FAST RETAILING

July 12, 2018

Fast Retailing Results for September 2017 to May 2018 and Estimates for Fiscal 2018

Takeshi Okazaki

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

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

Today, I would like to run through our consolidated business performance for the third quarter of fiscal 2018, or the nine months from September 2017 through May 2018, and our estimates for the full business year through August 2018.

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
GU:	All GU operations inside and outside Japan
Global Brands:	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

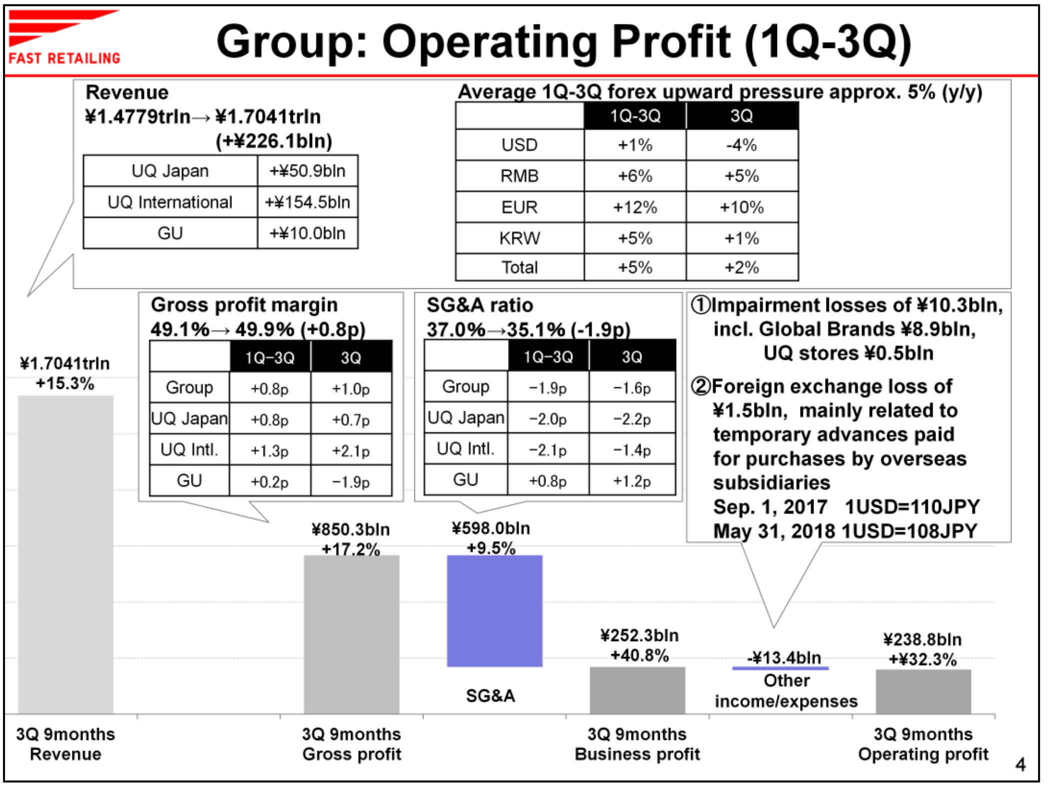
Group: (1Q-3Q) Sep. 2017 - May 2018

1Q-3Q revenue and profit rise
Revenue and profit outstrip plan

Billions of Yen

	Nine months to May 2018 (Sep. 2017 - May 2018)			Three months to May 2018 (Mar. 2018 - May 2018)		
	Actual	Prev. yr	y/y	Actual	Prev. yr	y/y
Revenue	**1,704.1**	1,477.9	+15.3%	**517.3**	460.4	+12.4%
(to revenue)	100.0%	100.0%		100.0%	100.0%	
Gross profit	**850.3**	725.4	+17.2%	**264.7**	231.2	+14.5%
(to revenue)	49.9%	49.1%	+0.8p	51.2%	50.2%	+1.0p
SG&A	**598.0**	546.1	+9.5%	**194.3**	180.6	+7.6%
(to revenue)	35.1%	37.0%	-1.9p	37.6%	39.2%	-1.6p
Business profit	**252.3**	179.2	+40.8%	**70.3**	50.5	+39.3%
(to revenue)	14.8%	12.1%	+2.7p	13.6%	11.0%	+2.6p
Other income, expenses	**-13.4**	1.3	-	**-1.9**	-0.5	-
(to revenue)	-	0.1%	-	-	-	-
Operating profit	**238.8**	180.6	+32.3%	**68.4**	49.9	+36.9%
(to revenue)	14.0%	12.2%	+1.8p	13.2%	10.9%	+2.3p
Finance Income, costs	**-1.4**	14.8	-	**3.8**	-2.0	-
(to revenue)	-	1.0%	-	0.7%	-	-
Profit before income taxes	**237.4**	195.4	+21.5%	**72.2**	47.8	+51.0%
(to revenue)	13.9%	13.2%	+0.7p	14.0%	10.4%	+3.6p
Profit attributable to owners of the parent	**148.3**	120.1	+23.5%	**44.1**	22.8	+93.1%
(to revenue)	8.7%	8.1%	+0.6p	8.5%	5.0%	+3.5p

The Fast Retailing Group reported increases in both revenue and profit for the nine months through May 2018. Consolidated revenue rose to ¥1.7041 trillion (up 15.3% year on year), business profit, a steady indicator of fundamental corporate profitability, expanded to ¥252.3 billion (up 40.8%), and operating profit increased to ¥238.8 billion (up 32.3%). Revenue and operating profit figures exceeded expectations for both the nine months from September 2017 through May 2018 and the three months from March to May 2018.



Looking first at the Fast Retailing Group's income statement data, consolidated revenue increased by ¥226.1 billion year on year to ¥1.7041 trillion in the nine months through May 2018, thanks to growing revenue at all four business segments. UNIQLO International's revenue gain was especially strong, rising ¥154.5 billion year on year.

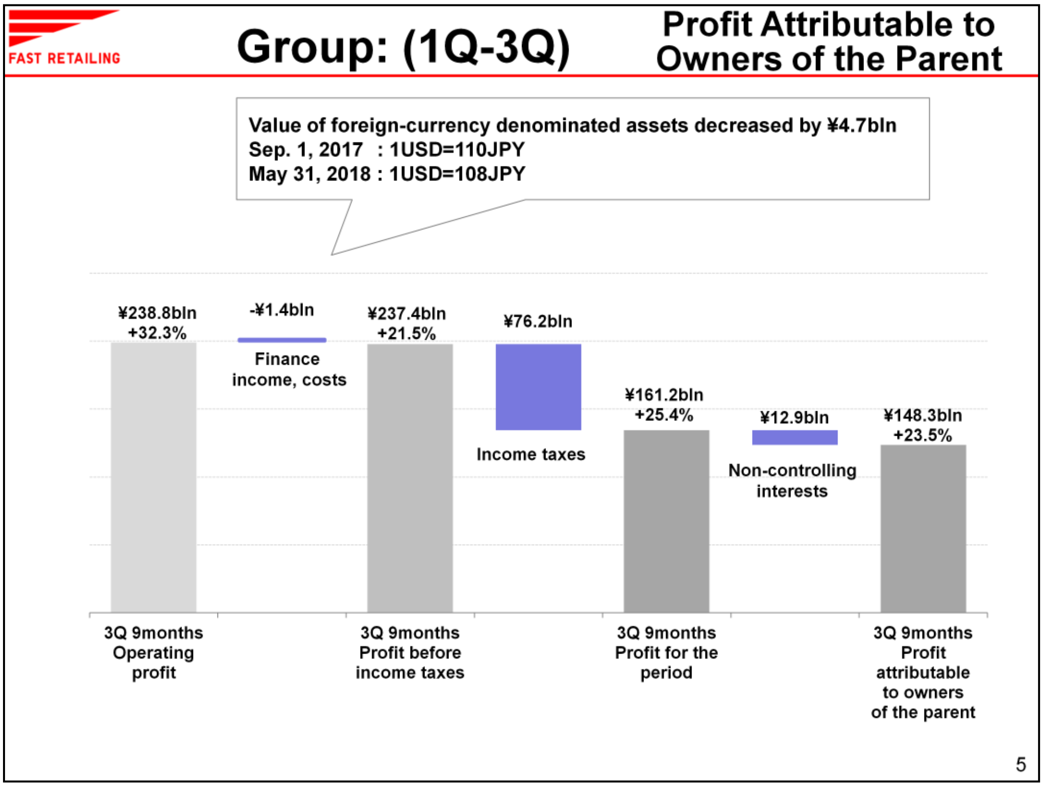
The consolidated gross profit margin improved by 0.8 point to 49.9% in the first nine months, thanks mainly to a 1.3 point improvement in the gross profit margin at UNIQLO International and a 0.8 point improvement in the gross profit margin at UNIQLO Japan.

The SG&A to revenue ratio improved by 1.9 points year on year to 35.1% on the back of impressive improvements in the SG&A ratio of 2.1 points at UNIQLO International and 2.0 points at UNIQLO Japan.

Meanwhile, business profit expanded by 40.8% year on year to ¥252.3 billion.

The balance of other income/expenses stood at -¥13.4 billion. That total includes first-half impairment losses recorded against the Global Brands segment, and foreign exchange losses on such items as temporary advances paid for purchases by overseas subsidiaries, after the spot yen rate strengthened at the end of May 2018 compared to the start of the business year on September 1, 2017.

As a result of the above factors, operating profit increased by 32.3% year on year to ¥238.8 billion over the nine months to May 2018.



The finance income/costs column recorded -¥1.4 billion in the nine months to May 2018, after the strengthening of the Japanese yen over the period reduced the value of our foreign-currency denominated assets in yen terms.

As a result, profit before income taxes increased by 21.5% to ¥237.4 billion, and profit attributable to the owners of the parent increased by 23.5% to ¥148.3 billion.

FAST RETAILING

1Q-3Q Breakdown by Group Operation (1)

Billions of Yen

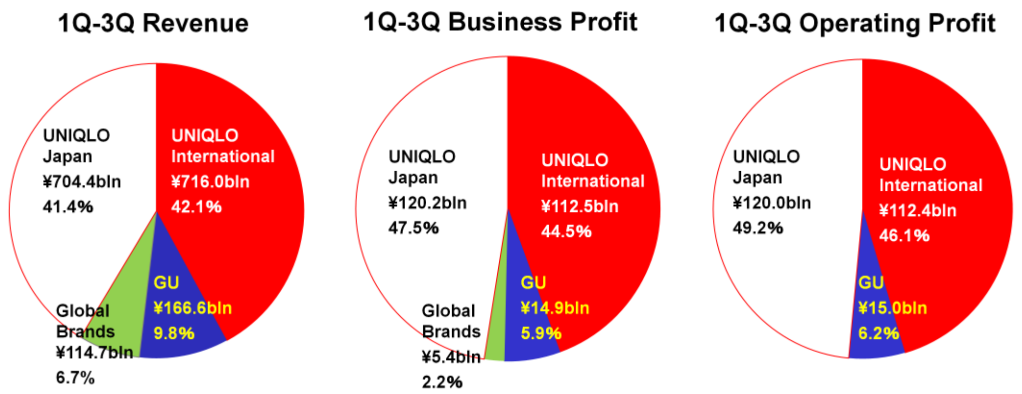
		Nine months to May 2018 (Sep. 2017 - May 2018)			Three months to May 2018 (Mar. 2018 - May 2018)		
		Actual	Prev. yr	y/y	Actual	Prev. yr	y/y
UNIQLO Japan	Revenue	**704.4**	653.4	+7.8%	**210.7**	198.3	+6.3%
	Business profit	**120.2**	93.2	+28.9%	**31.4**	23.7	+32.2%
	(to revenue)	17.1%	14.3%	+2.8p	14.9%	12.0%	+2.9p
	Other income, expenses	**-0.2**	-0.6	-	**-0.0**	0.0	-
	Operating profit	**120.0**	92.6	+29.6%	**31.3**	23.8	+31.3%
	(to revenue)	17.0%	14.2%	+2.8p	14.9%	12.0%	+2.9p
UNIQLO International	Revenue	**716.0**	561.5	+27.5%	**208.6**	168.7	+23.7%
	Business profit	**112.5**	69.4	+62.2%	**31.7**	19.5	+61.9%
	(to revenue)	15.7%	12.4%	+3.3p	15.2%	11.6%	+3.6p
	Other income, expenses	**-0.1**	-1.2	-	**-0.0**	-0.2	-
	Operating profit	**112.4**	68.1	+65.0%	**31.6**	19.3	+63.7%
	(to revenue)	15.7%	12.1%	+3.6p	15.2%	11.5%	+3.7p
GU	Revenue	**166.6**	156.6	+6.4%	**60.8**	58.8	+3.3%
	Business profit	**14.9**	14.9	+0.1%	**5.9**	7.5	-21.4%
	(to revenue)	9.0%	9.5%	-0.5p	9.8%	12.8%	-3.0p
	Other income, expenses	**0.1**	-0.1	-	**-0.0**	-0.1	-
	Operating profit	**15.0**	14.8	+1.7%	**5.9**	7.4	-20.0%
	(to revenue)	9.0%	9.5%	-0.5p	9.7%	12.6%	-2.9p
Global Brands	Revenue	**114.7**	104.2	+10.1%	**36.3**	33.8	+7.4%
	Business profit	**5.4**	4.4	+23.4%	**2.1**	1.4	+48.3%
	(to revenue)	4.8%	4.3%	+0.5p	5.9%	4.2%	+1.7p
	Other income, expenses	**-9.0**	-0.1	-	**-0.0**	0.2	-
	Operating profit	**-3.5**	4.3	-	**2.1**	1.6	+25.3%
	(to revenue)	-	4.1%	-	5.8%	5.0%	+0.8p

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

Slide 6 displays the breakdown of performance by Group operation.

1Q-3Q Breakdown by Group Operation (2)

UNIQLO Intl. revenue surpasses UNIQLO Japan
Business and operating profit draw near



Note: In addition to the above, consolidated results also include Fast Retailing holding company results and consolidation adjustments.

Over the nine months through May 2018, UNIQLO International's revenue of ¥716.0 billion surpassed UNIQLO Japan revenue of ¥704.4 billion. Business profit and operating profit at UNIQLO International are also fast approaching UNIQLO Japan levels.

I will explain the relevant factors for each individual business segment in more detail in the following slides.

UNIQLO Japan: (3Q) March to May 2018

3Q revenue and profit gains exceed plan
1Q-3Q operating profit up 29.6% y/y

Billions of Yen

	Nine months to May 2018 (Sep. 2017 - May 2018)			Three months to May 2018 (Mar. 2018 - May 2018)		
	Actual	Prev. yr	y/y	Actual	Prev. yr	y/y
Revenue	**704.4**	653.4	+7.8%	**210.7**	198.3	+6.3%
(to revenue)	100.0%	100.0%		100.0%	100.0%	
Gross profit	**345.2**	314.9	+9.6%	**103.7**	96.1	+7.8%
(to revenue)	49.0%	48.2%	+0.8p	49.2%	48.5%	+0.7p
SG&A	**224.9**	221.6	+1.5%	**72.2**	72.4	-0.2%
(to revenue)	31.9%	33.9%	-2.0p	34.3%	36.5%	-2.2p
Business profit	**120.2**	93.2	+28.9%	**31.4**	23.7	+32.2%
(to revenue)	17.1%	14.3%	+2.8p	14.9%	12.0%	+2.9p
Other income, expenses	**-0.2**	-0.6	-	**-0.0**	0.0	-
(to revenue)	-	-	-	-	0.0%	-
Operating profit	**120.0**	92.6	+29.6%	**31.3**	23.8	+31.3%
(to revenue)	17.0%	14.2%	+2.8p	14.9%	12.0%	+2.9p

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

Looking at third quarter performance from March to May 2018, UNIQLO Japan reported a higher-than-expected rise in both revenue and profit, with revenue expanding 6.3% year on year to ¥210.7 billion and operating profit increasing by 31.3% to ¥31.3 billion.

As a result, operating profit for the nine month from September 2017 through May 2018 also expanded by an impressive 29.6% year on year, underlining the continued buoyant trend.

FAST RETAILING

UNIQLO Japan: 3Q Revenue

3Q (March to May) same-store sales: +5.4% y/y

- **Double-digit year-on-year expansion in March and April as persistently warm weather supports sales of Summer items such as AIRism, UT and DRY T-shirts.**
- **Same-store sales dip in May as frequent cool weather days slightly dampens demand for summer items.**
- **Customer visits: +0.5%, average customer spend +4.9%**
  - ✓ **Customer spend up on strong sales of jeans, Kando pants and skirts, and a growing proportion of comparatively more expensive items.**
- **Online sales: ¥16.4billion (+33.1%), ratio of total sales up from 6.2% to 7.8%.**
  - ✓ **Launch of free service for in-store pickup of online purchases, launched April 3, proved popular and contributed to favorable expansion of e-commerce operation.**

Same-store sales	Yr to Aug. 2018					
	1H	Mar	Apr	May	**3Q**	**1Q-3Q**
Net sales	**+8.4%**	+13.0%	+10.0%	-2.7%	**+5.4%**	**+7.5%**
Customer visits	**+4.2%**	+7.7%	+4.7%	-6.9%	**+0.5%**	**+3.0%**
Customer spend	**+4.0%**	+4.9%	+5.1%	+4.5%	**+4.9%**	**+4.3%**

Note: The same-store sales figures include online sales.

Same-store sales at UNIQLO Japan expanded 5.4% year on year in the third quarter from March to May.

Persistent warm weather in March and April supported sales of Summer items such as AIRism, UT and DRY T-shirts, resulting in double-digit year-on-year growth in same-store sales for those two months. However, same-store sales subsequently dipped in May as frequent cool weather throughout the month slightly dampened demand for Summer items.

Breaking down the 5.4% quarterly rise in same-store sales, customer visits rose 0.5% and average customer spend rose 4.9%. The main factors supporting the rise in customer spend were strong sales of jeans, Kando pants and skirts, and a growing proportion of comparatively more expensive products.

Meanwhile, online sales expanded 33.1% year on year to ¥16.4 billion, raising the e-commerce proportion of total sales from 6.2% to 7.8%. Of particular note was the April 3 launch of a free service that enables customers to pick up their online purchases from a local UNIQLO store. This popular new service contributed to a favorable expansion of UNIQLO’s e-commerce operation.

UNIQLO Japan: 3Q Gross Profit Margin

3Q gross profit margin 49.2% (+0.7p y/y)
Higher-than-expected result

- **Strong sales, smaller discounting loss, reduced discounting rate.**
- **The increase in the cost-of-sales ratio, on the back of a continued weakening trend in internal foreign exchange rates, is offset by lower discounting rates.**

	Yr to Aug. 2017	**Yr to Aug. 2018**	
			y/y
3Q	48.5%	**49.2%**	+0.7p
1Q-3Q	48.2%	**49.0%**	+0.8p

Turning now to UNIQLO Japan's gross profit margin for the March-to-May quarter. This measure exceeded our latest expectations by improving by 0.7 point to 49.2%.

The gross margin improved on the back of strong sales and smaller discounting losses, which resulted in a reduced discounting rate. The lower discounting rate offset a higher cost-of-sales ratio caused by the continued weakening trend in internal foreign exchange rates.

FAST RETAILING

UNIQLO Japan: 3Q SG&A

3Q SG&A ratio 34.3% (-2.2p y/y)
Reductions in monetary & ratio terms exceed plan

- **Advertising & Promotion: More efficient flyer, newspaper and in-store promotion.**
- **Distribution: Large reduction in store-related distribution costs. Visualized product volumes across whole supply chain, controlled inventory appropriately, achieved more efficient warehouse operation.**
  E-commerce-related distribution costs rose in monetary and ratio terms on the back of increased costs relating to expanding online sales and to dedicating the Ariake warehouse exclusively to online sales.
- **Personnel: Above-plan sales, RFID electronic tags, better store productivity.**
- **Depreciation: Additional provisioning on the reevaluation of asset retirement obligations when returning leased space to its original state after store closures.**

	1Q-3Q y/y	3Q y/y
SG&A Total	-2.0p	-2.2p
A&P	-0.9p	-1.3p
Distribution	-0.6p	-0.4p
Personnel	-0.3p	-0.3p
Other	-0.4p	-0.1p
Rent	-0.2p	-0.1p
Depreciation	+0.2p	+0.2p

UNIQLO Japan’s selling, general and administrative expenses ratio improved 2.2 points year on year to 34.3% in the March-to-May third quarter. Thanks to continued cost-cutting efforts, that result exceeded our expectations in both monetary and ratio terms.

The advertising & promotion cost ratio improved by 1.3 points on more efficient flyer, newspaper and in-store promotion.

The distribution cost ratio improved 0.4 point on a large reduction in store-related distribution costs. We were able to control inventory appropriately by visualizing product volumes across the whole supply chain, and we pursued more efficient warehouse operations.

Meanwhile, e-commerce-related distribution costs rose in monetary and ratio terms on the back of increased costs relating to expanding online sales and our move to dedicate the Ariake warehouse exclusively to online sales distribution.

The personnel cost ratio improved 0.3 point as sales outperformed targets. The use of radio frequency identification (RFID) electronic tags improved store productivity and also contributed to the improved personnel ratio. UNIQLO first introduced RFID tags on the 2017 Fall Winter range, and now attaches the tags to nearly all of its product items. Having supplied all stores with electronic tag readers by the end of May 2018, we have been able to improve productivity at the cash register. We are also using the system to search quickly for products in response to customer enquiries.

FAST RETAILING

UNIQLO International: 3Q Overview

3Q far exceeds plan, large rise in revenue & profit

- Strong 1H profit margin increase continues in 3Q.
- OP margin improves 3.7p:
  Gross profit margin up 2.1p on shift away from discount-reliant business format, and more accurate sales plans.
  Cost ratios down 1.4p on persistent cost-cutting drive.
- Greater China, S. Korea, SE Asia & Oceania strong.
- UNIQLO USA loss declines y/y as expected.
- 1Q-3Q OP up 65.0%, catching up with UNIQLO Japan.

Billions of Yen

		Nine months to May 2018 (Sep. 2017 - May 2018)			Three months to May 2018 (Mar. 2018 - May 2018)		
		Actual	Prev. yr	y/y	Actual	Prev. yr	y/y
UNIQLO International	Revenue	716.0	561.5	+27.5%	208.6	168.7	+23.7%
	Business profit	112.5	69.4	+62.2%	31.7	19.5	+61.9%
	(to revenue)	15.7%	12.4%	+3.3p	15.2%	11.6%	+3.6p
	Other income, expenses	-0.1	-1.2	-	-0.0	-0.2	-
	Operating profit	112.4	68.1	+65.0%	31.6	19.3	+63.7%
	(to revenue)	15.7%	12.1%	+3.6p	15.2%	11.5%	+3.7p

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 March-to-May third quarter, with revenue expanding 23.7% year on year to reach ¥208.6 billion and operating profit continuing the fast expansion witnessed in the first half by expanding 63.7% year on year to ¥31.6 billion. This strong result as much higher than predicted.

The third quarter operating profit margin improved by 3.7 points, thanks to a 2.1 point expansion in the gross profit margin, which benefitted from the operation's gradual shift away from a business format that relies heavily on discounting, and also a 1.4 point improvement in cost ratios, that benefited from consistent cost-cutting efforts.

Looking at the different geographical areas within UNIQLO International, operations in UNIQLO Greater China (Mainland China, Hong Kong and Taiwan), South Korea and Southeast Asia & Oceania all performed strongly, reporting gains in operating profit that far outstripped expectations. Meanwhile, losses at UNIQLO USA shrank year on year as expected.

Finally, UNIQLO International operating profit expanded by 65.0% to ¥112.4 billion in the nine months to May 2018, closing in on the ¥120.0 billion operating profit figure for UNIQLO Japan over the same period.

UNIQLO International: 3Q by Region (1)

Greater China: Large profit gain far exceeds plan

Mainland China: Achieves a large, much higher-than-expected rise in profit

- Double-digit rise in 3Q same-store sales on strong Spring Summer range launch in warmer weather from March, and timely news releases & promotion of bumper new Jump and Blizzard UT contents, and Kando pants & jackets.
- Large rise in operating profit on a gross profit margin improved by tighter discounting, and continued cost-cutting.
- Online sales achieve another double-digit expansion in sales growth.

Hong Kong & Taiwan: Above-plan profit rise on improved gross profit margins

- Hong Kong: 3Q same-store sales up on strong sales of UT and other T-shirts.
- Taiwan: Same-store sales down slightly on lost sales opportunities resulting from shortages in some Summer items.

South Korea: Large profit rise far exceeds plan

- Strong sales of Summer items in March thanks to warm weather. Cooler weather from April onwards and a strong previous year performance resulted in a marginal rise in same-store sales for the March-to-May quarter as a whole.
- Discount rates fall and gross profit margin rises on improved operation with better coordination between marketing and stores.
- Continued strong cost control.

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

UNIQLO Greater China far outstripped expectations to generate impressive gains in profit in the third quarter.

Within that region, Mainland China reported a large rise in profit that was much higher than originally predicted. Warm weather from March supported the strong launch of Spring Summer ranges. That, along with some timely news releases & promotion of bumper new Jump and Blizzard UT contents, and Kando pants & jackets, helped the operation achieve a double-digit rise in third-quarter same-store sales growth. On the profit front, operating profit expanded considerably on tighter discounting (which improved the gross profit margin) and continued cost-cutting efforts. Finally, online sales growth in Mainland China achieved another double-digit expansion.

UNIQLO South Korea reported a much higher-than-expected, large profit gain in the third quarter.

March sales of Summer product were buoyant thanks to warm weather. However, the cooler weather from April onwards and a strong previous year performance resulted in only a marginal rise in same-store sales for the March-to-May quarter as a whole. On the profit front, better coordination between marketing and stores resulted in lower discounting rates and a higher gross profit margin. The operation also continued to maintain firm control of its business costs.

UNIQLO International: 3Q by Region (2)

SE Asia & Oceania: Large profit rise outstrips plan

- Strong sales of UT, polo shirts, shorts, continued double-digit growth in same-store sales.
- All areas strong, but Thailand, Philippines, Indonesia continue to exhibit especially high sales growth.
- Gross profit margin and cost ratio continues to improve on strong sales.

North America: USA loss shrinks to plan

- UNIQLO USA same-store sales rise after close product mix review with global HQ helps improve sales plan accuracy. Continued strong growth in online sales.
- By establishing HQ capability on East and West Coasts, UNIQLO USA can compile more appropriate regional product mixes and pursue more attentive store management as part of its aim to turn a profit by FY2019.

Europe: Higher-than-expected revenue, profit rises

- Same-store sales rise, driven by strong double-digit growth in Russia.
- Opened 4 new stores in Russia and 3 in France in 3Q.
- Plan to open first stores in Stockholm, Sweden in August, and Amsterdam, the Netherlands in September 2018.

UNIQLO Southeast Asia & Oceania reported a large rise in third-quarter profit that was much higher than expected.

In Southeast Asia, strong sales of UT print T-shirts, polo shirts and shorts helped generate further double-digit growth in same-store sales in the third quarter. All of the region’s operations proved strong but Thailand, the Philippines, and Indonesia continued to exhibit especially high sales growth. This strong sales performance helped improve both the gross profit margin and business cost ratios.

In North America, UNIQLO USA managed to further reduce losses as planned. Third-quarter USA same-store sales continued to rise after a detailed review of product mixes conducted in conjunction with the global headquarters helped improve the accuracy of the operation’ sales planning. Online sales also continued to expand strongly. UNIQLO USA is now aiming to turn a profit in FY2019 by establishing headquarter functions on both the East and West Coasts, which should help the operation compile more appropriate regional product mixes and pursue more attentive store management.

Finally, UNIQLO Europe generated higher-than-expected gains in both revenue and profit. Overall same-store sales rose year on year, thanks to double-digit growth in Russia. UNIQLO Europe opened four new stores in Russia and three in France over the three month period. We are now looking forward to opening our first store in Stockholm, Sweden in August, and in Amsterdam, the Netherlands in September 2018.

FAST RETAILING

GU: (3Q) March to May 2018

3Q operating profit shrinks, far below plan

- **3Q (March to May) same-store sales decline and fall short of plan.**
  - ✓ **Madras check bottoms and tops, featured in Spring Summer campaign, and long skirts all generated lackluster sales that were far lower than expected.**
  - ✓ **Owing to a sharp increase in range of product items, GU experienced shortages in strong-selling dotted and striped shirts and blouses, dresses and high-waist straight jeans.**
- **3Q gross profit margin down 1.9p, cost ratio up 1.2p after far lower-than-expected sales forced GU to pursue early heavy discounting to shift inventory.**

Billions of Yen

		Nine months to May 2018 (Sep. 2017 - May 2018)			Three months to May 2018 (Mar. 2018 - May 2018)		
		Actual	Prev. yr	y/y	Actual	Prev. yr	y/y
GU	Revenue	166.6	156.6	+6.4%	60.8	58.8	+3.3%
	Business profit	14.9	14.9	+0.1%	5.9	7.5	-21.4%
	(to revenue)	9.0%	9.5%	-0.5p	9.8%	12.8%	-3.0p
	Other income, expenses	0.1	-0.1	-	-0.0	-0.1	-
	Operating profit	15.0	14.8	+1.7%	5.9	7.4	-20.0%
	(to revenue)	9.0%	9.5%	-0.5p	9.7%	12.6%	-2.9p

Turning now to our low-priced GU casual fashion brand.

GU generated a rise of 3.3% in revenue to ¥60.8 billion but a decline of 20.0% in operating profit to ¥5.9 billion in the third quarter.

Owing to the much larger-than-expected decline in third-quarter operating profit, GU operating profit for the nine months through May 2018 rose by a marginal 1.7% year on year.

GU third-quarter same-store sales declined further than expected. Sales of Madras check bottoms and tops, which were featured in our Spring Summer advertising campaigns, and long skirts were sluggish and far lower than expected. However, due to a sharp increase in range of product items, GU also experienced shortages in strong-selling dotted and striped shirts and blouses, dresses and high-waist straight jeans.

The GU gross profit margin shrank 1.9 points in the third quarter and the business cost ratio rose 1.2 points after the much lower-than-expected sales performance forced the operation to conduct vigorous early discounting to run down excess inventory.

FAST RETAILING

Global Brands: (3Q) March to May 2018

3Q OP supported by Theory, profit gain slightly below plan

- **1Q-3Q operating loss of ¥3.5 billion due to recording of ¥8.9 billion 1H impairment loss for Comptoir des Cotonniers and other operations. Business profit up 23.4% y/y to ¥5.4 billion.**

Theory

- **3Q revenue, profit rises roughly to plan. 1Q-3Q performance continues firm on rising revenue and profit in Japan and the US.**
- **PLST brand in Japan also growing favorably.**

Comptoir des Cotonniers

- **Same-store sales dip slightly in 3Q.**
- **OP falls short of plan, operating loss expands.**

Princesse tam.tam, J Brand continue to generate a loss.

Billions of Yen

		Nine months to May 2018 (Sep. 2017 - May 2018)			Three months to May 2018 (Mar. 2018 - May 2018)		
		Actual	Prev. yr	y/y	Actual	Prev. yr	y/y
Global Brands	Revenue	114.7	104.2	+10.1%	36.3	33.8	+7.4%
	Business profit	5.4	4.4	+23.4%	2.1	1.4	+48.3%
	(to revenue)	4.8%	4.3%	+0.5p	5.9%	4.2%	+1.7p
	Other income, expenses	-9.0	-0.1	-	-0.0	0.2	-
	Operating profit	-3.5	4.3	-	2.1	1.6	+25.3%
	(to revenue)	-	4.1%	-	5.8%	5.0%	+0.8p

Moving on finally to our Global Brands operation, which reported a rise in both revenue and profit in the March-to-May third quarter. Revenue expanded by 7.4% year on year to ¥36.3 billion and operating profit increased by 25.3% to ¥2.1 billion, thanks to strong support from our Theory fashion operation.

However, the segment performance fell slightly short of target following continued sluggish sales at our France-based Comptoir Des Cotonniers fashion label.

In the nine months to May 2018, Global Brands reported an operating loss of ¥3.5 billion owing to the recording of an ¥8.9 billion impairment loss at the end of the first half on Comptoir des Cotonniers and other operations. However, business profit, a close measure of fundamental corporate profitability, expanded by 23.4% to ¥5.4 billion.

The Theory operation reported rises in revenue and profit in the third quarter that were largely in line with expectations. For the nine months through May 2018, Theory continued to perform firmly, with revenue and profits rising in both Japan and the United States. The Theory operation’s PLST brand in Japan also continued to grow favorably.

Looking at other labels in the Global Brands segment, Comptoir des Cotonniers reported a slight dip in third-quarter same-store sales and a greater-than-expected widening in operating losses. Meanwhile, Princesse tam.tam and J Brand both remained in the red.

Group: Balance Sheet (end May 2018)

FAST RETAILING

Billions of Yen

	End May 2017	End Aug. 2017	End May 2018	Change
Total Assets	1,401.9	1,388.4	1,648.8	＋246.9
Current Assets	1,095.1	1,077.5	1,314.4	＋219.3
Non-Current Assets	306.7	310.8	334.3	＋27.6
Total Liabilities	640.5	626.4	771.7	＋131.2
Total Equity	761.3	762.0	877.0	＋115.6

Let’s now take a look at our balance sheet as it stood at the end of May 2018.

Compared to the end of May 2017, total assets increased by ¥246.9 billion to ¥1.6488 trillion.

Total liabilities increased by ¥131.2 billion to ¥771.7 billion.

Total equity increased by ¥115.6 billion to ¥877.0 billion.

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

Group: B/S Main Points v. end May 2017

Current assets: +¥219.3bln (¥1.0951trln⇒ ¥1.3144trln)

- **Cash and cash equivalents: +¥290.9bln (¥567.4bln⇒ ¥858.3bln)**
  Increased operating cash flow, drawdown of deposits over 3-months maturity
- **Other short-term financial assets:-¥163.9bln (¥194.7bln⇒ ¥30.8bln)**
  Drawdown of deposits over 3-months maturity
- **Inventory assets: +¥45.5bln (¥229.1bln⇒ ¥274.6bln)**
  UNIQLO Japan: +¥6.2bln Extra Summer items production, early Fall launch
  UNIQLO Intl.: +¥32.6bln 138 additional stores, early Fall launch
  GU: +¥4.5bln Sluggish sales of Spring Summer ranges
  Global Brands: +¥1.8bln

Liabilities: +¥131.2bln (¥640.5bln⇒ ¥771.7bln)

- **Derivative financial liabilities: +¥20.8bln (¥3.7bln ⇒ ¥24.6bln)**
  The exchange rate on a portion of our forward currency contracts was lower than the end-May spot rate. Hedge accounting so no impact on P&L

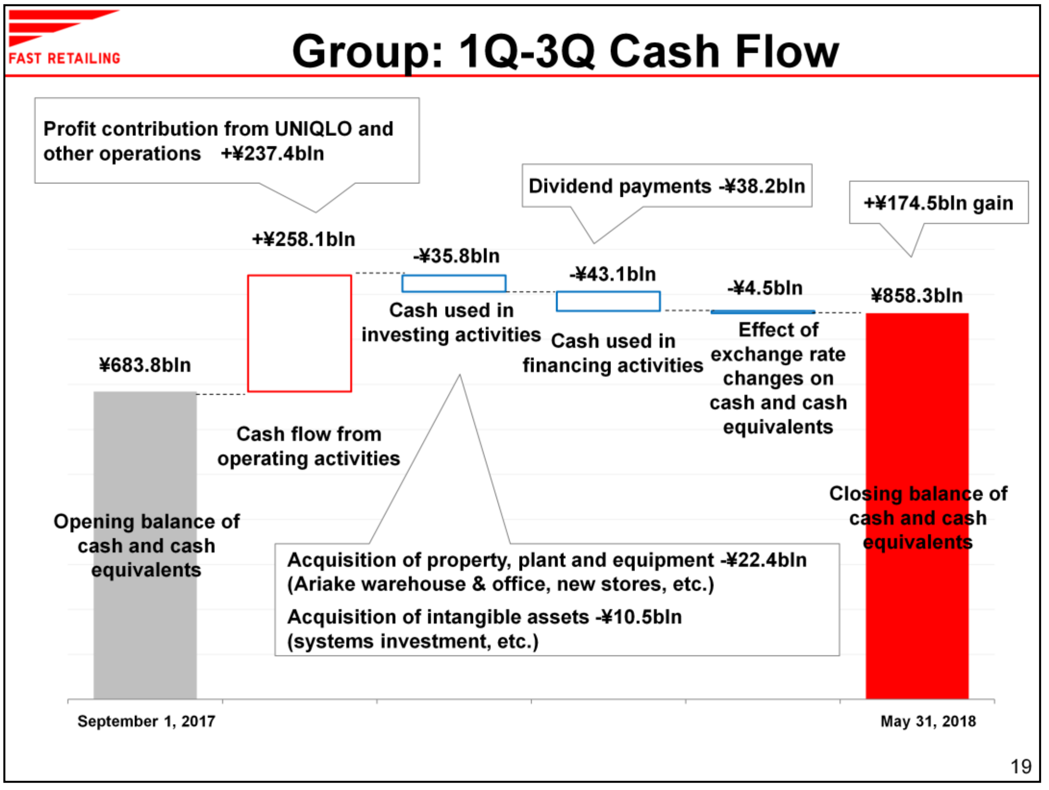
First, current assets increased by ¥219.3 billion to ¥1.3144 trillion at the end of May 2018 compared to end May 2017.

Cash and cash equivalents increased by ¥290.9 billion year on year to ¥858.3 billion due to an increase in operating cash flow and drawdown in deposits of over three months maturity. Other short-term financial assets declined by ¥163.9 billion as more deposits with over three months to maturity were liquidated.

Looking next at inventories, total inventory increased by ¥45.5 billion to ¥274.6 billion. Inventories at UNIQLO Japan expanded by ¥6.2 billion on increased production of Summer items, and an early launch of Fall ranges. UNIQLO International inventory expanded by ¥32.6 billion on the addition of 138 new stores as part of the operation’s continued expansion, and an early launch of Fall ranges. GU inventory expanded by ¥4.5 billion on sluggish sales of Spring Summer items.

Moving onto liabilities, which increased by ¥131.2 billion compared to the end of May 2017.

Derivative financial liabilities expanded ¥20.8 billion, owing to the fact that the exchange rate on a portion of our forward currency contracts was lower than the end-May spot rate.



Next, I will explain our cash flow position for the nine months to May 2018.

We enjoyed a net cash inflow of ¥258.1 billion from operating activities.

Net cash used in investing activities totalled ¥35.8 billion, while net cash used in financing activities totalled ¥43.1 billion.

As a result, the balance of cash and cash equivalents stood at ¥858.3 billion at the end of May 2018.

Group: FY2018 Estimates

FAST RETAILING

Expect record operating profit
Full-year results forecasts unchanged

Revenue : ¥2.1100trln +13.3% y/y
Operating profit : ¥225.0bln +27.5% y/y
Profit attributable to owners of the parent : ¥130.0bln + 9.0% y/y

Billions of Yen

	Yr to Aug. 2017 Actual	Yr to Aug. 2018 Estimates (as of Jul.12)	Yr to Aug. 2018 y/y	Yr to Aug. 2018 Nine months Actual
Revenue	1,861.9	2,110.0	+13.3%	1,704.1
(to revenue)	100.0%	100.0%		100.0%
Business profit	184.0	245.0	+33.1%	252.3
(to revenue)	9.9%	11.6%	+1.7p	14.8%
Other income, expenses	-7.6	-20.0	-	-13.4
Operating profit	176.4	225.0	+27.5%	238.8
(to revenue)	9.5%	10.7%	+1.2p	14.0%
Finance income, costs	16.9	-8.0	-	-1.4
Profit before income taxes	193.3	217.0	+12.2%	237.4
(to revenue)	10.4%	10.3%	-0.1p	13.9%
Profit attributable to owners of the parent	119.2	130.0	+9.0%	148.3
(to revenue)	6.4%	6.2%	-0.2p	8.7%

20

Let me now focus on our business estimates for FY2018, or the twelve months from September 2017 through to the end of August 2018. We estimate a record performance on consolidated revenue, and operating profit.

As I explained in the previous slides, consolidated performance outstripped targets in the first nine months of the business year thanks to strong, above-forecast results from both UNIQLO International and UNIQLO Japan. Having said that, we expect GU to fall short of target in the fourth quarter and report a decline in profit following sluggish sales and declining profits in the third quarter. We also expect discounting rates to rise at UNIQLO Japan as the operation runs down Summer inventory.

Taking all of these factors into consideration, we decided not to make any changes to our latest full-year business estimates announced in April.

Assuming an end-August exchange rate of 1USD=106JPY, we expect the balance of finance income/costs will total -¥8.0 billion.

Finally, we are incorporating a net operating loss for the final three months to August 2018. This is due to the fact that the Fast Retailing holding company is expected to report a loss, as in previous years, and the fact that labels still operating on a relatively small scale are also expected to report a loss.

FY2018 Estimates by Group Operation (1)

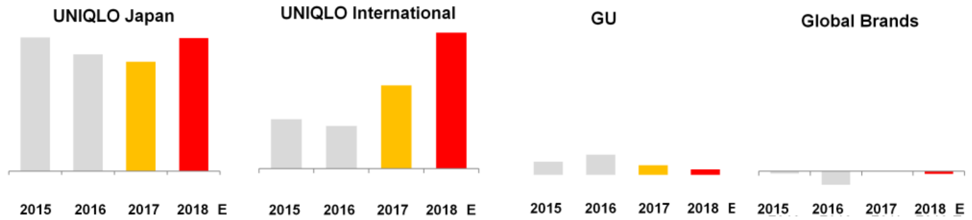
UNIQLO Intl.:Expect large rises in revenue, profit

- Continued strong performance in 4Q driven primarily by Greater China, Southeast Asia & Oceania and South Korea.
- North America: USA to reduce loss in 4Q, and halve full-year loss as planned.
- Expect large full-year revenue and profit rise to exceed latest forecasts.

UNIQLO Japan: 4Q profit dip, large yearly profit gain

- Expect 4Q (June to August) profit to fall y/y.
- June same-store sales down. July sales also on a lower-than-expected trend due to unseasonal weather. Expect to expand discounting of Summer items. Expect business costs to exceed latest forecast on higher advertising costs and higher distribution costs related to early launch of Fall ranges.
- 2H OP to rise slightly as recently forecast, expect large full-year profit gain.

Envisaged Future Operating Profit Trend by Business Segment



Next, let me explain our FY2018 estimates by Group operation.

Taking UNIQLO International first, we expect to see a continued strong performance in the fourth quarter from June to August 2018, driven primarily by Greater China, Southeast Asia & Oceania and South Korea. We expect North America to continue to reduce its operating loss in the fourth quarter, and halve the full-year operating loss as initially forecast. As a result, we expect the UNIQLO International segment to generate strong full-year gains in both revenue and profit that exceed our latest estimates.

Looking next at UNIQLO Japan, while that operation produced a higher-than-expected performance for both revenue and profit in the nine months to May 2018, we expect profit to decline year on year in the fourth quarter. We expect discounting of Summer and other ranges to pick up following a decline in same-store sales in June, and below-forecast same-store sales in July following extremely heavy rain in Western Japan and other unusual weather patterns. We also predict business costs will exceed our latest forecasts on higher-than-expected advertising costs and higher distribution costs linked to the early launch of Fall ranges. As a result, second-half operating profit is predicted to rise slightly, in line with latest estimates, and full-year profit is expected to rise considerably compared to the previous year.

FY2018 Estimates by Group Operation (2)

FAST RETAILING

GU: Expect 2H and full-year profit decline

- Expect fall in gross margin and greater losses on increased 4Q season-end inventory rundowns.
- As a result, we expect to see profit fall in 2H and full-year.
- FY2019 initiatives to secure a recovery in GU performance:
  ①Review product mix
  ✓ Increase proportion of in-demand warm clothing, denim items, T-shirts and loungewear, incorporating unique GU-style fashion elements.
  ✓ Significantly reduce the number of fashion items, focus more on mass trend products.
  ✓ Strengthen marketing through renewing TV commercials.
  ✓ Improve man-hour productivity by reducing number of product items for greater efficiency and pressing ahead with digitalization.
  ②Transform our structure into a digital consumer retail company by pressing ahead with Ariake Project and reviewing our entire supply chain.
  ✓ Develop new framework that can capture and analyze customer needs faster, and reflect those needs in product design and volume planning.
  ✓ Aim to offer impressively low prices by reviewing procurement and production processes.

Global Brands: Expect full-year operating loss as recently forecast following 1H impairment loss

- Expect rises in Theory revenue and profit, a wider loss from Comptoir des Cotonniers, a steady loss at Princesse tam.tam and a smaller loss at J Brand.

Moving onto our expectations for the GU segment, we expect the gross profit margin will decline in the fourth quarter on increased season-end inventory rundowns in the face of sluggish Spring Summer product sales. Sales of comparatively low-priced Summer items tend to dominate the fourth quarter and the sales window is fairly short when you take into account time required for running down inventory. For those reasons, we had expected the quarter to post a loss, but this loss is now likely to be greater than initially expected. As a result, we predict GU second-quarter profit and full-year profit will decline.

We are already instigating multiple measures to secure a recovery in GU performance in FY2019. Starting with a product mix review, we intend to fulfill customer demand by increasing the proportion of sought-after warm clothing, denim items, T-shirts and loungewear, while incorporating some unique GU-style fashion elements. We also intend to significantly reduce the number of fashion items and focus more on mass trend products, strengthen GU marketing by renewing TV commercials, improve man-hour productivity by reducing the number of product items in pursuit of greater efficiency, and press ahead with digitalization.

In addition, we will be earnestly pursuing our Ariake Project at GU as well as UNIQLO. This means reviewing the entire supply chain from planning through materials procurement, production, distribution and retail as part of our drive to transform ourselves into a digital consumer retail company. The Ariake Project will enable us to develop a new framework that can capture and analyze customer needs faster, and reflect those needs in product design and volume planning. We will also review procurement and production processes to ensure we offer the most amazingly low prices.

Finally, looking at Global Brands, we expect that operation will report a full-year operating loss that will be in line with our latest estimates following the recording of a first-half impairment loss. We expect the Theory operation to report rising full-year revenue and profit, while Comptoir des Cotonniers will likely report a wider full-year loss, Princesse tam.tam a steady full-year loss, and J Brand a reduced full-year loss.

FAST RETAILING

FY2018 Dividend Estimates

Scheduled interim dividend: ¥200

Expected annual dividend: ¥400

	Dividend per share		
	Interim	**Yr-end**	**Annual**
Year to Aug. 2016	185yen	165yen	350yen
Year to Aug. 2017	175yen	175yen	350yen
Year to Aug. 2018 (as of Jul.12) ※	200yen	200yen	400yen
Increase in dividend	+25yen	+25yen	+50yen

※ The payout of the FY2018 interim dividend is complete. The final decision on the FY2018 year-end dividend is scheduled to be made at the board meeting on October 11, 2018. The year-end dividend may be adjusted in the event of large fluctuations in business performance or access to funds.

Finally, I would like to run through our dividend estimates for FY2018.

We have already completed the payout of an interim dividend of ¥200 per share, and we are expecting to pay a year-end dividend of ¥200 per share. That would bring the expected annual dividend for FY2018 to ¥400, which would represent a ¥50 increase in the full-year dividend.

That completes my presentation on Fast Retailing’s third-quarter performance and outlook for the full business year through August 2018. The remaining three slides are provided for your reference.

Thank you.

Reference: Group Company Store Numbers

[Units: Stores]	FY2017	FY2018 1Q-3Q Result (Sep. - May)				FY2018 Estimates (Sep. - Aug.)			
	Yr-end	Open	Close	Change	End May	Open	Close	Change	End Aug.
UNIQLO Operations	**1,920**	**150**	**28**	**+122**	**2,042**	**196**	**31**	**+165**	**2,085**
UNIQLO Japan ※	**831**	**18**	**16**	**+2**	**833**	**18**	**19**	**−1**	**830**
Own stores	790	15	15	0	**790**	15	18	**−3**	**787**
Large-scale	209	9	3	+6	**215**	9	3	**+6**	**215**
Standard and others	581	6	12	−6	**575**	6	15	**−9**	**572**
Franchise stores	41	3	1	+2	**43**	3	1	**+2**	**43**
UNIQLO International	**1,089**	**132**	**12**	**+120**	**1,209**	**178**	**12**	**+166**	**1,255**
Mainland China	555	63	10	+53	**608**	96	10	**+86**	**641**
Hong Kong	25	3	0	+3	**28**	3	0	**+3**	**28**
Taiwan	65	2	0	+2	**67**	3	0	**+3**	**68**
Korea	179	8	1	+7	**186**	8	1	**+7**	**186**
Singapore	24	2	0	+2	**26**	2	0	**+2**	**26**
Malaysia	41	5	0	+5	**46**	7	0	**+7**	**48**
Thailand	34	5	0	+5	**39**	6	0	**+6**	**40**
Philippines	40	10	0	+10	**50**	11	0	**+11**	**51**
Indonesia	12	6	0	+6	**18**	7	0	**+7**	**19**
Australia	12	2	0	+2	**14**	3	0	**+3**	**15**
USA	44	4	1	+3	**47**	6	1	**+5**	**49**
Canada	2	3	0	+3	**5**	3	0	**+3**	**5**
UK	10	1	0	+1	**11**	1	0	**+1**	**11**
France	19	6	0	+6	**25**	6	0	**+6**	**25**
Russia	20	9	0	+9	**29**	12	0	**+12**	**32**
Germany	5	0	0	0	**5**	0	0	**0**	**5**
Belgium	2	1	0	+1	**3**	1	0	**+1**	**3**
Spain	0	2	0	+2	**2**	2	0	**+2**	**2**
Sweden	0	0	0	0	**0**	1	0	**+1**	**1**
GU	**372**	**29**	**9**	**+20**	**392**	**30**	**9**	**+21**	**393**
Global Brands	**1,002**	**34**	**33**	**+1**	**1,003**	**36**	**49**	**−13**	**989**
Theory ※	538	25	17	+8	**546**	27	29	**−2**	**536**
Comptoir des Cotonniers ※	333	7	12	−5	**328**	7	14	**−7**	**326**
Princesse tam.tam ※	131	2	4	−2	**129**	2	6	**−4**	**127**
Total	**3,294**	**213**	**70**	**+143**	**3,437**	**262**	**89**	**+173**	**3,467**

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

FAST RETAILING

Reference: Foreign Exchange Rates

Exchange rates used in consolidated accounts

Yen

		1USD	1EUR	1GBP	1RMB	100KRW
FY2017 3Q	9-month average to May 2017	109.8	118.5	138.1	16.1	9.6
FY2018 3Q	9-month average to May 2018	110.4	132.5	150.0	17.0	10.1
FY2017	12-month average to Aug. 2017	110.1	120.7	139.7	16.1	9.7
FY2018（E）	12-month average to Aug. 2018	110.0	130.0	146.0	16.7	10.0

Exchange rates used on balance sheet

Yen

		1USD	1EUR	1GBP	1RMB	100KRW
FY2017 3Q	Exchange rate at end May 2017	111.0	123.9	142.2	16.3	9.9
FY2018 3Q	Exchange rate at end May 2018	108.7	126.7	144.6	17.0	10.1
FY2017	Exchange rate at end Aug. 2017	110.4	131.3	142.7	16.7	9.8
FY2018（E）	Exchange rate at end Aug. 2018	106.2	130.5	148.8	16.9	9.9

Reference: Capital Spending, Depreciation

Capital Spending and Depreciation

Billions of Yen

		Capital spending						Depreciation
		UNIQLO Japan	UNIQLO Intl.	GU	Global Brands	Systems, etc	Total	
FY2017	3Q 9 months	5.3	16.0	5.9	2.1	15.0	44.6	27.5
FY2018	3Q 9 months	10.4	17.6	4.2	2.1	16.0	50.6	32.9
FY2017	Full-year 12 months	6.6	24.3	7.6	2.9	18.1	59.7	39.6
FY2018（E）	Full-year 12 months	11.0	26.9	5.4	2.8	23.9	70.0	46.3