

July 9, 2026

Fast Retailing Co., Ltd.

Business Results for the First Nine Months of Fiscal 2026 (September 2025 to May 2026)

Below are some questions from our analysts' meeting concerning business results for the third quarter of FY2026, or the nine months to May 31, 2026. The answers have been edited for clarity.

Q: The forecast for the FY2026 consolidated operating profit margin of 18.4% is approaching a high level. What level of profitability do you think would be appropriate going forward?

Takeshi Okazaki, Group Senior Executive Officer & CFO, Fast Retailing Co., Ltd.: The most important thing is to continue to generate sales growth while maintaining healthy profit margins. If it is possible to improve the profit margin even a little within those parameters, then of course that is what we would do. I think a medium-term business profit margin between 15% and 20% would be a comfortable cruising range.

Q: In January 2026, Francesco Rosso was appointed to the position of GU Creative Director, a development that has attracted much attention. When can we expect the full launch of products supervised by Mr. Risso, and has there been any change to the medium- to long-term GU sales target of one trillion yen?

CFO Okazaki: The full-fledged development of products supervised by Mr. Risso will start from the 2026 Fall Winter season. Mr. Risso will provide direction on the entire GU product lineup and completely refresh all GU products. I have seen those products and sales displays myself, and I think they embody the new GU extremely well. We would like to launch these new ranges and improve them through trial and error.

Right now, the GU label operates primarily in its home market of Japan but it has also opened stores in the Mainland China, Hong Kong, and Taiwan markets and in the United States. If the 2026 Fall Winter ranges are positively received, we will consider accelerating GU's global expansion once again. In light of this situation, we should aim for one trillion yen sales over the medium to long term, and we believe there is ample potential to even exceed that one trillion yen total.

Q: I think the strong performance in FY2026 could create a high hurdle for FY2027. Are there any particular points that you are conscious of with regard to FY2027 management, or any elements that you think could be challenging?

CFO Okazaki: First, global demand for our LifeWear concept and core UNIQLO business is strong and

we remain confident that trend will continue and improve. At this stage, we have still not yet been able to open enough stores or offer enough products to satisfy that latent demand, so we believe we can sustain the current sales growth momentum if we continue to strive to meet that demand. This is a top priority and crucial core approach.

Currently, while some material and distribution costs are trending upward globally, I think currency depreciation is a bigger factor in terms of its potential impact on gross profit margins. Since we are able to use forward contracts to smooth out sharp currency fluctuations, currency depreciation would not suddenly make it impossible to compile a commercial business but it would gradually put pressure on gross profit margins. That is why we continue to promote the appeal of our products and conduct business that does not rely on discounting. Inventory management is also important. While working to increase sales, we also strive to improve the accuracy of our inventory forecasts and management at the stock keeping unit (SKU) level, which is the smallest inventory management unit, and at the individual store level because. This helps reduce the need to rundown unnecessary inventory, and we believe it will also help improve our cost structures. In addition, we place considerable emphasis on our store scrap and build policy, which we are currently implementing in the Mainland China market. We review and optimize our store networks based on current business environments and move stores with low monthly sales to better locations with higher potential. Reducing the number of stores with low monthly sales not only offers the potential to improve sales, but also to lower the SG&A ratio by improving inventory efficiency.

If we implement these kinds of initiatives at a higher level, I think we can continue to increase corporate value.

Q: Do you think that cost ratios for UNIQLO Japan and UNIQLO International might deteriorate in FY2027 due to the depreciation in the local currencies?

CFO Okazaki: We conduct procurement in each market in US dollars and some currencies are strong against the dollar and others are weak. If a local currency weakens against the US dollar, it could put pressure on the gross profit margin. However, we use forward exchange contracts in all markets to smooth out any drastic fluctuations, and we plan and organize our business accordingly.

Having said that, if sales far outstrip our expectations and we have to procure more products than initially planned, we have to procure those products at spot rates. Sometimes, we end up procuring those products at a less advantageous exchange rate than the forward exchange contract rate. Fortunately, we are able to leverage our past knowledge and experience of difficult situations to minimize such impacts as much as possible.

Q: What potential do you see in the high-growth region of Southeast Asia, India, and Australia?

CFO Okazaki: The largest potential markets in terms of apparel are North America, Europe, and Mainland China. Increasing our presence and capturing market share in these potential markets will generate business growth in the short term. However, we think that we can generate growth in Southeast Asia as well by continuing to increase our presence there. Asia will serve as the world's growth center over the medium to long term. Apparel markets in Asia will also expand as economies continue to grow and middle-income populations continue to increase. When that happens, we believe Southeast Asia could harbor the same growth potential as North America, Europe, and Mainland China.

Q: As the structural reforms initiatives that you have been conducting in the Greater China markets run their course, what initiatives do you plan to implement in FY2027 to improve performance?

CFO Okazaki: We think we should continue progressing the four structural reform pillars that we announced in July 2024 in FY2027 as well. The first focuses on enhancing marketing. We will advertise the LifeWear value that we are promoting globally by conducting marketing in the Mainland China market as a global brand. We are already starting to see a positive trend where web marketing, TV commercials, and other forms of advertising are increasing the level of support among young customers. The next pillar relates to our store scrap and build policy. We are adapting our store network and organizing region-specific business across the vast Mainland China landmass. Things are always changing, and changing a store's location can boost that store's pre-scrap and post-build sales performance by 1.5 times. The third pillar focuses on strengthening our tailored regional commercial business capabilities. The accuracy of our product lineups and sales plans tailored to local needs is still not very high so there is plenty of room for improvement. The fourth pillar is independent store management. We feel we are getting better at this but promoting independent store management across all stores is not something that you can suddenly achieve on a particular day. It takes time. I think we the benefits of our amassed experience and local business foundation building will start to emerge going forward.

We do not think we have fully accomplished any of the structural reform pillars that I have just mentioned. However, since we are making good progress in each area, we feel that we will be able to increase same-store sales going forward if we continue steadily pursuing these structural reforms in FY2027 and beyond.

Q: What product pricing approach will you pursue at UNIQLO Japan in FY2027, and how do you see the gross profit margin faring as a result?

CFO Okazaki: Our basic approach to product pricing has not changed. We carefully examine and determine the price of each of our products by scrutinizing the balance between price and value and monitoring market competitiveness. We try to avoid raising prices as much as possible. However, even though we use forward exchange contracts to smooth out any drastic fluctuations, cost of sales continues to rise in the face of ongoing yen depreciation. It would be difficult to absorb the full rise in cost of sales through corporate efforts alone, so we are reviewing the prices of some 2026 Fall Winter products. Having said that, the average price of 2026 Fall Winter products will rise by less than 4% and we are only reviewing prices on a limited number of product items.

Q: What potential do you see in the UNIQLO Japan market going forward?

CFO Okazaki: UNIQLO Japan sales have risen over the past two financial periods, but we believe that the operation has further potential.

Why do we think that? The first reason relates to the evolution of our core products. For instance, we are confident that we can inspire new demand by adding fresh value and appeal to core products, such as UNIQLO : C Sweat Wide Pants and UNIQLO and JW ANDERSON Straight Jeans.

The second reason relates to our styling appeal. We will continue to promote the appeal of our individual products but we will also focus on how customers might style and enjoy those products and how we communicate those styling and outfit choices. We issue our [LifeWear magazine](#) every six months, and we express our values, concepts, and anything else that we consider to be important in that magazine. I think we have gradually become a more integrated part of customers' daily lives by consistently expressing these values and concepts in our marketing and on our sales floors. As a result, while we are not satisfied with the extent yet, we do feel that more and more young people are starting to appreciate UNIQLO quality and fun.

If we continue to improve the way we do these things, we will be able to grow our business performance. However, if we keep repeating the same things, then sales will not expand. I think we can leverage UNIQLO Japan's ability to inspire ingenious ideas and innovation in a mature market across our global business. We want to create this kind of positive cycle, and we believe that the UNIQLO Japan business can skillfully put such a cycle into practice.

Q: Is there any cause for concern on the operational front or the human resources front as your global operations expand?

CFO Okazaki: I think there is still work to do to achieve the desired level on both the operational and personnel fronts. To ensure our customers enjoy the very best experience, we need to create shop floors that are easy to navigate and to avoid shortages or excess stock in our stores. We also need to offer

the very best customer service to ensure our customers enjoy their shopping experience and leave with a smile on their faces. We are not yet able to achieve all of these things at every store. Furthermore, we have still not fully developed the number and caliber of store managers that we need to train staff, especially in markets where we are currently enjoying strong growth, such as the United States, Europe, and Southeast Asia. We believe that recruitment and training are important elements that will determine our future growth potential. So, I do not think you need to be excessively concerned about these points, but it would be good to understand that they do pose a challenge.

Q: Do you expect to be able to secure a greater markup by raising prices?

CFO Okazaki: I think the gross profit margin will inevitably be under pressure in FY2027 so we must consider how we can control and alleviate that pressure. Basically, we want to conduct sound business operations by assessing the competitiveness of each product before deciding to adjust prices, securing a certain markup, and suppressing discount sales. Raising prices unreasonably just to improve the gross profit margin would backfire, so we want to maintain a good balance.

Q: Are there any new markets that you would like to develop going forward?

CFO Okazaki: There are some regions where we would like to open stores or think would show great potential if we did open store. However, for the time being, we intend to prioritize our existing operations. It is important to first improve business accuracy in those existing markets and deepen consumer affinity toward LifeWear. However, yes, there is potential to expand our geographical store opening sphere and it is something that you could look forward to in the long term.