

Fast Retailing First-half Results for September 2021 to February 2022, and Estimates for FY2022

Takeshi Okazaki

Fast Retailing Co., Ltd.

Group Senior Executive Officer & CFO

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My name is Takeshi Okazaki and I am Group Senior Executive Officer and CFO at Fast Retailing.

I would like to talk to you today about our consolidated business performance for the first half of FY2022, or the six months from September 2021 through February 2022, and to explain our estimates for the full business year through August 2022.

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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 Cottonniers, 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: FY2022 1H Results

Revenue rise, large profit gain. Exceeds estimates

Billions of Yen

	Yr to Aug. 2021 (6 mths to Feb.2021) Actual	Yr to Aug. 2022 (6 mths to Feb.2022) Actual	y/y
Revenue (to revenue)	1,202.8 100.0%	1,218.9 100.0%	+1.3%
Gross profit (to revenue)	600.4 49.9%	629.0 51.6%	+4.8% +1.7p
SG&A (to revenue)	420.7 35.0%	439.2 36.0%	+4.4% +1.0p
Business profit (to revenue)	179.7 14.9%	189.8 15.6%	+5.6% +0.7p
Other income, expenses (to revenue)	-11.7 -	-0.5 -	- -
Operating profit (to revenue)	167.9 14.0%	189.2 15.5%	+12.7% +1.5p
Finance income, costs (to revenue)	3.4 0.3%	23.2 1.9%	+565.5% +1.6p
Profit before income taxes (to revenue)	171.4 14.3%	212.5 17.4%	+24.0% +3.1p
Profit attributable to owners of the parent (to revenue)	105.8 8.8%	146.8 12.0%	+38.7% +3.2p

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In the first half of FY2022, the Fast Retailing Group reported a rise in revenue and a large increase in profit, with consolidated revenue increasing by 1.3% year on year to ¥1.2189 trillion, business profit, which is a good indicator of fundamental business profitability, rising by 5.6% to ¥189.8 billion, and operating profit rising by 12.7% to ¥189.2 billion.

Both sales and operating profit came in higher than the levels we had predicted in our business estimates announced in January.

FY2022 1H Results: Key Points

- Achieved **higher consolidated revenue and large profit gain** in 1H FY2022.
- **Operating profit hit a new record high**, even after stripping out the yen depreciation effect.
- **Sales from North America and Europe regions proved strong, earnings structures improved, and operating profit expanded significantly. South Asia, Southeast Asia & Oceania region achieved record sales and operating profit. UNIQLO International's earnings pillars continued to diversify.**
- **Revenue and profit down at UNIQLO operations in Japan and the Greater China region and GU on 1) strong previous year, 2) restricted movement, production and distribution delays due to COVID-19, and 3) persistently warm weather.** 4

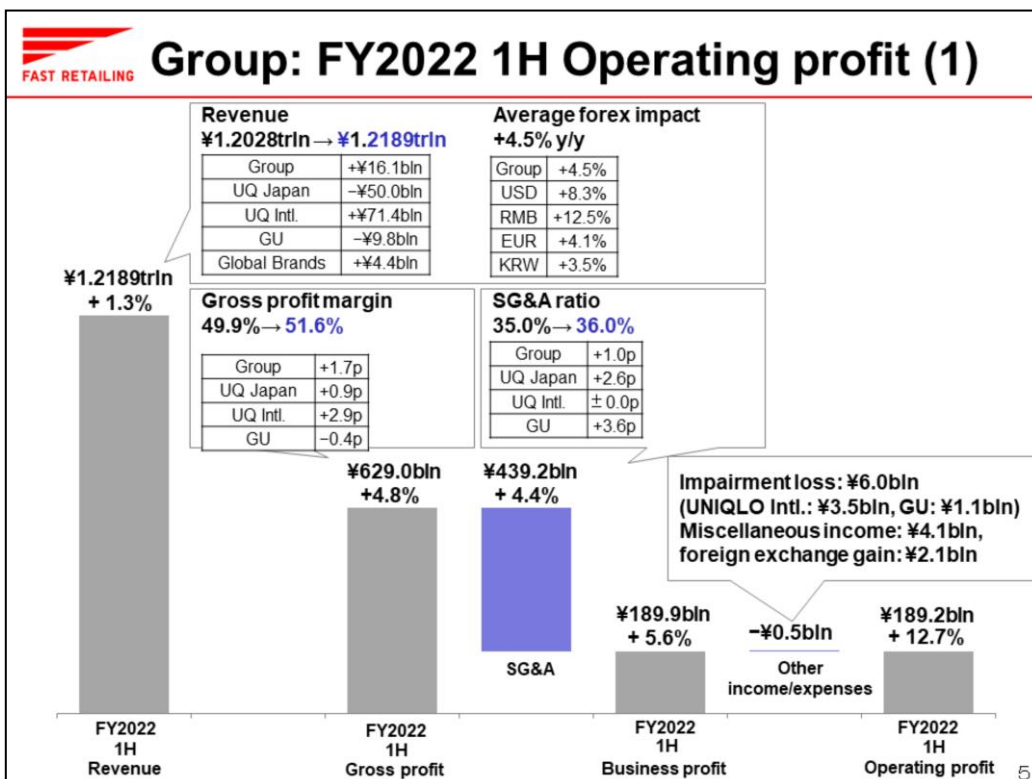
First, I would like to run through the key points of the first-half results.

In the six months through February 2022, we reported higher consolidated revenue and a large profit year on year gain. The depreciation in the Japanese yen provided an approximate 4.5% boost to revenue and operating profit in yen terms. However, even after stripping out that foreign-exchange effect, consolidated operating profit still hit a new record high in the first half.

Our UNIQLO operations in the North America and Europe regions proved particularly strong, which, in addition to improvements in our underlying earnings structure, resulted in a significant expansion in operating profit from those two regions. The South Asia, Southeast Asia & Oceania region achieved record sales and operating profit. We are seeing UNIQLO International's earnings pillars continue to diversify.

Meanwhile, revenue and profit declined at our UNIQLO operations in Japan and the Greater China region, and also at our GU brand. This was due primarily to comparisons with the strong performance achieved in the previous year as well as the COVID-19 restrictions and subsequent delays in production and distribution, and persistently warm weather at the beginning of the Fall Winter season.

Compared to our business forecasts that we announced in January, the performances generated by UNIQLO International and UNIQLO Japan both exceeded expectations, while the GU and Global Brands segments came in below target.



Moving on to look at our consolidated income statement, consolidated revenue increased by ¥16.1 billion to ¥1.2189 trillion in the first half. This was due primarily to an increase in revenue of ¥71.4 billion at UNIQLO International.

The consolidated gross profit margin improved 1.7 points to 51.6% in the first half thanks primarily to improved margins at UNIQLO International and UNIQLO Japan.

The SG&A-to-revenue ratio increased 1.0 point to 36.0%. This increased was fueled primarily by higher SG&A ratios at UNIQLO Japan and GU.

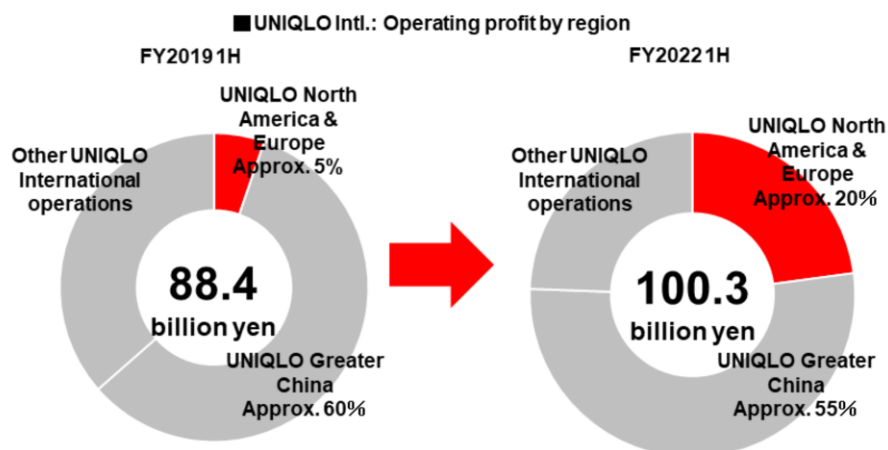
The net amount of other income/expenses stood at -¥0.5 billion.

As a result of the above factors, first-half operating profit rose by 12.7% to ¥189.2 billion.

Group: FY2022 1H Operating profit (2)

Profit contribution from US and Europe regions expands. Becomes a new earnings pillar

• UNIQLO Intl. profit contribution from US and Europe regions expands from approximately 5% to 20%

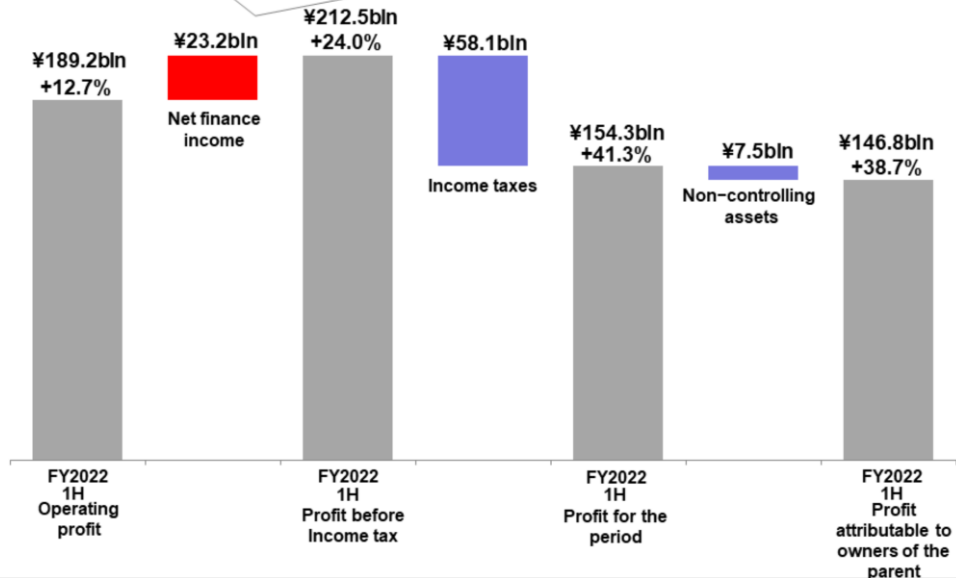


An expansion in profits from UNIQLO operations in the North America and Europe regions was the primary driver of the significant increase in consolidated operating profit.

The charts on this slide show a breakdown of UNIQLO International operating profit by region.

In the first half of FY2022, the proportion of UNIQLO International operating profit generated by the North America and Europe regions had risen to approximately 20%, compared to approximately 5% just three years earlier. In other words, those two operations are gradually forming another earnings pillar for UNIQLO International in addition to the Greater China region.

Value of foreign-currency denominated assets increased by ¥23.5bln
 September 1, 2021: 1USD = 109.9JPY
 February 28, 2022: 1USD = 115.6JPY



Moving on to finance income/costs, we reported a net finance income of ¥23.2 billion in the first half of FY2022. This consisted primarily of a ¥23.5 billion foreign-exchange gain on the value of our foreign-currency denominated assets in yen terms after the Japanese yen depreciated considerably over the six-month period to close at 1 USD = 115.6 JPY at the end of February 2022.

As a result, profit before income taxes increased by 24.0% to ¥212.5 billion and profit attributable to the owners of the parent increased by 38.7% to ¥146.8 billion in the first half.

1H Breakdown by Group Operation

		Billions of Yen		
		Yr to Aug. 2021	Yr to Aug. 2022	
		(6 mths to Feb. 2021)	(6 mths to Feb. 2022)	y/y
UNIQLO Japan	Revenue	492.5	442.5	-10.2%
	Business profit	97.3	79.4	-18.4%
	(to revenue)	19.8%	18.0%	-1.8p
	Other income, expenses	0.5	1.4	+169.5%
UNIQLO International	Operating profit	97.8	80.9	-17.3%
	(to revenue)	19.9%	18.3%	-1.6p
	Revenue	521.8	593.2	+13.7%
	Business profit	75.8	103.7	+36.8%
GU	(to revenue)	14.5%	17.5%	+3.0p
	Other income, expenses	-8.7	-3.3	-
	Operating profit	67.0	100.3	+49.7%
	(to revenue)	12.9%	16.9%	+4.0p
Global Brands	Revenue	132.6	122.8	-7.4%
	Business profit	16.4	10.1	-38.1%
	(to revenue)	12.4%	8.3%	-4.1p
	Other income, expenses	-0.5	-0.7	-
	Operating profit	15.8	9.3	-40.9%
	(to revenue)	12.0%	7.6%	-4.4p
	Revenue	54.5	58.9	+8.1%
	Business profit	-4.5	0.4	-
	(to revenue)	-	0.7%	-
	Other income, expenses	-3.6	0.6	-
	Operating profit	-8.1	1.0	-
	(to revenue)	-	1.8%	-

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

Slide 8 displays the breakdown of first-half performance by Group operation.

UNIQLO Japan: 1H Overview

Large declines in revenue and profit

• Revenue down on comparison with strong previous year when sales of loungewear and other items that satisfied stay-at-home demand, as well as AIRism masks, proved strong. Also suffered lost sales opportunities this year due to shortages of strong-selling Winter items.

Billions of Yen

	Yr to Aug. 2021 (6 mths to Feb.2021)	Yr to Aug. 2022	
		(6 mths to Feb.2022)	y/y
Revenue (to revenue)	492.5 100.0%	442.5 100.0%	-10.2%
Gross profit (to revenue)	249.8 50.7%	228.2 51.6%	-8.7% +0.9p
SG&A (to revenue)	152.5 31.0%	148.7 33.6%	-2.5% +2.6p
Business profit (to revenue)	97.3 19.8%	79.4 18.0%	-18.4% -1.8p
Other income, expenses (to revenue)	0.5 0.1%	1.4 0.3%	+169.5% +0.2p
Operating profit (to revenue)	97.8 19.9%	80.9 18.3%	-17.3% -1.6p

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Let me start by explaining the performance reported by our UNIQLO Japan business segment in the first half of FY2022.

UNIQLO Japan first-half revenue decreased by 10.2% year on year to ¥442.5 billion and operating profit decreased by 17.3% to ¥80.9 billion.

First-half revenue declined compared to the high hurdle set in the previous year when sales of loungewear and other items that satisfied stay-at-home demand, as well as AIRism masks, proved strong. Furthermore, this year the operation suffered lost sales opportunities due to shortages of strong-selling Winter items.

UNIQLO Japan: 1H Revenue

1H same-store sales: -9.0% y/y (1Q -7.7%, 2Q -10.4%)

- 1Q sales declined 7.7% on strong previous year and multiple warm days.
- 2Q sales declined 10.4%. While our cold-weather Ultra Light Down and HEATTECH ranges sold well, we were not able to meet customer demand due to shortages of strong-selling Winter items. Also, cold weather in January/February dampened the launch of our Spring ranges.
- 1H EC sales fell 1.9% to ¥72.4bln compared to the large surge in EC sales in the previous year due to buoyant stay-at-home demand generated by COVID-19. However, EC sales rose approx. 40% compared to 1H FY2020 and constituted 16.4% of total sales.

Same-store sales y/y	Yr to Aug. 2022									
	Sep.	Oct.	Nov.	3 mths to Nov. 2021	Dec.	Jan.	Feb.	3 mths to Feb. 2022	6 mths to Feb. 2022	Mar.
Net sales	-19.1%	-4.8%	-4.6%	-7.7%	-11.1%	-7.1%	-14.0%	-10.4%	-9.0%	-10.7%
Customer visits	-19.0%	-4.5%	+0.9%	-6.0%	-5.2%	-3.7%	-12.6%	-6.2%	-6.1%	-15.8%
Customer spend	-0.1%	-0.3%	-5.5%	-1.8%	-6.3%	-3.6%	-1.6%	-4.5%	-3.1%	+6.1%

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UNIQLO Japan same-store sales declined 9.0% year on year in the first half.

In the first quarter, same-store sales declined by 7.7% compared to a strong period in the previous year and because of persistently warm weather.

In the second quarter from December 2021 to February 2022, same-store sales declined 10.4%. While our cold-weather Ultra Light Down and HEATTECH ranges sold well, we were not able to meet customer demand due to shortages of strong-selling Winter items. In addition, cold weather in the months of January and February hindered the launch of our Spring ranges, and sales of Spring items struggled.

Meanwhile, e-commerce sales declined 1.9% to ¥72.4 billion in the first half of FY2022. That was compared to a surge in e-commerce sales in the previous year due to buoyant stay-at-home demand generated by COVID-19. However, if we compare the e-commerce sales performance to two years ago in the first-half of FY2020, sales rose by approximately 40% year on year to constitute 16.4% of total sales.



UNIQLO Japan: Gross Profit Margin, SG&A Ratio

Gross profit margin: 51.6% +0.9p y/y

- Discounting rate improved on restricted discount sales. Royalty income also improved on the sharp recovery in UNIQLO sales in the US, Europe, and other UNIQLO Intl. markets.
- Cost of sales worsened on the back of sharp rises in raw materials and transportation costs but countered that impact with improved discounting rate.

SG&A ratio: 33.6%, +2.6p y/y

- In line with plan in monetary terms.
- Ratio rose on lower revenue, a strategic increase in advertising and promotion costs designed to strengthen branding over the medium to long term, and proactive investment in automated warehouses.
- Personnel costs declined in monetary terms as improved in-store productivity enabled us to control the number of required person hours.

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Let's look next at the UNIQLO Japan gross profit margin which improved by 0.9 point in the first half to 51.6%.

This increase was fueled by an improvement in our discounting rate as we restricted the number of discount sales, as well as an increase in royalty income linked to the sharp recovery in UNIQLO sales in the United States, Europe, and other UNIQLO International markets.

Meanwhile, the cost of sales worsened on the back of the sharp rise in the cost of raw materials and transportation. However, we were able to successfully absorb that impact thanks to our improved discounting rate.

UNIQLO Japan's first-half SG&A ratio rose by 2.6 points year on year to 33.6%. However, SG&A expenses were in line with our plan in monetary terms.

The rise in the SG&A ratio was caused by the decline in revenue as well as an increase in advertising and promotion costs designed to strengthen branding over the medium to long term, and continued investment in automated warehouses.

Finally, store personnel costs declined in monetary terms as improved in-store productivity enabled us to control the number of person hours required.

UNIQLO International: 1H Overview

Achieved record result on large revenue, profit gains

- Large revenue and profit gains from S/SE Asia & Oceania, North America, and Europe regions. Strong result also far outstripped our business estimates.
- Revenue down slightly, profit dipped sharply in Greater China region. Slightly higher result than expected.

Billions of Yen

	Yr to Aug. 2021	Yr to Aug. 2022	
	(6 mths to Feb.2021)	(6 mths to Feb.2022)	y/y
Revenue (to revenue)	521.8 100.0%	593.2 100.0%	+13.7%
Gross profit (to revenue)	268.7 51.5%	323.0 54.4%	+20.2% +2.9p
SG&A (to revenue)	192.8 37.0%	219.2 37.0%	+13.7%
Business profit (to revenue)	75.8 14.5%	103.7 17.5%	+36.8% +3.0p
Other income, expenses (to revenue)	-8.7 -	-3.3 -	-
Operating profit (to revenue)	67.0 12.9%	100.3 16.9%	+49.7% +4.0p

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I would now like to move on to talk about UNIQLO International performance in the first half of FY2022.

UNIQLO International reported a record performance fueled by large increases in both revenue and profit. Revenue increased by 13.7% to ¥593.2 billion and operating profit expanded by an impressive 49.7% to ¥100.3 billion.

In the next few slides, I will run through the first-half performance for individual operations within the UNIQLO International segment.

Greater China region Revenue dips slightly, profit drops sharply

Mainland China market: Revenue down, profit dips sharply

- Compared to strong 1H in FY2021. Weather remained warm through December. Appetite for apparel was dampened by continued Covid-related restrictions.
- Gross profit margin down on wider end-season discount sales to rundown excess inventory.
- Insufficient region-specific products and numerical planning. Plan to improve from 2H.
- SG&A ratio rose on stronger branding and strategic investment in medium to long-term growth, such as human resources, IT, etc.
- Sales struggled in March under the heavy COVID-19 impact, with a maximum of 133 stores closed for business temporarily.
- Sales held steady y/y in March in the Chengdu and Hangzhou regions where the COVID-19 impact was less strong. Customer loyalty towards UNIQLO remains strong thanks to our efforts to instill LifeWear in the Mainland China market.

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The Greater China region reported a slight decline in revenue and a significant decline in profit in the first half. This was due primarily to a decline in revenue and a considerable decline in profit in the Mainland China market. First-half revenue and profit increased in both the Hong Kong market and the Taiwan market.

In the Mainland China market, this year's first-half performance was being compared to strong results in the first half of FY2021. In addition, the weather remained warm through December and consumers' appetite for apparel was dampened by continued Covid-related restrictions on various activities. As a result, sales struggled to make any headway.

The gross profit margin declined on the back of wider end-season discount sales to rundown excess inventory. One key issue was the fact that we had not prepared sufficient products tailored to specific regions or local stores and that our numerical planning was lacking. We will strive to improve these two points from the second half of the business year.

The SG&A ratio increased year on year. However, this was primarily the result of stronger branding and strategic investment in medium to long-term growth areas, such as human resources and IT, etc.

Looking at the sales environment in March, sales struggled under the heavy impact of COVID-19, with a maximum of 133 stores having to close their doors temporarily during the month. However, March sales did hold firm year on year in the Chengdu and Hangzhou areas where the impact of COVID-19 has been less onerous. Customer loyalty towards UNIQLO remains strong as a result of our efforts to instill LifeWear in the Mainland China market.



UNIQLO International: 1H by Region (2)

Hong Kong market: Revenue and profit both increase

- Large rise in 1Q revenue and profit on strong sales of Fall Winter items. Revenue and profit subsequently declined in 2Q on spreading COVID-19 infections.

Taiwan market: Large increases in revenue and profit

- Taiwan market successfully captured demand for Winter items such as HEATTECH, fleece, and Ultra Light Down after temperatures dropped sharply from late October.

UNIQLO South Korea: Revenue and profit rise

- Sales of Winter ranges proved strong due to colder-than-usual weather. New Spring ranges also sold favorably thanks to an early launch into the market.
- Gross profit margin improved on fewer discount sales.
- SG&A ratio improved on higher sales per store.

UNIQLO South Korea reported year-on-year rises in both revenue and profit in the first half of FY2022.



UNIQLO International: 1H by Region (3)

S/SE Asia & Oceania: Large revenue, profit gains. Achieves record revenue and operating profit levels

- EC sales also continued strong, rising approximately 60% y/y.
- Much improved operating profit margin on restricted discounts, strong cost controls.
- Increased desire to go out as Covid restrictions eased in each market. Successfully attracted customers through social media and in-store marketing.
- Especially large revenue and profit gains in Malaysia and Indonesia after early easing of restrictions. T-shirts, flannel shirts, Sport Utility Wear, Bra Tops, and wireless bras all sold well.
- Revenue, profit rose in Singapore, the Philippines, and Thailand. An easing of restrictions from end-December invigorated demand and fueled extremely strong sales over Christmas and the Chinese New Year.
- Vietnam revenue rose but profit fell due to 1Q revenue, profit dips when stores were temporarily closed through mid-October. 2Q revenue, profit rose on a recovery in sales once restrictions were eased.
- India revenue, profit up. Ultra Light Down, fleece, and other core items sold well.
- Australia revenue rose, loss shrank. Recovered in 2Q on easing of restrictions. 15

S/SE Asia & Oceania reported large increases in both revenue and profit in the first half of FY2022. Both sales and operating profit reached record levels. E-commerce sales also continued their strong performance, expanding approximately 60% year on year.

In each market, we witnessed an increased desire to venture outside once Covid restrictions had been eased. We were also able to successfully attract customers to our stores through social media and in-store marketing. Both these factors helped generate the region's strong performance. UNIQLO operations in Malaysia and Indonesia reported particularly large increases in revenue and profit thanks to an early easing of Covid restrictions.

North America region: Big revenue rise, in the black

North America: Large revenue increase, operation moves into the black

- Operation was hit hard in previous year by temporary store closures and restricted movement due to COVID-19. This year, sales recovered sharply as stores resumed normal business hours, and we were able to focus on conveying information and marketing core products in order to strengthen our branding.
- Fleece, down, T-shirts, and other core items continued to sell strongly.
- Gross profit margin improved greatly on restricted discounting. SG&A ratio improved greatly on closure of unprofitable stores, more efficient store operations, and cost structure reforms. As a result, operating profit moved into the black.

Canada: Large revenue increase, positive operating profit

- Strong sales of sweatpants and sweatshirts, and loungewear, etc.
- Gross profit margin improved on tighter discounts. SG&A ratio improved on structural reforms.

UNIQLO North America reported a large increase in revenue and a move into the black in the first half of FY2022.

We will hear a more detailed account of the current North America business and our intentions for future expansion later from our UNIQLO USA CEO Mr. Daisuke Tsukagoshi.



UNIQLO International: 1H by Region (5)

Europe: Large revenue, profit gains. Record result.

- Same-store sales exceeded levels achieved two years ago.
- Large increase in revenue following stronger marketing to new customers over the past year and a broadening in the customer base. We were also able to secure sufficient volumes of strong-selling core Winter items and conduct regular business during the Fall Winter season.
- With this year's weather trending colder than usual, sales of cold-weather clothing such as seamless down, cashmere, and HEATTECH innerwear proved strong throughout the 1H.
- The gross profit margin improved considerably thanks primarily to restricted discount sales.
- The SG&A ratio improved markedly on strong sales and continued cost controls.
- We temporarily closed our Russia operation on March 21. This market accounts for approx. 2% of consolidated sales and operating profit.
- 1H revenue for the UK and EU bloc (UNIQLO Europe excluding Russia) increased significantly, operating profit moved from a slight loss in 1H FY2021 to a large profit, and the operation achieved a double-digit operating profit margin.

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The Europe region achieved a record performance in the first half of FY2022 after reporting significant gains in both revenue and profit. Same-store sales exceeded the level achieved two years ago.

The large increase in revenue was fueled partly by our stronger marketing to new customers over the past year and a broadening in the region's customer base. We were also able to secure sufficient volumes of strong-selling core Winter items and conduct regular business during the Fall Winter season.

The weather has been colder than usual this year and sales of cold-weather clothing, such as seamless down, cashmere, and HEATTECH innerwear, proved strong throughout the first half of the business year.

The gross profit margin improved considerably thanks primarily to restricted discount sales.

The SG&A ratio improved markedly on strong sales and continued cost controls.

In terms of our Russian operation, we decided to temporarily close our business in that market from March 21. Russia accounts for approximately 2% of consolidated sales and operating profit. If we remove Russia from the calculation, revenue for the UK and EU bloc increased significantly in the first half and operating profit moved from a slight loss in the first half of FY2021 to a considerable profit in the first half of FY2022. The operation also achieved a double-digit operating profit margin.

Strengthening global new store openings



The UNIQLO RIVOLI store was opened on September 16, 2021 (Paris, France, approx. 1,980 square meters)
The store offers customers the chance to experience art and LifeWear based on the theme of "Fusing fashion and culture."
The store has earned strong local customer following.



The UNIQLO BEIJING SANLITUN store was opened on November 6, 2021 (first global flagship store in Beijing, Mainland China market, approx. 2,400 square meters)
Displays installations that enable customers to experience the art and science of LifeWear.
Houses the first UNIQLO FLOWER stall in the Mainland China market.

The new UNIQLO Regent Street store due to open on April 21, 2022 (London, England, approx. 1,980 square meters)
The first store in the Europe region to house UNIQLO and Theory brands under the same roof.



We have been strengthening new store openings in the UNIQLO International operation.

We opened the UNIQLO RIVOLI store in Paris in September 2021 and our first global flagship store in Beijing, the UNIQLO BEIJING SANLITUN store, in November 2021. We are also scheduled to open the new UNIQLO Regent Street store in London on April 21, 2022.

We intend to pursue an aggressive store-opening policy going forward as we aim to strengthen UNIQLO's presence and expand earnings.

GU: 1H Overview

Revenue declines, sharp fall in profits

- Same-stores sales down. 1) Sales of Fall items struggled during warm weather at beginning of the season, 2) Sales of Winter knitwear and bottoms were strong, but production and distribution delays resulted in lost sales opportunities.
- EC sales increased by approx. 30% compared to FY2020. 13% of total sales.
- Gross Profit Margin: -0.4p. Cost of sales up on sharp rise in raw materials and transport costs. Inventory levels satisfactory after running down sluggish items from season start.
- SG&A ratio: +3.6p. Temporary increase in distribution costs on launch of automated warehouses and stronger branding.

	Yr to Aug. 2021 (6 mths to Feb. 2021)	Yr to Aug. 2022		Billions of Yen
		(6 mths to Feb. 2022)	y/y	
Revenue (to revenue)	132.6 100.0%	122.8 100.0%	-7.4%	-
Gross profit (to revenue)	64.3 48.5%	59.0 48.1%	-8.3%	-0.4p
SG&A (to revenue)	47.9 36.2%	48.8 39.8%	+1.8%	+3.6p
Business profit (to revenue)	16.4 12.4%	10.1 8.3%	-38.1%	-4.1p
Other income, expenses (to revenue)	-0.5 -	-0.7 -	-	-
Operating profit (to revenue)	15.8 12.0%	9.3 7.6%	-40.9%	-4.4p

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Next, let me move onto our GU operation which reported a decline in revenue and a sharp fall in profits in the first half, with revenue contracting 7.4% year on year to ¥122.8 billion and operating profit shrinking by 40.9% to ¥9.3 billion.

Same-stores sales declined in the first half. This was due to various factors, including 1) Sales of Fall items struggled during the warm weather at beginning of the season, 2) Winter knitwear and bottoms sold well, but production and distribution delays resulted in lost sales opportunities.

Meanwhile, e-commerce sales increased year on year. Compared to two years ago in the first half of FY2020, e-commerce sales expanded by approximately 30% to constitute approximately 13% of total sales.

Global Brands: 1H Overview

Revenue rises, operation turns a profit

Theory: Large revenue and profit gains

- US operation thrived on strong consumer appetite and sales throughout 1H following easing of Covid restrictions.
- Expanded customer base primarily among younger customers. Sales of easy-to-purchase, lower-priced items proved strong.

PLST: Revenue declines, wider loss under business profit category

- Unable to convey attractive products and news due to state of emergency and infection-prevention measures.

Comptoir des Cotonniers: Revenue up, loss under business profit greatly reduced

- Improved cost efficiency on rebound in customer numbers, closure of unprofitable stores and other structural reforms

		Yr to Aug. 2021	Yr to Aug. 2022		Billions of Yen
		(6 mths to Feb. 2021)	(6 mths to Feb. 2022)	y/y	
Global Brands	Revenue	54.5	58.9	+8.1%	
	Business profit	-4.5	0.4	-	
	(to revenue)	-	0.7%	-	
	Other income, expenses	-3.6	0.6	-	
	Operating profit	-8.1	1.0	-	
		(to revenue)	-	1.2%	-

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I will now explain the first-half performance for our fourth and final business segment, Global Brands. Global Brands reported a 8.1% increase in revenue to ¥58.9 billion and, after posting a loss in the previous year, the operation was able to move into the black.

This performance was fueled by a recovery in our Theory operation, primarily in the United States.

Group: Balance Sheet (end Feb. 2022)

Billions of Yen

	End Feb. 2021	End Aug. 2021	End Feb. 2022	Change
Total Assets	2,501.9	2,509.9	2,641.5	+139.6
Current Assets	1,729.2	1,724.6	1,860.8	+131.5
Non-Current Assets	772.6	785.3	780.7	+8.1
Total Liabilities	1,403.1	1,347.6	1,319.7	-83.3
Total Equity	1,098.8	1,162.2	1,321.8	+223.0

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Next, I would like to take you through our balance sheet as it stood at the end of February 2022.

Compared to the end of February 2021, total assets increased by ¥139.6 billion to ¥2.6415 trillion.

Total liabilities decreased by ¥83.3 billion to ¥1.3197 trillion.

Total equity increased by ¥223.0 billion to ¥1.3218 trillion.

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



Group: B/S Main Points v. end Feb. 2021

Total equity: +¥139.6bln (¥2.5019trln⇒¥2.6415trln)

- **Cash and cash equivalents: +¥76.5bln (¥1.2208trln⇒¥1.2974trln)**
Increased operating cash flow from UNIQLO and other business segments.
- **Inventory assets: -¥4.2bln (¥354.6bln⇒¥350.3bln)**
 - **UQ Japan: -¥24.4bln:** (1) stronger inventory control, (2) delayed delivery of some Spring Summer items
 - **UQ Intl.: +¥20.2bln:** Greater China region: (1) slightly excessive Fall Winter stock, (2) Inventory levels in yen-based monetary terms increased following sharp depreciation in the yen against the yuan. Inventory from other regions held roughly flat y/y on the back of strong sales.
 - **GU: -¥0.9bln, Global Brands: +¥1.5bln**
- **Derivative financial assets (long & short-term): +¥45.0bln (¥24.5bln⇒¥69.6bln)**
While the average yen rate on our forward contract holdings and the end-February yen spot rate both depreciated, the gap between the two expanded. Hedge accounting so no impact on P&L.
- **Property, plant and equipment: +¥24.1bln (¥151.8bln⇒¥176.0bln)**
Rose on greater investment into automated warehouses worldwide.

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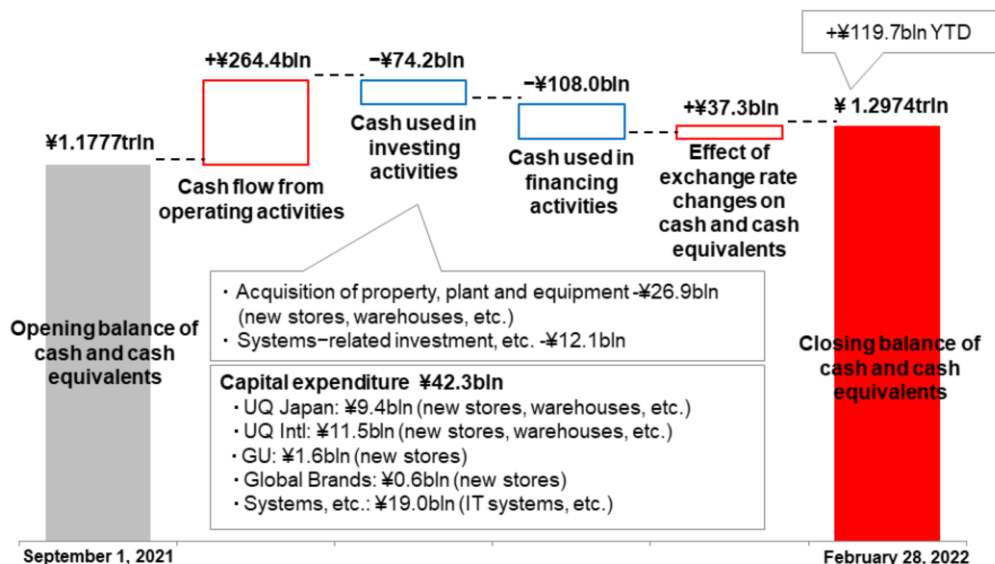
I would like now to explain the main factors underlying the ¥139.6 billion increase in total assets.

First, cash and cash equivalents increased by ¥76.5 billion year on year to ¥1.2974 trillion at the end of February 2022 on the back of higher operating cash flow from UNIQLO and other business segments.

Total inventories decreased by ¥4.2 billion to ¥350.3 billion. Breaking that figure down, UNIQLO Japan inventories declined by ¥24.4 billion due to a decline in inventory levels achieved through stronger inventory controls and to delays in the delivery of some Spring and Summer items caused by disruptions to our production and distribution schedules.

Meanwhile, UNIQLO International inventories increased by ¥20.2 billion as lower-than-expected sales from the Greater China region resulted in slightly excessive levels of Fall Winter stock. Inventory from other regions held steady year on year thanks to buoyant sales.

Group: 1H Cash Flow



* Applying IFRS 16 increased cash flow from operating activities by approx. ¥60.0bln and increased cash used in financing activities by the same amount. This change had no impact on final cash flow figure.

Looking next at our cash flow position for the first half of FY2022, we reported a net cash inflow of ¥264.6 billion from operating activities, while cash used in investing activities totalled ¥74.2 billion, and cash used in financing activities totalled ¥108.0 billion.

As a result, the balance of cash and cash equivalents had increased by ¥119.7 billion to ¥1.2974 trillion at the end of February 2022.

Group: FY2022 Estimates

Expect full-year rises in both revenue and profit

Revenue : ¥2.2000trln + 3.1% y/y

Business profit : ¥280.0bln + 9.6% y/y

Operating profit : ¥270.0bln + 8.4% y/y

	Yr to Aug. 2021 Actual	Yr to Aug. 2022		Yr to Aug. 2022		Yr to Aug. 2022 1H Actual
		Estimates (as of Jan.13)	y/y	Estimates (as of Apr.14)	y/y	
Revenue (to revenue)	2,132.9 100.0%	2,200.0 100.0%	+3.1%	2,200.0 100.0%	+3.1%	1,218.9 100.0%
Business profit (to revenue)	255.5 12.0%	280.0 12.7%	+9.6% +0.7p	280.0 12.7%	+9.6% +0.7p	189.8 15.6%
Other income, expenses	-6.5	-10.0	-	-10.0	-	-0.5
Operating profit (to revenue)	249.0 11.7%	270.0 12.3%	+8.4% +0.6p	270.0 12.3%	+8.4% +0.6p	189.2 15.5%
Finance income, costs	16.8	0.0	-	23.2	-	23.2
Profit before income taxes (to revenue)	265.8 12.5%	270.0 12.3%	+1.6% -0.2p	293.2 13.3%	+10.3% +0.8p	212.5 17.4%
Profit attributable to owners of the parent (to revenue)	169.8 8.0%	175.0 8.0%	+3.0%	190.0 8.6%	+11.9% +0.6p	146.8 12.0%

Billions of Yen

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Let me now move on to talk about our business estimates for FY2022, or the twelve months from September 2021 through to the end of August 2022.

We are predicting full-year consolidated revenue of ¥2.2000 trillion (+3.1%) and business profit of ¥280.0 (+9.6%). We have recorded a figure of -¥10.0 billion under other income and expenses to cover the risk of any impairment losses, retirement losses, or store-closure losses emerging primarily from our UNIQLO operations. As a result, we are forecasting a full-year consolidated operating profit of ¥270.0 billion (+8.4%).

Our full-year business estimates announced in January for revenue, business profit, and operating profit remain unchanged.

The first half of FY2022 proceeded strongly and the resultant performance outstripped our estimates announced in January. We expect to achieve further increases in both revenue and profit in the second half of the business year. We have incorporated several factors into our second-half business forecasts, including 1) the impact of Covid restrictions on movement in the Greater China region, 2) an increase in procurement costs caused by sharp rises in the cost of raw materials and transportation, and 3) costs relating to the temporary suspension of our business operation in Russia.

We have recorded a figure of ¥23.2 under finance income net of costs in light of the rapid depreciation in the yen and assuming a period-end exchange rate of 1 USD = 115.6 JPY, the same as the end-February rate.

Finally, we are predicting full-year profit attributable to owners of the parent of ¥190.0 billion (+11.9%).

Key Challenges for FY2022 2H

Conduct aggressive commercial business from 2H

- Our defensive stance in 1H meant UNIQLO Japan and GU were not able to offer enough of the products that customers wanted, and we suffered shortages of strong-selling items.
- Adopt a more aggressive stance in 2H while maintaining our earnings structure.
 - ✓ While strengthening our product lineups, detailed numerical planning, and marketing, we intend to satisfy customer expectations by proactively ordering additional production of promising items through mid-period plans, etc.
 - ✓ We intend to further integrate our physical stores and EC operation by fully unifying store and EC inventory and improving the accuracy of our volume planning to ensure customers can buy any product they want via EC whenever and wherever they wish without suffering any product shortages. We also aim to strengthen the conveying of information and establish more communication channels with customers.
 - ✓ We intend to steadily progress preparations for new store openings by selecting store locations and progressing negotiations in each country and region so that we can open over 300 stores across the Group in FY2023. This will enable us to further diversity our global earnings pillars.

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As I have already explained, in the first half of FY2022, we made great progress on achieving appropriate inventory levels and moving away from a discounting-reliant business model. As a result, we have seen a steady improvement in our earnings structure.

Having said that, the defensive stance that we were obliged to take in the first half meant that UNIQLO Japan and GU were not able to offer enough of the products that customers wanted, and we suffered shortages of strong-selling items. I want to shift to a more aggressive stance in the second half while maintaining our improved earnings structure.

More specifically, in addition to strengthening our product lineups, detailed numerical planning, and marketing, we intend to satisfy customer expectations by proactively ordering additional production of promising items, including products development during the period.

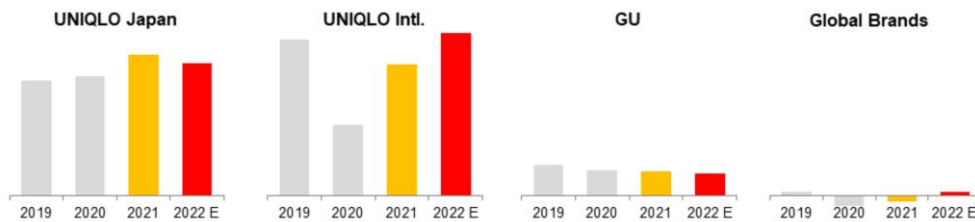
Furthermore, while e-commerce sales increased significantly in the first half compared to two years ago and are continuing to expand favorably, we are not satisfied with the current results. We intend to further integrate our physical stores and e-commerce operation by fully unifying store and e-commerce inventory and improving the accuracy of our volume planning to ensure customers can buy any product they want via e-commerce whenever and wherever they wish without suffering any product shortages. We will also aim to strengthen the way we convey information and establish more communication channels with customers.

Finally, we intend to steadily progress preparations for new store openings. We will do that by selecting store locations and progressing negotiations in each country and region so that we will be ready to open over 300 stores across the Group in FY2023. This will enable us to further diversity our global earnings pillars.

UNIQLO Intl.: Expect large revenue, profit gains

- We expect 2H revenue to rise and operating profit to remain steady y/y due to continued COVID-19 restrictions on movement in the Mainland China market.
- We expect further strong performances from the Europe, North America, and S/SE Asia & Oceania regions in the 2H to drive UNIQLO International growth.
- We expect to report considerable increases in full-year revenue and profit.

■ Envisaged Future Business Profit Trend by Business Segment



I would now like to break down our FY2022 estimates by business segment.

Starting with UNIQLO International, we expect second-half revenue will rise year on year. Meanwhile, second-half operating profit is expected to hold steady year on year in view of continued COVID-19 restrictions in the Mainland China market, and other factors.

We expect further strong performances from the Europe, North America, and S/SE Asia & Oceania regions in the second half, which will prove the likely drivers of UNIQLO International growth.

As a result of the above factors, we expect UNIQLO International will report considerable increases in full-year revenue and profit.



FY2022 Estimates by Group Operation(2)

Greater China region

- Expect revenue to decline and large fall in profits in 2H and FY2022.
- Expect further large revenue and profit gains in Taiwan market in 2H.
- Expect Mainland China market and Hong Kong market to report lower revenue and profit due to Covid restrictions.

South Korea

- Expect this operation will generate higher revenue and profit in 2H and FY2022.

S/SE Asia & Oceania region

- Expected to generate large revenue and profit gains in 2H and FY2022.
- Expanding favorably, with double-digit revenue and profit growth v. FY2019 before the COVID-19 pandemic.

Europe region

- UK and EU bloc expected to generate considerably higher 2H revenue and move from previous year's loss to break-even point. Expect large full-year revenue rise, a move into the black, and an operating profit margin of approx. 10%.
- We expect Russia to report a 2H loss in view of temporary business suspension.

North America region

- Expect large revenue, profit gains in 2H and FY2022, and a move into the black.²⁷

Looking at individual operations within UNIQLO International, the Greater China region is expected to report a decline in revenue and a large contraction in profit in both the second half and FY2022.

We expect to see a continued strong performance from the Taiwan market in the second half, with that operation reporting large second-half revenue and profit gains. Meanwhile, the Mainland China market and Hong Kong market will likely report lower revenue and profit due to ongoing Covid restrictions.

We expect UNIQLO South Korea to generate higher revenue and profit in the second half and FY2022.

The S/SE Asia & Oceania region is forecast to generate large increases in revenue and profit in the second half and FY2022. The operation is expanding favorably and achieving double-digit revenue and profit growth compared to three years ago in FY2019, before the outbreak of COVID-19.

In the Europe region, the UK and EU bloc is expected to generate considerably higher second-half revenue and move from a loss in the previous year to break-even point. We are also forecasting a large revenue increase for FY2022 as well as a move into the black and an operating profit margin of approximately 10%. We predict our Russia operation will report a second-half loss in view of the current suspension of business operations in that market.

Meanwhile, we expect the North America region will generate large revenue and profit gains in the second half and the full year of FY2022 and the operation will move into the black.

UNIQLO Japan: Expect lower revenue and profit

- Expect slightly higher revenue and much higher operating profit in 2H.
- Expect 2H same-store sales to rise slightly, incl. approx. 3% rise in EC sales.
- Expect lower full-year revenue and profit on back of large 1H declines.
- Intend to proactively order additional production of strong-selling items via mid-term plans, etc., while also restricting discounting and appealing the value of our products. Intend to improve gross profit margin and SG&A ratio by attaining appropriate inventory levels at the SKU level.

GU: Expect slightly lower revenue and profit

- Expect slightly higher revenue and considerably higher profit in 2H.
- Intend to greatly shrink Spring Summer product numbers and strengthen marketing of targeted mass fashion trends.
- Expect slight fall in full-year revenue and profit on sharp 1H declines.

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UNIQLO Japan is predicted to generate a slight rise in revenue and a considerable increase in operating profit in the second half of FY2022. We expect second-half same-store sales will rise slightly, including an approximate 3% rise in e-commerce sales.

For the full year to the end of August 2022, we expect UNIQLO Japan will report declines in revenue and profit on the back of the large first-half contraction.

Our GU operation is expected to generate slightly higher revenue and considerably higher profit in the second half. We intend to greatly shrink the number of GU product types in the Spring Summer season and to strengthen marketing that focuses on mass fashion trends.

For the full year, we expect GU will report a slight fall in full-year revenue and profit in view of the sharp declines reported in the first half of the business year.

Global Brands: Expect large increase in revenue and a move into the black

- Expect a large increase in revenue and a positive business profit in 2H.
- Expect operating profit to decline y/y due to the recording of profits from the liquidation of J Brand.
- Expect large rise in revenue and a move into the black in FY2022.
- Expect to see large rises in revenue and profit for Theory in 2H and FY2022.
- Expect higher revenue and a greatly reduced operating loss for Comptoir des Cotonniers in 2H and FY2022.

We expect the Global Brands segment will report a large increase in revenue and a positive result under the business profit measure in the second half of FY2022. However, we expect second-half operating profit will decline compared to the previous year when we recorded a profit linked to the liquidation of J Brand.

For the full-year, we expect Global Brands will report a large rise in revenue and move into the black.

FY2022 Dividend Estimates

Scheduled interim dividend: ¥280
Expected year-end dividend: ¥560

	Dividend per share		
	Interim	Yr-end	Annual
Year to Aug. 2020	240yen	240yen	480yen
Year to Aug. 2021	240yen	240yen	480yen
Year to Aug. 2022 (E) (as of Jan.13)	260yen	260yen	520yen
Year to Aug. 2022 (E) (as of Apr.14) *	280yen	280yen	560yen
Increase in dividend	+40yen	+40yen	+80yen

*The final decision on the FY2022 interim dividend was made at the board meeting on April 14, 2022. The year-end dividend may be adjusted in the event of large fluctuations in business performance or access to funds.

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Finally, I would like to explain about our dividend per share for FY2022.

At our meeting today, the Board confirmed a scheduled interim dividend of ¥280 per share. This represents a ¥40 increase compared to the previous year.

In addition, we expect to pay a year-end dividend of ¥280 per share. That would result in an expected annual dividend for FY2022 of ¥560, an increase of ¥80 compared to FY2021.

This completes my presentation on Fast Retailing's first-half performance and outlook for the business year through August 2022. Thank you.

Reference: Group Company Store Numbers

[Units: Stores]	FY2021 Yr-end	FY2022 2Q Result (Sep. - Feb.)				FY2022 Estimates (Sep. - Aug.)			
		Open	Close	Change	End Nov.	Open	Close	Change	End Aug.
UNIQLO Operations	2,312	90	55	+35	2,347	185	80	+105	2,417
UNIQLO Japan ※	810	13	21	-8	802	30	30	0	810
Own stores	780	12	20	-8	772	-	-	-	-
Franchise stores	30	1	1	0	30	-	-	-	-
UNIQLO International	1,502	77	34	+43	1,545	155	50	+105	1,607
Mainland China	832	48	17	+31	863	100	-	-	-
Hong Kong	31	0	1	-1	30		-	-	-
Taiwan	69	2	2	0	69		-	-	-
Korea	134	2	8	-6	128	2	-	-	-
Singapore	26	0	0	0	26	40	-	-	-
Malaysia	48	2	1	+1	49		-	-	-
Thailand	54	3	2	+1	55		-	-	-
Philippines	63	3	2	+1	64		-	-	-
Indonesia	40	6	0	+6	46		-	-	-
Australia	25	0	0	0	25		-	-	-
Vietnam	8	2	0	+2	10		-	-	-
India	6	0	0	0	6		-	-	-
USA	43	0	0	0	43		-	-	-
Canada	14	0	0	0	14	3	-	-	-
UK	15	0	0	0	15	10	-	-	-
France	23	3	0	+3	26		-	-	-
Russia	45	6	1	+5	50		-	-	-
Germany	10	0	0	0	10		-	-	-
Belgium	4	0	0	0	4		-	-	-
Spain	5	0	0	0	5		-	-	-
Sweden	3	0	0	0	3		-	-	-
The Netherlands	2	0	0	0	2		-	-	-
Denmark	1	0	0	0	1		-	-	-
Italy	1	0	0	0	1		-	-	-
GU	439	9	8	+1	440	24	11	+13	452
Global Brands	776	12	47	-35	741	27	77	-50	726
Theory ※	431	9	10	-1	430	-	-	-	-
PLST	98	1	8	-7	91	-	-	-	-
Comptoir des Cottonniers ※	153	2	20	-18	135	-	-	-	-
Princesse tam.tam ※	94	0	9	-9	85	-	-	-	-
Total	3,527	111	110	+1	3,528	236	168	+68	3,595

Note: Excludes Mina
(Commercial Facility
Business) and Grameen
UNIQLO stores.

*Includes franchise stores

Exchange rates used in consolidated accounts

	1USD	1EUR	1GBP	1RMB	100KRW
FY2021 2Q 6-month average to Feb. 2021	104.6	124.9	138.9	15.7	9.2
FY2022 2Q 6-month average to Feb. 2022	113.3	130.0	153.4	17.7	9.6
FY2021 12-month average to Aug. 2021	107.0	128.0	145.7	16.3	9.5
FY2022 (E) 12-month average to Aug. 2022	110.0	131.0	153.0	17.0	9.7

Exchange rates used on balance sheet

	1USD	1EUR	1GBP	1RMB	100KRW
FY2021 2Q Exchange rate at end Feb.2021	106.2	129.1	148.5	16.4	9.5
FY2022 2Q Exchange rate at end Feb.2022	115.6	129.3	154.6	18.3	9.6
FY2021 Exchange rate at end Aug. 2021	109.9	129.7	151.3	17.0	9.4
FY2022 (E) Exchange rate at end Aug. 2022	115.6	129.3	154.6	18.3	9.6

Capex and Depreciation

Billions of Yen

		Capex						Depreciation
		UNIQLO Japan	UNIQLO Int'l.	GU	Global Brands	Systems, etc	Total	
FY2021	2Q 6 months	5.1	21.7	1.5	0.9	22.3	51.7	89.0
FY2022	2Q 6 months	9.4	11.5	1.6	0.6	19.0	42.3	88.2
FY2021	Full-year 12 months	15.7	38.5	3.8	1.8	40.7	100.6	177.9
FY2022 (E)	Full-year 12 months	21.2	27.7	3.7	1.2	32.5	86.4	180.9