





MESSAGE FROM OUR CEO

A New Era of Growth

Tadashi Yanai

Chairman, President and CEO

In a world facing growing uncertainty, people seek comfort and security in their everyday lives. LifeWear is simple, high-quality, long-lasting clothing created for regular people's lives and needs. More customers worldwide are starting to appreciate the LifeWear concept.

We have always focused on global development to fuel our corporate growth, and we will do that even more intently going forward. I am particularly keen to accelerate store openings in North America and Europe so we can become the world's best-loved apparel brand. We have now built the necessary platforms to consistently expand business in North America and Europe. Everything we need to become a truly global brand is now in place.

One operational reform we are working on is ensuring all managers—from our headquarters, national operations, and individual businesses—can cooperate, move freely around the world, and transform management structures together. Our management teams will be able to visit any front-line operation and help solve local issues by swiftly evaluating problems, making decisions, and executing solutions. To that end, we have strengthened our New York headquarters so it can serve alongside Tokyo headquarters as a new pillar of Fast Retailing's global strategy. The New York headquarters will proactively manage the R&D center, product development, merchandising, marketing, and other functions of the product-making process. It will work with the Tokyo headquarters to create new business frameworks that boldly embrace advanced ways of doing things, including the use of global distribution networks and cutting-edge IT from the U.S.

Fast Retailing's mission is to provide people worldwide with LifeWear as a sort of "clothing infrastructure" which offers greater comfort and a higher quality of life. Events like the global pandemic, conflicts between major powers, and natural disasters have made me acutely aware that our entire world is completely and inextricably linked. It is vital that, going forward, private companies and individuals join forces, transcending national borders to create a more affluent and stable society for all. I want to continue our conscientious creation of products you can trust, and to use our business to help build a more peaceful world.



Becoming a Truly Global Brand

Breaking New Ground in North America and Europe

We achieved a record performance in FY2022, with strong UNIQLO International operations generating considerably higher consolidated revenue and profit. By the end of August 2022, the UNIQLO International network had expanded to 1,585 stores, nearly double the 809 stores of UNIQLO Japan. We have established consistently profitable operations in North America and Europe. This builds on the growth engine of markets including the Greater China region, South Korea, and Southeast Asia & Oceania. This is an extremely positive sign for future growth.

In September 2022, I witnessed crowds of customers visiting our stores in Milan, Madrid, and Barcelona, as well as the explosive popularity of our

products. I was delighted. Back in 1998, we sparked a boom with our ¥1,900 fleece. The opening of our first urban store in Tokyo in November of the same year then generated a “UNIQLO fever.” We are now experiencing a similar breakthrough in Europe.

I intend to channel even more effort into global expansion going forward. We plan to accelerate store openings, targeting 30 new stores annually each in North America and Europe, 100 annual store openings in the Greater China region, and 70-80 annual openings in Southeast Asia & Oceania, double the current number. Our aim is to be the No.1 apparel brand, enjoying the loyal support of customers worldwide.



UNIQLO Gran Via store

We opened the UNIQLO Gran Via store on October 6, 2022. Located on Madrid's biggest shopping street, the store's architecture boasts both modern and historical features. It is our largest store in Spain, with floor space of over 2,200m².

The Best Position in the Apparel Industry

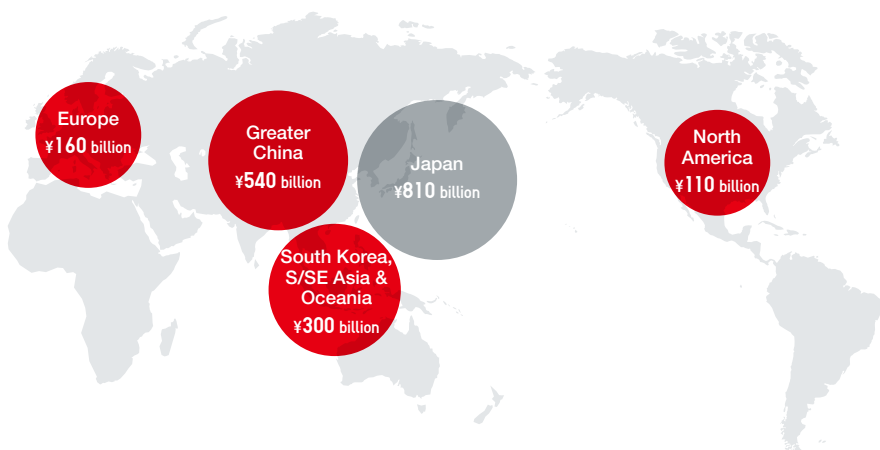
Our prices make LifeWear clothing accessible to everyone. However, we never compromise on quality. We are the only apparel company that has tirelessly, steadfastly, and constantly pursued the fundamental task of creating truly good products that everyone can afford.

There are various apparel brands, but I think we are the best positioned of them all. Despite our different price points, I think our brand position is comparable with the world's most expensive and exclusive brands. We have stores spanning countries and regions across the world, including Japan, Greater China, Southeast Asia, Australia, Europe, and the United States. I strongly feel that we are becoming a truly global brand that enjoys widespread customer loyalty.

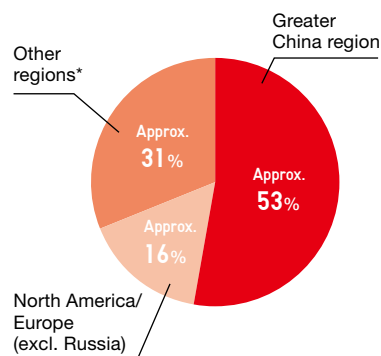
If you attend the launches of luxury brand collections in Paris, London, and Milan, you will see people from across the world of haute couture, but the brand they wear most often is UNIQLO. Indeed, UNIQLO is a favorite among those who only wear the best products, have a keen interest in fashion, and work with luxury brands.

UNIQLO LifeWear can be part of any style, at a price that is affordable to everyone, in keeping with our MADE FOR ALL commitment. As a brand appreciated for offering both great value for money and great value in terms of product quality, no other company has a better position.

UNIQLO International Sales by Region (FY2022)



UNIQLO International Operating Profit by Region (FY2022)



*South Korea, S/SE Asia & Oceania, Russia

Human Resources for Robust Management

Nurturing Future Managers

We are accelerating global growth by strengthening local capabilities. Rather than decide everything in Tokyo, I want individual markets to make decisions based on local conditions. We have strengthened our New York global headquarters to function in tandem with the Tokyo headquarters, and we are shifting to a more decentralized work system that encourages managers of national operations and individual business functions to travel globally in order to improve cooperation and communication.

Our core management team comprises experts who have served the company for 20-30 years. Most managers joined the company out of school, working

their way up from the front line in the shop. They are strong individuals with a thorough understanding and practical knowledge of our commitment to truth, goodness, and beauty. They will become the trainers of future managers and manage the company as a team. This is a source of reassurance for me.

We appointed Senior Executive Officers Daisuke Tsukagoshi and Takahiro Wakabayashi, who both have a strong global management record, as UNIQLO Global CEO and COO, respectively. They will visit stores in each market, work with local managers on swift business execution, and achieve closer links between our stores and headquarters.

Sharing Fast Retailing's management philosophy and vision with all our employees is essential for our corporate growth. We hold FR conventions twice a year. Including online participants, these events are attended by roughly 8,000 store managers and head office employees from around the world.



Our People Touch Customers' Hearts

I want our store employees to enjoy their life at work, and to do that, we must create environments where they can experience personal growth daily. This might sound a bit abstract, but it all comes down to what drives you. We must create groups of people who want to grow as individuals, and inspire others to learn and grow.

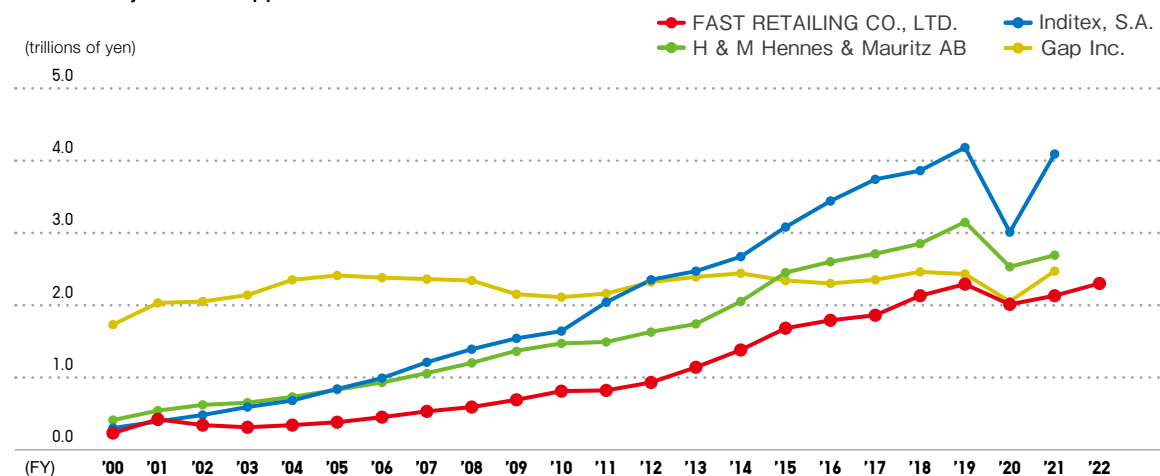
Our sales training is also management training. Even with excellent technology and high-quality products, and even if we meet customer demand, we will never move anyone's heart without that human touch.

In the past, every store employee's job typically involved significant manual labor, but going forward we intend to increase the number of highly skilled professionals who specialize in sales. That means significantly increasing salaries and completely changing the way our store staff do their work. Each salesperson will be expected to acquire a wealth of



product knowledge and customer service expertise, so that they can really impress customers who visit our stores. All employees will be expected to adopt a managerial mindset and think hard about the experience they should be offering customers. They should communicate any ideas to headquarters for immediate incorporation into our business process. Our stores and headquarters will work closely together to change the way we do business, with a focus on front-line information.

Sales of Major Global Apparel Retailers



*Compiled from individual annual report data and calculated using exchange rates as of end of October 2022. (US \$1=¥148.3, 1EUR=¥147.6, 1SKE=¥13.5)

LifeWear: Clothing to Love for a Long Time

Wherever You Go in the World, LifeWear is Loved

Sustainability is an important issue in today's apparel industry. The biggest contribution we can make on the sustainability front is to ensure our clothes are worn for as long as possible before being recycled. In other words, the best way to be sustainable is by making clothing that satisfies customer needs and can be enjoyed for a long time. LifeWear offers classic, traditional designs and the functionality and comfort that all great clothes should possess. The garments serve as parts that can be beautifully coordinated to suit different styles. Indeed, people

worldwide are embracing LifeWear because it resonates with today's values.

Even when collecting secondhand clothing to be recycled into new clothes, it is important to research the best way to minimize the environmental impact. We also channel considerable effort into initiatives that encourage people to wear clothes for longer. These include our RE.UNIQLO all-product recycling/reuse initiative, our development and sale of products made from recycled materials, and our in-store RE.UNIQLO STUDIO, which offers repair and upcycling services. The first RE.UNIQLO STUDIO—opened in September 2022 in our Regent Street store in London, UK—proved to be more popular than we expected. We opened an additional studio in our Orchard Road store in Singapore in the same month, followed by a limited-period trial studio in our Setagaya Chitosedai store in Japan in October. We plan to proactively open more trial studios worldwide in the future.



UNIQLO RIVOLI store (France)

What is LifeWear?

1. Inspired by life's needs
2. Ingenious in detail
3. Simple and adaptable to everyone's style
4. Looking ahead to continuously evolve
5. The highest quality made accessible to everyone

We have improved the comfort and fashion of our HEATTECH range, which absorbs water particles released from the body while retaining body heat. Our new seamless ribbed items come in multiple colors and can be worn as innerwear or as part of a layered style.





UNIQLO Ala Moana store

The UNIQLO Ala Moana store, located in the Ala Moana shopping center on Hawaii's Oahu Island, works with local artists and companies to create the Together in Hawaii series. A portion of the proceeds is donated to the Hawai'i Foodbank.

Creating Stores that Local Customers Will Love

Global is Local, Local is Global

Our physical stores are an especially important part of our business. I often mention the phrase “global is local, local is global”—in other words, we need to pursue global and local management in tandem. At one point, few tourists were visiting Hawaii due to COVID-19. Tourists generate a large percentage of sales for Hawaii, so I was very worried. However, after we focused more attention on local customers

and local needs, our Hawaii sales have roughly doubled. The same thing happened in Southeast Asia. If all our stores around the world focused this sort of attention on local customers, we could expand sales several times over.

As part of our social responsibility initiatives in Hawaii, we worked with local artists to make Hawaiian-style shirts, T-shirts, shorts, and other

items. Those deep-rooted community activities generated higher sales despite the absence of tourists. We operate our stores for our customers, and so we should conduct business and create products that will be popular locally and also have the potential to sell globally. I hope we can spread that insight worldwide.

The principles of good management do not change over time or by location. That said, each country and region has its own culture, history, and lifestyles, and customers have different preferences

when it comes to color, size, design, silhouette, and so on. We will continue to respect local cultures, values, and history, while also unifying any business processes that must be performed globally. We will create optimal product lineups to suit individual store needs, as well as encourage store employees to offer information tailored to each individual customer. We will deliver products customers really want, all over the world, whenever and wherever they want them. Those are the norms I want to establish across our operations.

Communicating With Customers Through Our Stores

As a digital consumer retailing company, we combine the digital and the human touch by seamlessly connecting our retail and e-commerce operations and encouraging information-driven interaction between sales staff and customers. I have always said that e-commerce is our main business, and I'm not just talking about sales channels. We create clothes based on information gathered through e-commerce operations, and thanks to our e-commerce platforms we can ascertain the exact location and number of products we have as well as their potential delivery method. E-commerce is the infrastructure underpinning our quest to satisfy customers by providing them with even better products and better service.

The big advantage of e-commerce is its ability to offer instant shopping opportunities anywhere, but our physical stores offer a shopping experience that e-commerce cannot. What's more, we must venture out of our stores to engage with customers, explore different regions, and develop shops with closer community ties.

Operating stores is only meaningful if we can provide experiences that make customers look forward to shopping with us. In addition to our click and collect service, which allows customers to collect their online orders from a local store, some stores also offer home delivery services provided by staff. Our popular in-store livestreams give staff a chance to tell customers about a product's great features or styling options. We intend to use technology to ensure maximum customer convenience, while also offering the ultimate in-store shopping experience.



Our Responsibility to Provide "Clothing Infrastructure"

Strengthening the End-to-end Product-making Process

Gone are the days when we could simply create and provide products we considered to be good. We believe that everything stems not from selling the products we make, but from making products that sell.

Fast Retailing's strength lies in doing things that only we can do. We manage an end-to-end clothing business. We continue to pursue an ideal that has been close to our hearts ever since our founding, namely, to enable customers to buy the clothes they want exactly when they want. The customer is always our starting point. From there, we collect, collate, and process information, and develop our products, all the while managing the whole process ourselves, from production through distribution, retail, and recycling.

In the future, we intend to extend our scope of

responsibility further upstream. We want to ensure an even higher degree of traceability through in-house checks of factory working environments, third-party audits, and third-party certification all the way back to the procurement of raw materials such as cotton.

Since its establishment in 1984, UNIQLO has constantly thought about how to ensure that we stock the clothes that customers want in our stores—in exactly the right amounts. Enabling all our customers to immediately buy the items they want, precisely when they want them, is an ideal tenet of our business that we are close to realizing. Indeed, we are determined to succeed in our mission of providing people worldwide with the "clothing infrastructure" they need for a more comfortable and higher-quality standard of everyday living.





UNIQLO employs over 100 refugees and internally displaced persons in Japan, Europe, and the US. Particularly in Germany and the Netherlands, we are actively hiring evacuees from Ukraine. On October 27, 2022, we opened our first Eastern Europe pop-up store in the Polish capital of Warsaw, employing people evacuated from Ukraine as store staff. We help them rebuild their lives by providing Polish language training, useful for jobs in customer service and retail. This photo shows Dariia, an evacuee from Ukraine working at our UNIQLO Kalverstraat store in Amsterdam.

Making the World an Even Better Place Through LifeWear

I always strive to incorporate truth, goodness, and beauty in my daily life. I seek to do the same in business. I think human values universally focus on what is true, what is good, and what is beautiful. And this requires not just words, but actions as well. In fact, nothing changes unless we take action. One instance of Fast Retailing taking action was the launch of our PEACE FOR ALL initiative in June 2022. Many prominent figures agreed with what we were doing, and volunteered to join our call for world peace. They offered messages of peace that we turned into designs for T-shirts that are sold in our stores. All profits (equivalent to 20% of the retail price) are donated to international organizations supporting people affected by poverty, discrimination, violence, conflict, and war. T-shirts are an effective way of expressing a wearer's feelings—in this case, promoting nonviolence—and spreading a message of empathy.

I feel we are at a critical juncture. I am always asking what global companies like us can do for the world and for Japan, and what momentum we could generate if our over 100,000 employees worldwide joined forces. I want to be an even better person, and I want us to be an even better company. Good people attract good people. Good companies attract good companies. If we create excellent partnerships worldwide and grow together, we can achieve things we couldn't do alone. Cooperation among the world's private companies and impassioned individuals has never been more vital. As head of a Japanese company, I want to contribute to a stronger Japan, and encourage Japan to play a role in this cooperative effort. Changing clothes. Changing conventional wisdom. Change the world. Our corporate statement epitomizes our bold spirit. I will continue to strive to use our business to create a more peaceful world that can bring joy to all.