FAST RETAILING

January 12, 2017

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

Takeshi Okazaki

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 first quarter of fiscal 2017, or the three months from September through November 2016, and our estimates for the full business year through August 2017.

FAST RETAILING

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.

FAST RETAILING

Group: (1Q) Sep.-Nov. 2016

Revenue and profit rise

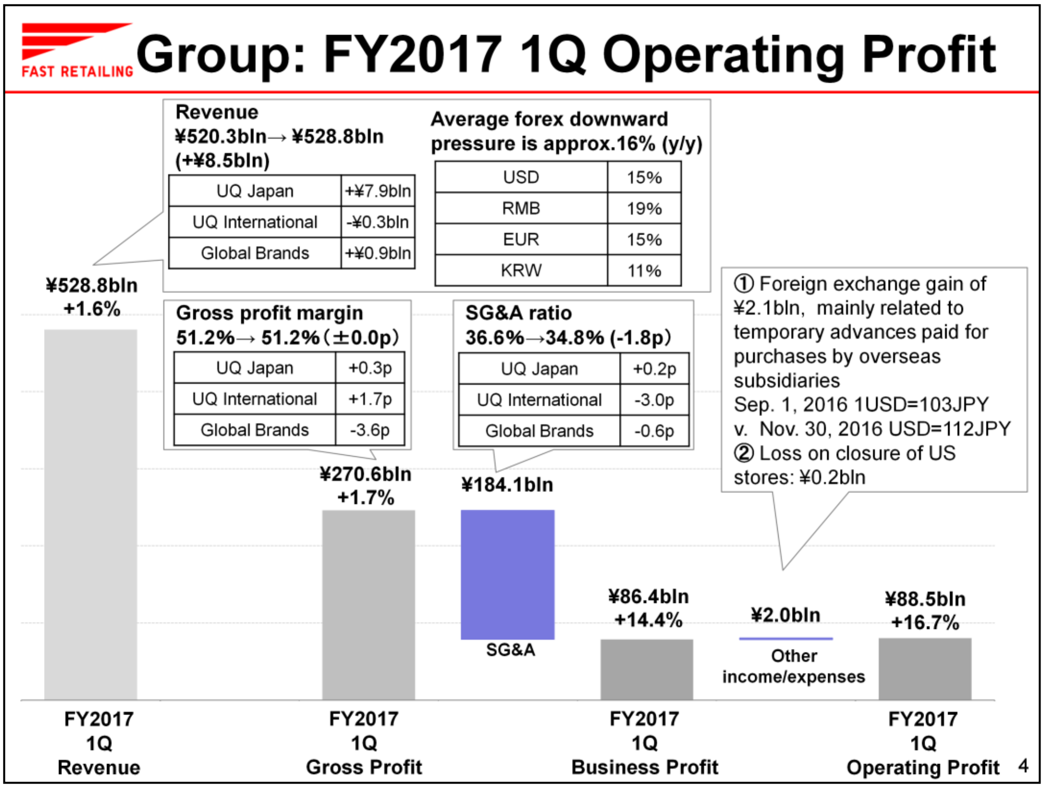
Billions of Yen

	Yr to Aug. 2016 (3 mths to Nov. 2015) Actual	Yr to Aug. 2017 (3 mths to Nov. 2016) Actual	y/y
Revenue (to revenue)	520.3 100.0%	**528.8** **100.0%**	+1.6%
Gross profit (to revenue)	266.2 51.2%	**270.6** **51.2%**	+1.7% 0.0 p
SG&A (to revenue)	190.6 36.6%	**184.1** **34.8%**	-3.4% -1.8 p
Business profit (to revenue)	75.5 14.5%	**86.4** **16.4%**	+14.4% +1.9 p
Other income, expenses (to revenue)	0.3 0.1%	**2.0** **0.4%**	+531.9% +0.3 p
Operating profit (to revenue)	75.9 14.6%	**88.5** **16.8%**	+16.7% +2.2 p
Finance income, costs (to revenue)	1.7 0.3%	**15.6** **3.0%**	+794.8% +2.7 p
Profit before income taxes (to revenue)	77.6 14.9%	**104.2** **19.7%**	+34.2% +4.8 p
Profit attributable to owners of the parent (to revenue)	48.0 9.2%	**69.6** **13.2%**	+45.1% +4.0 p

In the first quarter of fiscal 2017, the Fast Retailing Group reported a year-on-year rise in both revenue and profit.

Revenue totalled ¥528.8 billion (up 1.6% year on year). On the profit side, business profit, i.e. revenue minus cost of sales and SG&A expenses, rose 14.4% to ¥86.4 billion. Operating profit rose 16.7% to ¥88.5 billion, profit before income taxes expanded 34.2% to ¥104.2 billion, and profit attributable to owners of the parent expanded 45.1% to ¥69.6 billion.

The revenue total was slightly below target, but operating profit came in slightly higher than expected.



I would like to look in more detail at the main factors affecting first-quarter consolidated profit.

Consolidated revenue expanded by ¥8.5 billion to ¥528.8 billion in the first quarter. Revenue at UNIQLO International dipped slightly in yen terms, with an average strengthening in the yen of approximately 16% compared to the first quarter of fiscal 2016 weighing on overall performance. It is worth noting however, that revenue expanded as expected at all operations in local-currency terms.

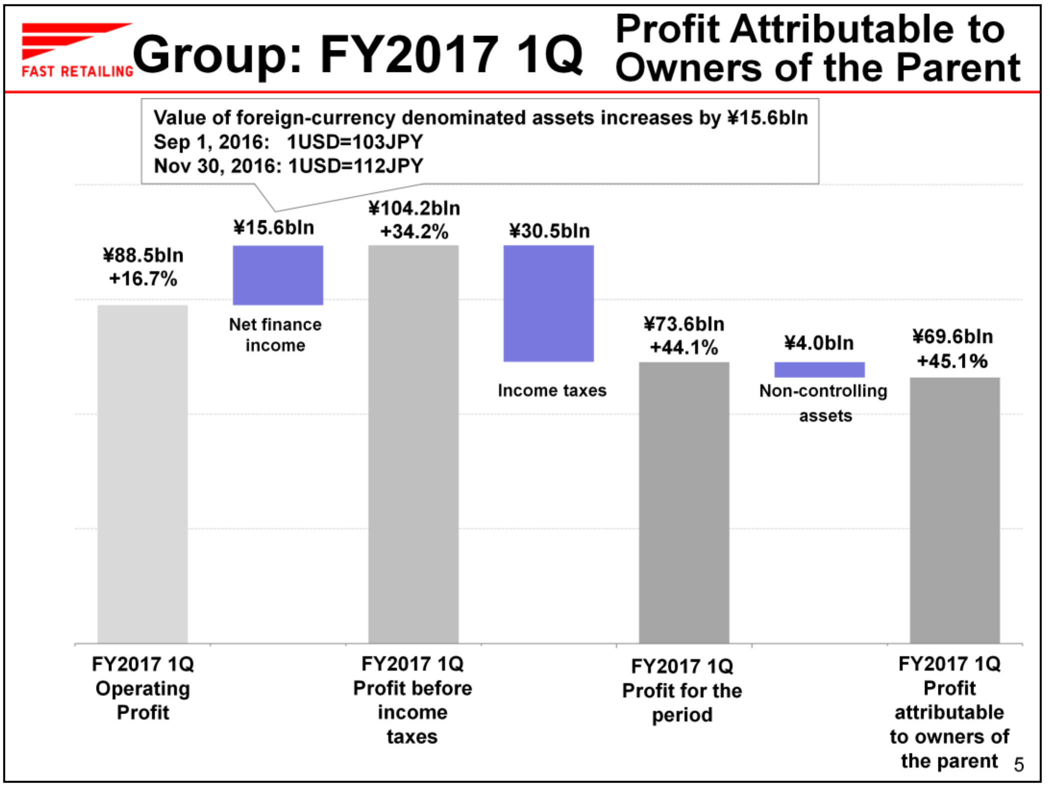
The gross profit margin held steady year on year at 51.2% in the first quarter. The gross profit margin improved at both UNIQLO Japan and UNIQLO International but contracted at Global Brands.

The SG&A to revenue ratio declined 1.8 points to 34.8%. That was largely due to a 3.0 point contraction in the SG&A ratio at UNIQLO International.

Meanwhile, business profit expanded 14.4% to ¥86.4 billion.

The net amount of other income/expenses stood at ¥2.0 billion. That total includes a foreign-exchange gain of ¥2.1 billion on temporary advances paid for purchases by overseas subsidiaries after the spot yen rate weakened over the quarter. It also includes ¥0.2 billion in retirement and store-closure losses related to the closure of one store in the United States in January 2017.

As a result of the above factors, first-quarter operating profit increased by 16.7% to ¥88.5 billion.



Moving on to finance income and costs, we reported a net finance income of ¥15.6 billion in the first quarter of fiscal 2017 after the weakening of the Japanese yen boosted the value of our foreign-currency denominated assets in yen terms.

As a result, profit before income taxes increased by 34.2% to ¥104.2 billion, and profit attributable to the owners of the parent increased by 45.1% to ¥69.6 billion in the first quarter. That sharp gain in profits exceeded initial expectations.

1Q Breakdown by Group Operation

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Billions of Yen

		Yr to Aug. 2016 (3 mths to Nov. 2015) Actual	Yr to Aug. 2017 (3 mths to Nov. 2016) Actual	y/y
UNIQLO Japan	Revenue	230.9	**238.8**	+3.4%
	Business profit	44.4	**46.1**	+3.8%
	(to revenue)	19.3%	19.3%	0.0p
	Other income, expenses	0.3	**-0.5**	-
	Operating profit	44.8	**45.6**	+1.8%
	(to revenue)	19.4%	19.1%	-0.3p
UNIQLO International	Revenue	196.9	**196.5**	-0.2%
	Business profit	21.4	**30.6**	+42.4%
	(to revenue)	10.9%	15.6%	+4.7p
	Other income, expenses	-0.6	**-0.4**	-
	Operating profit	20.8	**30.1**	+44.6%
	(to revenue)	10.6%	15.3%	+4.7p
Global Brands	Revenue	91.8	**92.7**	+1.1%
	Business profit	12.3	**9.6**	-21.6%
	(to revenue)	13.4%	10.4%	-3.0p
	Other income, expenses	0.0	**0.0**	-
	Operating profit	12.4	**9.5**	-22.7%
	(to revenue)	13.5%	10.3%	-3.2p

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 factors affecting each individual business segment in more detail in the subsequent slides.

UNIQLO Japan: Sep.- Nov. 2016 (1Q)

Operating profit slightly above plan

Billions of Yen

	Yr to Aug. 2016 (3 mths to Nov. 2015)	Yr to Aug. 2017 (3 mths to Nov. 2016)	y/y
Revenue	230.9	**238.8**	+3.4%
(to revenue)	100.0%	**100.0%**	
Gross profit	117.4	**122.0**	+4.0%
(to revenue)	50.8%	**51.1%**	+0.3p
SG&A	72.9	**75.9**	+4.1%
(to revenue)	31.6%	**31.8%**	+0.2p
Business profit	44.4	**46.1**	+3.8%
(to revenue)	19.3%	**19.3%**	0.0p
Other income, expenses	0.3	**-0.5**	-
(to revenue)	0.2%	**-**	-
Operating profit	44.8	**45.6**	+1.8%
(to revenue)	19.4%	**19.1%**	-0.3p

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

UNIQLO Japan reported year-on-year gains in both revenue and profit in the first quarter. Revenue increased by 3.4% to ¥238.8 billion and operating profit expanded by 1.8% to ¥45.6 billion.

While the revenue result was roughly in line with plan, the operating profit total was slightly above target.

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UNIQLO Japan: Revenue (1Q)

Revenue ¥238.8bln (+3.4% y/y)

Same-store sales (incl. e-commerce) expands 2.5% y/y

Same-store sales	Yr to Aug. 2017				
	Sep.	Oct.	Nov.	**3 mths to Nov. 2016**	Dec.
Net sales	−3.4%	−0.6%	+7.3%	**+2.5%**	−5.0%
Customer visits	+2.1%	+4.2%	+4.1%	**+3.7%**	−4.0%
Customer spend	−5.4%	−4.6%	+3.0%	**−1.1%**	−1.0%

End November 2016 stores: 800 directly run (-6 y/y), 41 franchise (+3 y/y)

- **Same-store sales down after warm weather in Sep., Oct. dampened Fall Winter sales**
- **Sharp recovery in November sales as temperatures dropped below the previous year's level and our anniversary sale proved strong. Sales of cashmere sweaters, HEATTECH and outerwear especially strong**
- **Customer visits: Rose in 1Q (September to November). Improving trend continues**
- **Customer spend: Down in 1Q as the rising bottomwear component of sales settled, and prices on some items were reduced, but recovered in November on strong sales of comparatively expensive outerwear and cashmere sweaters**
- **E-commerce sales up 11.3% y/y. Pace of expansion slowed slightly partly due to our decision to halt next-day delivery service during the busy season**
- **December same-store sales declined 5.0%, slightly below plan. Early January sales extremely strong.**

At UNIQLO Japan, same-store sales, including e-commerce, rose 2.5% year on year in the first quarter.

Breaking that performance down into individual months, same-store sales declined in September and October after warm weather dampened demand for Fall Winter items. However, same-store sales then rebounded sharply in November after the weather turned colder and temperatures dropped to levels below the previous year. Our anniversary sale this year also contributed to the stronger performance. Sales of core Winter items such as cashmere sweaters, HEATTECH and outerwear were especially strong, contributing to the sharp rise in revenue for the month.

Breaking down the first-quarter same-store sales data, customer visits rose 3.7% year on year, while customer spend declined 1.1%. Customer visits continued to rise across the whole quarter, illustrating a steadily improving trend.

Meanwhile, customer spend declined for the quarter as a whole after the consistently strong contribution of bottom wear to total sales started to taper off, and prices on certain items were actively reduced. Having said that, customer spend recovered in November on strong sales of comparatively expensive outerwear and cashmere sweaters.

E-commerce sales increased 11.3% year on year in the first quarter. The pace of expansion slowed slightly, but this was due largely to our decision to temporarily withdraw our next-day delivery service during the busy season.

Recently announced data for December sales were slightly below target with same-store sales declining 5.0% year on year. However, early January sales have proved extremely strong with large numbers of customers visiting our stores.

UNIQLO Japan: Gross Profit Margin (1Q)

Gross profit margin: 51.1% (+0.3p y/y)

Gross profit margin higher than expected

- **Fewer limited discounts after new attractive, easily recognizable pricing took effect**
- **The anniversary sale lasted 3 days longer than last year but we were able to control discounts as planned**
- **Cost of sales rose on price cuts of some Fall Winter items, but absorbed by firmer control of discounts**

Turning now to business margins for UNIQLO Japan, the gross profit to net sales ratio, or gross profit margin, increased by 0.3 point year on year in the first quarter of fiscal 2017 to 51.1%. That result was above target.

This higher-than-expected gain in the gross profit margin was due largely to the success of our new attractive, easily recognizable pricing strategy, introduced in spring 2016, which reduced the number and extend of limited-period discounts. Our anniversary sale spanned a full 7 days this year, three days more than last year, but we were still able to control discounting within predetermined parameters.

While the cost of sales rose following our decision to cut prices on some Fall Winter items, we were able to fully absorb that increase by keeping discounting under strict control.

UNIQLO Japan: SG&A (1Q)

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SG&A to revenue ratio: 31.8% (+0.2p y/y)

Effective cost-cutting drive (ex. Distribution)
Costs: Monetary total and ratios to plan

Distribution	+0.9p y/y
Other expenses	-0.3p
Advertising & promotion	-0.2p
Personnel	-0.1p
Depreciation	-0.1p
Store rents	±0.0p

UNIQLO Japan's selling, general and administrative expenses ratio rose 0.2 point year on year to 31.8% in the first quarter of fiscal 2017. An increase in distribution costs was largely offset by effective cost-cutting in all other areas. That overall result was on target both in terms of monetary totals and ratios to net sales.

Looking at key components of the SG&A ratio, the distribution cost ratio increased 0.9 point mainly in relation to rent payments on the Ariake warehouse, and a temporary spike in distribution costs linked to our logistical overhaul. Distribution costs also exceeded target marginally in monetary terms.

Conversely, our cost-cutting drive generated higher-than-expected cost savings in all categories other than distribution.
For example, the other expense ratio improved 0.3 point on lower expenditure on business trips, utilities and outsourcing. The advertising and promotion cost ratio improved by 0.2 point on more effective marketing via flyers and TV commercials.

UNIQLO International: (1Q) (1)

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Strong profit gain, OP exceeds plan

- Higher yen (y/y) exerts 16% downward pressure on results
- Overall Revenue down 0.2%, but revenue in local-currency rose as expected in all areas. Solid expansion continues.
- Higher than expected rise in OP on improved gross margin and cost cuts
- Strong contribution from Greater China, SE Asia & Oceania
- Network at end November: 1,009 stores (+145 y/y) Achieved 1,000 stores 15 years after first store opened

Billions of Yen

		Yr to Aug. 2016 (3 mths to Nov. 2015) Actual	Yr to Aug. 2017 (3 mths to Nov. 2016) Actual	y/y
UNIQLO International	Revenue	196.9	196.5	-0.2%
	Business profit	21.4	30.6	+42.4%
	(to revenue)	10.9%	15.6%	+4.7p
	Other income, expenses	-0.6	-0.4	-
	Operating profit	20.8	30.1	+44.6%
	(to revenue)	10.6%	15.3%	+4.7p

I would now like to move on to explain the first-quarter results for UNIQLO's global operations. UNIQLO International reported a 0.2% year-on-year decline in revenue to ¥196.5 billion, but an impressive 44.6% increase in operating profit to ¥30.1 billion. That sharp rise in operating profit was larger than expected. The stronger yen in the first quarter of fiscal 2017 compared to the first quarter of fiscal 2016 pushed performance lower in yen terms by an average 16%.

Overall revenue contracted by 0.2% year on year in the first quarter. However, if we strip out the exchange-rate effect, revenue in local-currency terms actually increased as expected at every single UNIQLO International operation, and we can confirm that each operation is growing steadily.

On the profit front, the gross profit margin improved, effective cost-cutting boosted the operating profit margin, and total operating profit rose sharply to a level well above target.

Within the segment, UNIQLO Greater China and UNIQLO Southeast Asia and Oceania generated especially strong profit gains.

UNIQLO International achieved 1,000 stores in fall 2016, 15 years after opening the first UNIQLO store outside Japan in 2001. The network finally settled at 1,009 stores (+145 y/y) at the end of November 2016.

UNIQLO International: (1Q) (2)

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- **Greater China: Sharp OP gain outstrips plan**
  Mainland China: Same-store sales up on strong Mid-autumn Festival, National Day promotions. Higher-than-expected sharp profit gain on higher gross profit margin (fewer discounts), more cost-cutting.
  HK: Same-store sales up, profit above plan on improved margins and cost-cutting
  Taiwan: Same-store sales down on sluggish economy, profit up slightly on cost-cutting
- **South Korea: OP to plan, slight rise in profit**
  Sluggish spending dampens same-store sales. Gross profit margin up, more cost cutting
- **SE Asia & Oceania: Revenue, profit gains exceed plan**
  SE Asia: Double-digit gain in same-store sales. Gross margin, SG&A ratios improved. Region's first global flagship store opened in Singapore September 2016
- **North America: Loss shrinks. Canada launch good**
  US: Same-store sales steady, gross margin up sharply.
  Launched Canada operation September 30. First two stores off to great start
- **Europe: Performs to plan, OP steady y/y**
  Same-store sales, gross profit margin and SG&A ratios steady y/y. Steady expansion of business with 5 new stores in France and 3 in Russia

Next, I would like to talk about performance at individual UNIQLO International operations. UNIQLO Greater China (including Mainland China, Hong Kong and Taiwan) reported a decline in revenue on the back of the stronger yen, but a sharp rise in operating profit that was higher than expected.

In Mainland China, same-store sales and overall revenue rose in local-currency terms on the back of strong Mid-autumn Festival and National Day promotions. Firm control of discounting helped boost the gross profit margin. That along with effective cost-cutting helped fuel a sharp rise in profit beyond the targeted level.
In Hong Kong, same-store sales rose in local-currency terms. Profits rose further than expected on the back of an improved gross profit margin and effective cost-cutting. In Taiwan, same-store sales declined due to the persistently sluggish economic environment, but some effective cost-cutting efforts did enable the operation to report a slight increase in profit.

In South Korea, sluggish economic conditions knocked same-store sales lower in local-currency terms. However, operating profit expanded slightly as expected. Strict control of discounting helped boost the gross profit margin, and the operation also actively cut costs.

UNIQLO's operation in Southeast Asia and Oceania generated stronger-than-expected sharp gains in both revenue and profit in the first quarter. Southeast Asia was especially strong, reporting double-digit growth in same-store sales along with an improved gross profit margin and lower SG&A ratios. UNIQLO opened its first global flagship store for the region, the UNIQLO Orchard Road Store, in Singapore in September 2016, boosting the brand's presence in that area.

Operating losses at UNIQLO's operation in the United States shrank as planned. Same-store sales held steady year on year while the gross profit margin improved markedly. We reported a store-closure loss of approximately ¥0.2 billion in relation to the closure of one store in January. UNIQLO launched a new operation in Canada on September 30, 2016. Our two new Canadian stores got off to a great start, reporting higher-than-expected sales in the first quarter.

Over in Europe, operating profit held steady year on year as expected, with same-store sales, gross profit margin and SG&A ratios all holding steady. UNIQLO Europe continues its strategic expansion, with five new stores opened in France and three new stores opened in Russia in the first quarter.

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Global Brands: Sep.- Nov. 2016 (1Q)

Revenue up, profit down, below plan

- **GU: Revenue up, profit down, both short of plan**
  - **Same-store sales fall short of plan, but expand slightly y/y**
    Sales fell considerably in September as warm weather dampened launch of Fall ranges. Sales rose from October onwards on strong sales of trendy items (coatigans & MA-1 blousons)
  - **OP down on lower gross profit margin and rising SG&A ratios**
    FY2016: Few discounts on strong sales. FY2017 gross profit margin down on early rundown of Fall inventory.
    Advertising expenses reduced but SG&A ratio up on higher personnel, distribution costs
- **Theory: Operating profit steady y/y as expected**
- **Comptoir des Cotonniers: Lower than plan, profit flat**
- **Princesse tam.tam, J Brand: Report another loss**

Billions of Yen

		Yr to Aug. 2016 (3 mths to Nov. 2015) Actual	Yr to Aug. 2017 (3 mths to Nov. 2016) Actual	y/y
Global Brands	Revenue	91.8	92.7	+1.1%
	Business profit	12.3	9.6	-21.6%
	(to revenue)	13.4%	10.4%	-3.0p
	Other income, expenses	0.0	0.0	-
	Operating profit	12.4	9.5	-22.7%
	(to revenue)	13.5%	10.3%	-3.2p

13

Moving on next to our Global Brands operation, which reported rising revenue but falling profits in the first quarter.
Revenue expanded by 1.1% year on year to ¥92.7 billion but operating profit declined 22.7% to ¥9.5 billion. Both the revenue and profit figures were lower than expected.

Our low-priced GU casual fashion brand reported rising revenue but falling profits in the first quarter, with both measures coming in below target. While same-store sales fell short of plan, they did rise slightly year on year. Warm weather in September adversely affected the launch of GU's Fall ranges, leading to a sharp decline in revenue. However, sales picked up from October onwards, with trendy items such as coatigans and MA-1 blouson jackets selling well.

Global Brands operating profit declined on a lower gross profit margin and higher SG&A ratio. Strong sales in the first quarter of fiscal 2016 meant we did not need to offer many discounts. However, in the first quarter of fiscal 2017, the shortfall in sales of Fall items meant we had to start running down Fall inventory earlier than usual, resulting in a lower gross profit margin. Despite a concerted reduction in advertising, promotion and other expenses, the SG&A ratio also rose on higher personnel and distribution costs.

Looking briefly at other labels in our Global Brands segment, our Theory fashion label generated a steady level of operating profit as expected.

Our France-based Comptoir des Cotonniers fashion brand reported flat year-on-year profit, which was lower than expected.

Our French corsetry, homewear and swimwear brand Princesse tam.tam and our J Brand premium denim label both reported continued losses as expected.

Before I move on to look at the balance sheet, I would like to give you some more information on our GU brand. While conditions were tough during the 2016 Fall/Winter season, early signs suggest that the 2017 Spring season will be much more favourable with Spring ranges getting off to a good start.

Denim pants are in fashion this year, and our wide-denim, design-denim and skinny-denim jeans have been selling extremely well. Our sweat pullover parka and other sweat wear are also attracting lots of customers. In view of the firm demand for MA-1 blouson jackets in Fall/Winter 2016, we launched a Spring MA-1 blouson, which is selling really well.

We aim to boost GU performance by introducing various improvements from 2017 Spring/Summer, including stronger marketing and more decisive mid-season ordering of additional production for the most popular trendy items.

Group: Balance Sheet (end Nov. 2016)

Billions of Yen

	End Nov. 2015	End Aug. 2016	**End Nov. 2016**	Change
Total Assets	1,264.5	1,238.1	**1,410.9**	+146.3
Current Assets	968.9	924.5	**1,114.5**	+145.6
Non-Current Assets	295.6	313.5	**296.3**	+0.7
Total Liabilities	459.6	640.4	**672.0**	+212.4
Total Equity	804.9	597.6	**738.8**	-66.1

Next, I would like to take you through our balance sheet as it stood at the end of November 2016.

Compared to the end of November 2015, total assets increased by ¥146.3 billion to ¥1.4109 trillion, largely on a ¥145.6 billion increase in current assets.

Total liabilities increased by ¥212.4 billion to ¥672.0 billion following our December 2015 corporate bond issue.

Total equity decreased by ¥66.1 billion to ¥738.8 billion largely due to lower valuations on derivative financial assets.

I will discuss the main components of the balance sheet in the next slide.

Group: B/S Main Points v. end Nov. 2015

Current Assets +¥145.6bln (¥968.9bln ⇒ ¥1.1145trln)

- **Balance of highly liquid financial assets ¥672.7bln (+¥269.3bln)**
  Cash and cash equivalents + ¥78.1bln, other current financial assets + ¥191.1bln on proceeds of December 2015 bond issue, and higher operating cash flow
- **Derivative financial assets: -¥125.2bln (¥148.3bln ⇒ ¥23.1bln)**
  Gap between forward contract and spot rates contracted considerably after average yen rate of forward currency contracts weakened and end-November spot rate strengthened year on year. Hedge accounting so no impact on P&L
- **Inventory assets: +¥0.7bln (¥272.9bln ⇒ ¥273.6bln)**
  UNIQLO Japan -¥2.9bln
  UNIQLO Intl. -¥2.9bln (forex effect, inventory control in some regions)
  Global Brands +¥6.5bln (More GU stores, broader Fall Winter ranges, early launch of GU Spring items)

Liabilities +¥212.4bln (¥459.6bln ⇒ ¥672.0bln)

- **December 2015 ¥250bln corporate bond issue**
- **Deferred tax liabilities: -¥39.6bln (¥44.8bln ⇒ ¥5.2bln)**

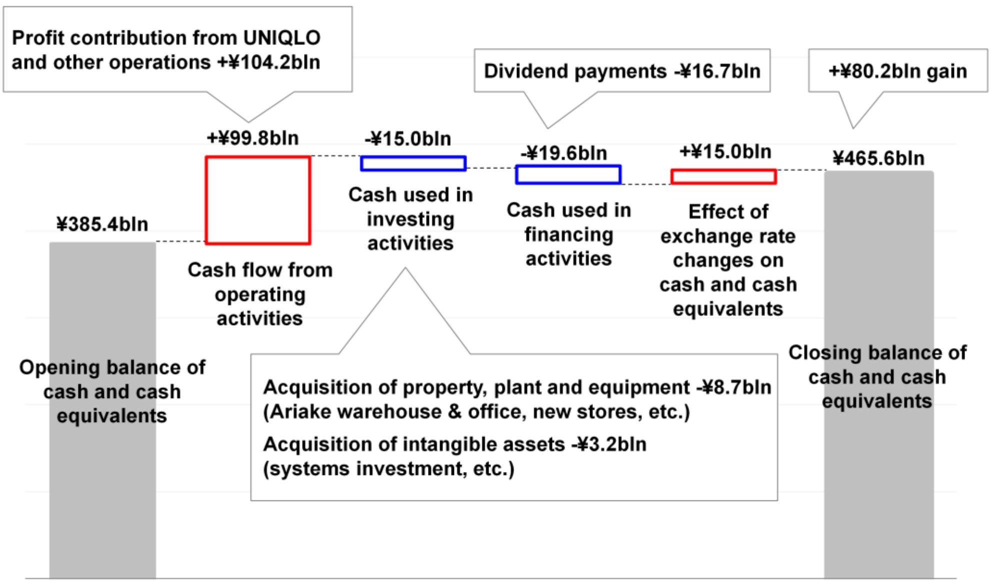
Let’s look first at the ¥145.6 billion increase in current assets at the end of November 2016.
The balance of highly liquid financial assets increased by ¥269.3 billion to ¥672.7 billion. That increase breaks down into a ¥78.1 billion rise in cash and cash equivalents and a ¥191.1 billion rise in other current financial assets, including bank deposits with maturities of over three months. The rise in highly liquid financial assets was due largely to a swelling of the cash balance following our corporate bond issue in December 2015, and a higher operating cash flow.

Total derivative financial assets decreased by ¥125.2 billion to ¥23.1 billion at the end of November 2016 after the average yen rate on our forward currency contracts weakened and the yen spot rate at the end of November strengthened, shrinking the gap between the two rates. UNIQLO Japan and some of our other operations take out forward exchange contracts as part of their long-term strategy to hedge against future movements in foreign exchange rates. However, this item is considered under hedge accounting and does not impact our profit and loss position.

Looking next at inventories, total inventory increased by ¥0.7 billion to ¥273.6 billion at the end of November 2016.
Inventory at UNIQLO Japan decreased by ¥2.9 billion. Inventory at UNIQLO International decreased by ¥2.9 billion, mainly due to foreign exchange effects and stronger control of inventory in some areas. Finally, inventory levels increased by ¥6.5 billion at Global Brands on the back of an increase in the number of GU stores, an increase in the number of GU Fall Winter items, and an earlier launch of GU Spring ranges compared to the previous year.

Finally, liabilities increased ¥212,4 billion year on year. This includes our ¥250 billion corporate bond issue in December 2015 on the one hand and a ¥39.6 billion reduction in deferred tax liabilities on the other.

Group: 1Q Cash Flow



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

We enjoyed a net cash inflow of ¥99.8 billion from operating activities, largely thanks to profit contributions from UNIQLO and other Group operations.

Net cash used in investing activities totalled ¥15.0 billion in the first quarter, including acquisition of property, plant and equipment for the Ariake warehouse and head office as well as new stores, and the acquisition of intangible assets such as systems investment.

Capital expenditure for the Fast Retailing Group totalled ¥13.4 billion.

Net cash used in financing activities totalled ¥19.6 billion, mainly spent on cash dividend payments.

As a result, the balance of cash and cash equivalents stood at ¥465.6 billion at the end of November 2016.

Group: FY2017 Estimates

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	y/y	Yr to Aug. 2017 1Q Actual
Revenue	1,786.4	1,850.0	+3.6%	528.8
(to revenue)	100.0%	100.0%		100.0%
Business profit	162.0	180.0	+11.1%	86.4
(to revenue)	9.1%	9.7%	+0.6p	16.4%
Other income, expenses	-34.7	-5.0	-	2.0
Operating profit	127.2	175.0	+37.5%	88.5
(to revenue)	7.1%	9.5%	+2.4p	16.8%
Finance income, costs	-37.0	0.0	-	15.6
Profit before income taxes	90.2	175.0	+93.9%	104.2
(to revenue)	5.1%	9.5%	+4.4p	19.7%
Profit attributable to owners of the parent	48.0	100.0	+108.1%	69.6
(to revenue)	2.7%	5.4%	+2.7p	13.2%

Slide 18 and 19 explain our estimates for Fast Retailing Group performance in fiscal 2017, or the twelve months to August 2017.

In the first quarter from September to November 2016, revenue fell slightly short of target, but both business profit and operating profit exceeded expectations.

Profit attributable to owners of the parent rose sharply beyond our initial forecast after a weakening in the yen over the quarter resulted in an unexpected ¥15.6 billion foreign-exchange gain being recorded under finance income and costs.

However, it is difficult to predict what is likely to happen to yen exchange rates going forward, so we have decided not to make any changes to our initial forecasts for Group performance at this stage.

FY2017 Estimates by Group Operation

UNIQLO Japan: Revenue and profit to rise

- 1Q revenue as planned. OP slightly above plan.
- December sales slightly below plan
- Same-store sales (incl. e-commerce) to rise approx. 2.0%, gross profit margin flat, lower SG&A ratios on further cost-cutting drive, OP set to rise

UNIQLO Intl: Slight rise in revenue, large rise in profit

- 1Q revenue to plan, OP exceeded expectations
- Greater China, SE Asia& Oceania, S. Korea profit to rise, US loss to shrink sharply
- Full-year forecasts assume 1USD=102JPY, 1RMB=15.4JPY. Any yen weakening beyond these points will likely generate stronger results than initially forecast

Global Brands: Expect large profit gain

- 1Q revenue and profit both fall short of plan
- OP to rise sharply v. FY2016 when reported ¥13.8bln J Brand impairment loss
- GU: 1Q profit dipped unexpectedly. December sales also below plan. 1H profit expected to fall v. extremely strong previous year's approx. 60% y/y gain. 2H profit to rise sharply. Aim for full-year profit rise. In 2H planning launch of weekly story features based on latest fashion trends, effective advertising, more efficient ordering of additional production of strong-selling items, cost-cutting
- Theory: Initial targets unchanged. Expect revenue and profit to rise

I would like to explain our fiscal 2017 forecasts in more detail for each Group operation.

Looking first at UNIQLO Japan. In the first quarter, revenue came in roughly in line with expectations while operating profit was slightly above target. In December, same-store sales declined 5.0% year on year, pushing revenue slightly below target. However, we expect UNIQLO Japan will generate gains in both revenue and profit for the full business year on the back of a predicted increase of approximately 2.0% in same-store sales, a steady gross profit margin, and further determined cost-cutting designed to reduce SG&A ratios.

Looking next at UNIQLO International. In the first quarter, revenue was on target while operating profit exceeded expectations. For the full business year, we still forecast UNIQLO International will generate a slight increase in revenue, an a significant increase in operating profit. Within the segment, we forecast rising profits from Greater China, Southeast Asia and Oceania, and South Korea, and we expect operating losses at UNIQLO North America will contract. Our full-year forecasts are based on an assumed foreign exchange rate of 1USD = 102JPY and 1RMB=15.4JPY. If the exchange rate settles at the current level of ¥1USD=115JPY and 1RMB=16.7JPY, then Group performance will likely exceed our initial forecasts.

Looking finally at our Global Brands segment. In the first quarter, revenue and profit both fell short of forecasts. However, we still expect Global Brands operating profit will rise significantly in fiscal 2017 compared to fiscal 2016 when we reported a ¥13.8 billion impairment loss on J Brand.

Breaking down the Global Brands segment, GU profit dipped unexpectedly in the first quarter, and sales also fell short of plan in December. In the first half of fiscal 2016, operating profit increased by an extremely strong 60% year on year thanks to strong sales of numerous hit products. By comparison, operating profit is expected to contract year on year in the first half of fiscal 2017. However, we expect strong year-on-year profit gains in the second half, resulting in a full-year profit rise. In the second half, we are planning to launch weekly story features based on the latest fashion trends. We will also review GU marketing to ensure more effective advertising and promotion. We intend to strengthen our system for ordering additional production of strong-selling items, and we will continue the ongoing drive to cut costs and boost overall efficiency.

We forecast Theory will fulfill initial expectations by generating full-year rises in both revenue and profits.

The Fast Retailing Group maintains its scheduled annual dividend of ¥350 per share for fiscal 2017, split evenly between interim and year-end dividends of ¥175 each.

I would like to close by drawing your attention to one final upcoming event. At the beginning of February, we are intending to move UNIQLO's major commercial functions to our Ariake head office, a 16,529m^2 open-plan space on the top floor of our Ariake Warehouse. Those functions include UNIQLO's merchandising, R&D department, marketing department, production department, product planning department, sales department, and IT department.

We expect the open-plan Ariake head office will help promote a more teamwork-focused work style, facilitate concurrent, speedy product and information creation, and enable us to instantly create the very products customers want.

That completes this presentation on the Fast Retailing Group's business performance for the first quarter of fiscal 2017 and our outlook on the full business year.

The next three slides are provided for your reference.

Thank you.

Reference

FY2017 Store Numbers by Group Company

[Units: Stores]	FY2016	FY2017 1Q Result (Sep. - Nov.)				FY2017 Estimates (Sep. - Aug.)			
	Yr-end	Open	Close	Change	End Aug	Open	Close	Change	End Aug
UNIQLO Operations	**1,795**	**69**	**14**	**+55**	**1,850**	**196**	**50**	**+146**	**1,941**
UNIQLO Japan	**837**	**15**	**11**	**4**	**841**	**30**	**30**	**0**	**837**
Own stores	798	13	11	+2	800	–	–	–	–
Large-scale	205	5	3	+2	207	–	–	–	–
Standard and others	593	8	8	0	593	–	–	–	–
Franchise stores	39	2	0	+2	41	–	–	–	–
UNIQLO International	**958**	**54**	**3**	**+51**	**1,009**	**166**	**20**	**+146**	**1,104**
China	472	26	1	+25	**497**	–	–	–	–
Hong Kong	25	0	0	0	**25**	–	–	–	–
Taiwan	63	0	0	0	**63**	–	–	–	–
Korea	173	6	1	+5	**178**	–	–	–	–
Singapore	24	1	0	+1	**25**	–	–	–	–
Malaysia	35	0	0	0	**35**	–	–	–	–
Thailand	32	2	0	+2	**34**	–	–	–	–
Philippines	32	2	0	+2	**34**	–	–	–	–
Indonesia	9	1	0	+1	**10**	–	–	–	–
Australia	12	1	1	0	**12**	–	–	–	–
USA	45	4	0	+4	**49**	–	–	–	–
Canada	0	2	0	+2	**2**				
UK	10	0	0	0	**10**	–	–	–	–
France	10	5	0	+5	**15**	–	–	–	–
Russia	11	3	0	+3	**14**	–	–	–	–
Germany	3	1	0	+1	**4**	–	–	–	–
Belgium	2	0	0	0	**2**	–	–	–	–
Global Brands	**1,365**	**21**	**15**	**+6**	**1,371**	**60**	**30**	**+30**	**1,395**
GU	350	15	8	+7	**357**	–	–	–	–
Theory ※	530	6	7	−1	**529**	–	–	–	–
Comptoir des Cotonniers ※	348	0	0	0	**348**	–	–	–	–
Princesse tam.tam ※	137	0	0	0	**137**	–	–	–	–
Total	**3,160**	**90**	**29**	**+61**	**3,221**	**256**	**80**	**+176**	**3,336**

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 1Q	3-month average to Nov. 2015	120.7	134.6	184.7	18.9	10.3
FY2017 1Q	3-month average to Nov. 2016	103.0	114.4	131.2	15.3	9.2
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	102.0	114.0	138.0	15.4	8.9

Exchange rates used on balance sheet

Yen

		1USD	1EUR	1GBP	1RMB	100KRW
FY2016 1Q	Exchange rate at end Nov. 2015	122.8	129.9	184.6	19.0	10.6
FY2017 1Q	Exchange rate at end Nov. 2016	112.4	119.7	140.4	16.3	9.6
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

FAST RETAILING

Reference

Capital Expenditure, Depreciation

Capex and Depreciation

Billions of Yen

	Capital spending					Depreciation
	UNIQLO Japan	UNIQLO Intl.	Global Brands	Systems, etc	Total	
FY2016 1Q 3-month average	1.6	8.6	1.9	2.8	15.1	9.2
FY2017 1Q 3-month average	1.4	4.5	2.0	5.3	13.4	8.5
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	2.6	19.8	9.6	14.5	46.5	38.4