new materials and global fashions in addition to developing products to satisfy customer needs. Identifying entirely new needs is also an important part of the R&D job.

One year before a product's intended launch, the R&D department holds a concept meeting with representatives from the merchandising, marketing, and materials development teams to determine the right design concept for each season. Designers then prepare designs and refine samples. Even after a design is decided, its color and silhouette can be refined multiple times before the final design is approved.

### Merchandising

Merchandisers play a vital role in the product creation process, from design through production. They communicate closely with all departments before determining the designs and materials required for each season's products. Merchandisers also decide how to market our strategic product launches in close cooperation with the appropriate departments. Deciding product lineups and volumes throughout the year is another important part of their role.

Many UNIQLO products are manufactured in huge batches of approximately one million units. Closely monitoring sales levels and adjusting production volumes during a single season is another key role of the merchandising department.

### Development and Procurement of Materials

UNIQLO can secure stable, high-volume supplies of top-quality materials at low cost by negotiating directly with materials manufacturers worldwide and placing large-volume orders to achieve the most favorable terms.

The materials used for our core items are particularly important. Our in-depth research and experimentation generates improvements in the functionality, feel, silhouette, and texture of our clothes. For example, we work closely with Kaihara Corporation to source denim to specific spinning standards and dyeing specifications. We also partner with Toray Industries, a world-leading synthetic fiber manufacturer, to create innovative new fiber and materials, such as HEATTECH.

## Production Network

UNIQLO does not own any factories. We outsource all production to partner factories, many of which are in China. We have built strong relationships of trust with our partner factories over many years, and hold annual conventions to promote dialogue with factory managers. We monitor working and environmental conditions at textile manufacturers and major fabric suppliers to ensure products are being manufactured correctly. We help factories implement improvements when needed. Maintaining a win-win relationship with partner factories ensures the production of high-quality products.

As UNIQLO expands globally, we have also formed business relationships with partner factories in other countries, including Vietnam, Bangladesh, Indonesia, and India.

## Production Department

UNIQLO currently has production team staff and textile takumi (skilled artisans) in Shanghai, Ho Chi Minh City, Dhaka, Jakarta, Istanbul, and Bengaluru. Production teams tasked with monitoring production processes and resolving quality and management challenges visit partner factories each week. The production department also swiftly addresses any quality-related concerns voiced by customers and implements improvements if required.

### ■ UNIQLO Production Offices



## UNIQLO Takumi Teams

“By offering instruction on dyeing technology at UNIQLO’s partner factories, I can encourage workers to embrace a new production management philosophy and improve the factories they work in. Our cultures may be different, but our aim is the same—to make truly good products. I am proud to be passing on expert Japanese techniques to the next generation of technicians.”



**Dyer Takumi**  
**Kazuaki Iida**



► FINALIZE DESIGNS

► SET PRODUCTION VOLUMES

► START PRODUCTION



## PRODUCTION



Knitwear production line at a UNIQLO partner factory





**SALES**



UNIQLO Ambience Mall, Vasant Kunj store (India)

► SHIP TO INDIVIDUAL COUNTRIES

► AIR TV COMMERCIALS

► START ADDITIONAL PRODUCTION

## Inventory Control

The inventory control department maintains the optimum level of store inventory. It does this by monitoring sales and stock on a weekly basis, and then dispatching necessary inventory and new products to fulfill orders.

At the end of each season, merchandisers and the marketing department work together to coordinate the timing of any price changes to help ensure that inventory sells out.

## Marketing

Each season, UNIQLO conducts promotional campaigns for core products such as HEATTECH, Ultra Light Down, AIRism, and Bratops. During the campaigns, UNIQLO advertises the products' unique qualities and noteworthy features on TV and in other media. In Japan, we use email, social media, and flyers delivered with national newspapers to notify customers about limited-period discounts, typically of 20% to 30%, on new seasonal ranges.

## Stores

UNIQLO Japan had 813 stores (including 46 franchise stores) at the end of August 2020. UNIQLO International expanded to 1,439 stores, including 866 in Greater China (Mainland China, Hong Kong, and Taiwan), 163 in South Korea, 248 in Southeast Asia & Oceania, 100 in Europe, and 62 in North America. We have been accelerating new store openings primarily in Greater China and Southeast Asia.



Promotional flyer



Winter 2020  
UNIQLO Fleece

TV commercial



UNIQLO roadside store



## E-commerce

The importance of our e-commerce operation is growing as more customers enjoy shopping both online and in stores. In FY2020, online sales accounted for approximately 15% of total sales. Geographically, online sales accounted for roughly 13% of total sales in Japan, 20% in Greater China, 10% in Southeast Asia & Oceania, 20% in Europe, and 40% in North America. Going forward, we will further expand complementary online and offline services, and target 30% annual growth in online sales.

## Customer Center

Our customer center analyzes huge volumes of requests and comments from customers, a vital part of improving our clothing ranges and developing new products. For instance, in FY2020, we received many requests from customers in the wake of COVID-19 to create a face mask made from highly functional AIRism material. Going forward, the customer center will further improve its collection and analysis of customer opinions, and strengthen communication links with the production and planning departments.



► IN-STORE SALES AND E-COMMERCE

CUSTOMERS



Photos left and right:  
UNIQLO Kungsträdgården store (Sweden)



UNIQLO GLOBAL PRESENCE

UNI  
QLO

Global Total

2,306

STORES

(As of December 31, 2020)



STOCKHOLM

# Expand LifeWear Globally for Everyone to Enjoy

NEW DELHI



PARIS







SHANGHAI



CHICAGO



TOKYO



# Rapid Rebound: Further Growth for Greater China

## MAINLAND CHINA



UNIQLO Taikoo Li Sanlitun store



## Ning Pan

CEO, UNIQLO Greater China  
 Group Senior Executive Officer, Fast Retailing Co., Ltd.

Greater China (Mainland China, Hong Kong, and Taiwan) revenue and profit declined in FY2020 due to COVID-19, but the market recovered strongly after the virus was brought under control. The FR Group's CEO, Mr. Yanai, always says we should turn adversity into opportunity, so after sharing those words with our store staff, we strengthened our customer service and sent a strong message of support through donations of warm clothing and other social initiatives.

The global economy will face multiple uncertainties going forward, but I believe demand will continue to expand in Greater China. Growth potential is rising thanks to an expanding middle-income population with a strong desire to purchase new apparel. As UNIQLO already enjoys strong support as a provider of essential daily goods, this presents a great opportunity to expand our business. The popularity of UNIQLO's LifeWear will increase because it enhances the comfort of days spent at home, even in the age of the coronavirus.

We continue to expand our online-to-offline (O2O) services to meld our physical store and e-commerce network. For instance, customers can choose to pick up their online purchases at a nearby UNIQLO store. Alternatively, if a store does not have the product a visiting customer wants, in-store staff will help purchase the desired item online and decide the best delivery method. This two-way service helps boost sales. Going forward, I will address various challenges

to ensure shopping with us is enjoyable for our customers. I also want to further expand e-commerce from the current 20% of total sales. We will continue opening new stores in what China unofficially calls its "Tier 1" cities (Beijing, Shanghai, Guangzhou, and Shenzhen) while also aggressively opening stores in "Tier 2" cities such as Hangzhou, Nanjing, Wuhan, Zhengzhou, Xi'an, Chengdu, and Chongqing where purchasing power is expected to rise.

Greater China generated sales of ¥455.9 billion in FY2020. I want to double this performance to achieve sales of ¥1 trillion in the near future. Our aim is to consolidate UNIQLO's position as the number one apparel brand in Greater China and help it become a number one brand globally as well. All Greater China stores will join forces to continue offering LifeWear that delights our customers.



# VIETNAM



UNIQLO Dong Khoi store (first store in Vietnam)



# A Strong Start in Promising Vietnam

Having opened its first store in Ho Chi Minh City in December 2019, UNIQLO Vietnam currently boasts three stores in Ho Chi Minh City and three in Hanoi. UNIQLO's extremely high brand visibility in Vietnam is attracting far more customers than originally predicted.

UNIQLO South, Southeast Asia & Oceania (Southeast Asia, India, and Australia) reported large revenue and profit declines in FY2020 due to COVID-19, but Vietnam turned a profit in the second half (March to August) after seeing a high level of customer support for the UNIQLO brand.

We have many young customers in Vietnam who are extremely interested in fashion and health, and consequently focus on clothes that offer functionality and fashionability. Local consumers trust the superior materials, high quality, and high functionality of UNIQLO's LifeWear, with AIRism, UV-cut parkas, HEATTECH, and Ultra Light Down ranges proving especially popular. Our strong start in Vietnam was underpinned by strategic planning based on early research into local market characteristics. We also focused on employee training, teaching new store managers about UNIQLO's corporate DNA during sessions in Japan and Singapore, which contributed greatly to the successful launch.

Vietnam harbors great potential as one of the key developing markets in Asia. To harness that potential, we must enhance our product ranges to suit the local climate and focus on human resource training to facilitate the steady opening of new stores. At the same time, we must strengthen Vietnam's role as a production base for UNIQLO. Our aim is to create opportunities for talented, hard-working people by building a robust supply chain and developing local operations, something we hope will also contribute to the country's overall economic development.





**JAPAN**

UNIQLO TOKYO global flagship store

# Strong Localized Stores Recharge UNIQLO Japan

To date, UNIQLO has expanded high-profitability operations through chain-store management, but that has limitations when it comes to understanding local customer needs and furnishing product lineups and services that meet those needs. Since becoming the UNIQLO Japan CEO, I have focused on strengthening our local store management strategy, which affords each individual store greater significance and autonomy.

We opened three unique stores in 2020 to help refine our UNIQLO branding. The UNIQLO PARK Yokohama Bayside store, which opened in the

Yokohama Bay area in April, boasts a sloping roof park with access to each floor. Families can enjoy leisurely shopping mixed with time in the park: a space for active fun that can nurture an appreciation for good clothing. Our UNIQLO Harajuku store, which opened in June opposite the new-look JR Harajuku Station, serves as a base for conveying a unique style of pop culture that fuses the best elements of our physical stores and online operations. The store houses one of the world's largest dedicated UT printed T-shirt sales spaces and attracts customers of all ages.



Also opened in June 2020, UNIQLO TOKYO is Japan's largest global flagship store spanning approximately 5,000 square meters over four floors (1F-4F) in the Maronnier Gate Ginza 2 building in Yurakucho. The store features a stunning atrium space, designed by Swiss architectural firm Herzog & de Meuron, that soars up through all four floors. The basic concept is "beautifying the world from Tokyo." The focus is on letting customers experience LifeWear, and telling stories about how great UNIQLO products are, from craft skills and lifestyle concepts to the careful selection and development of materials.

These three new stores will have a positive impact on existing regular and large-format stores, because we can pass on successful strategies for attracting customers, product presentation, and in-store displays. By adding fresh appeal to UNIQLO's existing strengths, all our stores can develop into truly essential local community hubs. I believe strengthening local store management will prove to be a key driver of further growth.



### **Maki Akaida**

CEO, UNIQLO Co., Ltd.  
Group Executive Officer, Fast Retailing Co., Ltd.



UNIQLO PARK Yokohama Bayside store



UNIQLO Harajuku store



---

TOPIC **01** | For Sports and Everyday Life

---

# SPORT UTILITY WEAR

Sport Utility Wear is a new concept from UNIQLO. A combination of functionality and design provides seamless versatility. Sport Utility Wear offers the right functionality for running before or after work, working out at the gym, doing yoga, and many other activities. Its attractive designs are also great for everyday wear.

Top athletes trust our DRY-EX material, which quickly dries perspiration, making it easier to stay active. Our ultra stretch active shorts are elastic in all directions and have a soft, light feel.

Sport Utility Wear includes items that can be used in various day-to-day situations. Our compact and portable pocketable UV protection parka guards against UV rays and keeps light rain at bay with its durable water-repellent properties. Meanwhile, our stylish ultra stretch dry sweat long-sleeve hoodie can be worn as activewear or streetwear. UNIQLO Sport Utility Wear helps people everywhere live healthy, radiant everyday lives.







## TOPIC 02

## +J Returns, Defining a Global Modern Uniform



Eleven years after our first joint collection, legendary fashion designer Jil Sander has brought her modern style back to UNIQLO in 2020. The long-awaited 2020 Fall Winter +J collection features high-quality tailoring with sculpted designs that offer both beautiful balance and comfortable fit. Inspired by her belief that clothes should be long lasting and have an enduring appeal, Jil Sander has created a collection that could serve as a global modern uniform.

“I believe the role people expect clothes to play in today’s era is to boost the energy and confidence of all who wear them,” explains Ms. Sander.

The 2020 +J collection consists of versatile items that reflect UNIQLO and Jil Sander’s joint respect for timeless design. +J’s distinctive lines are perfect for the current times, creating flowing motion and rich, three-dimensional silhouettes. By focusing on material weave and surface processing, and by pursuing ultimate comfort, the joint collection has been successful in its quest to create sophisticated, essential clothing for all.



Jil Sander @Peter Lindbergh

### Jil Sander

Ms. Jil Sander founded the Jil Sander brand in 1968. She has participated in the Milan Fashion Week since the 1980s, and achieved international success with her forward-thinking designs. In 2009, she released the acclaimed +J collection with UNIQLO based on an “Open the Future” clothing concept. After wrapping up in 2011, the sorely missed collection has returned in 2020.

\*+J is a joint collection between UNIQLO and designer Ms. Jil Sander, and has no affiliation to the Jil Sander brand.

