FAST RETAILING

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Fast Retailing Results for September to November 2019 and Estimates for FY2020

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My name is Takeshi Okazaki and I am 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 FY2020, or the three months from September through November 2019, and to explain our estimates for the full business year through August 2020.

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Contents

Disclosure of Corporate Performance

- All data in this document are calculated using IFRS standards.
- Business profit = Revenue – (Cost of sales + SG&A expenses)
- All UNIQLO Japan data (except revenue) include inter-group transactions.
- Group Operations:

UNIQLO Japan:	All UNIQLO operations within Japan
UNIQLO International:	All UNIQLO operations outside of Japan
GU:	All GU operations inside and outside Japan
Global Brands:	Theory, PLST, 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: FY2020 1Q Results

Revenue and profit decline (significantly below plan)
S. Korea, Hong Kong down, warm weather worldwide

Billions of Yen

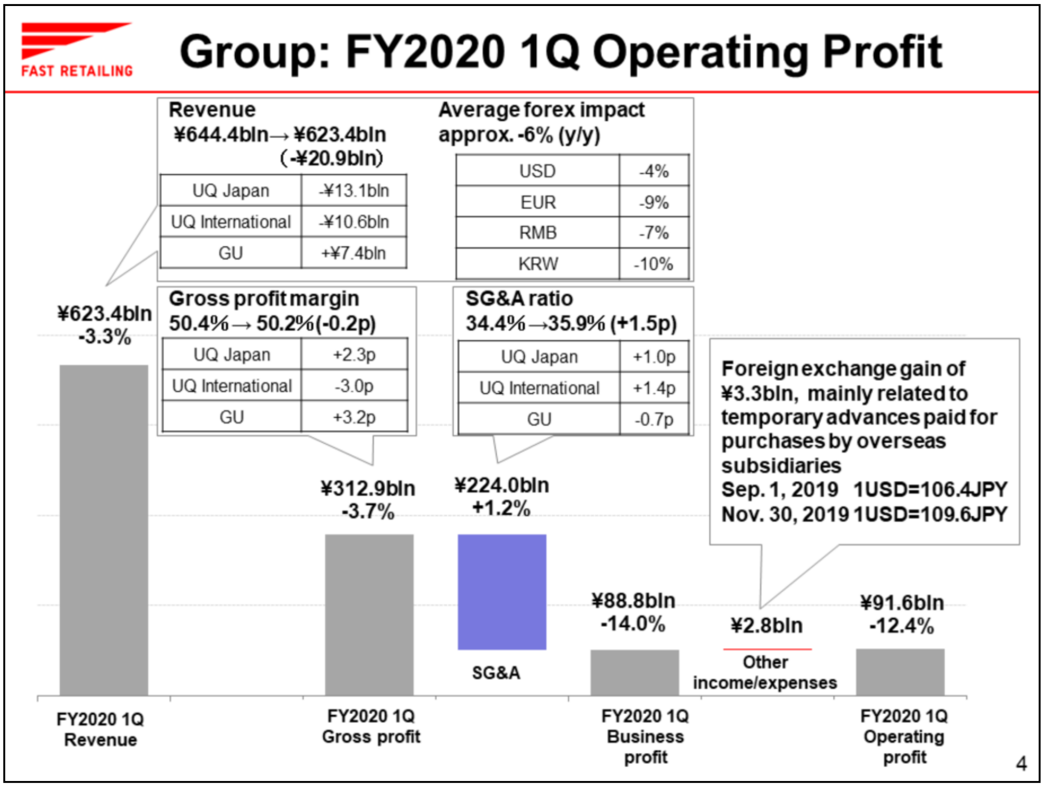
	Yr to Aug. 2019	Yr to Aug. 2020	
	(3 mths to Nov. 2018) Actual	(3 mths to Nov. 2019) Actual	y/y
Revenue	644.4	**623.4**	-3.3%
(to revenue)	100.0%	**100.0%**	
Gross profit	324.8	**312.9**	-3.7%
(to revenue)	50.4%	**50.2%**	-0.2p
SG&A	221.5	**224.0**	+1.2%
(to revenue)	34.4%	**35.9%**	+1.5p
Business profit	103.2	**88.8**	-14.0%
(to revenue)	16.0%	**14.2%**	-1.8p
Other income, expenses	1.3	**2.8**	+108.8%
(to revenue)	0.2%	**0.5%**	+0.3p
Operating profit	104.6	**91.6**	-12.4%
(to revenue)	16.2%	**14.7%**	-1.5p
Finance income, costs	6.4	**10.3**	+60.8%
(to revenue)	1.0%	**1.7%**	+0.7p
Profit before income taxes	111.0	**102.0**	-8.2%
(to revenue)	17.2%	**16.4%**	-0.8p
Profit attributable to owners of the parent	73.4	**70.9**	-3.5%
(to revenue)	11.4%	**11.4%**	-

※Adoption of IFRS16 from FY2020 boosted business profit by ¥0.9bln and operating profit by ¥1.2bln.

In the first quarter of FY2020, Fast Retailing Group revenue declined 3.3% year on year to ¥623.4 billion. On the profit side, business profit, which is a good indicator of fundamental business profitability, declined 14.0% to ¥88.8 billion. Operating profit declined 12.4% to ¥91.6 billion, profit before income taxes contracted 8.2% to ¥102.0 billion, and profit attributable to owners of the parent decreased 3.5% to ¥70.9 billion.

Our decision to adopt IFRS16 from FY2020 boosted business profit by ¥0.9 billion and operating profit by ¥1.2 billion.

The first-quarter consolidated results came in significantly lower than the initial forecast. This decline was due in part to significantly lower-than-expected performances from South Korea and Hong Kong that resulted in a large decline in profit for those markets, and to lower-than-expected results from UNIQLO Japan and Global Brands due to warmer weather worldwide.



Looking in more detail at the main factors affecting first-quarter consolidated profit:

Consolidated revenue declined by ¥20.9 billion to ¥623.4 billion in the first quarter. While revenue at GU expanded by ¥7.4 billion year on year, revenue at UNIQLO Japan decreased by ¥13.1 billion and revenue at UNIQLO International decreased by ¥10.6 billion.

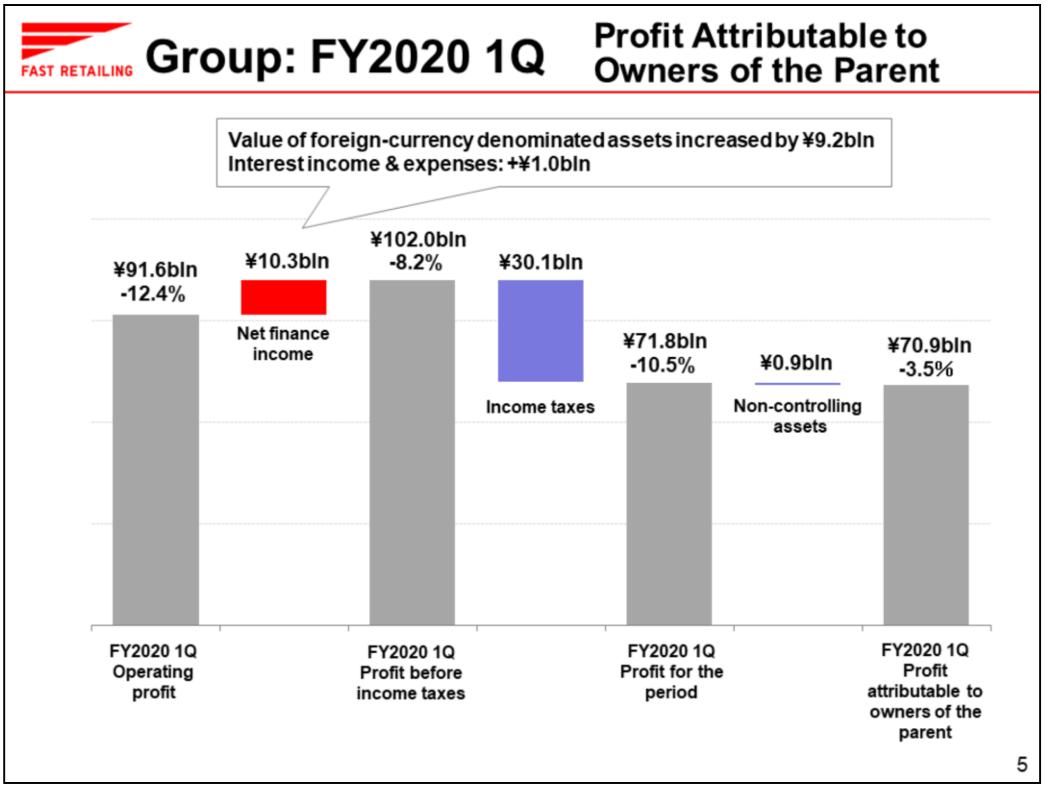
The consolidated gross profit margin fell 0.2 point to 50.2% in the first quarter. While the gross profit margin increased by 3.2 points at GU and 2.3 points at UNIQLO Japan, the UNIQLO International gross profit margin contracted by 3.0 points year on year.

The SG&A to revenue ratio increased 1.5 points to 35.9%. That was largely due to higher SG&A ratios at UNIQLO Japan and UNIQLO International.

Meanwhile, business profit fell 14.0% to ¥88.8 billion.

The net amount of other income/expenses stood at ¥2.8 billion. That total included a foreign-exchange gain of ¥3.3 billion mainly related to temporary advances paid for purchases by overseas subsidiaries.

As a result of the above factors, first-quarter operating profit declined by 12.4% to ¥91.6 billion.



Moving on to finance income/costs, we reported a net finance income of ¥10.3 billion in the first quarter of FY2020, which was generated primarily by a ¥9.2 billion foreign-exchange gain on the value of our foreign-currency denominated assets in yen terms.

As a result, profit before income taxes decreased by 8.2% to ¥102.0 billion, and profit attributable to the owners of the parent declined by 3.5% to ¥70.9 billion in the first quarter.

1Q Breakdown by Group Operation

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Billions of Yen

		Yr to Aug. 2019 (3 mths to Nov. 2018) Actual	Yr to Aug. 2020 (3 mths to Nov. 2019) Actual	y/y
UNIQLO Japan	Revenue	246.1	233.0	-5.3%
	Business profit	37.9	38.8	+2.6%
	(to revenue)	15.4%	16.7%	+1.3p
	Other income, expenses	0.0	-0.3	-
	Operating profit	37.9	38.5	+1.6%
	(to revenue)	15.4%	16.5%	+1.1p
UNIQLO International	Revenue	291.3	280.7	-3.6%
	Business profit	52.8	38.2	-27.6%
	(to revenue)	18.1%	13.6%	-4.5p
	Other income, expenses	-0.2	-0.4	-
	Operating profit	52.5	37.8	-28.0%
	(to revenue)	18.0%	13.5%	-4.5p
GU	Revenue	65.4	72.9	+11.4%
	Business profit	8.6	12.4	+44.3%
	(to revenue)	13.1%	17.0%	+3.9p
	Other income, expenses	-0.0	-0.0	-
	Operating profit	8.5	12.3	+44.4%
	(to revenue)	13.1%	17.0%	+3.9p
Global Brands	Revenue	40.7	36.1	-11.4%
	Business profit	2.8	1.9	-32.5%
	(to revenue)	6.9%	5.3%	-1.6p
	Other income, expenses	-0.0	-0.0	-
	Operating profit	2.7	1.8	-31.5%
	(to revenue)	6.7%	5.2%	-1.5p

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

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

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UNIQLO Japan: 1Q Overview

Revenue down but profit up slightly on improved gross profit margin

- Sluggish sales of thermal items during warm weather period knocked revenue lower and below plan.
- Operating profit up slightly on improved gross profit margin and lower year-on-year business costs. However, operating profit did come in below plan.

	Yr to Aug. 2019 (3 mths to Nov. 2018) Actual	Yr to Aug. 2020 (3 mths to Nov. 2019) Actual	y/y
Revenue	246.1	**233.0**	-5.3%
(to revenue)	100.0%	100.0%	
Gross profit	117.4	**116.5**	-0.8%
(to revenue)	47.7%	50.0%	+2.3p
SG&A	79.5	**77.6**	-2.4%
(to revenue)	32.3%	33.3%	+1.0p
Business profit	37.9	**38.8**	+2.6%
(to revenue)	15.4%	16.7%	+1.3p
Other income, expenses	0.0	**-0.3**	-
(to revenue)	0.0%	-	-
Operating profit	37.9	**38.5**	+1.6%
(to revenue)	15.4%	16.5%	+1.1p

Billions of Yen

※Adoption of IFRS16 from FY2020 boosted business profit by ¥0.2bln and operating profit by ¥0.3bln.

Looking first at UNIQLO Japan, that operation reported a fall in revenue but a rise in profit in the first quarter, with revenue declining 5.3% year on year to ¥233.0 billion and operating profit increasing by 1.6% to ¥38.5 billion.

Revenue declined to a figure that was lower than expected after warm weather stifled sales of thermal items. Operating profit rose slightly year on year on the back of an improved gross profit margin and a successful reduction in business costs compared to the previous year. However, that slight rise in operating profit was below plan.

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UNIQLO Japan: 1Q Revenue

Same-store sales down 4.1% y/y

- **Persistently warm weather resulted in a delay in launch of Fall Winter items and weakened demand for cold-weather clothing. A larger number of product items also made it difficult to fully convey the core appeal of certain products to our customers.**
- **While many products such as our new-range curved pants, souffle yarn sweaters and hybrid down items as well as our trendy sweatshirts, and leggings sold well, sales of Winter-season thermal clothing such as Ultra Light Down, HEATTECH, cashmere and merino sweaters proved sluggish.**
- **EC sales rose 4.1% y/y to ¥24.7bln. Pace of growth dampened by same reasons as physical stores.**
- **December same-store sales declined 5.3% on continued warm-weather days.**

Same-store sales	Yr to Aug. 2020				
	Sep.	Oct.	Nov.	**3 mths to Nov. 2019**	Dec.
Net sales	-4.2%	-1.9%	-5.5%	**-4.1%**	-5.3%
Customer visits	+0.4%	+5.6%	-3.3%	**+0.4%**	-2.2%
Customer spend	-4.6%	-7.1%	-2.3%	**-4.5%**	-3.1%

UNIQLO Japan same-store sales declined 4.1% year on year in the first quarter from September through November 2019.

Several factors were responsible for the fall in same-store sales. Persistently warm weather resulted in a delay in the launch of Fall Winter ranges and subsequently weakened demand for cold-weather clothing. We offered a larger number of product items, but we did not successfully convey the core appeal of certain products to our customers.

We did enjoy many strong-selling ranges in the first quarter including new ranges of curved pants, souffle yarn sweaters, and hybrid down items, as well as trendy sweatshirts and leggings. However, sales of Winter-season thermal clothing such as Ultra Light Down, HEATTECH, cashmere sweaters, and merino sweaters proved sluggish.

Meanwhile, e-commerce sales rose 4.1% year on year to ¥24.7 billion. However, that pace of growth was slower than in the past, dampened by the same factors that affected sales in our physical stores.

Same-store sales also declined by 5.3% year on year in December with persistent warm weather continuing through that month.

UNIQLO Japan: 1Q Gross Profit Margin, SG&A

Gross profit margin 50.0% (+2.3p y/y)
Slightly higher than expected

- Gross profit margin improved on appreciation in yen exchange rates for merchandise purchasing.
- Discounting rate up slightly y/y but lower than planned thanks to stronger inventory control and early sell-off of sluggish Fall Winter items.

SG&A ratio 33.3% (+1.0p y/y)
Reduced y/y as planned in monetary terms

- Depreciation expenses sharply higher but store rents considerably lower following adoption of IFRS16.
- Stripping out the IFRS16 effect, depreciation, personnel and store rents declined y/y in monetary terms.
- Depreciation expenses also declined as a ratio to net sales as the effect of accelerated depreciation (shorter depreciation period) of some materials handling for the Ariake Warehouse in FY2019 disappeared.
- Personnel costs down mostly from RFID tags which made store operations efficient.
- Distribution costs steady y/y in monetary terms. Store-related distribution costs down on lower inventories. EC distribution costs rose on higher sales, but greater efficiencies achieved through automation of Ariake Warehouse.

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Let's look next at the UNIQLO Japan gross profit margin which increased by 2.3 points in the first quarter to 50.0%. That result was slightly higher than expected.

The strong increase in the gross profit margin was due primarily to an appreciation in yen exchange rates for merchandise purchasing. Discounting rate increased slightly year on year due to stronger inventory control and a decisive early sell-off of sluggish Fall Winter items. However, the extent of the discounting rate was contained at a level that was below what we had initially planned.

UNIQLO Japan's first-quarter SG&A ratio rose by 1.0 point year on year to 33.3%. However, in monetary terms, business costs declined year on year as planned.

The adoption of IFRS16 from the start of the business year resulted in a sharp rise in depreciation costs and a considerable decline in store rents. If we strip out the IFRS16 impact, the business cost categories that declined year on year in monetary terms were depreciation, personnel, and store rents.

Depreciation costs also declined as a ratio to net sales as the effect of accelerated depreciation for some materials handling for the Ariake Warehouse in FY2019 disappeared.

Personnel costs decreased thanks primarily to the use of RFID tags to make store operations more efficient.

Distribution costs were steady year on year in monetary terms. While store-related distribution costs declined in the first-quarter on lower inventories, the ongoing expansion in e-commerce sales pushed distribution costs higher. At the same time, greater efficiency achieved by automating the Ariake Warehouse is reducing the distribution cost per item sold.

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UNIQLO International: 1Q Overview

Falls short of plan. Revenue and profit down
Revenue, profit up if exclude S. Korea, HK profit dip

- **Profit down on South Korea, Hong Kong losses. Local currency weakening knocked operating profit down by approx. 5%.**
- **Greater China, North America, Europe below plan, sales struggled on warm weather.**
- **South, Southeast Asia & Oceania expanded favorably as planned to report large revenue and profit gains.**
- **Gross profit margin down 3.0p on early inventory rundown. SG&A ratio up 1.4p on lower-than-expected sales but SG&A ratio improved excluding South Korea and Hong Kong results.**

Billions of Yen

	Yr to Aug. 2019 (3 mths to Nov. 2018) Actual	Yr to Aug. 2020 (3 mths to Nov. 2019) Actual	y/y
Revenue	291.3	**280.7**	-3.6%
(to revenue)	100.0%	100.0%	
Gross profit	158.3	**143.9**	-9.1%
(to revenue)	54.3%	51.3%	-3.0p
SG&A	105.5	**105.6**	+0.1%
(to revenue)	36.2%	37.6%	+1.4p
Business profit	52.8	**38.2**	-27.6%
(to revenue)	18.1%	13.6%	-4.5p
Other income, expenses	-0.2	**-0.4**	-
(to revenue)	-	-	-
Operating profit	52.5	**37.8**	-28.0%
(to revenue)	18.0%	13.5%	-4.5p

※Adoption of IFRS16 from FY2020 boosted business profit by ¥0.4bln and operating profit by ¥0.5bln.

I would now like to move on to talk about UNIQLO International performance in the first quarter of FY2020.

UNIQLO International performance fell short of plan with the segment reporting declines in both revenue and profit. Revenue declined 3.6% to ¥280.7 billion and operating profit declined 28.0% to ¥37.8 billion.

UNIQLO International first-quarter profit declined on lower-than-expected performances from South Korea and Hong Kong, with both those operations reporting an operating loss for the quarter. A weakening in local currencies against the yen knocked operating profit down by approx. 5%. However, if we strip out the negative impact of those performances in South Korea and Hong Kong, UNIQLO International revenue and profit increased over the quarter.

Breaking down the UNIQLO International performance into individual regions, warm weather worldwide stifled sales in Greater China, North America, and Europe, resulting in a lower-than-planned performance. Meanwhile, UNIQLO South, Southeast Asia & Oceania, which includes Southeast Asia, Australia and India, expanded favorably as expected to report large increases in revenue and profit gains.

UNIQLO International's gross profit margin declined 3.0 points year on year on an early rundown of inventories. The segment's SG&A ratio increased 1.4 points on lower-than-expected sales. However, if those results from South Korea and Hong Kong are excluded, the UNIQLO International SG&A ratio improved in the first quarter.

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UNIQLO International: 1Q by Region (1)

Greater China: Revenue up, profit down
Revenue, profit up if remove forex factor

- Profit declined due to an approx. 7% downward pressure from a weaker yuan v. yen, impact of Hong Kong demonstrations, and sluggish sales of thermal clothing during warm weather. Result was slightly below plan.
- GPM −2.3p: HK margin down. Mainland China, Taiwan early stock rundown.
- SG&A ratio −0.2p: Better store rent ratio, improved store efficiency on RFID.

Mainland China: Revenue and profit rise

- Sweatshirts, fleece, flannel Fall Winter items sold well, same-store sales rose.
- EC sales rose approx. 30% y/y as UNIQLO maintained strong No.1 apparel ranking in the annual Singles Day sale for fourth consecutive year.
- 1Q temperatures warm, sluggish sales of thermal items, early stock rundown.
- Operating profit slightly lower than forecast.

Hong Kong: Operating profit fell below plan to report a slight operating loss

- Same-store sales adversely affected by public demonstrations.
- Gross profit margin down on more vigorous discounting.

Taiwan: Revenue up, operating profit flat

- Same-store sales rose on strong Singles Day and UNIQLO anniversary sales.
- Warm weather in September, October prompted early rundown of excess stock.
- Operating profit result slightly lower than planned.

Let’s now take a look at business trends for each region within the UNIQLO International segment.

UNIQLO Greater China (Mainland China, Hong Kong, and Taiwan) reported a rise in revenue but a decline in profit. However, if we strip out the currency effect, both revenue and profit increased.

The decline in Greater China profit was caused by a weakening in the yuan versus the yen that exerted an approximate 7% downward pressure on results. The demonstrations in Hong Kong and sluggish sales of cold-weather clothing during the unseasonal warm weather also weighed on profit. The operating profit result was slightly lower than expected.

UNIQLO Greater China’s gross profit margin contracted 2.3 points year on year due primarily to a decline in the gross profit margin in Hong Kong and an early rundown of excess stock in Mainland China and Taiwan. Meanwhile, the region’s SG&A ratio improved by 0.2 point on a better store rents ratio and greater store operational efficiency following the introduction of RFID tags across the region.

Within the Greater China operation, Mainland China reported a rise in both revenue and profit. Fall items such as sweatshirts, fleece, and flannel sold well, resulting in a rise in same-store sales for the quarter. E-commerce sales also rose by approximately 30% year on year as UNIQLO maintained its strong position and No.1 apparel company ranking in the annual Singles Day sales for the fourth consecutive year. However, operating profit came in slightly lower than planned as persistently warm weather stifled sales of cold-weather clothing and prompted an early rundown of inventories.

Hong Kong same-store sales declined as a result of public demonstrations. Consequent stronger discounting knocked the gross profit margin lower. Operating profit fell below plan to report a slight operating loss.

Taiwan revenue rose but operating profit was flat year on year in the first quarter. Same-store sales rose on the back of strong Singles Day and UNIQLO anniversary sales in November. However, warm weather in the months of September and October prompted an early rundown of inventories, which resulted in a slightly lower operating profit result than initially planned.

UNIQLO International: 1Q by Region (2)

S. Korea: Reported an operating loss, far below plan

- Same-stores sales dipped sharply on local boycott of Japanese products since July.

South, Southeast Asia & Oceania: Double-digit growth in revenue, profit as planned

Southeast Asia & Oceania

- Indonesia, the Philippines especially strong. Double-digit same-store sales growth, large OP rise.
- Strong sales of UT, T-shirts, EZY ankle pants, jeans and other Summer items, as well as flannel shirts, HEATETCH and other Fall Winter items.
- Opened first Vietnam store in December in Ho Chi Minh.

Australia - Revenue and profit rose to plan.

India

- First store opened in New Delhi in October 2019. Second store opened in Delhi suburb in November 2019. Both stores performing strongly.
- Core Winter items ranges (Ultra Light Down, fleece, HEATTECH, sweatshirts, flannel) sparked strong local customer support and higher-than-expected sales.

UNIQLO Dong Khoi Store (Vietnam) Attracted unprecedented crowds, prompting entry restrictions on first 3 days.

In South Korea, same-store sales dropped sharply on the back of a continued local boycott of Japanese products since July 2019. This resulted in an operating loss, which was considerably below plan.

UNIQLO South, Southeast Asia & Oceania posted double-digit gains in both revenue and profit as planned.

Indonesia and the Philippines performed especially strongly, reporting double-digit growth in same-store sales and a sharp rise in operating profit. Sales of UT graphic T-shirts, T-shirts, EZY ankle pants, jeans and other Summer items proved strong, as well as flannel shirts, HEATTECH and other Fall Winter items. The opening of our first store in Vietnam in December in Ho Chi Minh City met with an unprecedented response, prompting us to put entry restrictions in place for the first three days after opening.

We opened our first store India in New Delhi in October 2019 and a second store in a Delhi suburb in November 2019. Both stores are performing strongly. Core Winter ranges, such as Ultra Light Down, fleece, HEATTECH, sweatshirts, and flannel, earned strong local customer support and attracted higher-than-expected sales.

UNIQLO International: 1Q by Region (3)

North America: Revenue, profit up on strong Canada

USA: Revenue and profit down, slightly below plan

- Same-store sales dipped slightly on warm winter, sluggish sales of Winter items.
- Black Friday was November 23 in 2018 and November 29 in 2019, meaning a portion of EC sales extended into the month of December.
- Gross profit margin down, operating profit slightly lower on stronger discounting.

Canada: Continued strong store openings, large revenue, profit gains as expected.

Europe: Double-digit revenue growth. OP slightly lower, but flat if remove forex effect

- Despite double-digit revenue growth, OP dipped slightly to just below plan.
- Same-store sales rose. EC sales continued strong, expanding approx. 30% y/y.
- Cost of sales rose on forex effect, resulting in a lower GPM and slight dip in profits.
- Spain, the Netherlands, Italy results strong. Italian operation, launched in September 2019, generating much higher-than-expected sales.

UNIQLO Piazza Cordusio Store (Italy)

Let me move onto North America, which reported higher revenue and profit on the back of revenue and profit gains in Canada.

UNIQLO USA performance came in below plan by reporting a slight decline in both revenue and profit. The decline in revenue was caused by a slight dip in same-store sales caused by warm winter weather and sluggish sales of Winter items. In addition, Black Friday fell on November 29 in 2019 compared to November 23 in 2018, which meant that a portion of e-commerce sales extended into the month of December. On the profit front, the gross profit margin declined on stronger discounting, resulting in a slight fall in operating profit.

In Canada, continued strong new store openings helped achieve the large revenue, profit gains that we had expected.

UNIQLO Europe reported double-digit growth in revenue, but operating profit fell marginally short of plan by reporting a slight decline. However, if we strip out the currency impact, UNIQLO Europe performance held steady year on year in the first quarter. The region’s same-store sales rose and e-commerce sales also continued to exhibit strength by expanding approximately 30% year on year.
On the profit front, cost of sales rose on the foreign exchange effect resulting in a contraction in the gross profit margin and a slight dip in profits. Within Europe, our newest markets of Spain, the Netherlands, and Italy all performed strongly. Our Italian operation, which was launched in September 2019, generated sales that were much higher than initially expected.

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GU: 1Q Overview

Significant revenue and profit gains as expected

- Despite persistent warm weather, same-store sales rose on strong sales of lightweight outerwear, and knitwear featured in successful TV ad campaigns.
- Gross profit margin improved by an impressive 3.2 points, the SG&A ratio declined 0.7 point, resulting in a considerable expansion in operating profit.

Billions of Yen

	Yr to Aug. 2019	Yr to Aug. 2020	
	(3 mths to Nov. 2018) Actual	(3 mths to Nov. 2019) Actual	y/y
Revenue	65.4	**72.9**	+11.4%
(to revenue)	100.0%	100.0%	
Gross profit	31.1	**37.0**	+18.9%
(to revenue)	47.6%	50.8%	+3.2p
SG&A	22.5	**24.6**	+9.2%
(to revenue)	34.5%	33.8%	-0.7p
Business profit	8.6	**12.4**	+44.3%
(to revenue)	13.1%	17.0%	+3.9p
Other income, expenses	-0.0	**-0.0**	-
(to revenue)	-	-	-
Operating profit	8.5	**12.3**	+44.4%
(to revenue)	13.1%	17.0%	+3.9p

※Very little impact from the adoption of IFRS16 from FY2020.

Next, let me move onto our GU operation. GU reported significant revenue and profit gains in the first quarter, with revenue rising 11.4% year on year to ¥72.9 billion and operating profit increasing by 44.4% to ¥12.3 billion.

Despite the persistent warm weather throughout the first quarter, GU same-store sales rose on strong sales of lightweight outerwear and strong sales of knitwear featured in successful TV advertising campaigns. The GU gross profit margin improved by an impressive 3.2 points and the SG&A ratio declined 0.7 point, resulting in a considerable expansion in first-quarter operating profit.

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GU: 1Q Overview

- TV ads for cardigans and knitwear helped generate strong sales of trendy cable-design cardigans, knitted tunics and other design knitwear.
- GU sharply increased sales by ordering additional production of strong-selling items mid-season.
- Strong sales of sweatshirts, oversized shirts, shirt jackets, boa jackets and other lightweight outwear helped drive GU's strong sales performance.
- Discoutning reduced on aggregate materials purchasing and early order submission, resulting in a significant improvement in the GU gross profit margin.
- SG&A ratio also improved on a lower personnel cost ratio generated by more efficient store operations, and a lower advertising and promotion expense ratio.

Cardigan campaign

Knitwear campaign

In the first quarter of FY2020, GU's TV commercials for cardigans and knitwear helped generate strong sales of trendy cable-design cardigans, knitted tunics, and other design knitwear.

GU was able to sharply increase sales of these strong-selling products by ordering additional production in the middle of the season.

In addition, strong sales of sweatshirts, oversized shirts, shirt jackets, boa jackets and other lightweight outwear also helped fuel GU's strong first-quarter sales performance.

GU managed to further reduce its cost of sales by purchasing key raw materials in aggregate and submitting orders early. This, along with strong sales and consequent reduced discounting generated a significant 3.2 point improvement in the GU gross profit margin.

Finally, the GU SG&A ratio also improved by 0.7 point in the first quarter thanks to a lower personnel cost ratio, achieved through more efficient store operations, and a lower advertising and promotion expense ratio.

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Global Brands: 1Q Overview

Revenue, profit down. OP slightly below plan

Theory: Revenue and profit down

- Due to warm global weather, sales of Winter outerwear and sweaters struggled in the Japanese and U.S. markets.
- Early rundown of sluggish products knocked the gross profit margin lower but helped maintain appropriate inventory levels.
- Temporary rise in Japan-based expenses linked to relocation of press room.

PLST: Revenue and profit down

- "Cut-and-sew" items, cardigans, shirts, blouses and other Fall items sold well but sales of thermal outerwear and bottoms stifled by the warm weather.

Comptoir des Cotonniers: Loss flat

Billions of Yen

		Yr to Aug. 2019 (3 mths to Nov. 2018) Actual	Yr to Aug. 2020 (3 mths to Nov. 2019) Actual	y/y
Global Brands	Revenue	40.7	**36.1**	-11.4%
	Business profit	2.8	**1.9**	-32.5%
	(to revenue)	6.9%	**5.3%**	-1.6p
	Other income, expenses	-0.0	**-0.0**	-
	Operating profit	2.7	**1.8**	-31.5%
	(to revenue)	6.7%	**5.2%**	-1.5p

※Adoption of IFRS16 from FY2020 boosted business profit by ¥0.2bln and operating profit by ¥0.2bln.

Moving onto our fourth and final business segment, Global Brands reported declines in both revenue and profit in the first quarter. Global Brands first-quarter revenue decreased 11.4% year on year to ¥36.1 billion and operating profit declined 31.5% to ¥1.8 billion.

Global Brands operating profit came in slightly below plan on the back of lower-than-expected performances from our Theory and PLST labels.

Theory reported a decline in both revenue and profit in the first quarter. Sales of Winter items, such as outerwear and sweaters, struggled in both Japan and the United States as mild weather prevailed worldwide. An early rundown of sluggish-selling products knocked Theory's gross profit margin lower but helped maintain appropriate inventory levels. Theory also reported a temporary rise in Japan-based business costs linked to the relocation of its press room.

Our PLST brand reported a contraction in both revenue and profit in the first quarter. Fall items, such as garments made using our "cut-and-sew" manufacturing method, cardigans, shirts, and blouses, all sold well, but sales of cold-weather outerwear and bottoms were stifled by the warm weather.

Finally, our Comptoir des Cotonniers operation reported an operating loss of similar magnitude to the previous year.

Group: Balance Sheet (end Nov. 2019)

Billions of Yen

	End Nov. 2018	End Aug. 2019	**End Nov. 2019**	Change
Total Assets	2,031.7	2,010.5	**2,528.2**	+496.5
Current Assets	1,692.0	1,638.1	**1,776.0**	+83.9
Non-Current Assets	339.6	372.3	**752.2**	+412.5
Total Liabilities	1,050.4	1,027.0	**1,494.0**	+443.5
Total Equity	981.2	983.5	**1,034.2**	+52.9

※In relation to the adoption of IFRS16 from FY2020, the total assets figure at the end of November 2019 included ¥389.8bln in right-of-use assets (A new category resulting from the introduction of IFRS16 that estimates the value of rights involving leases).

Next, I would like to take you through our balance sheet as it stood at the end of November 2019.

Compared to the end of November 2018, total assets increased by ¥496.5 billion to ¥2.5282 trillion.

Total liabilities increased by ¥443.5 billion to ¥1.4940 trillion.

Total equity increased by ¥52.9 billion to ¥1.0342 trillion.

The total assets figure at the end of November 2019 included ¥389.8 billion in right-of-use assets resulting from the adoption of IFRS16 from FY2020.

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

FAST RETAILING

Group: B/S Main Points v. end Nov. 2018

Current assets: +¥83.9bln (¥1.6920trln⇒¥1.7760trn)

- **Cash and cash equivalents: +¥135.9bln (¥979.0bln⇒¥1.1150trln)**
  Increased operating cash flow from UNIQLO and other business segments.
- **Inventory assets: -¥28.2bln (¥452.8bln⇒ ¥424.6bln)**
  Early rundown of Group-wide inventory, stronger order progress management
  UQ Japan: -¥25.9bln UQ Intl.: ±¥0.0bln GU: +¥:2.2bln Global Brands: -¥4.7bln
- **Derivative financial assets: -¥39.3bln (¥56.3bln⇒¥16.9bln)**
  While the average yen rate on our forward contract holdings and the end-November yen spot rate both appreciated, the gap between the two shrank, resulting in a ¥13.1bln decline in derivative financial assets.

Non-current assets: +¥412.5bln ¥339.6bln⇒¥752.2bln)

- **Right-of-use assets: +¥389.8bln(－⇒¥389.8bln)**
  Resulting from adoption of IFRS16.
- **Derivative financial assets: +¥26.1bln (－⇒¥26.1bln)**

Liabilities +¥443.5bln (¥1.0504trln⇒¥1.4940trln)

- **Lease liabilities: +¥443.5bln (－⇒¥443.5bln)**
  Recorded lease liabilities (short and long-term) following the adoption of IFRS16.

Let me explain the factors underlying the ¥83.9 billion increase in current assets, which constitutes the largest share of total assets.

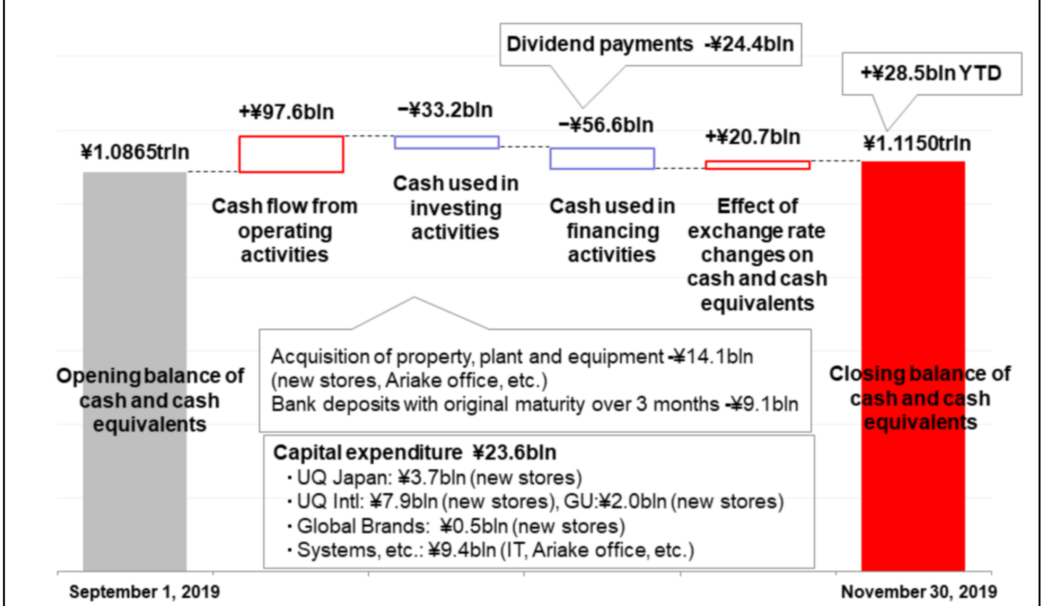
First, cash and cash equivalents increased by ¥135.9 billion year on year to ¥1.1150 trillion at the end of November 2019 on the back of higher operating cash flow from UNIQLO and other business segments.

Next, total inventory decreased by ¥28.2 billion to ¥424.6 billion. The largest portion of this reduction, ¥25.9 billion, was conducted at UNIQLO Japan on the back of an early rundown of inventories across the Group and a strengthening in order progress management.

Non-current assets increased by ¥412.5 billion following the recording of ¥389.8 billion in right-of-use assets in relation to the adoption of IFRS16 from FY2020.

Finally, liabilities increased by ¥443.5 billion following the recording of lease liabilities also in relation to IFRS16.

Group: 1Q Cash Flow



※Adoption of IFRS16 increased cash flow from operating activities by approx. ¥30.0bln and decreased cash used in financing activities by approx. ¥30.0bln. This change in accounting standards had no impact on final cash flow figure.

Looking next at our cash flow position for the first quarter of FY2020, we reported a net cash inflow of ¥97.6 billion from operating activities, while cash used in investing activities totalled ¥33.2 billion, and cash used in financing activities totalled ¥56.6 billion. As a result, the balance of cash and cash equivalents stood at ¥1.1150 trillion at the end of November 2019.

The adoption of IFRS16 increased the cash flow from operating activities by approximately ¥30.0 billion and decreased cash used in financing activities by approximately ¥30.0 billion. As a result, this change in accounting standards had no impact on the final cash flow figure.

FAST RETAILING

Group: FY2020 Estimates

Revised down

- Downward revisions: Revenue: ¥60.0bln, operating profit: ¥30.0bln, profit attributable to owners of the parent: ¥10.0bln
- Reflects underperformance in 1Q and December but also uncertain immediate environments in South Korea and Hong Kong, resulting in a downward revision in initial 2H estimate for UNIQLO International.
- UNIQLO Japan, GU, Global Brands 2H forecasts remain unchanged.

Billions of Yen

	Yr to Aug. 2019 Actual	Yr to Aug. 2020 Estimates (as of Oct.10)	y/y	Yr to Aug. 2020 Estimates (as of Jan.9)	y/y	Yr to Aug. 2020 1Q Actual
Revenue	2,290.5	2,400.0	+4.8%	**2,340.0**	**+2.2%**	623.4
(to revenue)	100.0%	100.0%		**100.0%**		100.0%
Business profit	265.1	280.0	+5.6%	**250.0**	**-5.7%**	88.8
(to revenue)	11.6%	11.7%	+0.1p	**10.7%**	-0.9p	14.2%
Other income, expenses	-7.5	-5.0	-	**-5.0**	-	2.8
Operating profit	257.6	275.0	+6.7%	**245.0**	**-4.9%**	91.6
(to revenue)	11.2%	11.5%	+0.3p	**10.5%**	-0.7p	14.7%
Finance income, costs	-5.1	0.0	-	**0.0**	-	10.3
Profit before income taxes	252.4	275.0	+8.9%	**245.0**	**-2.9%**	102.0
(to revenue)	11.0%	11.5%	+0.5p	**10.5%**	-0.5p	16.4%
Profit attributable to owners of the parent	162.5	175.0	+7.6%	**165.0**	**+1.5%**	70.9
(to revenue)	7.1%	7.3%	+0.2p	**7.1%**	-	11.4%

※Includes an approximate 1.5% boost to business profit and an approximate 2% boost to operating profit resulting from the adoption of IFRS16 from FY2020.

Let me now move on to talk about our business estimates for FY2020, or the twelve months from September 2019 through to the end of August 2020.

We have decided to revise down our estimates for FY2020 consolidated revenue by ¥60.0 billion compared to our initial forecast to ¥2.3400 trillion, and operating profit by ¥30.0 billion to ¥245.0 billion. As a result, profit attributable to owners of the parent has been revised down by ¥10.0 billion to ¥165.0 billion.

These downward revisions reflect the lower-than-expected performance in the first quarter and subsequent month of December as well as our decision to reduce our initial second-half estimate for UNIQLO International to reflect continued uncertain environments in South Korea and Hong Kong. Our second-half forecasts for UNIQLO Japan, GU, and Global Brands remain unchanged.

Our FY2020 estimate for other income/expenses remains unchanged from our initial estimate of minus ¥5.0 billion, but this primarily incorporates predicted retirement losses and store-closure losses resulting from the closure of stores at UNIQLO International under our scrap-and-build policy of proactively replacing smaller or less profitable stores with larger ones.

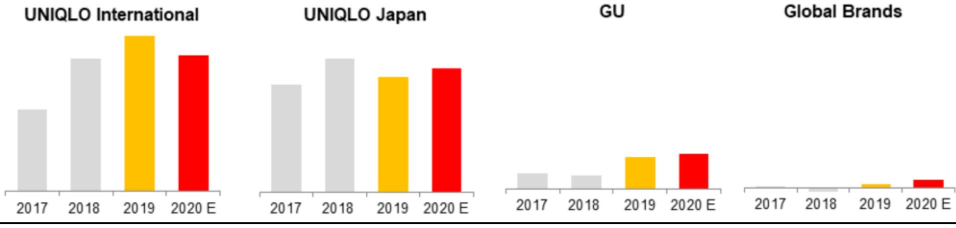
While we recorded foreign exchange gains under both other income/expenses and finance income/costs in the first quarter, the foreign exchange outlook remains unclear, so we have decided to maintain our period-start exchange rate assumption of 1USD=106.4JPY, and have not incorporated any foreign exchange gain or loss in our full-year business estimates.

FY2020 Estimates by Group Operation(1)

UNIQLO Intl: Expect full-year revenue rise, profit fall

- UNIQLO Intl: Expect 1H revenue rise, sharp profit fall, 2H revenue rise, profit fall.
- Greater China: Forecast slight full-year profit decline on sharp profit fall in Hong Kong and an approximate 8% downward impact from weaker yuan.
  - ✓ Strip out forex impact and we expect both revenue and profit to rise.
  - ✓ Mainland China and Taiwan to generate further favorable results, and full-year revenue and profit gains.
- South, Southeast Asia & Oceania: Expect further strong results and double-digit growth in 2H and full-year revenue and profit.
- South Korea: Expect sharp revenue and profit falls, and to report a full-year loss.
- Europe: Expect full-year revenue and profit gains. North America: Looks set to turn a profit this year.

Envisaged Future Operating Profit Trend by Business Segment



I would now like to break down our FY2020 estimates by business segment.

Starting with UNIQLO International, given the much lower-than-forecast performance in the first quarter, we now expect the segment will report a rise in revenue but a sharp fall in profit in the first half through February 2020, and a rise in revenue but a fall in profit in the second half through August 2020. As a result, we now predict UNIQLO International will generate higher revenue but lower profit for the full business year through the end of August 2020.

Looking at individual UNIQLO International regions: For Greater China, we forecast a slight full-year profit decline on the back of an expected sharp fall in profits in Hong Kong and an approximate 8% downward impact on results caused by a weakening in the Chinese yuan. However, if we strip out the foreign exchange impact, we predict Greater China revenue and profit will both rise in FY2020. Within that region, we expect Mainland China and Taiwan will produce further favorable performances and report increases in full-year revenue and profit figures.

We forecast South, Southeast Asia & Oceania will generate further strong results and double-digit growth in second-half and full-year revenue and profit.

We predict South Korea will report sharp contractions in full-year revenue and profit, resulting in an operating loss for the year.

We expect Europe will achieve full-year revenue and profit gains, and North America will move into the black in FY2020.

FY2020 Estimates by Group Operation(2)

UNIQLO Japan: Expect full-year revenue, profit gains

- 1H: Even if revenue falls, expect operating profit to rise on improved gross margin.
- 2H: Expect revenue and profit to rise, and gross profit margin to improve slightly on lower cost of sales and controlled discounting. Expect lower distribution cost ratio on more appropriate inventories, and lower personnel ratio as the introduction of RFID tags and self-checkouts boost store efficiency.

GU: Expect higher revenue and profit

- 1H: Expect revenue and profit to rise.
- 2H: Expect further strong sales but only a slight rise in profit compared to the previous year's strong approx. 8 point improvement in the gross profit margin.
- Full-year: Expect revenue and profit to rise.
- Continue to focus on mass-trend fashion but also further strengthen image as fun fashion brand at amazingly low prices by expanding GU's range of low-priced items (790 yen or 990 yen) for young consumers from Spring Summer season.

Global Brands: Expect revenue and profit to rise

- 1H: Expect profit to decline. 2H: Predicted revenue, profit gains seen generating higher full-year revenue and profit.
- Theory, PLST revenue, profit seen rising, Comptoir des Cotonniers loss shrinking.

Looking next at UNIQLO Japan, while we expect revenue will decline in the first half of FY2020, operating profit is predicted to rise on the back of an improvement in the operation's gross profit margin. In the second half, we expect UNIQLO Japan revenue and profit will increase year on year. We also expect a further slight improvement in the second-half gross profit margin thanks to declining cost of sales and controlled discounting. We forecast a lower distribution cost ratio on the back of more appropriate inventory levels, and a lower personnel ratio thanks to store efficiency gains following the introduction of RFID tags and self-checkouts. As a result of the above first-half and second-half forecasts, we expect UNIQLO Japan will achieve higher revenue and profit for the full business year.

Moving onto GU, we forecast that operation will generate higher revenue and profit in FY2020. We expect GU will report higher revenue and profit in the first half. We expect further strong revenue in the second half but only a slight rise in profit when compared to the previous year's strong approximate 8 point improvement in the gross profit margin. As a result, we forecast full-year GU revenue and profit will rise. In terms of products, GU is expected to continue to focus on mass-trend fashion. However, we will also be working to further strengthen GU's image as a brand offering fun fashion at amazingly low prices by developing lines designed for young consumers from the Spring Summer season, and expanding GU's range of low-priced items with an amazingly low price tag of just 790 yen or 990 yen.

Finally, we expect revenue and profit from our Global Brands segment will rise in FY2020. Following the decline in first-quarter profit, we expect Global Brands profit will decline in the first half of the business year. However, we expect subsequent revenue and profit gains in the second half will help generate higher revenue and profit for the full business year. In terms of individual brands, revenue and profit from our Theory and PLST operations are expected to rise, and the loss generated by Comptoir des Cotonniers is expected to shrink.

To make one final comment on our dividend policy, our forecasts for the FY2020 dividend remain unchanged and we are still scheduled to pay an annual dividend of ¥500 yen per share, to be split evenly between interim and year-end dividends of ¥250 each.

That completes my presentation on Fast Retailing's performance for the first quarter of FY2020 and our estimates for the full business year through the end of August 2020. Thank you.

Reference: Main Impact of IFRS16 Adoption

Consolidated Statement of Profit and Loss

- 1Q business profit approximately ¥0.9bln higher and operating profit approximately ¥1.2bln higher due to the recording of depreciation and interest expenses respectively instead of rental expenses.

FY2020 1Q (Calculated using previous standard)	Billions of Yen
SG&A	225.0
Rental expenses	51.9
Depreciation	12.1
Business profit	87.8
Other income, expenses	2.5
Operating profit	90.3
Interest expenses	1.0
Profit before income taxes	101.5

FY2020 1Q (Calculated using IFRS16)	Billions of Yen
SG&A	224.0
Rental expenses	20.3
Depreciation	43.0
Business profit	88.8
Other income, expenses	2.8
Operating profit	91.6
Interest expenses	1.8
Profit before income taxes	102.0

Reference: Group Company Store Numbers

FAST RETAILING

[Units: Stores]	FY2019	FY2020 1Q Result (Sep. - Nov.)				FY2020 Estimates (Sep. - Aug.)			
	Yr-end	Open	Close	Change	End Nov.	Open	Close	Change	End Aug.
UNIQLO Operations	**2,196**	**81**	**28**	**+53**	**2,249**	**195**	**61**	**+134**	**2,330**
UNIQLO Japan ※	**817**	**19**	**19**	**0**	**817**	**30**	**30**	**0**	**817**
Own stores	774	16	19	-3	**771**	-	-	-	-
Large-scale	230	10	5	+5	**235**	-	-	-	-
Standard and others	544	6	14	-8	**536**	-	-	-	-
Franchise stores	43	3	0	+3	**46**	-	-	-	-
UNIQLO International	**1,379**	**62**	**9**	**+53**	**1,432**	**165**	**31**	**+134**	**1,513**
Mainland China	711	28	1	+27	**738**	100	-	-	-
Hong Kong	29	1	0	+1	**30**		-	-	
Taiwan	67	2	1	+1	**68**		-	-	
Korea	188	4	6	-2	**186**	6	-	-	-
Singapore	28	0	0	0	**28**	40	-	-	-
Malaysia	49	2	0	+2	**51**		-	-	
Thailand	50	1	0	+1	**51**		-	-	
Philippines	58	3	0	+3	**61**		-	-	
Indonesia	26	6	0	+6	**32**		-	-	
Australia	20	1	0	+1	**21**		-	-	
Vietnam	0	0	0	0	**0**		-	-	
India	0	2	0	+2	**2**		-	-	
USA	51	2	1	+1	**52**	4	-	-	-
Canada	11	1	0	+1	**12**		-	-	
UK	13	2	0	+2	**15**	15	-	-	-
France	24	0	0	0	**24**		-	-	
Russia	37	4	0	+4	**41**		-	-	
Germany	9	0	0	0	**9**		-	-	
Belgium	3	0	0	0	**3**		-	-	
Spain	2	2	0	+2	**4**		-	-	
Sweden	1	0	0	0	**1**		-	-	
The Netherlands	1	0	0	0	**1**		-	-	
Denmark	1	0	0	0	**1**		-	-	
Italy	0	1	0	+1	**1**		-	-	
GU	**421**	**19**	**2**	**+17**	**438**	**37**	**15**	**+22**	**443**
Global Brands	**972**	**13**	**6**	**+7**	**979**	**39**	**48**	**-9**	**963**
Theory ※	451	7	0	+7	**458**	-	-	-	**-**
PLST ※	101	5	0	+5	**106**	-	-	-	**-**
Comptoir des Cotonniers ※	296	1	5	-4	**292**	-	-	-	**-**
Princesse tam.tam ※	124	0	1	-1	**123**	-	-	-	**-**
Total	**3,589**	**113**	**36**	**+77**	**3,666**	**271**	**124**	**+147**	**3,736**

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
FY2019 1Q	3-month average to Nov. 2018	112.6	130.0	145.7	16.3	10.0
FY2020 1Q	3-month average to Nov. 2019	107.8	119.0	134.3	15.2	9.1
FY2019	12-month average to Aug. 2019	110.9	125.9	142.3	16.2	9.7
FY2020 (E)	12-month average to Aug. 2020	109.0	123.0	143.0	14.8	9.6

Exchange rates used on balance sheet

Yen

		1USD	1EUR	1GBP	1RMB	100KRW
FY2019 1Q	Exchange rate at end Nov. 2018	113.5	129.2	145.0	16.4	10.1
FY2020 1Q	Exchange rate at end Nov. 2019	109.6	120.6	141.5	15.6	9.3
FY2019	Exchange rate at end Aug. 2019	106.4	117.6	129.6	14.8	8.8
FY2020 (E)	Exchange rate at end Aug. 2020	106.4	117.6	129.6	14.8	8.8

FAST RETAILING

Reference: Capex, Depreciation

Capex (Incl. Finance Leases) and Depreciation

Billions of Yen

		Capex						Depreciation
		UNIQLO Japan	UNIQLO Intl.	GU	Global Brands	Systems, etc	Total	
FY2019	1Q 3 months	5.0	9.4	2.4	0.9	6.3	24.3	11.9
FY2020	1Q 3 months	3.7	7.9	2.0	0.5	9.4	23.6	43.0
FY2019	Full-year 12 months	13.6	31.6	9.0	2.7	28.0	85.2	48.4
FY2020 (E)	Full-year 12 months	7.8	35.1	7.4	3.5	46.3	100.1	163.7

※We have incorporated depreciation costs of approximately ¥110.0bln following the adoption of IFRS16 from FY2020. This approximate ¥110.0bln is recorded as depreciation costs relating to right-of-use assets.