FINANCIAL SUMMARY

FAST RETAILING CO., LTD. and consolidated subsidiaries
Fiscal years ended August 31

Note: JGAAP term/IFRS term

Millions of yen

	JGAAP			
	2009	2010	2011	2012
For the year				
Net sales/Revenue	¥ 685,043	¥ 814,811	¥ 820,349	¥ 928,669
Operating income/Operating profit	108,639	132,378	116,365	126,450
EBITDA*1	112,621	152,141	141,716	150,687
Income before income taxes and minority interests/ Profit before income taxes	95,487	116,867	93,881	123,390
Net income/Profit attributable to owners of the parent	49,797	61,681	54,354	71,654
Net cash provided by operating activities/ Net cash from operating activities	59,214	88,623	57,158	127,643
Net cash from/(used in) investing activities	(34,273)	(23,389)	(26,643)	(35,313)
Free cash flow*2	24,941	65,234	30,515	92,330
Net cash from/(used in) financing activities	(16,847)	(28,897)	(26,156)	(29,056)
Cash and cash equivalents*3	169,574	200,462	202,104	266,020
Depreciation and amortization	9,765	12,229	18,755	18,573
Capital expenditures*4	22,601	28,018	33,993	40,184
At year-end				
Total assets	¥ 463,285	¥ 507,287	¥ 533,777	¥ 595,102
Total net assets/Total equity	261,413	287,987	319,911	394,892
Interest-bearing debt	35,400	28,834	28,263	23,194
Reference indices				
Operating income margin/Operating profit margin (%)	15.9%	16.2%	14.2%	13.6%
ROE/Ratio of profit to equity attributable to owners of the parent (%)	19.1	22.6	18.1	20.4
Equity ratio/Ratio of equity attributable to owners of the parent to total assets (%)	56.0	56.3	59.0	65.0
Debt-equity ratio (%)	13.6	10.1	9.0	6.0
Dividend payout ratio (%)	32.7	38.0	33.7	37.0
Per share data (actual yen, dollar amount)				
Net income/Profit attributable to owners of the parent (EPS)	¥ 488.96	¥ 605.99	¥ 533.93	¥ 703.62
Net assets/Equity attributable to owners of the parent	2,550.86	2,804.34	3,091.17	3,797.04
Cash dividends	160.00	230.00	180.00	260.00
Other data (at fiscal year-end)				
Number of shares outstanding	106,073,656	106,073,656	106,073,656	106,073,656
Market capitalization (¥ billion, $ million)*5	¥ 1,182.7	¥ 1,228.3	¥ 1,535.9	¥ 1,938.0
Number of subsidiaries	96	90	98	91
Total number of stores	2,258	2,203	2,088	2,222
Directly-operated stores in Japan	[1,454]	[1,370]	[1,213]	[1,250]
Directly-operated stores overseas	[397]	[474]	[491]	[589]
Franchise stores	[407]	[359]	[384]	[383]
Commercial complexes	4	4	4	4
Total sales floor space (m^2)*6	740,489m^2	847,523m^2	938,896m^2	1,170,353m^2
Number of full-time employees*7	11,037	11,596	14,612	18,854

*1 EBITDA (JGAAP) = Operating income + Depreciation and amortization + Amortization of goodwill
EBITDA (IFRS) = Operating profit + Depreciation and amortization
*2 Free cash flow = Net cash from operating activities + Net cash from/(used in) investing activities
*3 Cash and cash equivalents (JGAAP) includes cash, time deposits with maturities of generally three months or less, and marketable securities.
Cash and cash equivalents (IFRS) includes cash, bank deposits with maturity over three months, and marketable securities.

Millions of yen

Thousands of US dollars*5

IFRS							
2013	2014	2015	2016	2017	2018	YoY	2018
¥1,142,971	¥1,382,935	¥1,681,781	¥1,786,473	¥1,861,917	**¥2,130,060**	+14.4%	**$19,179,363**
134,101	130,402	164,463	127,292	176,414	**236,212**	+33.9	**2,126,894**
157,708	161,210	202,221	164,089	216,102	**281,267**	+30.2	**2,532,581**
155,732	135,470	180,676	90,237	193,398	**242,678**	+25.5	**2,185,110**
104,595	74,546	110,027	48,052	119,280	**154,811**	+29.8	**1,393,942**
99,474	110,595	134,931	98,755	212,168	**176,403**	(16.9)	**1,588,361**
(62,584)	(56,323)	(73,145)	(245,939)	122,790	**(57,180)**	—	**(514,862)**
36,890	54,272	61,786	(147,184)	334,958	**119,223**	(64.4)	**1,073,499**
(24,226)	(44,060)	(41,784)	201,428	(50,836)	**198,217**	—	**1,784,778**
296,708	314,049	355,212	385,431	683,802	**999,697**	+46.2	**9,001,414**
23,607	30,808	37,758	36,797	39,688	**45,055**	+13.5	**405,687**
39,681	58,814	62,461	52,387	59,755	**69,380**	+16.1	**624,712**
¥ 901,208	¥ 992,307	¥1,163,706	¥1,238,119	¥1,388,486	**¥1,953,466**	+40.7%	**$17,589,286**
589,726	636,041	774,804	597,661	762,043	**902,777**	+18.5	**8,128,736**
37,259	37,561	38,035	283,465	281,512	**544,502**	+93.4	**4,902,782**
11.7%	9.4%	9.8%	7.1%	9.5%	**11.1%**	1.6 pts.	**11.1%**
21.7	12.5	16.1	7.3	18.3	**19.4**	1.1	**19.4**
63.3	62.3	64.5	46.4	52.7	**44.2**	(8.5)	**44.2**
6.5	6.1	5.1	49.7	38.7	**63.5**	24.8	**63.5**
28.2	41.0	32.4	74.3	29.9	**29.0**	(0.9)	**29.0**
¥ 1,026.68	¥ 731.51	¥ 1,079.42	¥ 471.31	¥ 1,169.70	**¥ 1,517.71**	+29.8%	**$ 13.67**
5,598.12	6,067.40	7,366.07	5,634.35	7,175.35	**8,458.52**	+17.9	**76.16**
290.00	300.00	350.00	350.00	350.00	**440.00**	+25.7	**3.96**
106,073,656	106,073,656	106,073,656	106,073,656	106,073,656	**106,073,656**	—	**106,073,656**
¥ 3,383.7	¥ 3,452.6	¥ 5,225.7	¥ 3,854.7	¥ 3,338.1	**¥ 5,495.6**	+64.6%	**$ 49,483**
102	112	119	120	121	**130**	+9	**130**
2,449	2,753	2,978	3,160	3,294	**3,445**	+151	**3,445**
[1,331]	[1,406]	[1,444]	[1,463]	[1,367]	**[1,376]**	+9	**[1,376]**
[743]	[1,072]	[1,240]	[1,405]	[1,607]	**[1,715]**	+108	**[1,715]**
[375]	[275]	[294]	[292]	[320]	**[354]**	+34	**[354]**
4	4	4	4	4	**4**	—	**4**
1,387,367m²	1,835,095m²	2,030,031m²	2,188,688m²	2,392,618m²	**2,671,629m²**	+279,011m²	**2,671,629m²**
23,982	30,448	41,646	43,639	44,424	**52,839**	+8,415	**52,839**

*4 Assets held under finance leases have been included in the capital expenditures disclosure starting in FY2017.
*5 Calculations are based on the closing share price of ¥51,810 at the end of August 2018 and an exchange rate of ¥111.06 to US $1.
*6 Total sales floor space includes only directly operated stores.
*7 From FY2018, total number of employees will include permanent staff and contract employees with legally stipulated working hours. The total does not include executive officers.

MANAGEMENT DISCUSSION AND ANALYSIS

Group Performance in FY2018
(Year to August 31, 2018)

- **Record results achieved. Revenue: ¥2.1300 trillion (+14.4% YoY), operating profit: ¥236.2 billion (+33.9%). UNIQLO International and UNIQLO Japan both contributed to rising profits.**
- **UNIQLO International revenue surpassed UNIQLO Japan revenue for the first time. UNIQLO International operating profit now similar to that of UNIQLO Japan.**
- **Annual dividend per share increased by ¥90 YoY to ¥440.**

1 Operating Environment and Management Strategy

While improvements in the employment and wage environment are fueling a gradual recovery in the Japanese economy, personal consumption remains cautious, and customers are increasingly discerning with their purchases. Meanwhile, international trade tensions clouded the outlook for the global economy.

UNIQLO operations flourished against this broad economic backdrop, helping the Fast Retailing Group achieve another record performance in FY2018. Consolidated revenue reached ¥2.1300 trillion (+14.4%) and consolidated operating profit increased to ¥236.2 billion (+33.9%).

UNIQLO International reported especially strong gains in both revenue and profit, as a growing affinity for the UNIQLO brand across Greater China, South Korea, and Southeast Asia & Oceania fueled strong sales. Efforts to reduce discounting and control costs started to bear fruit. As a result, in FY2018 UNIQLO International revenue surpassed UNIQLO Japan revenue for the first time, and UNIQLO International operating profit matched that of UNIQLO Japan. UNIQLO Japan also achieved significantly higher profit in FY2018 on the back of strong same-store sales growth. Sales were boosted by very cold winter weather and timely additional production that satisfied the resulting extra demand. Meanwhile, GU reported an increase in revenue, but a fall in operating profit for the second consecutive year.

Under other income/expenses, we recorded impairment losses of ¥12.3 billion on Global Brands and UNIQLO stores, and store closure and retirement losses of ¥1.4 billion. We also recorded a net finance income of ¥6.4 billion resulting from a positive balance of interest income net of income expense, and an increase in the yen

Number of Stores by Business Segment

(Unit: Stores)

(FY)	2017	2018		
	End Aug.	End Aug.	Opened	Closed
UNIQLO Japan	831	**827**	18	22
Directly operated	790	**784**	15	21
Large-scale	209	**215**	9	3
Standard	581	**569**	6	18
Franchise	41	**43**	3	1
UNIQLO International	1,089	**1,241**	167	15
Mainland China	555	**633**	89	11
Hong Kong	25	**28**	3	0
Taiwan	65	**65**	2	2
South Korea	179	**186**	8	1
Singapore	24	**26**	2	0
Malaysia	41	**48**	7	0
Thailand	34	**40**	6	0
The Philippines	40	**51**	11	0
Indonesia	12	**18**	6	0
Australia	12	**15**	3	0
U.S.	44	**48**	5	1
Canada	2	**5**	3	0
U.K.	10	**11**	1	0
France	19	**25**	6	0
Russia	20	**31**	11	0
Germany	5	**5**	0	0
Belgium	2	**3**	1	0
Spain	0	**2**	2	0
Sweden	0	**1**	1	0
GU	372	**393**	30	9
Global Brands	1,002	**984**	42	60
Theory*	538	**537**	32	33
Comptoir des Cotonniers*	333	**320**	8	21
Princesse tam.tam*	131	**127**	2	6
Total	3,294	**3,445**	257	106

*Including franchise stores
Note: This table excludes Mina mall and GRAMEEN UNIQLO stores.

Performance by Group Operation

(FY)		2017			2018		
		Billions of yen	YoY change Billions of yen	% change	Billions of yen	YoY change Billions of yen	% change
UNIQLO Japan	Revenue	¥810.7	¥10.9	+1.4	**¥864.7**	**¥ 54.0**	**+6.7**
	Operating profit	95.9	(6.5)	(6.4)	**119.0**	**23.1**	**+24.1**
UNIQLO International	Revenue	708.1	52.7	+8.1	**896.3**	**188.1**	**+26.6**
	Operating profit	73.1	35.7	+95.4	**118.8**	**45.7**	**+62.6**
GU	Revenue	199.1	11.3	+6.0	**211.8**	**12.6**	**+6.4**
	Operating profit	13.5	(8.6)	(39.0)	**11.7**	**(1.7)**	**(13.1)**
Global Brands*	Revenue	141.0	0.2	+0.2	**154.4**	**13.4**	**+9.5**
	Operating profit	0.5	13.1	—	**(4.1)**	**(4.6)**	**—**

*Global Brands includes Theory, Comptoir des Cotonniers, Princesse tam.tam, and J Brand.
Note: Consolidated revenue also includes items reported by the holding company, Fast Retailing Co., Ltd., such as real estate leasing.
Consolidated operating profit includes Fast Retailing operating profit.

value of foreign-currency denominated assets. Consequently, profit attributable to owners of the parent increased by 29.8% to ¥154.8 billion.

In order to achieve the Group's medium-term vision of becoming the world's No.1 apparel retailer, we are focusing on expanding both UNIQLO International and GU. Our Greater China and Southeast Asia & Oceania operations are both becoming key pillars of UNIQLO International growth. We continue to open more UNIQLO stores in each market where we already have a presence. We are also working to consolidate UNIQLO's position as a key global brand by opening more global flagship stores and large-format stores in major cities worldwide. As for GU, we intend to open more Japan stores as well as develop GU's international presence, primarily in Greater China and South Korea.

As we transform the Fast Retailing Group into a digital consumer retail company, we are overhauling all our business practices and our entire supply chain—from planning, design, and materials procurement through manufacturing, distribution, and retail. That requires aggressive investment in various areas, including IT, logistics, and digital marketing.

2 Revenue

Consolidated revenue rose 14.4% year on year to ¥2.1300 trillion, a ¥268.1 billion increase. This breaks down into ¥188.1 billion from UNIQLO International, ¥54.0 billion from UNIQLO Japan, ¥13.4 billion from Global Brands, and ¥12.6 billion from GU. UNIQLO International revenue rose strongly as an additional 152 stores (Greater China: +81, Southeast Asia & Oceania: +35, Europe: +22, South Korea: +7, North America: +7) expanded the network to 1,241 stores. Additionally, Greater China, Southeast Asia, and all other regions reported growth in same-store sales. UNIQLO Japan full-year same-store sales grew 6.2% year on year as extremely cold weather boosted sales of warm clothing in the first half, while AIRism and T-shirt ranges sold well in the second half. While GU full-year same-store sales declined, GU revenue increased as the GU network expanded by 21 stores.

3 Gross Profit Margin

Gross profit rose 15.5% year on year to ¥1.0499 trillion. The gross profit margin grew 0.5 point to 49.3% thanks to a 1.1 point improvement in gross profit margin at UNIQLO International, as more accurate sales planning across the board led to less discounting. UNIQLO Japan's gross profit margin improved 0.4 point. While procurement costs rose on the back of a continued weakening in internal yen-based exchanged rates, the strong sales environment helped reduce discounting.

4 Selling, General and Administrative (SG&A) Expenses

SG&A expenses totaled ¥797.4 billion. The SG&A to net sales ratio declined 1.5 points year on year to 37.4%, following a successful Group-wide cost-cutting drive. SG&A ratios improved significantly at both UNIQLO Japan (-1.6 points) and UNIQLO International (-1.5 points).

5 Other Income/Expenses

Other expenses net of other income totaled -¥16.2 billion in FY2018 (FY2017: -¥7.6 billion), due primarily to the recording of a ¥12.3 billion impairment loss (FY2017: ¥9.3 billion). That impairment losses included: ¥7.7 billion for Comptoir des Cotonniers, ¥1.6 billion for Theory, and ¥1.3 billion for UNIQLO stores. In addition, we recorded a ¥1.4 billion foreign exchange losses (FY2017: ¥2.1 billion gains) on some temporary advances paid by overseas subsidiaries, and ¥1.4 billion in retirement and store closure losses (FY2017: ¥2.7 billion) relating to store closures.

6 Operating Profit

Operating profit increased 33.9% year on year to ¥236.2 billion. Operating profit margin improved 1.6 points to 11.1%.

Breakdown of SG&A Expenses

(FY)	2016			2017			**2018**		
	Millions of yen	YoY change Millions of yen	% change	Millions of yen	YoY change Millions of yen	% change	Millions of yen	YoY change Millions of yen	% change
Advertising and promotion	¥ 71,611	¥ 313.6	+4.6	¥ 70,937	¥ (674)	(0.9)	**¥ 70,310**	**¥ (627)**	**(0.9)**
Rental expenses	171,356	491.8	+3.0	174,034	2,678	+1.6	**191,813**	**17,779**	**+10.2**
Depreciation and amortization	36,797	(96.1)	(2.5)	39,688	2,891	+7.9	**45,055**	**5,367**	**+13.5**
Outsourcing	33,602	427.7	+14.6	33,244	(358)	(1.1)	**41,005**	**7,761**	**+23.3**
Salaries	242,033	1,121.8	+4.9	252,520	10,487	+4.3	**285,105**	**32,583**	**+12.9**
Others	147,555	850.2	+6.1	154,790	7,235	+4.9	**164,186**	**9,396**	**+6.1**
Total	¥702,956	¥3,109.3	+4.6	¥725,215	¥22,259	+3.2	**¥797,476**	**¥72,261**	**+10.0**

7 Finance Income/Costs

Finance income net of finance costs totaled ¥6.4 billion (FY2017: ¥16.9 billion) thanks to the recording of a ¥4.3 billion net interest income, and a ¥2.1 billion foreign exchange gain after the depreciation in the yen from ¥110 to ¥111 against the US dollar over the period increased the carrying amount of foreign-currency denominated assets.

8 Income Taxes and Other Taxes

Income taxes totaled ¥73.3 billion. The effective corporate tax rate was 30.2%, 0.6 point lower than Japan's statutory 30.8% rate, due to a growing contribution from UNIQLO International, which is subject to comparatively lower tax rates.

9 Profit Attributable to Owners of the Parent and Dividend

Profit attributable to owners of the parent totaled ¥154.8 billion (+29.8%). Basic earnings per share increased ¥348.01 to ¥1,517.71. The annual dividend increased ¥90 to ¥440 per share (dividend payout ratio 29.0%). The rise in profit attributable to owners of the parent resulted in a 1.1 point increase in return on equity (ROE) to 19.4%.

10 Results by Business Segment

UNIQLO Japan UNIQLO Japan reported rising revenue and profit in FY2018. Revenue totaled ¥864.7 billion (+6.7%) and operating profit ¥119.0 billion (+24.1%). Full-year same-store sales increased 6.2% year on year (1H: +8.4%, 2H: 3.3%). The extremely large first-half same-store sales growth was due to strong sales of HEATTECH and down clothing ranges during an exceptionally cold winter. UNIQLO Japan was able to order timely production increases of strong-selling items to satisfy additional demand. Warmer weather from March onwards fueled strong sales of AIRism, UT graphic T-shirts, DRY-range T-shirts and other summer ranges in the second half. Full-year online sales rose 29.4% to ¥63.0 billion, constituting 7.3% of total revenue.

On the profit front, the gross profit margin rose 0.4 point, as strong sales of winter ranges and consequent reduced discounting of excess inventory more than offset the impact of weaker internal yen exchange rates. Meanwhile, the SG&A ratio fell 1.6 points on lower advertising, distribution, and personnel expenses.

We opened 15 new directly operated stores and closed 21 stores (one of which reopened as a franchise store), bringing the UNIQLO Japan network to 784 stores (excluding 43 franchise stores) at the end of FY2018.

UNIQLO International UNIQLO International reported considerable increases in revenue and profit. Revenue totaled ¥896.3 billion (+26.6%) and operating profit ¥118.8 billion (+62.6%). As a result, UNIQLO International revenue surpassed, and operating profit matched, that of UNIQLO Japan for the first time. Operating profit margins improved across regional operations thanks to more accurate sales planning and cost controls. UNIQLO Greater China continued to grow strongly, with revenue expanding to approximately half the UNIQLO Japan total. Growth at UNIQLO Southeast Asia & Oceania also gathered speed.

UNIQLO Greater China reported significant rises in revenue and profit, with revenue growing to ¥439.8 billion (+26.9%), operating profit to ¥73.7 billion (+47.1%), and operating profit margin to 16.7% (+2.3 points). Mainland China same-store sales grew throughout the period thanks to a deepening embrace of the UNIQLO LifeWear concept, tailored product mixes for the different climate regions within China, and favorable weather. Profitability also improved considerably as more accurate sales planning and cost control reduced discounting and business expense ratios. Operating profit also increased in Hong Kong and Taiwan on the back of higher gross profit margins and firmer cost control.

Successful management reforms at UNIQLO South Korea fueled higher same-store sales and a significant rise in operating profit.

UNIQLO Southeast Asia & Oceania reported continued double-digit growth in same-store sales on the back of strong sales of UT graphic T-shirts and shorts for summer, and buoyant traveler demand for Ultra Light Down jackets and other winter items. The operation's sales expanded to approximately ¥140.0 billion and the operating profit ratio improved to approximately 15%.

In North America, UNIQLO USA made steady progress on its business reforms. The new regional headquarters on the West Coast helped create appropriate local product ranges and store displays, resulting in higher same-store sales and a halving of operating losses.

Revenue and profit at UNIQLO Europe increased. We continued to build the UNIQLO brand in the region with the opening of our first stores in Spain in September 2017, Sweden in August 2018, and the Netherlands in September 2018.

The UNIQLO International network expanded by 152 stores to 1,241 stores at the end of FY2018.

GU GU reported rising revenue but falling profit. Revenue totaled ¥211.8 billion (+6.4%) and operating profit ¥11.7 billion (-13.1%). Full-year same-store sales declined following problems with the label's product mix and volume planning. Operating profit declined due to insufficient winter clothing inventory in the first-half, and lower-than-expected sales of advertising campaign items in the second half. These factors dampened the gross profit margin and inflated business expense ratios. The GU store network increased by 21 stores to 393 stores (including 20 international stores) in FY2018. We continued to expand GU's initial international presence in Shanghai, Taipei, and Hong Kong, and we opened the first GU store in South Korea in September 2018.

Global Brands Global Brands reported revenue of ¥154.4 billion (+9.5%), an operating loss of ¥4.1 billion. This decline was due to ¥9.9 billion in impairment losses, primarily on the France-based

Comptoir des Cotonniers label.

The Theory operation achieved higher revenue and profit on stable growth in the Theory brand in both Japan and the United States, and favorable expansion of the Japan-based PLST label. Theory has developed into a ¥110.0 billion operation spanning the United States, Japan, and Asia. Meanwhile, Comptoir des Cotonniers, Princesse tam.tam, and J Brand continued to report losses.

11 Balance Sheet

Total assets rose ¥564.9 billion to ¥1.9534 trillion. Current assets increased ¥540.4 billion to ¥1.6180 trillion (cash and cash equivalents: +¥315.8 billion, inventories: +¥175.1 billion).

Cash and cash equivalents rose on the back of our June 2018 corporate bond issue and a higher operating cash flow. The rise in inventories consisted of a ¥92.3 billion impact resulting from changes in the timing of inventory recording, and an ¥82.8 billion increase in real inventory (UNIQLO International: +¥44.6 billion, UNIQLO Japan: +¥32.9 billion, GU: +¥3.3 billion, Global Brands: +¥2.0 billion). UNIQLO International inventory increased in line with an expansion of the segment network by 152 stores and an early launch of winter ranges. UNIQLO Japan inventory increased due to larger orders of year-round core ranges and early orders of fall and winter stock.

Non-current assets increased by ¥24.4 billion to ¥335.3 billion, including a ¥18.0 billion increase in property, plant and equipment and a ¥9.1 billion increase in intangible assets.

Current liabilities increased by ¥187.9 billion to ¥499.4 billion, due largely to a ¥160.0 billion increase in other financial liabilities. These resulted from higher period-end inventory levels and changes to the timing of inventory recording. Non-current liabilities increased by ¥236.2 billion to ¥551.2 billion due primarily to our corporate bond issue, and a ¥229.2 billion increase in financial liabilities.

Total equity increased by ¥140.7 billion to ¥902.7 billion. This includes both a ¥154.8 billion increase in retained earnings on the back of higher profits and a ¥38.2 billion dividend payout to the owners of the Parent. As a result, the ratio of equity attributable to owners of the Parent to total assets fell 8.5 points to 44.2%.

Consolidated Subsidiaries (At end of August 31, 2018)

Company name	Share ownership
Holding Company	
FAST RETAILING CO., LTD.	100.0%
Main Consolidated Subsidiaries	
UNIQLO CO., LTD.	100.0%
FAST RETAILING (CHINA) TRADING CO., LTD.	100.0%
UNIQLO TRADING CO., LTD.	100.0%
FAST RETAILING (SHANGHAI) TRADING CO., LTD.	100.0%
FRL Korea Co., Ltd.	51.0%
FAST RETAILING (SINGAPORE) PTE. LTD.	100.0%
UNIQLO (THAILAND) COMPANY LIMITED	75.0%
PT. FAST RETAILING INDONESIA	75.0%
UNIQLO AUSTRALIA PTY LTD	100.0%
Fast Retailing USA, Inc.	100.0%
UNIQLO EUROPE LIMITED	100.0%
G.U. CO., LTD.	100.0%
FAST RETAILING FRANCE S.A.S.	100.0%
Theory LLC	100.0%
J Brand, Inc.	100.0%

*The Fast Retailing Group comprises FAST RETAILING CO., LTD., 130 consolidated subsidiaries and 4 associates accounted for using the equity method.

12 Cash Flow Information

In FY2018, net cash received from operating activities totaled ¥176.4 billion, net cash used in investing activities totaled ¥57.1 billion, and net cash generated by financing activities totaled ¥198.2 billion. As a result, free cash flow (net cash from operating activities + net cash from investing activities) totaled ¥119.2 billion. Overall, the balance of cash and cash equivalents increased by ¥315.8 billion to ¥999.6 billion.

The Group seeks to ensure consistent, steady growth by using retained earnings and free cash flow to make effective investments that strengthen our operational base.

Cash from Operating Activities: ¥176.4 Billion

Net inflows included ¥242.6 billion under profit before income taxes and ¥142.2 billion under other liabilities. Working capital outflow, calculated from trade and other receivables, inventories, and trade and other payables, totaled ¥172.5 billion. Increases in other liabilities and inventory assets were temporarily inflated in FY2018 due to changes made to the timing of recording inventory.

Net income taxes paid totaled ¥85.8 billion.

Cash Used in Investing Activities: ¥57.1 Billion

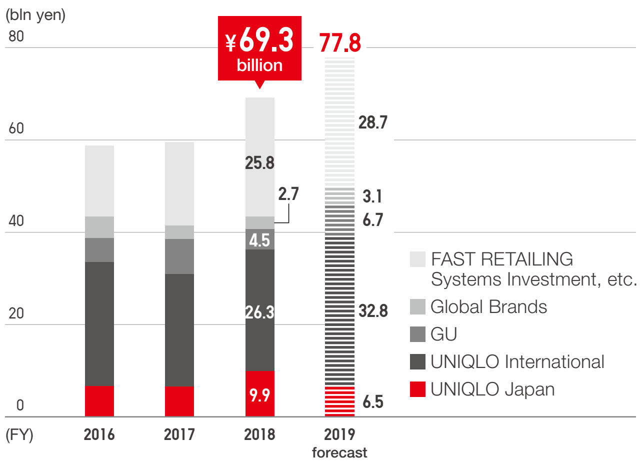
This figure consists primarily of ¥31.9 billion spent on acquiring property, plant, and equipment to grow UNIQLO International and Global Brands store networks, and ¥16.5 billion spent on intangible assets such as systems investment.

Consolidated capital expenditure totaled ¥69.3 billion (UNIQLO Japan: ¥9.9 billion, UNIQLO International: ¥26.3 billion, GU: ¥4.5 billion, Global Brands: ¥2.7 billion, systems investments, etc.: ¥25.8 billion).

Cash from Financing Activities: ¥198.2 Billion

This includes a ¥249.3 billion inflow from our June 2018 corporate bond issue, and ¥38.2 billion spent on dividend payments.

Capital Expenditure (including finance leases)



13 Dividend Policy

Returning a portion of our profits to shareholders is a top priority. Our policy is to pay a high dividend after considering the funds required to expand Group operations, increase profits, and maintain financial soundness. The Group paid an annual dividend of ¥440 per share in FY2018 (+¥90 YoY). This translates into an annual dividend payout ratio of 29.0%.

14 Outlook for FY2019 (as of January 10, 2019)

We predict a third consecutive year of record consolidated performance with revenue reaching ¥2.3000 trillion (+8.0% YoY), operating profit ¥270.0 billion (+14.3%), profit before income taxes ¥270.0 billion (+11.3%), profit attributable to owners of the parent of ¥165.0 billion (+6.6%), basic earnings per share (EPS) of ¥1,617.33 and a ¥40 increase in the annual dividend to ¥480 per share (¥240 interim and year-end dividends).

We forecast significant gains in UNIQLO International revenue and profit, with Greater China and Southeast Asia & Oceania expected to generate especially strong revenue and profit gains. UNIQLO North America (USA & Canada) is predicted to move into the black. We intend to continue opening 100 new stores annually in Greater China and increase openings in Southeast Asia & Oceania to approximately 50 stores per year. In addition, UNIQLO International operating profit is predicted to far outstrip that of UNIQLO Japan in FY2019.

At UNIQLO Japan, we are aiming for modest rises in full-year revenue and profit. In the first quarter, revenue and profit declined on slow sales of winter items during the warm winter. Heavier discounting in the second quarter will likely result in a decline in first-half profit. However, we expect a large rebound in second-half profit on a lower cost of sales and strict cost controls. We predict same-store sales will expand by approximately 2% year on year, including a 30% increase in online sales.

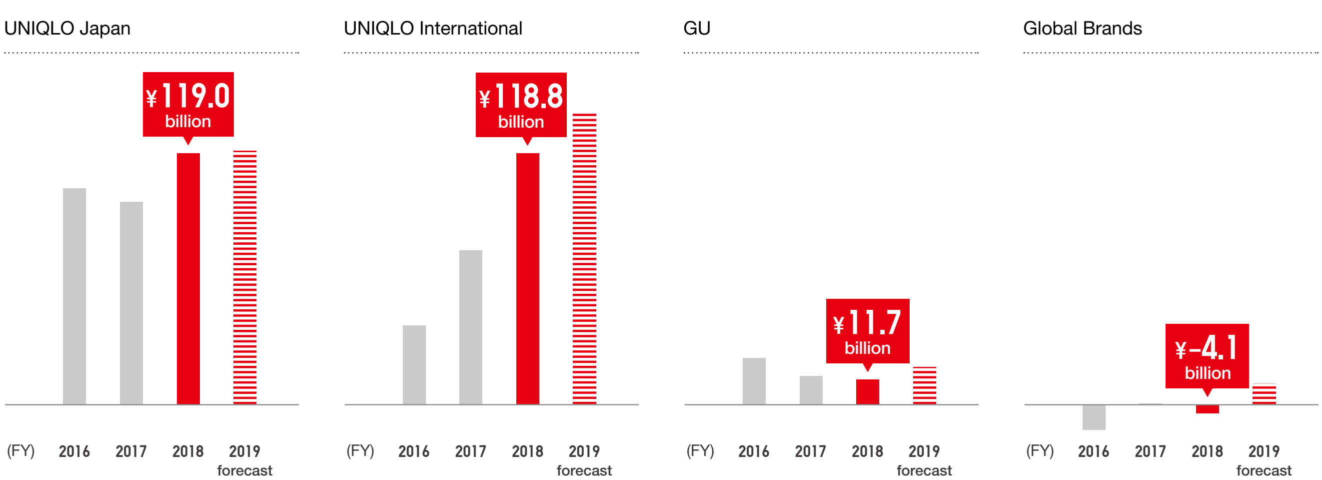
GU sales improved in the first quarter thanks to our comprehensive product mix review and new focus on mass-trend items. We expect this to continue throughout the year, and anticipate a sharp profit rebound on improved gross margins and cost efficiencies.

Global Brands is expected to report significantly higher profits on revenue and profit gains from our Theory label.

15 Risk

Risk factors that investors may regard as potentially having a significant impact on the businesses of the Company and the Group are stated below. The Company, aware of the possibility that these risks may occur, has planned preventive actions and thoroughgoing administrative procedures and strives to take appropriate measures when they occur. The statements with regard to the future are based on management decisions and projections made by the Company based on information available at the time of the publication of this report (November 30, 2018).

Operating Profit by Business Segment



(1) Risks specific to management strategy

Risks specific to the management strategy of the Group are as follows:

i) Management personnel risk
Our Representative Director, Chairman and CEO Tadashi Yanai and the other members of the Group management team all play vital roles in the operational areas for which they are responsible. If any of our executives should become unable to perform his or her duties, or if they should become unable to play these vital roles, this could have a negative impact on the Group's earnings.

ii) Competitive risks
In all the Group's businesses, our customers are ordinary consumers, who are keenly selective when it comes to products, services and prices, and we are engaged in intense competition with rivals both domestically and internationally. If our customers should choose to do business with our competitors, and if our business competitiveness wanes in relative terms, this may have a negative effect on earnings.

iii) Risk of dependency on production in specified geographic locations
Most products sold through Group companies are manufactured in China and other Asian countries. For this reason, if there is a dramatic political, economic, security, or legal change in countries where we produce, or a strike by factory personnel or dock workers, or an earthquake, flood or other major natural disaster, this could have an impact on supply of our products. Also, if there is a sharp rise in prices for cotton, cashmere, down or other raw materials, this could have a negative impact on our earnings.

iv) Risks of corporate acquisitions
One element of the Group's management strategy is to expand the business through M&A. Our aim is to maximize the enterprise value of the Group by pursuing synergies with target companies and businesses, and striving for optimization of our business portfolio, but there is a possibility of negative impact on results if we are unable to achieve anticipated revenues and effects.

v) Overseas business risks
As the Group expands its business through M&A, we are steadily enhancing the Group's presence overseas. As we open more stores in countries across the world, overseas sales are accounting for a higher proportion of the Group's sales. In this business environment, if there are changes in laws or changes in taxation systems that have an adverse impact, unanticipated political developments, social turmoil due to terrorism, conflict or other disturbance, or significant fluctuations in exchange rates, or if the goods we sell do not match the market needs in those countries, or if the hiring and training of well-qualified management personnel and local staff who can smoothly manage our business in each country do not go according to plan, this could have a negative impact on earnings.

vi) Currency risks
Most products sold through the UNIQLO business, which is the Group's core business, are denominated in US dollars. For products to be imported to Japan, we stabilize our purchasing costs by entering into forward currency agreements for about three years ahead to equalize exchange rates. If the dollar rises sharply against the key currencies of each country going forward, this could have a medium- to long-term negative impact on earnings of the UNIQLO business.

(2) General business risks

In management of the Group and operation of businesses, we are cognizant of risks in several categories:

i) Manufactured product liability risk
The Group's business is subject to a variety of legal regulations in Japan and abroad such as product liability laws, pharmaceutical laws, consumer protection laws and labeling laws. The Group endeavors to establish product management systems for planning and production of products in accordance with the Groups own quality control standards covering the legal regulations of various countries, but if gross quality defects are found in products sold by the Group, such as contamination by hazardous materials or dyes containing toxins, this may require global product recalls, or compensation for harm to the health of customers, which may have a negative impact on earnings, as well as causing damage to customers' trust.

ii) Risk of leaks of business secrets or customer's personal information
In the course of doing business such as mail order sales, the Group gathers information (including personal information) about customers, and it also handles trade secrets and other confidential information. We are fully aware of the impact of personal information leaks on the company's management and trust, and have established an Information Security Office to ensure management of confidential information held by the Group by working with the IT divisions and legal divisions in each country, while creating and strengthening appropriate management systems for trade secrets and information (particularly personal information) about customers, and periodically conducting activities to raise awareness, but in the event confidential information is lost, it may be necessary to take steps to recover the information, apologize to customers, and pay of compensation for damages, which may have a negative impact on earnings, as well as causing damage to customers' trust. Furthermore, if the Group is deemed by an administrative authority to have violated legal regulations restricting the transfer of personal information between countries and regions such as the EU General Data Protection Regulation (GDPR), this could lead to a decline in the trust of our customers, and the imposition of a hefty fine could have an adverse effect on earnings.

iii) Risk due to weather
Global warming may cause a trend toward warmer winter weather, which may result in being unable to procure materials such as cotton and cashmere in a timely and appropriate manner, and may also reduce sales of products sold by the Group, which could have a negative impact on earnings.

iv) Risk due to natural disaster
Earthquakes, volcanic eruptions, fires, floods, explosions, building collapse, or other disasters affecting factories that produce or stores that sell the Group's products, or in their immediate vicinity, may have a negative impact on the Company's ability to supply or to sell its products.

v) Risks of disputes and litigation
In the event of disputes or litigation between the Group and tenants of its stores or others with whom it transacts, or customers, resolution of such disputes may cost large sums of money, which could have a negative impact on earnings.

vi) Risk of change in the business climate and consumer trends
Changes in the business climate or consumer trends in countries where the Group carries out business may have the effect of reducing product sales or increasing inventories, which could have a negative impact on earnings.