



With global economic activity recovering, we have resumed our quest to become the No.1 brand around the world. On September 16, 2021, we opened our UNIQLO RIVOLI store on the Rue de Rivoli in Paris with a focus on bringing together apparel and art. Then on October 8, 2021, we opened our newly refurbished global flagship store in Taipei. In November 2021, we were reminded of our customers' great expectations when over 1,000 customers gathered ahead of the opening of our first Beijing global flagship store. We plan to open a new, large-format joint UNIQLO and Theory store on London's Regent Street in spring 2022. I look forward to even more new stores opening worldwide than ever before.

Economies and people have grown insular during the COVID-19 pandemic, but we have the power to brighten customer mood by conducting our business with energy and enthusiasm. Opened in September 2021, our newly refurbished UNIQLO GINZA Japanese global flagship store epitomizes this idea by making every effort to ensure that customers have fun shopping.

Our LifeWear philosophy is to enrich the lives of people everywhere with simple, high-quality clothing. LifeWear is the concrete expression of our commitment to reduce the environmental impact of our daily business activities, to help achieve sustainable growth for society, and to make the world a better place through our business and products. As society and lifestyles evolve, affinity and support for LifeWear is growing everywhere.

The unique concept of LifeWear is the foundation on which we continue to expand our business internationally as we pursue our corporate commitment: Changing clothes. Changing conventional wisdom. Change the world. I am keen to join forces with enterprising individuals and companies worldwide to build frameworks for sustainable growth.

January 2022

**Tadashi Yanai**

Chairman, President and CEO

# A New Era Has Begun

# Reaccelerate Growth

## Growth Fueled by Quest to Become Global No.1 Brand

Despite COVID-19, business performance recovered in FY2021, primarily at our UNIQLO operations, and profits rose considerably as operating profit expanded approximately 66%. The Greater China region (including the Mainland China market, Hong Kong market, Taiwan market) achieved a record performance, and sales recovered sharply in the United States and European regions once lockdowns and store entry restrictions were eased from May 2021.

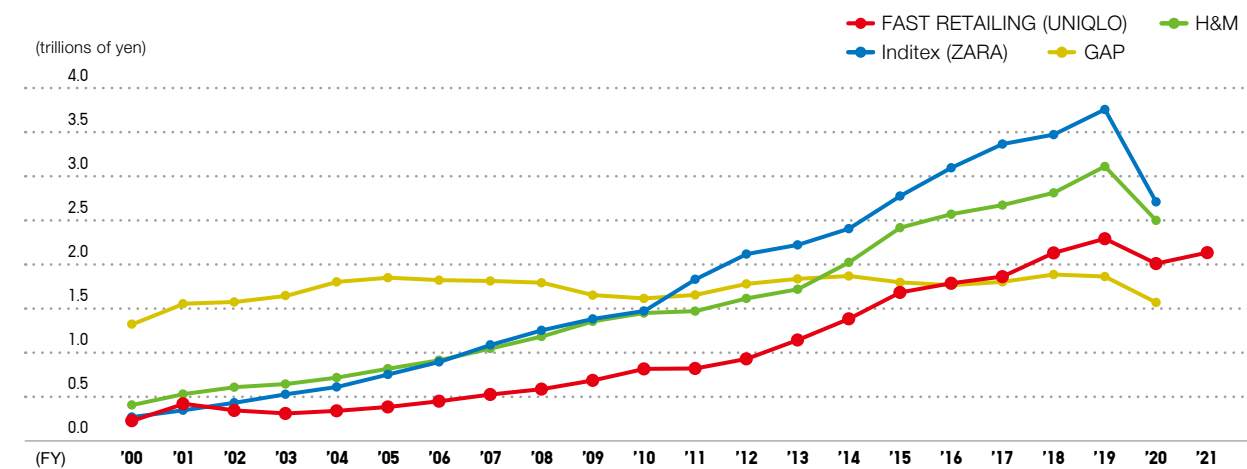
With more people now vaccinated, we are seeing determined efforts worldwide to reinvigorate economic growth while keeping the virus under control. We are more determined than ever to pursue global development and accelerate growth as we aim to become the No.1 brand around the world. We expect continued high growth from the Greater China and Southeast Asia regions. We plan to accelerate store openings across Mainland China, Southeast Asia and India—markets that we position as the growth center for the global economy. We can also significantly expand our operations in the United States and Europe. Consumer activity has recovered as vaccination rates have increased. During the pandemic, we have transformed our earnings structure by closing

unprofitable stores and restoring appropriate inventory levels. We expect that UNIQLO North America will turn a profit in FY2022, and that UNIQLO Europe earnings will expand considerably. We also expect to see greater profitability in more regions than before.

Our best-selling UNIQLO stores are the New York Fifth Avenue and Soho stores in the United States, followed by the Paris Opera store. The opening of our UNIQLO RIVOLI store in Paris in September 2021 was a great success. Higher-than-expected customer visits on and since opening day suggest a growing affinity for LifeWear and an enthusiastic response to our business. The Rivoli store has an amazing location inside a rejuvenated department store building that was constructed in 1870. The arrival of UNIQLO here generated a lot of excitement.

We are entering a period of accelerated growth. We will keep opening 100 stores annually in the Greater China region, and will double annual openings to at least 60 in the South Asia, Southeast Asia & Oceania. There is considerable room for new stores in North America and Europe, so we will open an unprecedented 20 stores in each region each year. After preparation in FY2022, we will advance this plan in earnest from FY2023.

Sales of Major Global Apparel Retailers



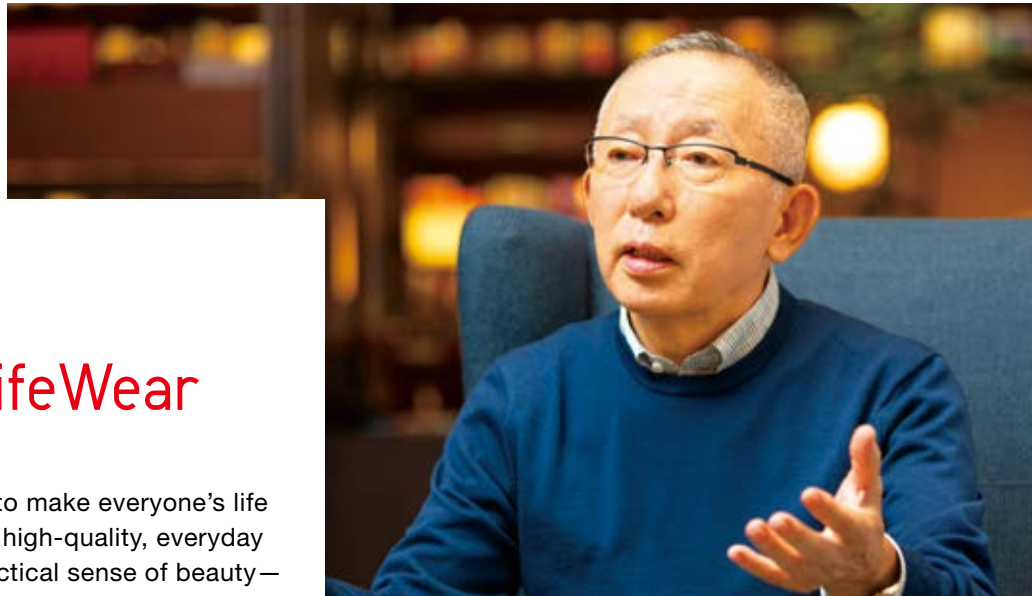
\*Compiled from individual annual report data and calculated using exchange rates as of end of October 2021.



## UNIQLO RIVOLI

We opened our UNIQLO RIVOLI large-format store on September 16, 2021 on the Rue de Rivoli. This is an exciting area in Paris that is home to the Louvre Museum and the Tuileries Garden. The approximately 2,000 m<sup>2</sup> store offers spaces to experience LifeWear and art based on the store's theme of bringing together fashion and culture.

# Pursuing a Higher Level of Sustainability



## This is LifeWear

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

MESSAGE FROM OUR CEO

## Supporting Sustainability Through LifeWear

Ethical consumption is increasingly important in the apparel industry. Fast Retailing sought to achieve sustainable product creation well before sustainability became a widespread imperative. For instance, we spent seven years developing the recycled down jackets that were launched in Fall Winter 2020. Through our collaboration with Toray Industries, we now create new down jackets using 100% recycled down and feathers. We have noted strong customer desire for sustainable products like this.

Circular products present several challenges, however. They are expensive to produce, they don't lend themselves to mass production, and it is difficult to maintain quality. Having overcome these issues, we can now offer consistently high-quality recycled down jackets at the same price as regular items. We also

produce polo shirts and jeans in eco-conscious ways. In addition, we work to reduce environmental impact and to protect human rights during manufacturing. As a business that controls the whole clothes-creation process from planning through manufacture and retail, we recognize the importance of working to solve social issues. We do this by, for instance, avoiding excess production and gaining clear awareness of environmental issues at factories.

That means, as we continue to pursue business activities, we must perfect our philosophy of creating a better society through the apparel business. We will not survive if our brand does not contribute to society, and so we will continue to proactively develop products that promote sustainability.

## Active Involvement in Global Human Rights, Environmental Initiatives

Based on our commitment to create a better society through the apparel business, we have always sought to lead our industry by tackling important issues and pioneering necessary improvements. Early on, we made it clear that we would not tolerate any human rights abuses in our business, and we have built frameworks and taken concrete action to prevent such violations. We negotiate persistently with factories and local authorities and request improvements in all sites worldwide when we find issues that do not meet our standards. I believe these efforts have generated positive results.

More concretely, we require partner factories to adhere to the Code of Conduct for Production Partners that we compiled in 2004 based on standards laid out by the International Labour Organization (ILO), the United Nations agency that specializes in labor issues. We ask our employees and third-party entities to conduct regular monitoring of working environments at partner factories. We then share the results with the factories, work together to devise solutions to any issues, and urge swift improvements. In the extremely rare event of child labor, forced labor, or other serious human rights abuses, we take stringent action, including terminating business with the offending factory.

We assign employees from our production department, which is responsible for product quality

and production process management, to regional production offices in Shanghai, Ho Chi Minh City, Dhaka, Jakarta and Bengaluru. We have set up specialist teams in our major offices to work exclusively on monitoring working environments and offering guidance to partner factories regarding improvements. These teams visit assigned partner factories weekly to check on-the-ground conditions and help develop proper production processes.

We also emphasize cooperating with various external organizations worldwide. In addition to our partnership with the ILO, we are members of various initiatives including Better Work, a joint program run by the World Bank Group and the ILO, and the Fair Labor Association (FLA), a global NGO that seeks to improve working environments. Since 2019, we have been working with UN Women to develop career support programs for women employed in textile factories. These Fast Retailing initiatives are highly valued by international organizations and other stakeholders, and they are unparalleled even from a global industry perspective.

However, we recognize there is always room for improvement. We are working on achieving greater traceability down to the raw materials level and implementing improved processes.



We have developed a career-support program for female employees at partner factories through our partnership with UN Women. In Bangladesh, we conduct training in leadership skills and occupational health and safety, and women's health to help women working in sewing factories achieve their dreams.

# LifeWear Evolution

## Respond to Customer Requests, Create New Customers

We seek to guarantee that we have the clothes that customers truly want at the right place and the right time for immediate purchase. The essence of LifeWear is responding to customer requests and creating new customers. We started the Ariake Project for that reason, so that we can design and plan products based on customer opinion, and produce only the necessary amount of a given product at the most appropriate timing. We work to ensure all our employees are fully on board with executing this plan in accordance with ever-changing commercial conditions.

We have 140 million registered app users worldwide, and we can achieve customer-driven clothes creation by engaging directly with our

customers and promoting two-way communication. In short, we are able to commercialize information and create the products that customers really want.

Our LifeWear is ultimate everyday clothing shaped by customers' needs in daily life, and we are creating more and more customer-driven products every year. Great examples include our AIRism masks, front-opening innerwear for people who find it difficult to put clothing over their heads, and feminine health items including AIRism absorbent sanitary underwear (launched in 2021). We have received many messages from delighted customers about products that eliminate the inconveniences that they experience in their lives.



“ I'd love to enjoy the same HEATTECH warmth, but with a cotton feel. (Female customer, 30) ”

UNIQLO UPDATE captures customer requests and comments that enable us to develop and improve products. The model's HEATTECH cotton crew neck T-shirt is 100% cotton on the inside, comfortable even for those with sensitive skin. It was improved based on customer feedback.

### UNIQLO UPDATE

[www.uniqlo.com/us/en/page/update.html](http://www.uniqlo.com/us/en/page/update.html)



3D-knit machine displayed in UNIQLO TOKYO store. Knits a garment in 30 to 40 minutes.

We upload UNIQLO UPDATE content to our e-commerce site, featuring multiple products that have been improved based on customer opinions. Many customers love our soft souffle yarn sweaters created for customers who find most knitwear itchy. Through UNIQLO UPDATE, we have developed and improved more than 50 products over the past year.

In April 2021, we opened a 3D-knit factory in Shinonome, very close to our Ariake headquarters in Tokyo. This world-leading Japanese 3D-knit technology is a source of pride. It enables us to knit a seamless garment. The Shinonome plant will serve as a “mother factory” and model for 3D-knit production systems and technologies when we expand and set up factories outside Japan.

Before moving toward mass production in Japan, we always eliminate waste and defects in the production process. This enables us to transfer the same process to mass-production factories in Vietnam and other locations.

The SHIMA SEIKI MFG., LTD. seamless Whole Garment® knitting machines and equipment at the Shinonome factory are also used in our knitwear atelier at the Ariake headquarters. Having a nearby factory and atelier use the same machines reduces the number of sample adjustments and greatly decreases the lead time from planning 3D-knit products to undertaking mass production. This puts us one step closer to our goal of ensuring we have the products that customers really want right when the customers want them.



A pendulum art installation featuring cashmere sweaters in 20 different colors greets customers as they enter (left). The first UNIQLO COFFEE features an exclusive original coffee blend (top right). Seasonal flowers from our UNIQLO FLOWER booth bring color to everyday life (bottom right).

# New LifeWear Experiences

## UNIQLO GINZA, a Vision of the Future

Our UNIQLO Ginza global flagship store celebrated its 10th year in 2021. We marked the occasion by rebranding the store as UNIQLO GINZA, which is now a global flagship store for experiencing LifeWear firsthand. The store's concept is New Life, New Wear, New GINZA.

Although e-commerce expanded considerably when physical stores were temporarily closed due to COVID-19, our physical stores are as important as ever. These days, customers tend to use a smartphone to search for items that they want. After checking

product information online, they will come to a store to look at the product in person. For many people, shopping is also a social activity, something to enjoy with family and friends. I believe customers want both online and in-store shopping experiences, not one or the other.

Our global physical store network is a key strength. A customer who has examined a product in a store feels more confident buying it online. When we say we are making e-commerce our main business, we mean that we are actively exploring and growing e-commerce

We share and edit product information, and analyze customer responses. E-commerce livestreams on our UNIQLO LIVE STATION channel encourage customers to purchase items that draw their attention, and periodically we showcase products in store displays at UNIQLO GINZA and in other locations. As staff introduce a product's features or recommend how to coordinate outfits, customers can send questions or comments in real time.

Our goal is to merge physical-store and e-commerce operations to create a new industry format. The recently refurbished UNIQLO GINZA embodies this vision. Beyond just selling products, the store increasingly showcases the appeal of our brand, as well as broadening and deepening understanding of our different initiatives.

The all-new UNIQLO GINZA is a tremendous advertisement for the LifeWear concept. We have prepared many different spaces, on 12 floors, to enable customers to enter the world of LifeWear. This is one feature of a unique experience-based store format.

UNIQLO clothes are now increasingly well-known worldwide. However, many of the people wearing our popular regular products know very little about how they are created. It would be wonderful if customers could learn more about our sustainability initiatives as well as our clothes.

I would love them to learn why HEATTECH and Ultra Light Down are so warm yet feel so light, how we reduce environmental impact when we manufacture jeans, and how we make the recycled polyester fabric used in our DRY-EX polo shirts and other garments.

Our in-store installations present information in clever and creative ways that I feel sure shoppers will enjoy as they browse each floor wondering what they will find next, as if they were visiting an art gallery or museum. Shopping like this is a really fun experience! Our first in-store café, UNIQLO COFFEE, is a space both to relax and to enjoy shopping on the twelfth floor of UNIQLO GINZA.

I want to see a rapid increase in the number of global flagship stores and regular stores that offer a similar experience. Our stores are our core medium of expression, places where we can engage with our customers by constantly offering them the information they need. We will keep introducing new seamless shopping experiences at our online and physical stores.

so that we can pursue e-commerce and physical store operations in tandem.

At UNIQLO Japan, approximately 40% of customers pick up online purchases from a nearby store, where they will often stop to browse and buy something else. We are finding that customers who buy both online and in-store tend to spend more than twice as much per year as customers who use only one channel. This is one of the main reasons why we see extremely good synergies between e-commerce and physical stores.

As noted above, customers are now more likely to purchase products after researching them online. In other words, our e-commerce site is itself a form of marketing. We capitalized on this by creating our own photography studio at our Ariake headquarters in Tokyo, in order to share, through our own channels, the type of visual content you would normally see in newspapers and on TV.

# Changing the World with Clothing

## Enterprising Individuals and Companies Drive Global Progress

Fast Retailing seeks to change clothes, change conventional wisdom, and change the world. Transforming conventional thinking about clothing generates a social impact, and that is how we change the world via the medium of clothing. Global economic structures and what people value have evolved dramatically over the past two years. That's exactly why we want to challenge the status quo even more aggressively and create a more open world.

The world is already intrinsically interconnected. Information and finance transcend borders regardless of national differences. No nation's economy can operate in isolation. If globalization stops, so will the

development of individual countries. Companies are entities that should contribute to people's lives from a global perspective. Of course, any cross-border business must benefit all sides. If countries profit and grow together, they can build peaceful and stable

### 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 such great clothes
- To enrich people's lives through our unique corporate activities, and to seek to grow and develop our company in unity with society



## SHINGO KUNIEDA

UNIQLO global brand ambassador and world No.1 men's wheelchair tennis player\*. Gold medalist in men's singles wheelchair tennis at the 2020 Tokyo Paralympic Games. Winner of the wheelchair men's singles title at the 2021 US Open. Received the Japanese Medal of Honor with Purple Ribbon in 2021.



\*Men's wheelchair tennis singles rankings (As of December 2021)

relationships. That is the true significance of commerce.

I believe strongly in the idea of the "independent merchant." That means charting your own course, nurturing an entrepreneurial spirit, being confident, and taking pride in yourself and your work. I want all employees to embrace our ZEN'IN KEIEI principle of adopting a managerial mindset and implementing best global practices. Wheelchair tennis champion Shingo Kunieda, a UNIQLO global brand ambassador, is an outstanding athlete who focuses single-mindedly on being the best. One person like that is enough to drive any group forward to success. It's the same in a company. Maintaining networks inside and outside an organization and producing results are essential qualities for any professional.

I encourage employees in Japan to experience global business and form diverse teams with people from different backgrounds. Japanese people and companies can build sustainable frameworks for growth by joining forces with enterprising individuals

and companies around the world. The only way to develop human resources who can manage global business is to create opportunities for people to gain management experience, as members of executive teams in a global context. I want talented people to explore their potential, and if they make a mistake, to learn from it and move forward.

We should tackle commerce with strong convictions and a clear mission, always willing to get back to basics to consider what the current world requires, and what principles should shape our work. I recently spoke with French economist Jacques Attali, and he argued that we should all aim to serve as the grandparents of humankind, even those yet to be born, and pursue work that benefits future generations. I think that is exactly right. I believe we can improve the world by pursuing business that is useful to the world and to our customers. I am determined to continue to work for society, fueled by my belief in the customer and the values that commerce generates.