

Business Results for Fiscal 2023 (September 2022 to August 2023)

Below are the main questions from our corporate results briefing concerning business results for FY2023, or the twelve months through August 31, 2023. The answers have been edited for clarity.

Q: How do you expect to achieve the intended future expansion of customer bases and new store openings in the United States and Europe?

Tadashi Yanai, Chairperson, President and CEO, Fast Retailing Co., Ltd.: There has never been another time in the world when you find the same eras, backgrounds, and trends as we do now. Every individual has a smartphone and information can be distributed instantaneously around the world. It is easier to promote global expansion now than it has ever been. I think we can succeed anywhere in the world that has a certain population and prizes the inherent value of clothes.

Daisuke Tsukagoshi, Group Senior Executive Officer, Fast Retailing Co., Ltd., President and COO, UNIQLO Co., Ltd.: Compared to other markets around the world, the North American market is extremely competitive, and things are definitely not easy. For that reason, I think our continued challenge in the North American market is significant for our Group as a whole. At the corporate results briefing held last year in April, I explained how we pursued structural reforms to shift our North American operation out of red and develop a profitable operation. Now, we are entering a term of healthy growth. I think we need to further strengthen our branding and encourage customers to support Fast Retailing the company itself. Regarding store openings, we shouldn't just blindly open more and more stores, but instead, we should carefully select meaningful locations for our new stores. That is what I think we should do going forward in the North American market.

Q: What special features have you noted regarding your customer base in the North American market?

Senior Executive Officer Tsukagoshi: Our business is built upon the fundamental concept of MADE FOR ALL. Our LifeWear approach focuses on enabling all customers to wear our high-quality basic clothes to help support fuller, more comfortable daily living. That's why we don't focus on one particular customer base. That is the idea behind our business. I think we need to reach out to various different customer bases to enable everyone to fully grasp this concept. As you can see, we have our global flagship store on New York 5th Avenue and we also have a global flagship store in SoHo, Lower Manhattan. These stores are not only designed to boost sales, but they also serve as venues for

advertising the UNIQLO brand, conveying information about our products, and providing the ultimate shopping experience. The information that we are able to convey from these stores doesn't only reach the North American market, but extends worldwide, which I think suggests great potential for the Group as a whole over the medium to long-term.

Q: The macroeconomic environment in the Mainland China market appears weak. Do you expect this will impact your company's performance in that market going forward?

CEO Yanai: I think people all over the world share the same desire to lead fuller, richer lives. Japan has struggled over the past few decades, but we have managed to grow our business even in that environment. I think we can do the same thing in the Mainland China market. Our industry is a peaceful one that grows in times of harmony and co-prosperity. Our fundamental concept is MADE FOR ALL and I believe there is still great demand for that.

Q: Mr. Yanai, what are Mr. Tsukagoshi's attractive qualities as a manager?

CEO Yanai: His most striking quality is the responsibility he shows towards the business. He has served in various positions within the company as CEO of UNIQLO in the United States, COO of UNIQLO in the Mainland China market, manager of our the FR Management and Innovation Center (FR MIC) training organization, and store manager in Japan, so he is very knowledgeable about our business around the world. Our basic approach has always been to focus on frontline needs and opinions, and he understands all about our stores and headquarters. Mr. Tsukagoshi has worked in the company for 22 years, so he knows the executive team well. These are the reasons why he was appointed President and COO of UNIQLO Co., Ltd.

Q: Mr. Tsukagoshi's, what are Mr. Yanai's attractive qualities as a manager?

Senior Executive Officer Tsukagoshi: I first met Mr. Yanai in 2001 when he was explaining about the company. I felt he was a moral and ethical person, who was always sincere about things. I have had many opportunities to confirm that fact over the 22 years that I have worked here, and I think that it is definitely true. It is not just me. I think members of the Fast Retailing management team who have been working here for 20 or 30 years as well as other employees are impressed by Mr. Yanai's character. They empathize with and relate to the sincerity and honesty with which he approaches daily tasks, and want to tackle future challenges together. That's why I am still here at Fast Retailing and why I want to strive to build an even stronger business going forward.

Q: You said that you are going to pursue your scrap and build policy more forcefully in the

Greater China region. What made you take that decision?

CEO Yanai: We have been opening roughly 100 stores each year in the Greater China region to date. You could say that, in some ways, we were focusing on increasing the volume of new stores. However, some of those stores are not in the most prime locations and some stores are not proving very profitable, so we intend to close the stores that need closing through our scrap and build policy. The scrapping stage of the policy is expected to continue for roughly three years. We currently have approximately 1,000 stores in the Greater China region, but I think we can expand our network there to 3,000 stores. I believe the companies that will survive will be those that can provide customer experiences that fuse the very best of physical stores and e-commerce operations, so I want to strengthen those aspects in the Mainland China market as well. We are definitely not trying to put the brakes on expanding our operation in that market. In fact, I want to grow our business in the Mainland China market even further going forward.

Q: Are you worried that any interruption in the growth of your partner factories will create a bottleneck in terms of Fast Retailing growth?

CEO Yanai: Absolutely not. We have worked long and hard to build relationships of trust with our manufacturing partners and we have grown together through these win-win partnerships. I think the most important thing is to create even more mutually prosperous relationships with good manufacturing partners and strive together to make truly good products so that we both enjoy strong growth.

Q: Mr. Tsukagoshi, you have travelled to all frontline operations around the world. Is there anything you feel is lacking right now?

Senior Executive Officer Tsukagoshi: I think we need to conduct more branding. In every market I visit, there are still many people who don't know about the UNIQLO brand and its products. That's because our marketing activities have not reached all customers in those areas. Before we can sell people products, I think we need to help customers understand what our company is all about and earn their support. To achieve that, we need to keep asking ourselves what makes a good brand, what are the best products to offer customers in a particular market, and what is the overall reason for our existence. You can't maintain a consistent business in these markets if you don't have a clear idea of your key purpose. At the same time, these markets harbor great opportunities. UNIQLO receives feedback from over 30 million customers and stores globally each year. That feedback is an expression of our customers' expectations. We can make our customers' lives richer and more comfortable by instantly transforming these customer requests into products that we deliver and people then wear. That is the very best thing about us and for us. Our next challenge is to ensure we coordinate these efforts

on a global scale and manage them as a team, and I would like to gradually implement this going forward.

Q: What aspects of your branding do you want to enhance going forward?

Senior Executive Officer Tsukagoshi: The role of our stores is not simply to generate sales but to provide a venue for new experiences. In the same way, our e-commerce operation provides opportunities to communicate with customers. It is very important to decide how to best link those experience venues (stores) and communication venues (e-commerce), and I want to strengthen these elements in our North American operation as well. Information can now be spread around the world in an instant. Information about good products can be delivered to customers very swiftly, and it works both ways. I feel we have to conduct daily business based on direct communication with customers, but we shouldn't try to do that in one giant leap. It is important to earnestly sell individual garments, every day, to customers around the world.

Q: What changes in product development have you made in the New York headquarters and other locations to drive the creation of more hit products?

Senior Executive Officer Tsukagoshi: I think strong-selling items will sell well anywhere in the world. For instance, our AIRism cotton oversized T-shirts and cargo pants enjoy strong sales worldwide. The important point here is to see just how well we can incorporate customer feedback into the development of future products and improvements. Transmitting information that conveys the value of our products is also important. Our UNIQLO operation in North America continued to make a loss through the end of August 2021. One of the reasons for that was because we tried to appeal on price and boost sales through discounting. Today, the discounting rate has significantly improved, and I think customer willingness to purchase our products at the proper (full) price is testament to just how good our products are. Going forward, we will focus not only on marketing the UNIQLO brand, but also on the thorough marketing of UNIQLO products. We will enhance the type of information we put out to cover product value, detailed features, how the clothes look when worn, and wearer feedback. We sell basic clothing inspired by our MADE FOR ALL concept, so I think we need to consistently pursue these efforts going forward.