FAST RETAILING

July 13, 2017

Fast Retailing Results for September 2016 to May 2017 and Estimates for Fiscal 2017

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Fast Retailing Co., Ltd.
Group Executive Vice President & CFO

I am Takeshi Okazaki, Group Executive Vice President and CFO at Fast Retailing.

I would like to talk to you today about our consolidated business performance for the third quarter of fiscal 2017, or the nine months from September 2016 through May 2017, and our estimates for the full business year through August 2017.

Contents

Disclosure of Corporate Performance

Following the Group's adoption of International Financial Reporting Standards (IFRS) from the year ending August 31, 2014, all data in this document are calculated using IFRS standards.

Business profit = Revenue – (Cost of sales + SG&A expenses)

Group Operations:

- UNIQLO Japan: UNIQLO Japan operations
- UNIQLO International: All UNIQLO operations outside of Japan
- Global Brands: GU, Theory, Comptoir des Cotonniers, Princesse tam.tam, J Brand

Consolidated results also include Fast Retailing Co., Ltd. performance and consolidated adjustments.

A Note on Business Forecasts

When compiling business estimates, plans and target figures in this document, the figures that are not historical facts are forward looking statements based on management's judgment in light of currently available information. These business forecasts, plans and target figures may vary materially from the actual business results depending on the economic environment, our response to market demand and price competition, and changes in exchange rates.

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Group: (1Q-3Q) Sep. 2016 - May 2017

Rises in revenue and profit both exceed expectations

Billions of Yen

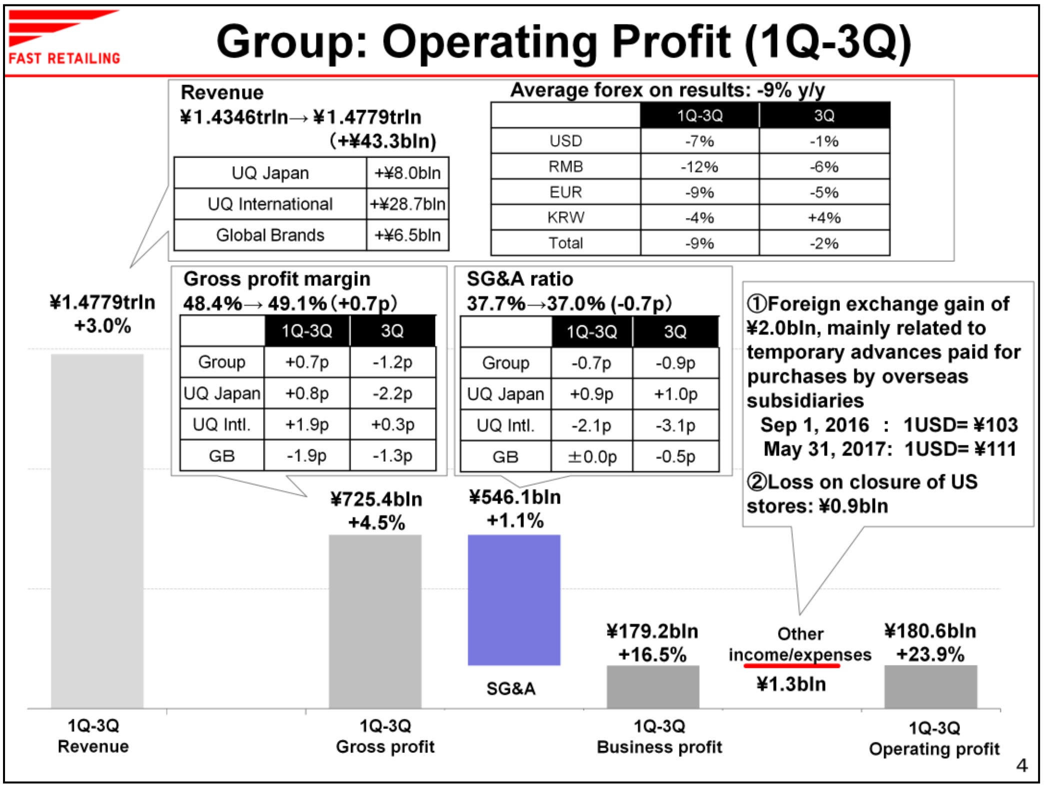
	Nine months to May 2017 (Sep. 2016 - May 2017)			Three months to May 2017 (Mar. 2017 - May 2017)		
	Actual	Prev. yr	y/y	Actual	Prev. yr	y/y
Revenue	**1,477.9**	1,434.6	+3.0%	**460.4**	422.9	+8.9%
(to revenue)	100.0%	100.0%		100.0%	100.0%	
Gross profit	**725.4**	694.3	+4.5%	**231.2**	217.4	+6.3%
(to revenue)	49.1%	48.4%	+0.7p	50.2%	51.4%	-1.2p
SG&A	**546.1**	540.4	+1.1%	**180.6**	169.7	+6.4%
(to revenue)	37.0%	37.7%	-0.7p	39.2%	40.1%	-0.9p
Business profit	**179.2**	153.8	+16.5%	**50.5**	47.6	+6.0%
(to revenue)	12.1%	10.7%	+1.4p	11.0%	11.3%	-0.3p
Other income, expenses	**1.3**	-8.0	-	**-0.5**	-1.2	-
(to revenue)	0.1%	-	-	-	-	-
Operating profit	**180.6**	145.8	+23.9%	**49.9**	46.4	+7.5%
(to revenue)	12.2%	10.2%	+2.0p	10.9%	11.0%	-0.1p
Finance income, costs	**14.8**	-23.7	-	**-2.0**	-6.4	-
(to revenue)	1.0%	-	-	-	-	-
Profit before income taxes	**195.4**	122.0	+60.1%	**47.8**	40.0	+19.5%
(to revenue)	13.2%	8.5%	+4.7p	10.4%	9.5%	+0.9p
Profit attributable to owners of the parent	**120.1**	71.0	+69.1%	**22.8** ※	23.9	-4.5%
(to revenue)	8.1%	4.9%	+3.2p	5.0%	5.7%	-0.7p

※ Following changes to our policy on dividends received from overseas subsidiaries, we provisioned an additional ¥6.5 billion in tax expenses in 3Q to cover potential future dividend receipts.

The Fast Retailing Group reported increases in both revenue and profit for the nine months through May 2017. Consolidated revenue rose to ¥1.4779 trillion (up 3.0% year on year), business profit, a good indicator of fundamental profitability, expanded to ¥179.2 billion (up 16.5%) and operating profit increased to ¥180.6 billion (up 23.9%). Revenue and operating profit figures exceeded expectations for both the nine months from September 2016 through May 2017, and the three months from March to May 2017.

Profit attributable to owners of the parent contracted 4.5% year on year to ¥22.8 billion in the third quarter from March to May 2017, but this was due to the provisioning of an additional ¥6.5 billion in tax expenses to accommodate changes in our policy regarding the receipt of potential dividends from overseas subsidiaries. If we exclude this impact, profit attributable to owners of the parent actually increased in the third quarter.

This tax expense provisioning is purely an accounting measure, and our policy regarding the actual payment of dividends will continue to be determined by our growth strategy regarding overseas subsidiaries over the long-term.



Looking first at the Fast Retailing Group's income statement data, consolidated revenue increased by ¥43.3 billion year on year in the nine months through May 2017, thanks to improved performance across all three business segments. Revenue from the UNIQLO International segment rose by ¥28.7 billion. Revenue generated by UNIQLO Japan expanded by ¥8.0 billion and revenue from Global Brands rose ¥6.5 billion. The impressive ¥28.7 billion gain in UNIQLO International revenue for the nine months through May was due largely to an approximate ¥25.0 billion gain in the third quarter from March to May.

The consolidated gross profit margin improved by 0.7 point to 49.1% in the first nine months, thanks mainly to a 1.9 point improvement in the gross profit margin at UNIQLO International and a 0.8 point improvement in the gross profit margin at UNIQLO Japan.

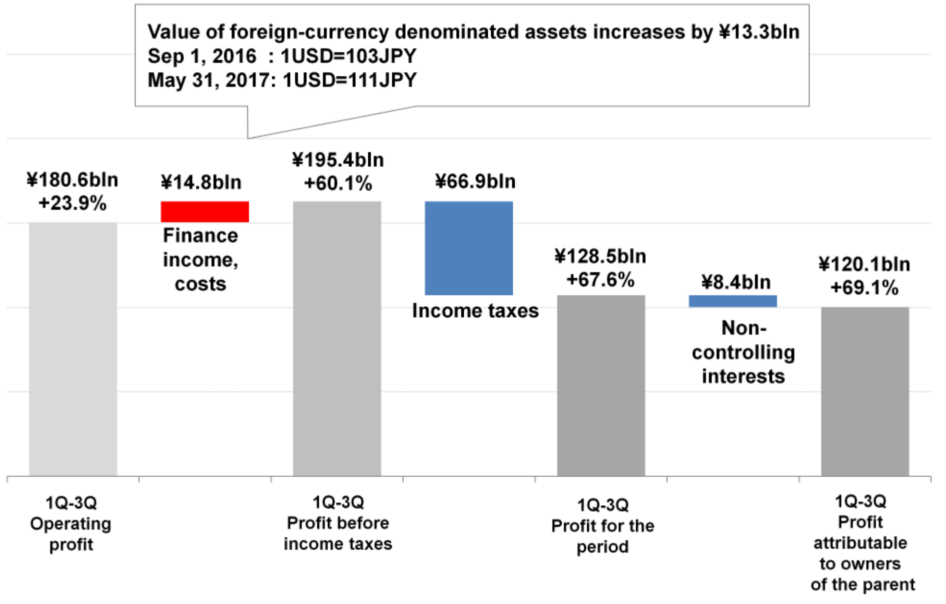
The SG&A to revenue ratio improved by 0.7 point year on year to 37.0% on the back of an impressive 2.1 point improvement in the SG&A ratio at UNIQLO International.

Meanwhile, business profit expanded by 16.5% year on year to ¥179.2 billion.

The net amount of other income/expenses stood at ¥1.3 billion. That total includes a foreign-exchange gain of ¥2.0 billion on temporary advances paid for purchases by overseas subsidiaries after the spot yen rate weakened at the end of May 2017 compared to the start of the business year on September 1, 2016. It also includes ¥0.9 billion in retirement losses and store-closure losses related to the closure of four stores in the United States.

As a result of the above factors, operating profit increased by 23.9% year on year to ¥180.6 billion over the nine months to May 2017.

Group: (1Q-3Q) Profit Attributable to Owners of the Parent



Taking a closer look now at finance income/costs, we reported a net finance income of ¥14.8 billion in the nine months to May 2017 after the weakening of the Japanese yen over the period boosted the value of our foreign-currency denominated assets in yen terms.

As a result, profit before income taxes increased by 60.1% to ¥195.4 billion, and profit attributable to the owners of the parent increased by 69.1% to ¥120.1 billion.

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1Q-3Q Breakdown by Group Operation

Billions of Yen

		Nine months to May 2017 (Sep. 2016 - May 2017)			Three months to May 2017 (Mar. 2017 - May 2017)		
		Actual	Prev. yr	y/y	Actual	Prev. yr	y/y
UNIQLO Japan	Revenue	**653.4**	645.4	+1.2%	**198.3**	191.7	+3.5%
	Business profit	**93.2**	92.8	+0.5%	**23.7**	29.2	-18.7%
	(to revenue)	14.3%	14.4%	-0.1p	12.0%	15.2%	-3.2p
	Other income, expenses	**-0.6**	0.3	-	**0.0**	-0.1	-
	Operating profit	**92.6**	93.2	-0.6%	**23.8**	29.1	-18.0%
	(to revenue)	14.2%	14.4%	-0.2p	12.0%	15.2%	-3.2p
UNIQLO International	Revenue	**561.5**	532.8	+5.4%	**168.7**	143.5	+17.5%
	Business profit	**69.4**	44.5	+55.9%	**19.5**	12.0	+63.2%
	(to revenue)	12.4%	8.4%	+4.0p	11.6%	8.4%	+3.2p
	Other income, expenses	**-1.2**	-2.3	-	**-0.2**	0.8	-
	Operating profit	**68.1**	42.2	+61.3%	**19.3**	12.8	+50.7%
	(to revenue)	12.1%	7.9%	+4.2p	11.5%	8.9%	+2.6p
Global Brands	Revenue	**260.9**	254.3	+2.6%	**92.7**	87.0	+6.5%
	Business profit	**19.3**	23.4	-17.4%	**8.9**	9.2	-2.4%
	(to revenue)	7.4%	9.2%	-1.8p	9.7%	10.6%	-0.9p
	Other income, expenses	**-0.2**	-0.4	-	**0.0**	-0.4	-
	Operating profit	**19.1**	23.0	-17.0%	**9.0**	8.7	+3.8%
	(to revenue)	7.3%	9.1%	-1.8p	9.8%	10.0%	-0.2p

Notes: Consolidated results also include Fast Retailing Co., Ltd. performance and consolidated adjustments.
All UNIQLO Japan data (except revenue) include inter-Group transactions.

Slide 6 displays the breakdown of performance by Group operation.
I will explain the relevant factors for each individual business segment in more detail in the following slides.

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UNIQLO Japan (3Q)

3Q (March-May) OP dip was slightly below target

Billions of Yen

	Nine months to May 2017 (Sep. 2016 - May 2017)			Three months to May 2017 (Mar. 2017 - May 2017)		
	Actual	Prev. yr	y/y	Actual	Prev. yr	y/y
Revenue	**653.4**	645.4	+1.2%	**198.3**	191.7	+3.5%
(to revenue)	100.0%	100.0%		100.0%	100.0%	
Gross profit	**314.9**	306.1	+2.9%	**96.1**	97.2	-1.1%
(to revenue)	48.2%	47.4%	+0.8p	48.5%	50.7%	-2.2p
SG&A	**221.6**	213.2	+3.9%	**72.4**	68.0	+6.4%
(to revenue)	33.9%	33.0%	+0.9p	36.5%	35.5%	+1.0p
Business profit	**93.2**	92.8	+0.5%	**23.7**	29.2	-18.7%
(to revenue)	14.3%	14.4%	-0.1p	12.0%	15.2%	-3.2p
Other income, expenses	**-0.6**	0.3	-	**0.0**	-0.1	-
(to revenue)	-	0.1%	-	0.0%	-	-
Operating profit	**92.6**	93.2	-0.6%	**23.8**	29.1	-18.0%
(to revenue)	14.2%	14.4%	-0.2p	12.0%	15.2%	-3.2p

All UNIQLO Japan data (except revenue) include inter-Group transactions.

Turning now to third quarter performance from March to May 2017. UNIQLO Japan revenue expanded 3.5% year on year to ¥198.3 billion, but operating profit contracted by 18.0% to ¥23.8 billion.

Both the revenue and operating profit result was slightly below expectations.

UNIQLO Japan: 3Q Revenue

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3Q (March-May) Revenue: ¥198.3bln (+3.5% y/y)

- **Same-store sales (including e-commerce) +2.7% y/y**
  Customer visits: +8.5%, Customer spend: -5.3%)
  - ✓ March sales down slightly as cooler temperatures dampen demand for Spring items.
  - ✓ Strong sales of in-focus items such as wireless bras, easy ankle pants and Dry Stretch Kando Pants in April, May. Sales up on successful promotions timed to coincide with Golden Week, Mother's Day and UNIQLO anniversary sale.
  - ✓ Customer visits up on strong appeal of items featured in advertising campaigns.
  - ✓ Customer spend down on rising sales proportion of lower-priced items, after the rising trend in bottom wear sales ran its course and sales of innerwear proved strong.
- **E-commerce sales ¥12.3bln (+17.3% y/y). Up from 5.5% to 6.2% of total sales**
  - ✓ Rise in 3Q e-commerce sales was lower than expected.

Same-store sales	Yr to Aug. 2017					
	1H	Mar	Apr	May	**3Q**	Jun
Net sales	**+0.1%**	-1.1%	+6.2%	+2.4%	**+2.7%**	+4.1%
Customer visits	**+0.2%**	+6.6%	+11.4%	+7.5%	**+ 8.5%**	+8.2%
Customer spend	**-0.1%**	-7.2%	-4.7%	-4.7%	**-5.3%**	-3.8%

End May UNIQLO directly run stores down 14 y/y to 793 (opened 21, closed 35)
Franchise stores: 41 (+2 stores)

Same-store sales at UNIQLO Japan expanded 2.7% year on year in the third quarter from March to May.

In March, same-store sales declined slightly year on year as persistent cool weather across the country dampened demand for Spring items. However, same-store sales picked up in April and May, thanks to strong sales of in-the-news items such as wireless bras, easy ankle pants and Dry Stretch Kando Pants, and successful advertising promotions timed to coincide with the Golden Week holiday, Mother's Day and the UNIQLO anniversary sale.

Breaking down the 2.7% increase in third-quarter same-store sales, customer visits rose 8.5% year on year while customer spend declined 5.3%. The rise in consumer visits can be attributed to the strong appeal of ranges featured in our advertising campaigns. Meanwhile, average customer spend declined as the upward sales trend for comparatively expensive bottom ran its course, and the proportion of lower-priced items increased on the back of strong innerwear sales.

E-commerce sales rose 17.3% year on year to ¥12.3 billion in the third quarter, and the e-commerce percentage of total sales increased from 5.5% to 6.2%. However, despite this increase, third-quarter online sales came in lower than expected.

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Top Sellers for 2017 Spring Summer

Dry Stretch Kando Pants

- Professional male golfer Adam Scott wearing Kando Pants, developed together with player and fiber manufacturer Toray Industries
- Light, comfortable, highly functional pants that dry perspiration instantly
- New core UNIQLO product suitable for any occasion from business to sports

Wireless bras

- Featured in advertising campaigns in February for the first time since launch in 2015
- TVCM featuring actress Nozomi Sasaki sporting a wireless bra drew attention

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Slide 9 takes a closer look at our top-selling items for the 2017 Spring Summer season.

Customers appreciated the superior functionality of our Dry Stretch Kando Pants, a new core product launched in 2014. These light, comfortable, fast-drying anti-perspiration pants are suitable for any occasion from business to sports.

Wireless bras continued to sell extremely well, with our TV commercial featuring actress Nozomi Sasaki attracting much attention.

UNIQLO Japan: 3Q Gross Profit Margin

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3Q (March -May) Gross profit margin: 48.5% (-2.2p y/y)

In line with plan

- **Internal yen rates continued to fall, pushing up cost of sales**
- **1H discounting rate improved significantly compared to previous year's discounting during warm winter, but improvement in 2H rate likely to be less marked compared to previous year when we started to control discounting more strictly**

Next, I would like to look at UNIQLO Japan's gross profit margin in the third quarter from March to May 2017. While the margin declined 2.2 points year on year to 48.5%, the result was roughly in line with expectations.

The main cause of the contraction in the third-quarter gross margin was a further decline in internal yen rates which pushed up the cost of sales.
While the level of discounting improved significantly in the first half from September 2016 through February 2017 compared to aggressive discounting during the previous year's unusually warm winter, any improvement in discounting rates is likely to be much less marked in the second half from March to August 2017 when compared to the strict discounting approach in the previous year.

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UNIQLO Japan: 3Q SG&A

3Q (March -May) **SG&A to revenue ratio 36.5% (+1.0p y/y)**

Expenses to plan in monetary terms

- **Personnel: Raised hourly rates in some regions, increased temporary hires over busy sales periods**
- **Distribution: Higher outsourcing costs, and temporary increase relating to reform of distribution systems**
- **Advertising: Novelty gifts, more campaigns and TV ads**

Personnel	+0.4p y/y
Distribution	+0.4p
Advertising and promotion	+0.3p
Store rent	+0.1p
Other expenses	±0.0p
Depreciation	-0.1p

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UNIQLO Japan's selling, general and administrative expenses ratio rose 1.0 point year on year to 36.5% in the March-to-May quarter. In monetary terms, business expenses were roughly in line with expectations. However, lower-than-expected overall sales in the third quarter resulted in a slight fall below target for the SG&A to net sales ratio.

Personnel expenses were in line with expectations in monetary terms, but the personnel to net sales ratio increased by 0.4 point year on year after we raised the hourly wage rate in some regions and hired additional temporary in-store staff during busy sales periods.

While distribution expenses came in on target in monetary terms, the distribution to net sales ratio rose 0.4 point year on year on higher distribution outsourcing costs and an increase in temporary costs relating to the radical transformation of our logistics system. However, we made significant progress on strategies to improve delivery efficiency and reduce additional temporary warehousing.

Finally, advertising and promotion expenses also came in on target in monetary terms, but the advertising to net sales ratio increased by 0.3 point year on year following our decision to distribute novelty gifts to customers during the Golden Week and UNIQLO anniversary sales. An increase in the number of advertising campaigns and TV commercials also contributed to the higher advertising ratio.

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UNIQLO International: 3Q Overview

3Q (March -May) **Large revenue and profit gains exceed plan**

- OP doubles in SE Asia & Oceania, and South Korea
- Greater China continues strong, profit up sharply
- USA loss continues to shrink y/y as planned
- UNIQLO International stores: Opened 50, closed 8 in 3Q. Total at end May 2017: 1,071 stores

Billions of Yen

		Nine months to May 2017 (Sep. 2016 - May 2017)			Three months to May 2017 (Mar. 2017 - May 2017)		
		Actual	Prev. yr	y/y	Actual	Prev. yr	y/y
UNIQLO International	Revenue	561.5	532.8	+5.4%	168.7	143.5	+17.5%
	Business profit	69.4	44.5	+55.9%	19.5	12.0	+63.2%
	(to revenue)	12.4%	8.4%	+4.0p	11.6%	8.4%	+3.2p
	Other income, expenses	-1.2	-2.3	-	-0.2	0.8	-
	Operating profit	68.1	42.2	+61.3%	19.3	12.8	+50.7%
	(to revenue)	12.1%	7.9%	+4.2p	11.5%	8.9%	+2.6p

I would like to move on now to our UNIQLO International business segment.

UNIQLO International generated significant gains in both revenue and profit in the three months to May 2017, with revenue reaching ¥168.7 billion (+17.5% year on year) and operating profit climbing to ¥19.3 billion (+50.7%).

UNIQLO operations in Southeast Asia & Oceania, and South Korea performed especially well, reporting a doubling in operating profit that outstripped expectations. UNIQLO Greater China (Mainland China, Hong Kong and Taiwan) continued to perform strongly, generating a sharp rise in profits. Meanwhile, losses at UNIQLO USA shrank year on year as expected.

UNIQLO International opened 50 new stores and closed eight stores in the third quarter, primarily in Greater China and Europe. That brought the total number of stores to 1,071 at the end of May 2017.

Finally, foreign exchange rate movements dampened the segment’s overall performance in the third quarter by an average 2%.

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UNIQLO International: 3Q by Region ①

Greater China: Revenue and profit gains exceed plan
S. Korea: Management overhaul. OP doubles on same-store sales rebound, improved margin, cost cuts

Mainland China
- Attracted customers with campaigns around Labor Day and public holidays. Sales of core Summer, such as UT T-shirts and polo shirts strong on favorable April, May weather. Same-store sales rose.
- OP rose sharply on improved cost ratios following continued cost-cutting efforts, reduced advertising spend following a shift towards digital marketing, and reduced distribution costs following a review of logistics.
- E-commerce sales double-digit growth to over 10% of Greater China sales.

Hong Kong, Taiwan
- Achieved higher-than-expected profits thanks to effective cost-cutting efforts.
- Hong Kong 3Q same-stores sales rebounded on strong UT and bottoms sales.
- Taiwan same-store sales contracted on consumption slump but by a much smaller margin than in previous quarter.

South Korea
- Despite the overall depressed apparel retail market, sales of AIRism, Dry Stretch Kando Pants, BRATOP and other core Summer items proved strong following a product mix review and shift to digital marketing.
- Personnel and distribution costs down considerably on inventory level review.

Next, I would like to look at third-quarter performance in individual UNIQLO International regions.

UNIQLO Greater China generated higher-than-expected gains in both revenue and profit in the third quarter.

Same-store sales increased in Mainland China thanks to sales campaigns timed to coincide with Labor Day and other public holidays attracted customers into stores and strong sales of core Summer items, such as UT T-shirts and polo shirts, also benefitted from the favorable climate in April and May.
Mainland China operating profit rose sharply on the back of improved cost ratios generated by continued cost-cutting efforts, which includes a concerted shift towards digital marketing that helped reduce advertising spend, and a sweeping review of logistics systems that helped reduce distribution costs.
Finally, e-commerce sales in Mainland China reported double-digit growth in the third quarter, to constitute over 10% of Greater China total sales.

Staying within the Greater China region, Hong Kong and Taiwan achieved a higher-than-expected rise in profit on effective cost-cutting.

Moving onto South Korea, UNIQLO South Korea operating profit doubled in the third quarter, reaching a level well above forecast. That strong performance was facilitated by an aggressive management overhaul which helped fuel a rebound in same-store sales, improve the gross profit margin and reduce costs.
South Korea’s broader apparel retail market remained depressed throughout the quarter. Despite that, UNIQLO South Korea’s determined product mix review and a concerted shift to digital marketing helped fuel strong sales of AIRism, Dry Stretch Kando Pants, BRATOP and other core Summer items. In addition, the operation was able to reduce personnel and distribution costs considerably by reviewing inventory levels.

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UNIQLO International: 3Q by Region ②

SE Asia & Oceania: Far exceeds plan. OP doubles
North America: USA loss shrinks to plan
Europe: To plan. Revenue up but OP down a fraction

Southeast Asia & Oceania

- Double-digit gain in same-store sales on strong performance by UT, DRY-EX polo shirts and other sports goods, women's blouses, dresses and other new products, Dry Stretch Kando Pants, and products designed specifically to suit the Southeast Asian climate and culture such as our Hana Tajima and Batik print collections.
- Gross profit margin and cost ratios improved on back of strong sales.

USA

- Strong sales of UT, polo shirts, linen shirts, denim and other core items thanks to efforts to boost visibility of the UNIQLO brand and its products through stronger digital marketing, setting up in-store booths to explain product functionality, and enrichment of in-store posters.
- Same-store sales rebounded on successful advertising campaigns times to coincide with public holidays such as Easter and Memorial Day.
- Cost ratios improved dramatically following determined management reform.

Europe

- Slight OP fall on leading store investment (Russia:5, France: 4, Germany: 1)

Turning now to UNIQLO Southeast Asia & Oceania, where operating profit doubled in the third quarter to a level well above expectations. Same-store sales reported double-digit growth on the back of strong sales of UT T-shirts, DRY-EX polo shirts and other sports goods, women's blouses, dresses and other new products, Dry Stretch Kando Pants, and our range of products designed specifically to suit the Southeast Asian climate and culture such as our Hana Tajima and Batik print collections. The operation's gross profit margin and cost ratios also improved on the back of the robust sales performance.

UNIQLO USA managed to reduce its operating loss in the third quarter as planned. The operation sought to improve visibility of the UNIQLO brand and its products by employing stronger digital marketing, setting up in-store booths to explain product functionality, and enriching in-store posters. These efforts helped generate strong sales of UT T-shirts, polo shirts, linen shirts, denim and other core items. Some successful advertising campaigns timed to coincide with public holidays such as Easter and Memorial Day also contributed to the rebound in same-store sales. At the same time, the concerted management reform led to dramatic improvements in business cost ratios.

Moving across the Atlantic, as expected, UNIQLO Europe reported a rise in revenue, but a slight fall in operating profit as the addition of five new stores in Russia, four stores in France and one store in Germany in the third quarter resulted in a higher level of new-store leading investment.

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Global Brands: (3Q)

3Q (March-May)

Results in line with plan

・GU: Slightly below plan, profit dips

・Same-store sales down: Palazzo pants and design blouses campaign items sold well but did not become hit products as anticipated; Insufficient volumes of other trendy items resulted in lost sales opportunities

・Gross profit margin down on discounting of excess stock, and rising cost of sales induced by a weaker yen

Theory: Large profit gain above plan, PLST profit up

・PLST customer visits rose sharply following the decision to extend its predominately casualwear range into office casuals. Successful digital advertising also broadened the brand's appeal

・Comptoir des Cotonniers: Loss shrinks to plan

・Princesse tam.tam, J Brand: Continued losses

Billions of Yen

		Nine months to May 2017 (Sep. 2016 - May 2017)			Three months to May 2017 (Mar. 2017 - May 2017)		
		Actual	Prev. yr	y/y	Actual	Prev. yr	y/y
Global Brands	Revenue	260.9	254.3	+2.6%	92.7	87.0	+6.5%
	Business profit	19.3	23.4	-17.4%	8.9	9.2	-2.4%
	(to revenue)	7.4%	9.2%	-1.8p	9.7%	10.6%	-0.9p
	Other income, expenses	-0.2	-0.4	-	0.0	-0.4	-
	Operating profit	19.1	23.0	-17.0%	9.0	8.7	+3.8%
	(to revenue)	7.3%	9.1%	-1.8p	9.8%	10.0%	-0.2p

Turning now to third and final segment, Global Brands generated third-quarter results that were broadly in line with expectations, including a 6.5% year-on-year rise in revenue to ¥92.7 billion and a 3.8% rise in operating profit to ¥9.0 billion.

Our low-priced GU casual fashion brand reported a rise in third-quarter revenue, but a dip in profit to a level slightly below target. Campaign items Palazzo pants and design blouses that incorporate this year's fashion trends both sold well, but failed to develop into the hit products that we had anticipated. In addition, we did not manufacture sufficient volumes of trendy items not featured in our advertising campaigns, resulting in lost sales opportunities. As a result, third-quarter GU same-store sales declined to a below-target level. GU's third-quarter gross profit margin was squeezed by the lower-than-expected sales, which necessitated more aggressive discounting of excess stock, and the weaker yen, which inflated the cost of sales.

Meanwhile, our Theory operation (which includes both the Theory and PLST fashion brands) reported a rise in revenue and a large gain in profits that was well above target. That strong performance was due largely to improved profitability from the PLST brand. Customer visits rose sharply following PLST's decision to extend its predominately casualwear range into office casuals, and use web magazine digital marketing to broaden its brand appeal.

Elsewhere, our France-based Comptoir des Cotonniers fashion brand reported a further contraction in same-store sales. However, the label managed to reduce operating losses as planned by cutting costs.

Finally, our French corsetry, homewear and swimwear brand Princesse tam.tam and our US-based J Brand premium denim label both reported similar losses to the previous year.

Group: Balance Sheet (end May 2017)

Billions of Yen

	End May 2016	End Aug 2016	**End May 2017**	Change
Total Assets	1,272.7	1,238.1	**1,401.9**	＋129.1
Current Assets	977.4	924.5	**1,095.1**	＋117.6
Non-Current Assets	295.2	313.5	**306.7**	＋11.4
Total Liabilities	579.1	640.4	**640.5**	＋61.3
Total Equity	693.5	597.6	**761.3**	＋67.7

Let’s now take a look at our balance sheet as it stood at the end of May 2017. Compared to the end of May 2016, total assets increased by ¥129.1 billion to ¥1.4019 trillion.

The next slide shows a breakdown of the main components of the balance sheet.

FAST RETAILING

Group: B/S Main Points v. end May 2016

Current Assets: +¥ 117.6bln (¥977.4bln⇒¥1.0951trln)

- **Cash and cash equivalents: +¥113.5bln (¥453.9bln⇒¥567.4bln)**
  Increased operating cash flow
  ⇒ Highly liquid financial assets: ¥762.2bln (incl. term deposits of ¥194.7bln)
- **Inventory assets: +¥11.3bln (¥217.8bln⇒ ¥229.1bln)**
  UNIQLO Japan +¥3.5bln (early launch of Fall items)
  UNIQLO International +¥5.3bln (increase of 143 stores, early Fall range launch)
  Global Brands +¥2.4bln (expansion of GU operation)

Liabilities: +¥61.3bln (¥579.1bln⇒¥640.5bln)

- **Income tax payable: +¥26.8bln (¥14.6bln⇒¥41.4bln)**
  Increase due to large rise in profits in 1Q-3Q
- **Accounts payable and other short-term debt: +¥23.2bln (¥187.4bln⇒¥210.7bln)** Earlier launch of Fall ranges than the previous year
- **Deferred tax liabilities: +¥6.5bln (¥4.9bln⇒¥11.5bln)**
  Tax provisioning to reflect new overseas subsidiary dividend policy

First, current assets increased by ¥117.6 billion compared to end May 2016.

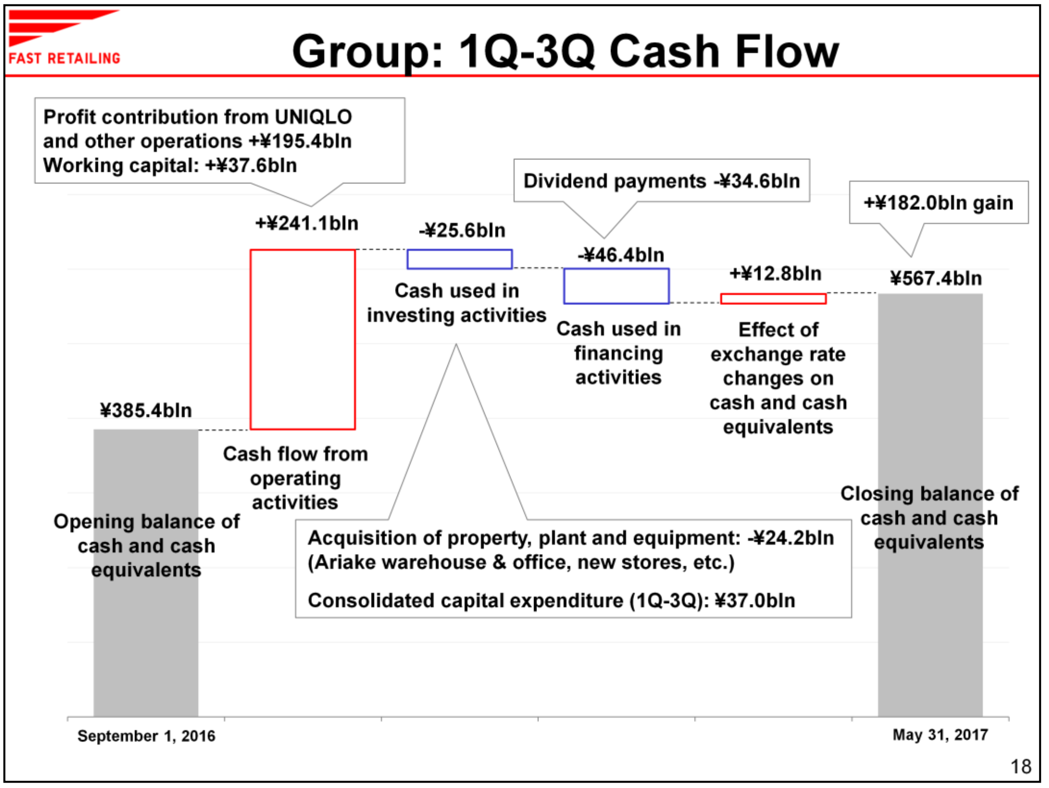
Cash and cash equivalents increased by ¥113.5 billion year on year to ¥567.4 billion at the end of May 2017. Within that category, highly liquid financial assets totalled ¥762.2 billion, including ¥194.7 billion in term deposits and other current financial assets.

Total inventory increased by ¥11.3 billion to ¥229.1 billion, largely due to the expansion UNIQLO International operations.

Liabilities increased by ¥61.3 billion year on year as the rise in profit over the nine-month period swelled the total of income taxes payable by ¥26.8 billion.

Accounts payable and other short-term liabilities increased by ¥23.2 billion following our decision to launch Fall ranges earlier than the previous year.

Finally, deferred tax liabilities increased by ¥6.5 billion, due to additional tax expense provisioning to reflect policy changes on dividends from overseas subsidiaries.



Next, I will explain our cash flow position for the first nine months of fiscal 2017.

We enjoyed a net cash inflow of ¥241.1 billion from operating activities.

Net cash used in investing activities totalled ¥25.6 billion, while net cash used in financing activities totalled ¥46.4 billion.

As a result, the balance of cash and cash equivalents stood at ¥567.4 billion at the end of May 2017.

FAST RETAILING

Group: FY2017 Estimates

Full-year forecasts unchanged

Revenue : ¥1.8500trln + 3.6% y/y

Operating profit : ¥175.0bln + 37.5% y/y

Profit attributable to owners of the parent : ¥100.0bln + 108.1% y/y

Billions of Yen

	Yr to Aug. 2016 Actual	Yr to Aug. 2017 Estimates (as of Jul.13)	Yr to Aug. 2017 y/y	Yr to Aug. 2017 1Q-3Q Actual
Revenue	1,786.4	1,850.0	+3.6%	1,477.9
(to revenue)	100.0%	100.0%		100.0%
Business profit	162.0	180.0	+11.1%	179.2
(to revenue)	9.1%	9.7%	+0.6p	12.1%
Other income, expenses	-34.7	-5.0	-	1.3
Operating profit	127.2	175.0	+37.5%	180.6
(to revenue)	7.1%	9.5%	+2.4p	12.2%
Finance income, costs	-37.0	0.0	-	14.8
Profit before income taxes	90.2	175.0	+93.9%	195.4
(to revenue)	5.1%	9.5%	+4.4p	13.2%
Profit attributable to owners of the parent	48.0	100.0	+108.1%	120.1
(to revenue)	2.7%	5.4%	+2.7p	8.1%

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Slide 19 shows on our estimates for Group business performance over the full business year through to the end of August 2017.

Singling out a few points for further explanation, while business profit at UNIQLO Japan fell below target in the nine months to May 2017, UNIQLO International performance outstripped expectations. As a result, consolidated performance continued strong and above target.

The other income and costs column showed a positive ¥1.3 billion in the first nine months thanks to foreign exchange gains, etc. However, we have maintained our initial full-year forecast for a net loss of ¥5.0 billion to allow for any potential year-end reporting of impairment losses on stores and loss-making subsidiary firms.

We also recorded a net ¥14.8 billion foreign-exchange gain in the first nine months under finance income and costs. However, given that it is hard to predict what is likely to happen to yen exchange rates going forward, we have made no changes to our most recent forecasts.

In the first nine months alone, profit attributable to owners of the parent surpassed our full-year target of ¥100.0 billion to reach ¥120.1 billion. However, owing to the factors mentioned above, we have decided not to make any adjustments to full-year consolidated estimates at this stage.

FY2017 Estimates by Group Operation ①

UNIQLO Japan: Forecast a slight fall in profit

- While we expect 4Q revenue to rise, we expect full-year profit will dip slightly and fall below our latest forecast on increased season-end stock rundowns and a consequently higher-than-expected discount rate.
- While the tough operational environment is expected to persist into FY2018 in terms of higher cost of sales and distribution outsourcing costs, we plan to strengthen profitability through determined management reforms, including stronger new product development, appropriate inventory levels, low-cost management.

UNIQLO Intl: Forecast large rises in revenue and profit

- Expect further profit gains and strong results from Greater China, Southeast Asia & Oceania, and South Korea in 4Q, as well as a large decline in USA loss.
- Expect significant full-year revenue and profit gains to outstrip latest targets.
- Forecast ¥3.5bln in retirement and store closure losses relating to store closures and scrap and build activity in the US and elsewhere.
- UNIQLO has grown into a No.1 brand in Greater China. SE Asia is also developing into a major pillar of brand growth. Aim to accelerate new store openings and further expand business in SE Asia from FY2018. Also expect to further slash operating losses at UNIQLO USA.

I would now like a few minutes to consider the future performance of individual business segments.

Taking UNIQLO Japan first, while we expect revenue to rise in the fourth quarter from June to August 2017, we anticipate increased season-end stock rundowns and higher-than-expected markdowns will cause full-year profit to contract slightly to a level below our most recent forecast.

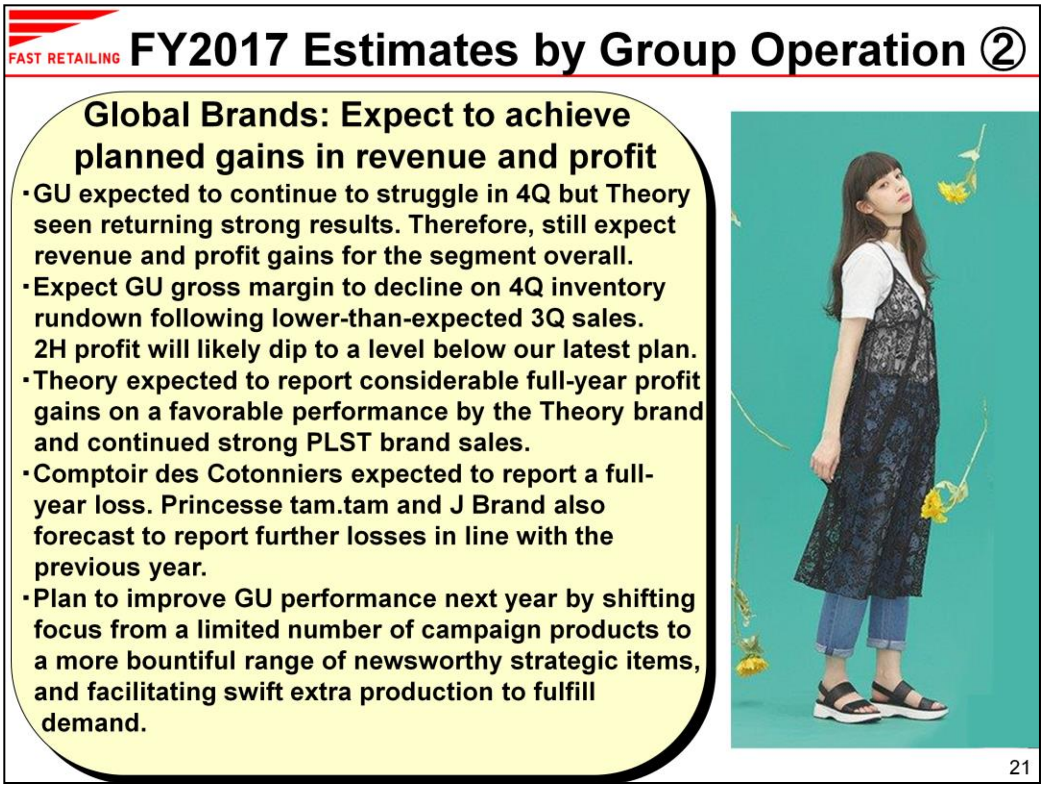
While the tough UNIQLO Japan operating environment is expected to persist into fiscal 2018 both in terms of higher cost of sales and higher distribution outsourcing costs, we plan to strengthen profitability by promoting more powerful product development and pursuing structural reforms designed to achieve more appropriate inventory levels, and low-cost management.

Looking next at UNIQLO International, we forecast further profit gains and strong results from Greater China, Southeast Asia & Oceania, and South Korea in the fourth quarter. At the same time, we also expect to see a large decline in operating losses at UNIQLO USA in the fourth quarter and reduce by half in full-year base comparing to fiscal 2016. As a result, we forecast UNIQLO International will exceed expectations for the full business year by generating significant rises in both revenue and profit.

We have incorporated ¥3.5bln in retirement and store closure losses for UNIQLO International relating to store closures and our scrap-and-build strategy of replacing smaller less profitable stores with bigger, more prominent ones in the United states and elsewhere.

In terms of key future drivers of growth, UNIQLO has already grown into a No.1 brand in Greater China, and Southeast Asia is also fast developing into a major pillar supporting brand growth. To aid that development, we aim to accelerate new store openings and further expand business in Southeast Asia from fiscal 2018 onwards.

We also expect to continue slashing operating losses at UNIQLO USA.



Thirdly and lastly, I would like to offer some detailed insight into expected performance for the Global Brands segment. We forecast Global Brands will still be able to achieve the expected gains in full-year revenue and profit, with any further struggles at GU in the fourth quarter being offset by strong results from Theory.

Following lower-than-expected third-quarter sales, we expect inventory rundowns in the fourth-quarter will nudge the GU gross profit margin down below target. As a result, GU operating profit will likely contract in the second half from March to August 2017 to a level below our most recent forecast.

In sharp contrast, our Theory operation, which includes the Theory and PLST brands, is expected to report considerable full-year profit gains on the back of a favorable performance by the Theory brand and continued strong sales from PLST.

As for other brands in the Global Brands segment, Comptoir des Cotonniers is expected to report a full-year loss, while Princesse tam.tam and J Brand are forecast to report continued losses in line with the previous year.

Looking ahead, we will seek to improve the performance of our GU operation by abandoning the current practice of focusing on a limited number of campaign products. Instead, from the upcoming business year onwards, we intend to increase the number of strategic newsworthy items, and to develop a system that can swiftly accommodate additional production orders to ensure we can always keep up with demand.

Finally, I would like to mention our latest dividend estimates for fiscal 2017. We have already paid an interim dividend of ¥175 per share. We expect to pay a year-end dividend of ¥175, bringing the total annual dividend per share to ¥350 per share.

That completes my presentation on Fast Retailing’s third-quarter performance and future business outlook. Thank you.

Reference: Group Company Store Numbers

[Units: Stores]	FY2016	FY2017 1Q-3Q Result (Sep. - May.)				FY2017 Estimates (Sep. - Aug.)			
	Yr-end	Open	Close	Change	End May	Open	Close	Change	End Aug
UNIQLO Operations	**1,795**	**151**	**41**	**+110**	**1,905**	**182**	**48**	**+134**	**1,929**
UNIQLO Japan	**837**	**23**	**26**	**-3**	**834**	**30**	**26**	**+4**	**841**
Directly run stores	798	21	26	-5	793	28	26	+2	800
Large-scale	205	10	6	+4	209	10	6	+4	209
Standard and others	593	11	20	-9	584	18	20	-2	591
Franchise stores	39	2	0	+2	41	2	0	+2	41
UNIQLO International	**958**	**128**	**15**	**+113**	**1,071**	**152**	**22**	**+130**	**1,088**
Mainland China	472	73	5	+68	**540**	92	10	+82	**554**
Hong Kong	25	0	0	0	**25**	0	0	0	**25**
Taiwan	63	3	1	+2	**65**	3	1	+2	**65**
Korea	173	12	5	+7	**180**	12	5	+7	**180**
Singapore	24	1	1	0	**24**	1	1	0	**24**
Malaysia	35	4	0	+4	**39**	6	0	+6	**41**
Thailand	32	2	0	+2	**34**	2	0	+2	**34**
Philippines	32	5	0	+5	**37**	8	0	+8	**40**
Indonesia	9	2	0	+2	**11**	2	0	+2	**11**
Australia	12	1	1	0	**12**	1	1	0	**12**
USA	45	4	2	+2	**47**	4	4	0	**45**
Canada	0	2	0	+2	**2**	2	0	+2	**2**
UK	10	0	0	0	**10**	0	0	0	**10**
France	10	9	0	+9	**19**	9	0	+9	**19**
Russia	11	8	0	+8	**19**	8	0	+8	**19**
Germany	3	2	0	+2	**5**	2	0	+2	**5**
Belgium	2	0	0	0	**2**	0	0	0	**2**
Global Brands	**1,365**	**76**	**51**	**+25**	**1,390**	**79**	**69**	**+10**	**1,375**
GU	350	41	17	+24	**374**	41	19	+22	**372**
Theory ※	530	27	16	+11	**541**	30	21	+9	**539**
Comptoir des Cotonniers ※	348	6	12	-6	**342**	6	20	-14	**334**
Princesse tam.tam ※	137	2	6	-4	**133**	2	9	-7	**130**
Total	**3,160**	**227**	**92**	**+135**	**3,295**	**261**	**117**	**+144**	**3,304**

Note: Excludes Mina (Commercial Facility Business) and Grameen UNIQLO stores ※Includes franchise stores

Reference: Foreign Exchange Rates

Exchange rates used in consolidated accounts

Yen

		1USD	1EUR	1GBP	1RMB	100KRW
FY2016 3Q	9-month average to May 2016	118.0	130.3	174.4	18.2	10.0
FY2017 3Q	9-month average to May 2017	109.8	118.5	138.1	16.1	9.6
FY2016	12-month average to Aug. 2016	115.1	127.2	167.4	17.7	9.8
FY2017（E）	12-month average to Aug. 2017	107.0	116.0	134.0	15.8	9.3

Exchange rates used on balance sheet

Yen

		1USD	1EUR	1GBP	1RMB	100KRW
FY2016 3Q	Exchange rate at end May 2016	110.9	123.6	162.7	16.8	9.3
FY2017 3Q	Exchange rate at end May 2017	111.0	123.9	142.2	16.3	9.9
FY2016	Exchange rate at end Aug. 2016	103.2	114.9	134.9	15.4	9.2
FY2017（E）	Exchange rate at end Aug. 2017	103.2	114.9	134.9	15.4	9.2

Reference: Capex, Depreciation

Capex and Depreciation

Billions of Yen

		Capital spending					Depreciation
		UNIQLO Japan	UNIQLO Intl.	Global Brands	Systems, etc	Total	
FY2016	3Q 9-month average	3.8	21.0	6.8	9.9	41.7	27.7
FY2017	3Q 9-month average	3.4	13.9	6.4	13.1	37.0	27.5
FY2016	Full-year 12-month average	4.5	26.8	8.4	12.6	52.3	36.7
FY2017（E）	Full-year 12-month average	4.3	19.3	8.1	15.9	47.7	37.5