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Fast Retailing Results for September 2020 to May 2021 and Estimates for FY2021

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I am Takeshi Okazaki, Group Senior Executive Officer and CFO at Fast Retailing.

Today, I would like to run through our consolidated business performance for the third quarter of FY2021 and our estimates for the full business year through to the end of August 2021.

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, 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.

Group: FY2021 Third Quarter Results

Large revenue and profit gains in 1Q-3Q and 3Q
But falls short of plan on COVID-19 impact, etc.

Billions of Yen

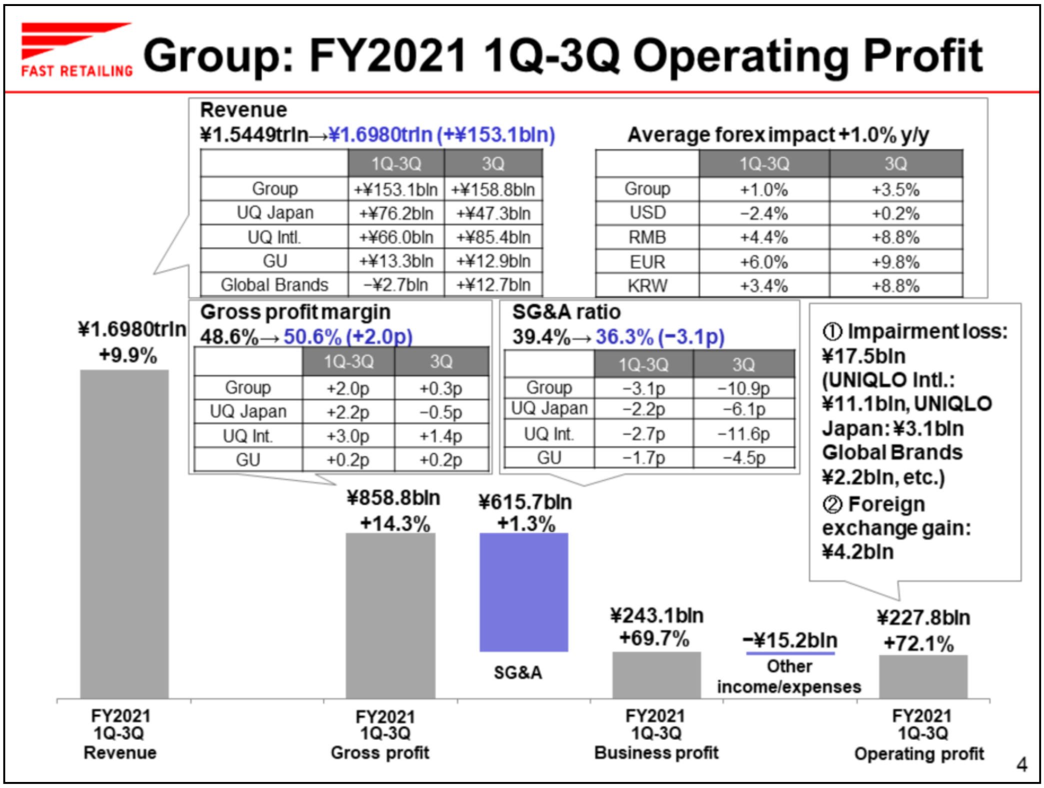
	Nine months to May 2021 (Sep. 2020 - May 2021)			Three months to May 2021 (Mar. 2021 - May 2021)		
	Actual	Prev. yr	y/y	Actual	Prev. yr	y/y
Revenue	1,698.0	1,544.9	+9.9%	495.2	336.4	+47.2%
(to revenue)	100.0%	100.0%	-	100.0%	100.0%	-
Gross profit	858.8	751.2	+14.3%	258.3	174.4	+48.1%
(to revenue)	50.6%	48.6%	+2.0p	52.2%	51.9%	+0.3p
SG&A	615.7	608.0	+1.3%	194.9	169.2	+15.2%
(to revenue)	36.3%	39.4%	-3.1p	39.4%	50.3%	-10.9p
Business profit	243.1	143.2	+69.7%	63.4	5.2	-
(to revenue)	14.3%	9.3%	+5.0p	12.8%	1.6%	+11.2p
Other income, expenses	-15.2	-10.8	-	-3.4	-9.6	-
(to revenue)	-	-		-	-	-
Operating profit	227.8	132.3	+72.1%	59.9	-4.3	-
(to revenue)	13.4%	8.6%	+4.8p	12.1%	-	-
Finance income, costs	17.7	10.0	+76.9%	14.2	-4.0	-
(to revenue)	1.0%	0.6%	+0.4p	2.9%	-	-
Profit before income taxes	245.6	142.4	+72.5%	74.1	-8.4	-
(to revenue)	14.5%	9.2%	+5.3p	15.0%	-	-
Profit attributable to owners of the parent	151.3	90.6	+67.0%	45.4	-9.8	-
(to revenue)	8.9%	5.9%	+3.0p	9.2%	-	-

In the third quarter of FY2021, or the three months from March to May 2021, Fast Retailing Group revenue increased 47.2% year on year to ¥495.2 billion. Business profit, which is a good indicator of fundamental business profitability, increased by a significant ¥5.2 billion year on year to ¥63.4 billion. The Group also moved back into the black in terms of operating profit by posting a third-quarter operating profit of ¥59.9 billion.

In the third quarter of FY2020, the Group posted a loss after being forced to temporarily close stores or reduce store operating hours on a large scale in all our global markets in the wake of the COVID-19 pandemic. However, in the third quarter of FY2021, we witnessed a considerable recovery in performance across all four of our business segments.

Having said that, the overall third-quarter performance fell far short of our latest estimates announced on April 8. This was due to a larger-than-anticipated Covid impact primarily on UNIQLO Japan and GU operations as well the insufficient conveyance of fresh or newsworthy product features to customers. Meanwhile, while the Greater China region reported lower-than-expected results, UNIQLO International overall performed roughly to plan in the third quarter thanks to further improvements in profitability from UNIQLO North America, UNIQLO Europe, and other operations.

In the nine months to May 2021, the Group reported significant rises in both revenue and profit with revenue increasing 9.9% year on year to ¥1.6980 trillion and operating profit expanding by 72.1% to ¥227.8 billion.



I would first like to explain the key points on our consolidated balance sheet for the nine months through May 2021.

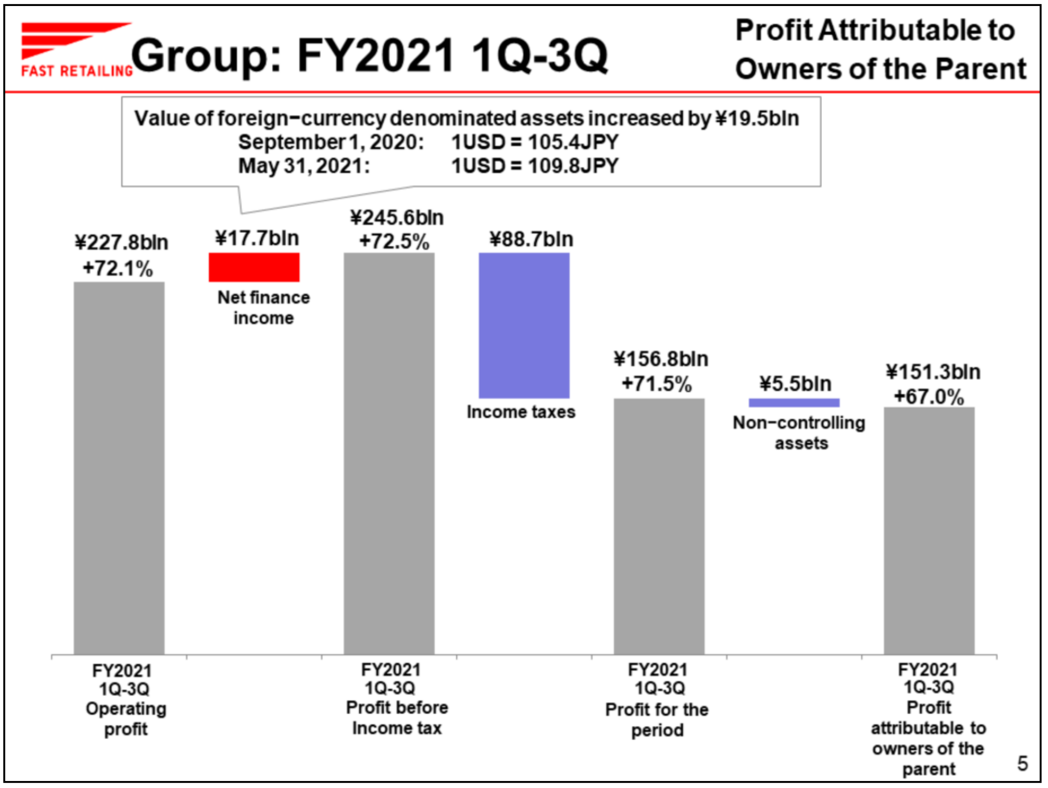
Consolidated revenue increased by ¥153.1 billion to ¥1.6980 trillion in the first nine months of FY2021 after revenue rose by ¥76.2 billion at UNIQLO Japan, ¥66.0 billion at UNIQLO International, and ¥13.3 billion at GU.

The consolidated gross profit margin rose 2.0 points to 50.6% in the first nine months due primarily thanks to improved gross profit margins at UNIQLO International and UNIQLO Japan.

The SG&A to revenue ratio improved by 3.1 points to 36.3% for the first nine months thanks to improved ratios at all four business segments.

The net amount of other income/expenses stood at minus ¥15.2 billion for the first nine months following the recording of impairment losses of ¥17.5 billion on stores and other assets primarily at UNIQLO International.

As a result of the above factors, operating profit expanded by 72.1% to ¥227.8 billion in the nine months through May 2021.



Moving on to finance income/costs, we reported a net finance income of ¥17.7 billion in the first nine months of FY2021. This consisted primarily of a ¥19.5 billion foreign-exchange gain on the value of our foreign-currency denominated assets in yen terms.

As a result, profit before income taxes increased by 72.5% to ¥245.6 billion and profit attributable to the owners of the parent expanded by 67.0% to ¥151.3 billion.

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1Q-3Q Breakdown by Group Operation

Billions of Yen

		Nine months to May 2021 (Sep. 2020 - May 2021)			Three months to May 2021 (Mar. 2021 - May 2021)		
		Actual	Prev. yr	y/y	Actual	Prev. yr	y/y
UNIQLO Japan	Revenue	**675.1**	598.8	+12.7%	**182.5**	135.2	+35.0%
	Business profit	**121.4**	81.4	+49.1%	**24.1**	10.4	+131.8%
	(to revenue)	18.0%	13.6%	+4.4p	13.2%	7.7%	+5.5p
	Other income, expenses	**-1.9**	-2.3	-	**-2.5**	-2.8	-
	Operating profit	**119.5**	79.1	+51.0%	**21.6**	7.5	+187.3%
	(to revenue)	17.7%	13.2%	+4.5p	11.9%	5.6%	+6.3p
UNIQLO International	Revenue	**739.6**	673.5	+9.8%	**217.7**	132.2	+64.6%
	Business profit	**108.1**	60.3	+79.3%	**32.3**	2.3	-
	(to revenue)	14.6%	9.0%	+5.6p	14.8%	1.7%	+13.1p
	Other income, expenses	**-10.3**	-8.5	-	**-1.6**	-3.7	-
	Operating profit	**97.7**	51.8	+88.7%	**30.7**	-1.4	-
	(to revenue)	13.2%	7.7%	+5.5p	14.1%	-	-
GU	Revenue	**200.8**	187.4	+7.1%	**68.1**	55.1	+23.5%
	Business profit	**25.5**	20.4	+25.2%	**9.1**	4.7	+92.2%
	(to revenue)	12.7%	10.9%	+1.8p	13.4%	8.6%	+4.8p
	Other income, expenses	**-1.2**	0.0	-	**-0.6**	-0.1	-
	Operating profit	**24.3**	20.4	+18.9%	**8.4**	4.6	+81.5%
	(to revenue)	12.1%	10.9%	+1.2p	12.4%	8.4%	+4.0p
Global Brands	Revenue	**80.5**	83.3	-3.3%	**26.0**	13.2	+96.4%
	Business profit	**-5.3**	-5.3	-	**-0.8**	-6.3	-
	(to revenue)	-	-	-	-	-	-
	Other income, expenses	**-3.5**	-0.6	-	**0.0**	-0.4	-
	Operating profit	**-8.9**	-6.0	-	**-0.7**	-6.7	-
	(to revenue)	-	-	-	-	-	-

UNIQLO Japan performance data (except revenue) include inter−Group transactions

Slide 6 displays the breakdown of performance over the third quarter by Group operation.

UNIQLO Japan: 3Q Overview

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Large revenue, profit gains, but fell far short of plan

- **Performance improved sharply compared to previous year's heavy Covid impact.**
- **Revenue and profit both fell far short of latest business estimates.**
- **More stores temporarily closed or operating shorter hours than anticipated, unable to convey fresh and newsworthy product features, and so sales struggled.**

Billions of Yen

	Nine months to May 2021 (Sep. 2020 - May 2021)			Three months to May 2021 (Mar. 2021 - May 2021)		
	Actual	Prev. yr	y/y	Actual	Prev. yr	y/y
Revenue	**675.1**	598.8	+12.7%	**182.5**	135.2	+35.0%
(to revenue)	100.0%	100.0%	-	100.0%	100.0%	-
Gross profit	**344.2**	292.0	+17.9%	**94.3**	70.6	+33.6%
(to revenue)	51.0%	48.8%	+2.2p	51.7%	52.2%	-0.5p
SG&A	**222.7**	210.5	+5.8%	**70.1**	60.1	+16.6%
(to revenue)	33.0%	35.2%	-2.2p	38.4%	44.5%	-6.1p
Business profit	**121.4**	81.4	+49.1%	**24.1**	10.4	+131.8%
(to revenue)	18.0%	13.6%	+4.4p	13.2%	7.7%	+5.5p
Other income, expenses	**-1.9**	-2.3	-	**-2.5**	-2.8	-
(to revenue)	-	-	-	-	-	-
Operating profit	**119.5**	79.1	+51.0%	**21.6**	7.5	+187.3%
(to revenue)	17.7%	13.2%	+4.5p	11.9%	5.6%	+6.3p

To give you more detail, I would like to start by explaining UNIQLO Japan's third-quarter performance.

That segment reported large increases in both revenue and profit over the three-month period, with revenue rising 35.0% year on year to ¥182.5 billion and operating profit expanding by 187.3% to ¥21.6 billion. Overall, UNIQLO Japan performance improved sharply compared to the previous year, which was hit hard by COVID-19.

However, both revenue and profit fell far short of our latest business estimates. This was due to the greater-than-anticipated number of stores that were forced to close temporarily or operate shorter opening hours as well as struggling sales in the face of insufficient fresh or newsworthy product appeal.

UNIQLO Japan: 3Q Revenue

Same-store sales +31.1% y/y

- Strong sales of Uniqlo U T-shirts, KANDO pants, loungewear, ultra stretch active pants, etc. contributed to rising sales.
- EC sales ¥28.8bln (+2.3%). Only a slight rise compared to strong FY2020 3Q when EC sales rose sharply, but up over 50% compared to FY2019 3Q. Overall, EC sales expanding favorably and currently standing at 15.8% of total sales.
- Same-store sales fell far short of plan. March sales in line with plan on favorable launch of Spring ranges, but sales, primarily at physical stores, fell short of plan in April and May on larger-than-expected impact of temporary store closures and shorter store hours. EC sales in line with plan, but overall sales fell short of plan as we failed to sufficiently convey fresh or newsworthy product features.
- June same-store sales down 19.2% v. strong previous year but up 2.0% compared to two years ago, so roughly in line with plan.

Same-store sales	Yr to Aug. 2021						
y/y	**1H**	Mar.	Apr.	May.	**3Q**	**1Q-3Q**	Jun.
Net sales	**+5.6%**	+40.2%	+84.5%	-0.6%	**+31.1%**	**+11.4%**	-19.2%
Customer visits	**+0.3%**	+46.7%	+117.3%	+19.2%	**+50.1%**	**+11.2%**	-8.2%
Customer spend	**+5.3%**	-4.4%	-15.1%	-16.6%	**-12.6%**	**+0.2%**	-11.9%

UNIQLO Japan third-quarter same-stores sales rose by a considerable 31.1% year on year.

On the product front, Uniqlo U T-shirts, KANDO pants, and other Summer items as well as loungewear, ultra stretch active pants and other clothing designed to be worn inside and outside the home all sold well, contributing to the strong rise in sales.

E-commerce sales rose 2.3% year on year to ¥28.8bln. That represents only a slight rise compared to a strong third quarter in FY2020 when e-commerce sales rose sharply. However, it also represents over 50% increase compared to the third quarter of FY2019. Overall, e-commerce sales are expanding favorably and currently constituting 15.8% of total sales.

Same-store sales rose strongly year on year, but that performance fell far short of our latest plan. While March sales came in roughly in line with plan on the back of a favorable launch of our Spring ranges, sales at physical stores fell short of plan in April and May due to the larger-than-expected impact on our business from temporary store closures and shorter store opening hours. E-commerce sales were in line with plan. However, overall sales fell short of plan as we failed to sufficiently convey the fresh or newsworthy features of our product ranges.

More recently, we reported a 19.2% decrease in June same-store sales compared to a strong June 2020, but a 2.0% rise compared to June 2019. That result was roughly in line with our expectations.

UNIQLO Japan: 3Q Gross Profit Margin

Gross profit margin 51.7% (−0.5p y/y)
Above plan

- **The gross profit margin exceeded plan on the back of improved discounting rates following our decision to delay our UNIQLO anniversary sale period, that was scheduled to be held mainly in May, until June.**
- **Since 12 March 2021, we have changed the product price displays in Japan to show just one tax-inclusive price to make our products easier for customers to purchase. However, the prices have remained the same following our decision to absorb the additional consumption-tax component ourselves. To alleviate the impact of this move on our gross profit margin, we have worked hard to reduce the cost of sales. As a result, we were able to contain the decline in UNIQLO Japan's third-quarter gross profit margin to 0.5 point year-on-year.**
- **The current cost of sales is broadly similar to what it was two years ago and is trending to plan. We were able to reduce cost of sales by working together with our partners factors on various measures primarily centered around the using common materials, controlling the number of product items, and minimizing the fabric loss rate.**

Next, UNIQLO Japan gross profit margin contracted by 0.5 point year on year to 51.7% in the third quarter from March to May 2021 but that result was better than we had expected.

The reason why the gross profit margin came in above plan was because of improved discounting rates following our decision to delay our UNIQLO anniversary sale period, that was scheduled to be held mainly in May, until June.

Since 12 March 2021, we have changed our product price displays in Japan to show just one tax-inclusive price to make our products easier for customers to purchase. However, the prices have remained the same following our decision to absorb the additional consumption-tax component ourselves. To alleviate the impact of this move on our gross profit margin, we have worked hard to reduce the cost of sales. As a result, we were able to contain the decline in UNIQLO Japan's third-quarter gross profit margin to 0.5 point year-on-year.

The current cost of sales is broadly similar to what it was two years ago and is trending to plan. We were able to reduce cost of sales by working together with our partner factories on various measures primarily centered around the using of common materials, controlling the number of product items, and minimizing the fabric loss rate.

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UNIQLO Japan: 3Q SG&A

SG&A 38.4% (-6.1p y/y)
Better than planned in monetary terms

- Personnel, depreciation, distribution, and other expense ratios improved greatly on the back of the large rise in revenue.
- SG&A expenses outstripped our plan in monetary terms, especially on distribution, store rents, and advertising and promotion costs.
  - ✔ Distribution: Down on review of frequency of store deliveries, more efficient warehousing operations, and more efficient EC-related distribution costs.
  - ✔ Store rents: Down on temporary store closures and shorter opening hours.
  - ✔ A&P: Down following our review of the number of advertising flyers we distribute and our decision to focus our energies on more cost-effective digital marketing.

UNIQLO Japan's third-quarter SG&A ratio improved by 6.1 points year on year to 38.4% with personnel, depreciation, distribution, and other expense ratios improving greatly on the back of the large third-quarter rise in revenue.

When compared to our latest plan, we were able to reduce SG&A expenses more than planned in monetary terms, especially in terms of distribution, store rents, and advertising and promotion costs.

We successfully reduced distribution costs after reviewing store delivery frequency and pursuing greater efficiencies in our warehousing operations and more efficient e-commerce related distribution costs.

Store rents declined on temporary store closures and shorter store opening hours.

And finally, advertising and promotion expenses declined following our review of the number of advertising flyers we distribute and our decision to focus our energies on more cost-effective digital marketing.

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UNIQLO International: 3Q Overview

Large revenue gain. Turned a profit. OP to plan

- **Performance greatly improved v. heavy Covid impact in previous year.**
- **While sales fell short of our latest estimates, operating profit was in line with plan thanks to stronger-than-expected recoveries in N. America, Europe, and other operations, and stronger cost controls in all markets.**

Billions of Yen

	Nine months to May 2021 (Sep. 2020 - May 2021)			Three months to May 2021 (Mar. 2021 - May 2021)		
	Actual	Prev. yr	y/y	Actual	Prev. yr	y/y
Revenue	739.6	673.5	+9.8%	217.7	132.2	+64.6%
(to revenue)	100.0%	100.0%	-	100.0%	100.0%	-
Gross profit	388.9	334.4	+16.3%	120.2	71.1	+69.0%
(to revenue)	52.6%	49.6%	+3.0p	55.2%	53.8%	+1.4p
SG&A	280.7	274.0	+2.4%	87.9	68.8	+27.7%
(to revenue)	38.0%	40.7%	-2.7p	40.4%	52.0%	-11.6p
Business profit	108.1	60.3	+79.3%	32.3	2.3	-
(to revenue)	14.6%	9.0%	+5.6p	14.8%	1.7%	+13.1p
Other income, expenses	-10.3	-8.5	-	-1.6	-3.7	-
(to revenue)	-	-	-	-	-	-
Operating profit	97.7	51.8	+88.7%	30.7	-1.4	-
(to revenue)	13.2%	7.7%	+5.5p	14.1%	-	-

Let me now move on to talk about UNIQLO International performance in the third quarter of FY2021.

UNIQLO International revenue increased by 64.6% to ¥217.7 billion, and the segment moved back into the black following last year’s operating loss by reporting an operating profit of ¥30.7 billion. Performance improved greatly compared to the heavy Covid impact in the previous year.

While sales fell short of our latest estimates, operating profit performed to plan thanks to stronger-than-expected recoveries in North America, Europe, and other operations as well as stronger cost controls across all markets.

I will explain the geographical breakdown of performance in the next few slides.

UNIQLO International: 3Q by Region (1)

Greater China region fell short of plan despite large revenue, profit gains

- **Greater China region overall performance fell short of our most recent plan due to a weaker-than-expected performance from the Mainland China market.**

Mainland China market: Large revenue and profit gains but falls short of plan.

- **Double-digit growth in same-store sales. EC sales also rose. Strong-selling jogger pants, T-shirts, UV-cut, and other Summer items as well as loungewear contributed to the higher revenue.**
- **Sales and profit both fell short of plan. Last year's extended May Labor Day sale benefitted greatly from a strong rebound in consumption once COVID-19 was brought under control. However, this year, consumers shifted their spending focus to domestic travel, resulting in a slight drop off in demand for the retail market as a whole. UT, a key driver of sales to date, generated lower-than-expected 3Q sales due to our weak conveyance of newsworthy features and product appeal.**

The Greater China region reported considerable rises in both third-quarter revenue and profit. However, the performance from the Mainland China market fell short of our most recent plan, resulting in a lower-than-anticipated performance from the Greater China region as a whole.

Looking in more detail at the Mainland China market, both revenue and profit increased significantly in the third quarter. The market generated double-digit growth in same-store sales, and e-commerce sales also rose. On the product front, strong sales of jogger pants, T-shirts, UV-cut, and other Summer items as well as loungewear contributed to the higher revenue.

However, sales and operating profit both fell short of plan. While last year's extended May Labor Day sale benefitted greatly from a strong rebound in consumption once COVID-19 was brought under control, this year, consumers shifted their spending focus to domestic travel, resulting in a gradual drop off in demand for the retail market as a whole. In addition, on the product front, UT, a key driver of sales to date, generated lower-than-expected third-quarter sales due to weaker newsworthy features and product appeal.

UNIQLO International: 3Q by Region (2)

Hong Kong market: Large revenue rise. Moves back into the black. Outstrips plan

- **Same-store sales rose sharply as we firmly appealed the value of our UV-cut ranges, T-shirts, sport utility wear, and other products that perfectly captured Hong Kong consumer needs at Easter in April and the UNIQLO anniversary sale in May.**

Taiwan market: Large revenue, profit gains. Revenue below plan but OP to plan

- **Despite higher-than-planned performance in March and April on strong sales of AIRism innerwear, cut pants, and other Summer items, 3Q sales slowed after customer visits declined in the wake of spreading Covid infections from May.**
- **Operating profit in line with plan on stronger cost controls.**

South Korea revenue up, operating profit back in the black. Slightly above plan

- **Turned a profit as Covid restrictions eased and gross profit margin, SG&A ratio improved.**
- **SG&A expenses shrank, and operating profit slightly exceeded plan on appropriate inventory levels, more efficient store operations, and our scrutiny of advertising expenses that helped us focus on more effective promotions.**

Moving on to UNIQLO South Korea, where operating profit moved back into the black in the third quarter. South Korea suffered a heavy Covid impact and a consequent significant worsening in business performance last year but, this year, operating profit moved back into the black as Covid restrictions eased and both the gross profit margin and SG&A ratio improved.

Operating profit slightly exceeded our latest plan following a reduction in SG&A expenses achieved through more appropriate inventory levels, more efficient store operations, and a determined scrutiny of advertising expenses that helped us focus on more effective promotions.

UNIQLO International: 3Q by Region (3)

S/SE Asia & Oceania revenue up sharply. Positive operating profit in line with plan

- Sharp y/y revenue gain on fewer closed stores.
- EC sales rose approx. 20% y/y, continuing the previous year's strong performance.
- Strong sales of T-shirts, UV-cut items, ankle pants, short pants, etc.
- While revenue fell short of plan in some countries where the Covid impact was stronger than expected, firmer cost controls helped OP come in on plan.
- Stronger-than-expected buoyant performances in Malaysia, Indonesia, Australia.
- Lower-than-expected performance from Singapore, Vietnam, the Philippines, Thailand, and India, which were all hit hard by COVID-19. Singapore and Vietnam maintained strong sales through April, but sales slowed following the increase in Covid infections in May. The Philippines, Thailand, and India suffered heavy Covid impacts throughout 3Q, such as temporarily store closures and Covid restrictions.
- Intermittent surges in Covid infections heavily impacted business, but sales recovered sharply in periods when infections were more subdued, proving continued strong customer needs for UNIQLO clothing.

UNIQLO South Asia, Southeast Asia & Oceania (Southeast Asia, Australia, and India) reported a sharp increase in revenue and a return to the black in the third quarter thanks to fewer temporary store closures compared to the previous year. E-commerce sales rose by approximately 20% year on year, continuing the previous year's strong performance. On the product front, Summer items, such as T-shirts and UV-cut items, and bottoms, such as ankle pants and short pants, all generated buoyant sales.

While revenue fell short of plan in some countries where the Covid impact was stronger than expected, firmer cost controls helped operating profit come in on plan.

Breaking the region down geographically, Malaysia, Indonesia, and Australia enjoyed stronger-than-expected buoyant performances as the impact of COVID-19 on our business there turned out to be lighter than we had anticipated. On the other hand, we experienced lower-than-expected performances in Singapore, Vietnam, the Philippines, Thailand, and India, which were all hit hard by COVID-19. While Singapore and Vietnam maintained strong sales through April, sales then slowed in May following an increase in Covid infections. Our operations in the Philippines, Thailand, and India were heavily impacted by temporarily store closures and general Covid restrictions throughout the quarter.

S/SE Asia & Oceania is experiencing extremely strong sales volatility as the continued spread of Covid infections heavily impacts our operations there. However, sales tend to recover sharply in periods when Covid infections are more subdued, and we consider that as proof of continued strong consumer demand for UNIQLO clothing in the region.

UNIQLO International: 3Q by Region (4)

N. America revenue up sharply, operating loss contracts more than expected

USA: Large revenue gain. Much smaller loss. Exceeds plan

- Last year, performance worsened dramatically as nearly all stores were temporarily closed due to COVID-19 but, this year, stores continued operating and sales recovered especially in suburban stores, resulting in a large rise in same-store sales.
- Strong-selling AIRism soft leggings, biker shorts and other sport utility wear, T-shirts, short pants and other Summer items.
- Gross profit margin and SG&A ratio improved sharply on large sales rise and improved inventory levels.
- EC sales rose only slightly as we toned down last year's excessive discounting and free shipping designed to attract customers, but profit margin rose sharply.

Canada: Large revenue gain. Smaller operating loss. Falls short of plan.

- Same-store sales rose sharply v. weak FY2020 3Q. EC sales up approx. 60%.
- Performance slightly below plan as approx. 50% stores temporarily closed from early April to end May.

15

Next, let's look at North America, which reported a large increase in revenue and much smaller losses in the third quarter. This performance was stronger than expected.

While performance worsened dramatically last year as nearly all stores were temporarily closed due to COVID-19, this year, stores continued operating and sales recovered especially in suburban stores, resulting in a large rise in same-store sales. On the product front, AIRism soft leggings, biker shorts and other sport utility wear as well as T-shirts, short pants and other Summer items all generated strong sales. The gross profit margin and SG&A ratio also improved sharply on the back of the large rise in sales and improved inventory levels.

E-commerce sales expanded only slightly in the third quarter following our decision to tone down last year's excessive discounting and free shipping, which was designed to attract customers. The e-commerce profit margin rose sharply as a result.

UNIQLO International: 3Q by Region (5)

Europe revenue up sharply, operating loss contracts more than expected

- Sharp revenue rise compared to weak previous year and on the back of strong EC sales that roughly doubled once again even compared to the strong rise in the previous year.
- Same-store sales rose sharply as we managed to keep the ratio of temporarily closed stores to approx. 40% compared to nearly all stores in previous year. In May in particular, same-store sales recovered favorably to exceed even FY2019 3Q levels after we were able to reopen all stores from the latter part of the month.
- Cut & sewn, innerwear, loungewear, linen shirts, dresses and other Summer items have been selling well.

Turning finally to Europe, which reported a sharp rise in revenue and a lower-than-expected operating loss in the third quarter. This performance was being compared to a weak period in the previous year. In addition, e-commerce sales proved strong, doubling yet again even compared to the considerable rise in sales in the previous year.

Same-store sales rose sharply as we managed to reduce the ratio of temporarily closed stores to approximately 40% compared to nearly 100% stores in the previous year. In May in particular, same-store sales recovered favorably to exceed even third-quarter FY2019 levels after we were able to reopen all stores from the latter part of the month. On the product front, cut & sewn, innerwear, and loungewear as well as linen shirts, dresses and other Summer items have been selling well.

FAST RETAILING

GU: 3Q Overview

Large revenue, profit gains, but far below plan

- Same-store sales up 17.9% y/y. EC sales more than doubled even v. FY2019.
- Strong sales of chef's pants, airy shirts, colored flared slacks, etc.
- Sales, OP far below plan. We didn't incorporate the impact of another state of emergency and sales struggled after some products didn't fully grasp the latest trend. The sales shortfall led to wider discounting, knocking OP well below plan.
- Intend to review product mix from Fall Winter to address issues with the Spring Summer mix.

Billions of Yen

	Nine months to May 2021 (Sep. 2020 - May 2021)			Three months to May 2021 (Mar. 2021 - May 2021)		
	Actual	Prev. yr	y/y	Actual	Prev. yr	y/y
Revenue	**200.8**	187.4	+7.1%	**68.1**	55.1	+23.5%
(to revenue)	100.0%	100.0%	-	100.0%	100.0%	-
Gross profit	**97.7**	91.0	+7.4%	**33.3**	26.8	+24.1%
(to revenue)	48.7%	48.5%	+0.2p	48.9%	48.7%	+0.2p
SG&A	**72.1**	70.5	+2.2%	**24.1**	22.1	+9.5%
(to revenue)	35.9%	37.6%	-1.7p	35.5%	40.0%	-4.5p
Business profit	**25.5**	20.4	+25.2%	**9.1**	4.7	+92.2%
(to revenue)	12.7%	10.9%	+1.8p	13.4%	8.6%	+4.8p
Other income, expenses	**-1.2**	0.0	-	**-0.6**	-0.1	-
(to revenue)	-	0.0%	-	-	-	-
Operating profit	**24.3**	20.4	+18.9%	**8.4**	4.6	+81.5%
(to revenue)	12.1%	10.9%	+1.2p	12.4%	8.4%	+4.0p

I would now like to move on to discuss third-quarter performance at our GU operation. GU reported large increases in both revenue and profit in the third quarter with revenue climbing 23.5% year on year to ¥68.1 billion and operating profit expanding by 81.5% to ¥8.4 billion.

Same-store sales rose 17.9% year on year and e-commerce sales more than doubled even compared to the third quarter of FY2019. On the product front, popular items such as chef's pants, airy shirts, colored flared slacks all generated strong sales.

Having said that, both GU sales and operating profit came in far below our latest plan. That was due to the fact that we hadn't incorporated the impact of another state of emergency and the fact that sales struggled after some GU products failed to fully grasp the latest trends. This shortfall in sales prompted wider discounting, which, in turn, knocked operating profit well below our latest plan.

Going forward, we intend to review the GU product mix from the Fall Winter season in order to address the issues that emerged with this year's Spring Summer mix.

FAST RETAILING

Global Brands: 3Q Overview

Large revenue rise, smaller loss. Slightly below plan

- Recovered v. heavy Covid impact in previous year, but still slightly below plan.

Theory: Large revenue rise, back in the black. Slightly below plan

- Revenue up, operating profit back in the black for Theory US and Japan.
- Asia reported a continued strong performance and favorable expansion thanks to strong sales and profit gains primarily in the Mainland China market.
- Theory slightly below plan overall due to declaration of another state of emergency in Japan and weaker-than-expected U.S. department store recovery.

PLST: Large revenue gain, back in the black. Slightly below plan

Comptoir des Cotonniers: Large revenue gain, slightly lower loss. Just below plan

- Just below plan as stores, mainly in France, stayed closed longer than planned.

Billions of Yen

		Nine months to May 2021 (Sep. 2020 - May 2021)			Three months to May 2021 (Mar. 2021 - May 2021)		
		Actual	Prev. yr	y/y	Actual	Prev. yr	y/y
Global Brands	Revenue	80.5	83.3	-3.3%	26.0	13.2	+96.4%
	Business profit	-5.3	-5.3	-	-0.8	-6.3	-
	(to revenue)	-	-	-	-	-	-
	Other income, expenses	-3.5	-0.6	-	0.0	-0.4	-
	Operating profit	-8.9	-6.0	-	-0.7	-6.7	-
	(to revenue)	-	-	-	-	-	-

Let me turn now to our fourth and final business segment, Global Brands, which reported a 96.4% rise in third-quarter revenue to ¥26.0 billion and a large contraction in operating losses from ¥6.7 billion in the third-quarter of FY2020 to ¥0.7 billion in the third quarter of FY2021. While Global Brands results performance recovered compared to the heavy Covid impact in previous year, the overall results still came in slightly below plan.

Theory reported a large rise in revenue and a move back into the black in the third quarter. Theory operations in the United States and Japan both generated sharp rises in revenue and moved back into the black. Our Theory operation in Asia reported continued strong performance and a further favorable expansion on the back of strong sales and higher profits primarily from the Mainland China market. Having said that, the overall Theory performance came in slightly below our latest plan due to the declaration of another state of emergency in Japan and a weaker-than-expected recovery in U.S. department store sales.

Meanwhile, while slightly below plan, PLST reported a large third-quarter revenue gain and a move back in the black.

Comptoir des Cotonniers reported a large revenue gain and a slightly smaller loss. However, that performance was marginally lower than expected, with stores, mainly in France, remaining closed longer than expected due to COVID-19.

Group: Balance Sheet (end May 2021)

Billions of Yen

	End May. 2020	End Aug. 2020	End May. 2021	Change
Total Assets	2,337.7	2,411.9	**2,492.2**	+154.5
Current Assets	1,607.6	1,655.1	**1,702.1**	+94.5
Non-Current Assets	730.1	756.7	**790.1**	+60.0
Total Liabilities	1,328.1	1,415.9	**1,332.6**	+4.5
Total Equity	1,009.5	996.0	**1,159.6**	+150.0

Next, I would like to take you through our balance sheet as it stood at the end of May 2021.

Compared to the end of May 2020, total assets increased by ¥154.5 billion to ¥2.4922 trillion. Total liabilities increased by ¥4.5 billion to ¥1.3326 trillion, and total equity increased by ¥150.0 billion to ¥1.1596 trillion.

I will give you more details of asset and liability changes in the next slide.

FAST RETAILING

Group: B/S Main Points v. end May 2020

Current assets: +¥94.5bln (¥1.6076trln⇒¥1.7021trln)

- **Cash and cash equivalents: +¥131.4bln** (¥1.0457trln⇒¥1.1771trln)

Increased operating cash flow from UNIQLO and other business segments.

- **Inventory assets: −¥36.0bln** (¥380.6bln⇒¥344.6bln)

Inventories were high last year, so inventories reducing primarily at UNIQLO operations.

UQ Japan: −¥15.4bln : Spring Summer inventory slightly high, plan to rundown toward the end of the season.

UNIQLO Intl.: −¥17.4bln : S/SE Asia & Oceania, Europe, N. America inventory down. Large decline in S. Korea inventory on stronger inventory control. Lower-than-expected sales in the Greater China region resulted in slightly higher inventory, but expect to rundown toward end of season, so not at problem levels. S/SE Asia & Oceania, Europe, America inventories down but plan to rundown slightly excessive stock in some areas by end FY2022.

GU: +¥4.0bln : Primarily Spring Summer rose. Plan to rundown toward end of season.

Global Brands:−¥6.8bln : Inventory declined primarily at Theory operation.

Non-current assets: +¥60.0bln (¥730.1bln⇒¥790.1bln)

- **Property, plant and equipment: +¥29.1bln** (¥132.7bln⇒¥161.9bln)

Primarily due to increased investment into global automated warehouses and the building of Japan's biggest photo studio and customer service center on 4F of Ariake head office.

Let me first explain the main factors underlying the ¥94.5 billion increase in current assets.

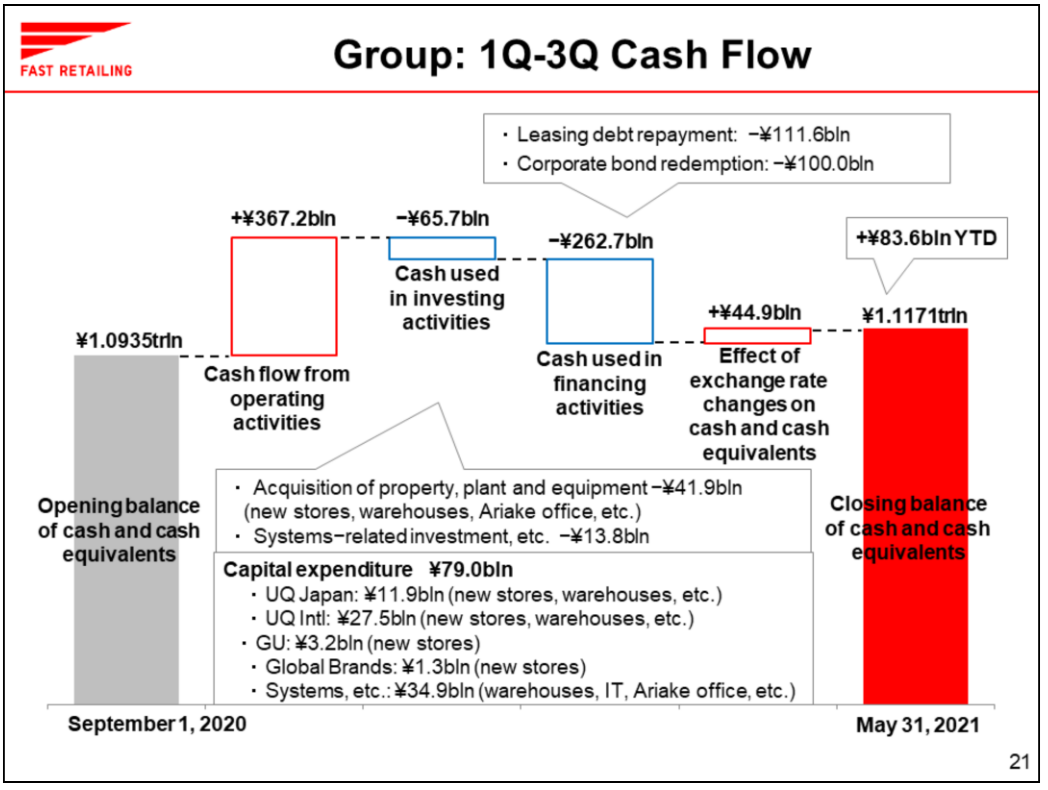
Cash and cash equivalents increased by ¥131.4 billion year on year to ¥1.1771 trillion at the end of May 2021 on the back of higher operating cash flow primarily from UNIQLO operations.

In terms of inventories, inventory assets decreased by ¥36.0 billion year on year to ¥344.6 billion. This was due primarily to the fact that inventories, which were high in the previous year, were now coming down mainly at UNIQLO operations.

Breaking down the inventory assets total, inventories at UNIQLO Japan decreased by ¥15.4 billion year on year. However, our Spring Summer inventory remains slightly high, so we plan to run down that excess stock toward the end of the season.

Meanwhile, inventories at UNIQLO International fell by ¥17.4 billion. Inventories in S/SE Asia & Oceania, Europe, and North America all contracted compared to high levels in the previous year, and inventories fell sharply in South Korea on the back of stronger inventory control. In contrast, the lower-than-expected sales performance in the Greater China region resulted in slightly higher inventory levels. However, we expect to be able to run down excess stock toward the end of FY2021 in August, so we do not consider the level of inventory to be a problem. In addition, despite the decline in S/SE Asia & Oceania, Europe, and North America inventories, inventories do look slightly excessive in some areas. We expect to be able to gradually return those inventories to normal levels by the end of FY2022.

Non-current assets increased by ¥60.0 billion year on year to ¥790.1 billion at the end of May 2021. This increase was due in large part to a ¥29.1 billion increase in property, plant and equipment on the back of increased investment in global automated warehouses and the building of one of Japan's biggest photo studio and customer service center on the fourth floor of our Ariake head office.



Looking at our cash flow position for the first nine months of FY2021.

Over that period, we reported a net cash inflow of ¥367.2 billion from operating activities, while cash used in investing activities totaled ¥65.7 billion, and cash used in financing activities totaled ¥262.7 billion.

As a result, the balance of cash and cash equivalents increased by ¥83.6 billion over the year to date to a total of ¥1.1771 trillion at the end of May 2021.

Group: FY2021 Estimates

Revised down. Now expect a 64.0% increase in operating profit to ¥245.0bln

Revenue : ¥2.1500trln + 7.0% y/y

Business profit : ¥255.0bln + 50.0% y/y

Operating profit : ¥245.0bln + 64.0% y/y

Billions of Yen

	Yr to Aug. 2019	Yr to Aug. 2020	Yr to Aug. 2021		Yr to Aug. 2021		Yr to Aug. 2021
	Actual	Actual	Estimates (as of Apr.8)	y/y	Estimates (as of Jul.15)	y/y	1Q-3Q Actual
Revenue	2,290.5	2,008.8	2,210.0	+10.0%	**2,150.0**	**+7.0%**	1,698.0
(to revenue)	100.0%	100.0%	100.0%	-	**100.0%**	-	100.0%
Business profit	265.1	170.0	275.0	+61.7%	**255.0**	**+50.0%**	243.1
(to revenue)	11.6%	8.5%	12.4%	+3.9 p	**11.9%**	**+3.4 p**	14.3%
Other income, expenses	-7.5	-20.6	-20.0	-	**-10.0**	-	-15.2
Operating profit	257.6	149.3	255.0	+70.7%	**245.0**	**+64.0%**	227.8
(to revenue)	11.2%	7.4%	11.5%	+4.1 p	**11.4%**	**+4.0 p**	13.4%
Finance income, costs	-5.1	3.5	0.0	-	**17.7**	-	17.7
Profit before income taxes	252.4	152.8	255.0	+66.8%	**262.7**	**+71.8%**	245.6
(to revenue)	11.0%	7.6%	11.5%	+3.9 p	**12.2%**	**+4.6 p**	14.5%
Profit attributable to owners of the parent	162.5	90.3	165.0	+82.6%	**165.0**	**+82.6%**	151.3
(to revenue)	7.1%	4.5%	7.5%	+3.0 p	**7.7%**	**+3.2 p**	8.9%

I would now like to explain our business forecasts for the full year to August 31, 2021.

We predict full-year consolidated revenue of ¥2.1500 trillion (+7.0%), consolidated operating profit of ¥245.0 billion (+64.0%), and profit attributable to owners of the parent of ¥165.0 billion (+82.6%).

Those figures include downwards revisions of ¥60.0 billion for consolidated revenue and ¥10.0 billion for operating profit in view of the large shortfall in the third-quarter results and our view of more recent performance.

We expect to record a net cost of ¥10.0 billion for the full year under other income/expenses. We already recorded a net cost of ¥15.2 billion for the nine months ended May 31, 2021. However, following our decision to liquidate J Brand Holdings, LLC, we expect to generate a liquidation profit on comparative exchange rates in the fourth quarter (June to August 2021) in view of the fact that the yen has weakened in subsequent years compared to the exchange rate at the time of the J Brand acquisition.

The J Brand label will continue to be owned by the Fast Retailing Group, and we plan to keep offering J Brand products as a Group brand.

Finally, given the recent depreciation trend for the Japanese yen, if we assume the end-August exchange rate to be the same as the ¥109.8 end-May rate, we expect to record a net income of ¥17.7 billion for the full year under finance income/costs.

FY2021 Estimates by Group Operation (1)

UNIQLO Intl.: Expect revenue rise, large OP gain

- Revised down 4Q sales and OP in light of more recent impact of increased Covid infections, despite 3Q operating profit coming in roughly to plan.

Greater China region: Expect large revenue, profit rise, far outstrip even FY2019

- Greater China region 4Q profit expected to shrink on significant worsening in Taiwan market due to Covid restrictions.

South Korea: Expect revenue to dip slightly but OP to move back into the black

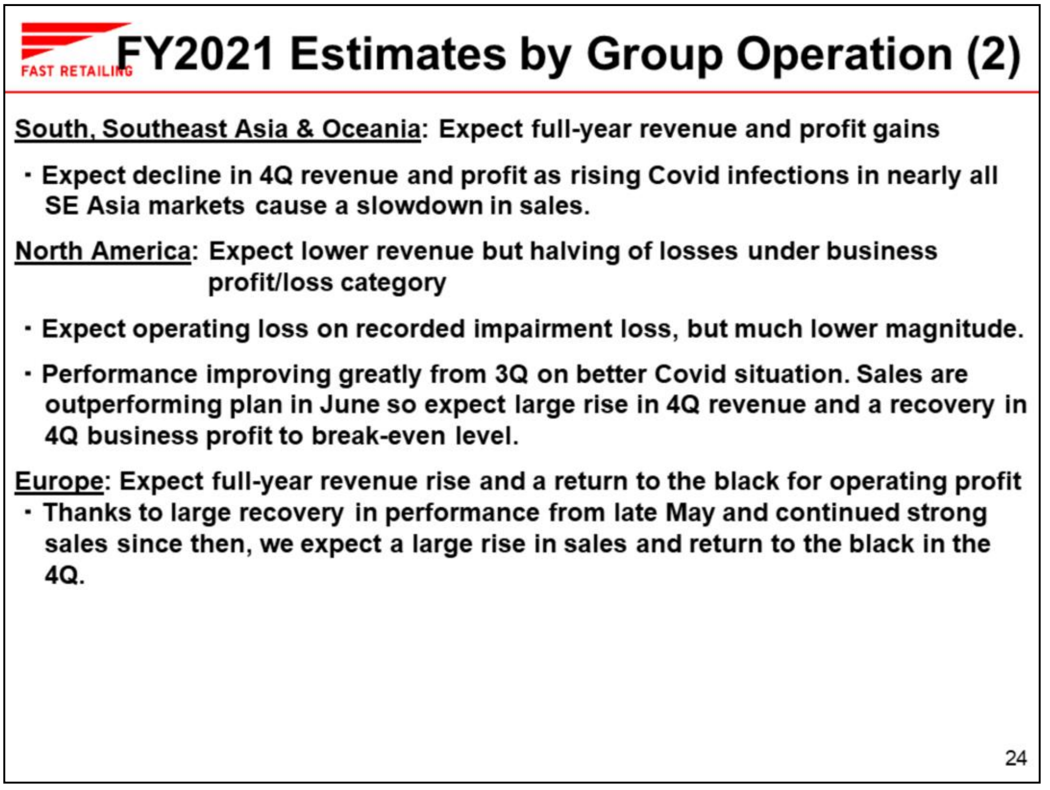
- Expect operating profit to return to the black following previous year's loss on more appropriate inventory levels and the closure of unprofitable stores.

I will now break down our FY2021 estimates by Group operation.

Looking first at UNIQLO International, we expect this segment will report large rises in both full-year revenue and profit. While operating profit came in roughly in line with our latest plan in the third quarter, we decided to revise down our fourth-quarter sales and operating profit estimates in view of more recent impact of expanding Covid infections.

Breaking the UNIQLO International segment down geographically, the Greater China region is expected to generate large increases in revenue and profit in FY2021 that will be far higher than even FY2019 levels. However, profit for the region is expected to contract in the fourth quarter on the back of the current significant worsening in Taiwan market performance caused by Covid restrictions.

We expect South Korea will see revenue dip slightly and operating profit move back into the black in FY2021 on more appropriate inventory levels and the closure of unprofitable stores.



Moving onto S/SE Asia & Oceania, we forecast large rises in both revenue and profit for the full business year through August 2021. However, given the more recent rise in Covid infections in nearly all SE Asian markets and consequent slowdown in sales, we are now expecting fourth-quarter revenue and profit to decline year on year.

We expect North America to report lower revenue but a halving of losses under the business profit/loss category. Having recorded impairment losses, North America is set to report a full-year operating loss, but that loss will be of a much lower magnitude that in the previous year.

Performance in North America has been recovering significantly since the third quarter as the Covid situation improves. Sales also outperformed our latest plan in June, so we are expecting a large rise in fourth-quarter revenue and a recovery in fourth-quarter business profit to break-even level.

In Europe, we expect full-year revenue to rise and operating profit to return to the black. Performance started recovering significantly in late May and sales have remained strong since then, so we are forecasting a large rise in sales and a move back into the black in the fourth quarter.

FY2021 Estimates by Group Operation (3)

UNIQLO Japan: Expect revenue rise, big profit gain

- **We have revised down full-year forecasts to reflect shortfall in 3Q performance.**
- **Expect large decline in 4Q revenue and profit.**
  - ✓**Being compared to a strong previous year performance that benefitted from a rebound in demand and AIRism mask hit products.**
  - ✓**Expect gross profit margin to fall on stronger discounting but expect SG&A ratio can improve on stronger control of distribution, advertising and promotion, and other business costs.**

GU: Forecast revenue rise, flat operating profit

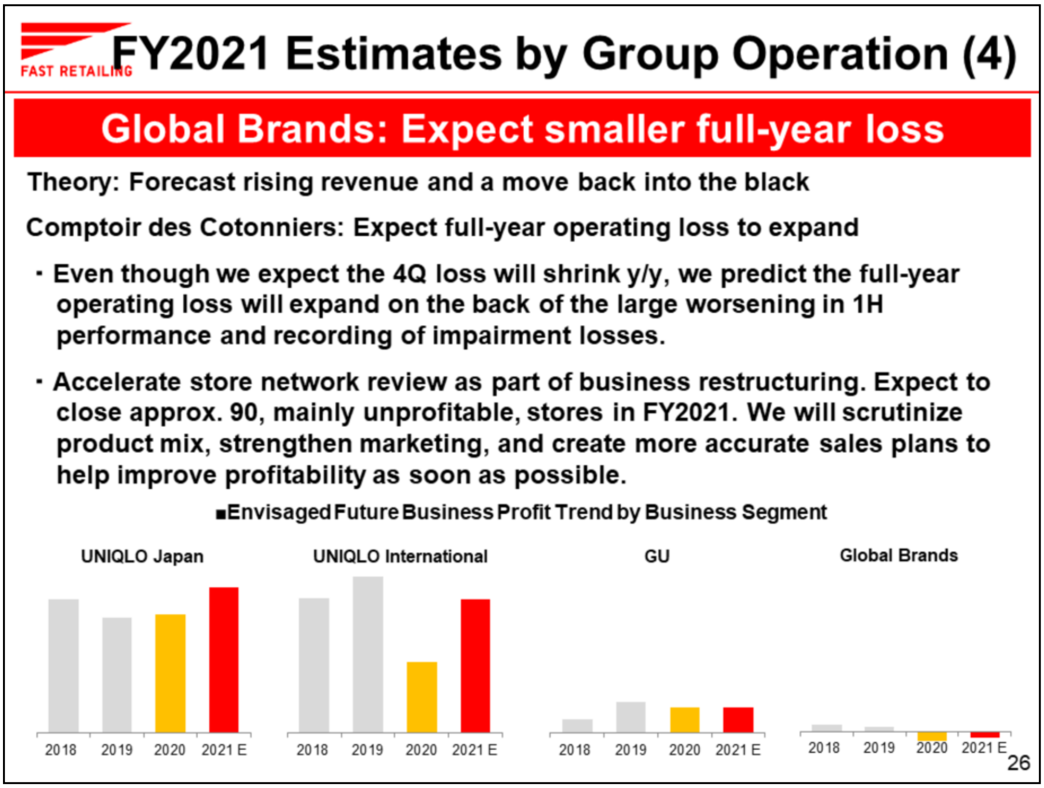
- **We have revised down our full-year business estimates for GU following the large shortfall in 3Q performance and an expected worsening of the gross profit margin on the back of stronger inventory rundowns in 4Q.**

Let me now give you some more detailed forecasts for UNIQLO Japan, where we expect to see higher revenue and a large increase in profit in FY2021. That said, we have revised down our full-year forecasts for this segment in view of the lower-than-anticipated third-quarter performance.

We are predicting a large decline in fourth-quarter revenue and profit, partly because the period is being compared to a strong previous year performance that benefitted from a rebound in demand following the lifting of the state of emergency and strong sales of AIRism masks as a hit product.

On the profit front, we expect the UNIQLO Japan gross profit margin will decline on stronger discounting, but we believe the SG&A ratio can improve by exerting stronger control over distribution, advertising and promotion, and other business costs.

As for our GU operation, we expect that segment will generate a rise in revenue and a flat year-on-year operating profit in FY2021. We have revised down our full-year business estimates for GU in light of the large shortfall in third-quarter performance and an expected worsening in the gross profit margin due to stronger inventory rundowns in the fourth quarter.



Finally, we expect Global Brands will generate a slight rise in revenue and a smaller operating loss in FY2021.

In terms of individual labels, we expect revenue from our Theory operation to rise and operating profit to move back into the black in FY2021.

As for our Comptoir des Cotonniers operation, while we predict the fourth-quarter operating loss will contract year on year, we expect the label will report a wider full-year operating loss on the back of the significant worsening in first-half performance and the recording of impairment losses.

We intend to accelerate our review of the Comptoir des Cotonniers store network as part of the operation's overall business restructuring. We expect to close approximately 90, mainly unprofitable, stores in FY2021. We will also scrutinize the brand's product mix, strengthen marketing, and create more accurate sales plans to help improve profitability as soon as possible.

I will close this presentation with one final note on our dividend policy for FY2021, which remains unchanged from our latest estimates. We have already paid an interim dividend of ¥240 per share and intend to combine that with a year-end dividend of ¥240 per share. That would bring the expected annual dividend for FY2021 to ¥480.

That completes this presentation on Fast Retailing's third-quarter performance and outlook for the coming business year through August 2021. Thank you.

Reference: Group Company Store Numbers

[Units: Stores]	FY2020	FY2021 3Q Result (Sep. - May.)				FY2021 Estimates (Sep. - Aug.)			
	Yr-end	Open	Close	Change	End Nov.	Open	Close	Change	End Aug.
UNIQLO Operations	**2,252**	**142**	**84**	**+58**	**2,310**	**173**	**108**	**+65**	**2,317**
UNIQLO Japan ※	**813**	**33**	**35**	**-2**	**811**	**36**	**37**	**-1**	**812**
Own stores	767	30	22	+8	**775**	-	-	-	-
Franchise stores	46	3	13	-10	**36**	-	-	-	-
UNIQLO International	**1,439**	**109**	**49**	**+60**	**1,499**	**137**	**71**	**+66**	**1,505**
Mainland China	767	63	12	+51	**818**	89	-	-	-
Hong Kong	31	1	1	0	**31**		-	-	
Taiwan	68	3	1	+2	**70**		-	-	
Korea	163	2	24	-22	**141**	2	-	-	-
Singapore	25	3	2	+1	**26**	35	-	-	-
Malaysia	50	3	3	0	**50**		-	-	
Thailand	51	3	1	+2	**53**		-	-	
Philippines	60	4	1	+3	**63**		-	-	
Indonesia	32	8	0	+8	**40**		-	-	
Australia	23	2	0	+2	**25**		-	-	
Vietnam	4	4	0	+4	**8**		-	-	
India	3	3	0	+3	**6**		-	-	
USA	50	1	4	-3	**47**	3	-	-	-
Canada	12	2	0	+2	**14**		-	-	
UK	15	0	0	0	**15**	8	-	-	-
France	22	1	0	+1	**23**		-	-	
Russia	42	2	0	+2	**44**		-	-	
Germany	9	1	0	+1	**10**		-	-	
Belgium	3	0	0	0	**3**		-	-	
Spain	4	1	0	+1	**5**		-	-	
Sweden	2	1	0	+1	**3**		-	-	
The Netherlands	1	1	0	+1	**2**		-	-	
Denmark	1	0	0	0	**1**		-	-	
Italy	1	0	0	0	**1**		-	-	
GU	**436**	**21**	**15**	**+6**	**442**	**21**	**18**	**+3**	**439**
Global Brands	**942**	**27**	**75**	**-48**	**894**	**35**	**190**	**-155**	**787**
Theory ※	460	12	30	-18	**442**	-	-	-	-
PLST ※	102	8	11	-3	**99**	-	-	-	-
Comptoir des Cotonniers ※	260	4	26	-22	**238**	-	-	-	-
Princesse tam.tam ※	119	3	7	-4	**115**	-	-	-	-
J Brand	1	0	1	-1	**0**	-	-	-	-
Total	**3,630**	**190**	**174**	**+16**	**3,646**	**229**	**316**	**-87**	**3,543**

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
FY2020 3Q 9-month average to May. 2020	108.5	119.6	137.6	15.4	9.1
FY2021 3Q 9-month average to May. 2021	106.0	126.7	142.9	16.1	9.4
FY2020 12-month average to Aug. 2020	108.0	120.1	136.7	15.3	9.0
FY2021 (E) 12-month average to Aug. 2021	106.0	122.0	136.0	15.3	9.0

Exchange Rates Used on Balance Sheet

Yen

	1USD	1EUR	1GBP	1RMB	100KRW
FY2020 3Q Exchange rate at end May.2020	107.5	119.1	132.5	15.0	8.7
FY2021 3Q Exchange rate at end May.2021	109.8	133.8	155.7	17.2	9.8
FY2020 Exchange rate at end Aug. 2020	105.4	125.5	140.7	15.4	8.9
FY2021 (E) Exchange rate at end Aug. 2021	109.8	133.8	155.7	17.2	9.8

FAST RETAILING

Reference: Capex, Depreciation

Capex and Depreciation

Billions of Yen

		Capex						Depreciation
		UNIQLO Japan	UNIQLO Intl.	GU	Global Brands	Systems, etc	Total	
FY2020	3Q 9 months	12.2	17.4	8.1	1.7	24.0	63.7	131.1
FY2021	3Q 9 months	11.9	27.5	3.2	1.3	34.9	79.0	132.5
FY2020	Full-year 12 months	17.8	23.5	8.5	2.4	30.4	82.7	177.8
FY2021 (E)	Full-year 12 months	14.1	40.0	3.4	2.2	36.5	96.4	184.3