

October 9, 2025

FAST RETAILING CO., LTD.

## **Business Results for Fiscal 2025 (September 2024 to August 2025)**

Below are the main questions from our corporate results briefing concerning business results for FY2025, or the twelve months through August 31, 2025. The answers have been edited for clarity.

**Q: Has UNIQLO Greater China found the floor in terms of operational performance? What can you tell us about progress on structural reforms and how effective they are proving?**

Daisuke Tsukagoshi, Group Senior Executive Officer & COO, Fast Retailing Co., Ltd: We are discovering new opportunities in the Greater China markets. In order to improve brand awareness, encourage people to come to our stores, and inspire purchases, we have to pursue an integrated approach in terms of marketing, branding, quality store openings, e-commerce, distribution and other activities, and all those processes are still undergoing operational reforms.

While revenue did increase slightly year on year in August and September, the level of sales achieved during the October National Day holiday was lower than last year. Sales in East China and North China were dampened by the extremely hot weather, but performance was extremely strong in North China. As you can see, sales performance can differ considerably in different parts of Mainland China, so it is vital that we promote independent store management. If we simply conduct the same uniform business across the whole of Mainland China without focusing on independent store management and operating stores to suit the needs of customers at each store and in each region, we might temporarily improve the numbers, but that would generate genuine improvements. Moreover, our UNIQLO Greater China CEO, Ning Pan, and members of all our Greater China operations and global headquarters are working hard to improve performance and we are determined to follow through on local operational reforms.

**Q: In his presentation, Mr. Tsukagoshi talked about sparking a UNIQLO boom in North America. What breakthrough would UNIQLO need to achieve one trillion yen in sales in the North American market?**

COO Tsukagoshi: We pursued sales by offering controlled discounts in the North American market prior to the Covid pandemic. The Covid pandemic was an extremely unfortunate event, but, in terms of our business, it provided us with an opportunity to move away from doing business in a way that suited us and to radically reform our operations. You have to win brand support and trust if you want to achieve sustainable growth. With that aim in mind, over the past few years, we have focused on consistent marketing, which has helped generate the current strong performance.

UNIQLO North America still has less than a 0.5% share in the local market. That means that most

potential customers still do not know much, if anything, about the UNIQLO brand and LifeWear and have probably never worn our products. How we provide our products to each of these customers will be key to securing future growth. Our flagship store opening strategy, e-commerce growth, and distribution reforms are important. To create a one trillion yen operation, we will continue to work steadfastly to sell each item and build sales at every individual store.

Tadashi Yanai, Chairman, President and CEO, Fast Retailing Co., Ltd.: We are starting to see UNIQLO booms around the world, or we will do in the near future. UNIQLO clothing has never sold this well worldwide before. This dramatic growth began with the UNIQLO fleece boom in Japan inspired by the UNIQLO HARAJUKU store. The success of that store helped us grow into a nationwide brand in Japan. We are now seeing a similar thing happen in different global markets. You cannot grow as a company if customers are not familiar with your brand and your products. We would be delighted if more customers learned about the UNIQLO brand through product booms.

**Q: Do you intend to further strengthen your flagship store opening strategy in North America going forward?**

CEO Yanai: Our flagship store opening strategy is important, but it is also important to open meaningful stores where our customers can enjoy a great shopping experience. We continue to pursue commercial activities that enable customers to gain a real sense of the UNIQLO brand and its aspirations through integrated shopping experiences in our physical and online stores.

**Q: You forecast the UNIQLO Mainland China operation will report higher revenue and profits in FY2026. What are the factors behind this estimate and what issues might you face along the way?**

CEO Yanai: UNIQLO Mainland China reported a year-on-year decline in revenue and profits in FY2025, so our minimum target must be to turn that into an increase in revenue and profit in FY2026. We hope to do more than that. The Mainland China market is very large, so we need to change our basic operational structure to one that directly links our supply chain, e-commerce, production, and retail operations. Then, the most important thing is to pursue independent store management and stock keeping unit (SKU) management. If we can successfully implement independent store management, then we can create store displays and encourage customers to purchase products by ensuring individual stores and online operations always have the colors, sizes, and products in stock that customers want.

COO Tsukagoshi: UNIQLO Mainland China had 90 million UNIQLO members. That figure got an approximately 13.5 million boost from new UNIQLO members in FY2025, with young people accounting for over 40% of that increase. These data prove we are earning the support of customers in Mainland China and drives us to try even harder and do even better.

The challenge is to be able to satisfy every customer's requests. In East China, temperatures remained high, and we needed to offer products that suited actual demand at that point in time. Meanwhile, the temperature in North China dropped suddenly and we were able to provide product lineups that suited actual demand, resulting in strong immediate sales. Pursuing independent store management is not about getting the head office to manage all stores but encouraging store managers to develop business that satisfies the needs of their own individual stores. Training store managers and ultimately helps overall operational performance and leads to an expansion in customer support. That is the type of business that we want to continue to encourage going forward.

Our shift to independent store management is progressing steadily and favorably and brand visibility is increasing. Sales of strategically launched products are proving strong, and we are also creating more individual products with great potential. All this leads us to believe that we are doing well and are on the right track. The featuring of our UV protection product ranges on CCTV in China was a successful example, and a good indicator of what we need to do to increase support for our products going forward.

**Q: What is your pricing strategy for UNIQLO Japan?**

Takeshi Okazaki, Group Senior Executive Officer & CFO, Fast Retailing Co., Ltd.: Customers are still extremely severe when it comes to assessing prices. The yen forward exchange contracts that we use for procurement are weakening at the moment and, on top of that, raw materials prices are rising. To secure a profit, we have to review the balance between product value and price and sometimes make measured adjustments, but, even then, only on products that customers consider really valuable.

**Q: What risks and opportunities do you foresee emerging in FY2026 as UNIQLO International performance continues to increase?**

COO Tsukagoshi: We feel that the great expansion in brand visibility and increase in customers numbers in existing markets present huge opportunities for us. We are also finding that strong-selling products in Japan are also popular at our international operations. We have a great opportunity to expand performance by developing and offering products based on global customer feedback.

At the same time, one issue that we face is how to maintain appropriate levels of inventory at each operation and store. It is important to hold ample stock of strong-selling items in order to expand sales and to hold minimal stock of sluggish-selling items. We also want to secure solid profits by conveying

pertinent product-related value to our customers and controlling discounts.

On another point, rather than focus solely on immediate sales, we want to create repeat customers and long-term fans. It is important to encourage customers to continue coming back to our stores rather than chase a single sale. If we do not seamlessly convey how we are evolving and updating our products, we will not be able to deepen links with existing customers or create new ones. That is why we will continue to implement those strategies going forward on a global basis.

**Q: Is there any potential for further improvement at UNIQLO Japan going forward?**

COO Tsukagoshi: I think one area in which we could improve is preventing shortage or insufficient inventory. We receive several million feedback from customers around the world each month, and some of them are still about stock shortages. Eliminating these kinds of issues would help us move onto the next stage of growth.

We are grateful that UNIQLO brand visibility is so high in Japan and that many customers visit our stores. However, there is no guarantee that this will continue. Our business is built upon a commitment to meet the needs of our customers and generate new ones. We believe that addressing any complaints received from customers and offering customers products that they potentially might want is the way to manage a business designed to generate new customers. In the Japanese market, we must enable customers to experience how our products are evolving, as we have done with HEATTECH Cashmere Blend for instance, and create new de facto standards. Going forward, we need to develop and provide these products to our customers faster.

**Q: Things seem to be on track with regards to the development of hit products, but what do you need to do to strengthen this capability going forward?**

CEO Yanai: We need to improve customer evaluations. We are living in an age of digital progress and AI. Customer evaluations can be shared worldwide in an instant, and positive reputations can be broadened and deepened through AI and social media. With that in mind, we must always look at things from a customer's perspective, enhance the elements that our customers most appreciate, and strive even more aggressively to create fresh value.

**Q: What changes do you think we are likely to see at GU in the future?**

CEO Yanai: We need to generate more fun at GU. We need more fun stores, fun products, and fun fashion, GU style. In addition to redefining the brand, we also need to incorporate more modern features into GU products. Strong-selling products will sell well wherever you are in the world. GU has only really conducted business in Japan and a small part of East Asia. Going forward, it will be important to

ascertain how well GU can progress in terms of global development, creating fashion that people worldwide will want to wear and clothes that are fun to wear, and quickly turning information into viable products.

**Q: You have applied for a partial revision of your Articles of Incorporation, which will increase the number of directors serving on the Board from 10 to 15. Mr. Tsukagoshi has also been put forward as a candidate for director. What prompted these decisions, and how will this affect your position as founder of the company?**

CEO Yanai: As we expand our operations globally, we will inevitably encounter more rivals in all areas from digital development to manufacturing and distribution. Our success in these areas will be determined in part by the quality of our people. We have to increase the quality of our staff, including store sales personnel. We are strong proponents of Global One, Zen-in Keiei management principles in which all employees approach their work with a managerial mindset and seek out the best global strategies and methods. We must pay particular attention to building groups of highly talented managers who exhibit exactly the right approach. We must beat the competition in the hiring stakes, ensure our corporate approach resonates with potential employees, and encourage them to join our company. To do that, we must also be able to select our directors from the very best talent pools. Right now, our directors tend to be men of a certain age, and I myself am a typical example of that. Going forward, we need to attract more women and younger people. We changed the number of directors because we wanted to create environments that would encourage more people to join us and play an active role in evolving our company for the next era. Mr. Tsukagoshi has been selected as a candidate for director because he is one such person.

In terms of the impact on the founding family, I would like my sons to be responsible for corporate governance as shareholders rather than business managers.