

Business Results for Fiscal 2026 Q&A (September 2025 to August 2026)

Below are the main questions from our corporate results briefing concerning business results for FY2026, or the twelve months through August 31, 2026. The answers have been edited for clarity.

Q: GU Creative Director Francesco Risso has been renewing the entire GU product range since the Fall Winter 2026 collection. How is that progressing and what plans do you have for expanding the brand outside Japan going forward?

Tadashi Yanai, Chairman, President and CEO, FAST RETAILING CO., LTD.: Right now, we are displaying a full range of new products in GU stores. The products are very well developed and of a very high standard. However, we are experiencing some challenges, which I think stem from unclear styling and insufficient communication of the fact that GU has changed. Going forward, we will communicate more strongly GU's brand concept of offering fashion that anyone can enjoy and can purchase with confidence. We must also create store displays that give customers a real sense of the GU brand concept through styling suggestions and other activities. So, we need to start by encouraging customers to visit GU stores and buy GU products. We can then further refine those GU products based on customer reactions and feedback.

Our ultimate goal is to grow the GU brand on a global scale. Given that our company originated in Asia, we want to test whether GU can succeed globally, first in Asia and then in the USA and Europe.

Q: How is UNIQLO's business progressing in Southeast Asia? I believe many of your customers are high-income earners, but how do you intend to expand your future customer base in that region going forward?

CEO Yanai: I do not think customers in Southeast Asia are refraining from purchasing our products because they think they are expensive. The middle-income population is rising in Southeast Asia. I think middle-income citizens living in major cities in particular consider UNIQLO to be an affordable brand. Furthermore, we are not selling products based on fashion. We sell everyday clothes that offer comfort and feel. I think UNIQLO will become the No.1 brand among customers who want to enjoy wearing those kinds of clothes. I think we will definitely be able to sustain future growth if we emphasize our strengths and develop UNIQLO as the brand that feels closest to customers in Southeast Asia.

You can open a store straight away, but it takes years to nurture the right personnel. So, I want us to

strive to become the No.1 brand in all Southeast Asia markets by building local management teams at the same time as we open new stores in the region, and by adhering to our Global One and *ZEN-IN KEIEI* management principles and independent store management practices.

Q: You plan to open 30 new UNIQLO stores in Southeast Asia in fiscal 2027. Do you intend to continue opening stores in the same sort of locations as you have so far, and do you also intend to increase the number of roadside stores in that region?

CEO Yanai: We will also continue to open more roadside stores. However, learning from our experience in the Mainland China market, we would not be looking to open large volumes of stores under a chain store management format, but to open meaningful stores with deep community links and product lineups that are attentively tailored to local customer needs.

Q: Do you think there is potential to attract fresh demand by developing business that is not governed by seasonal factors or by developing business with deep community roots?

CEO Yanai: Our greatest potential lies in the fact that our products are “component” clothing. Our customers can enjoy UNIQLO clothes whether they are out at work, in town, or at home. We also offer GU also offers “component” clothing that allows customers to enjoy fashion. What we need to do is offer customers styling suggestions rather than individual products. In addition to creating regionally tailored product lineups, I also want to strengthen our ability to develop products that reflect changing climate conditions and evolving lifestyles. Our LifeWear, the ultimate everyday wear, offer universal comfort that can be worn anytime, anywhere, by anyone, and that can be adapted to suit a wide range of occasions. If we can advertise that appeal more strongly, we will be able to achieve even higher sales than ever before.

Daisuke Tsukagoshi, Director, Group Senior Executive Officer & COO, FAST RETAILING CO., LTD:
One of our key business philosophies focuses on the pursuit of independent store management. Rather than uniformly implementing worldwide the business decisions made by headquarters or top management, we encourage local store managers to determine the structure of their own operation based on the local climate and local customer needs. Also, in the past, we used to compile four seasonal product lineups for spring, summer, fall, and winter, but now, we are shifting more toward seasonless business. As I explained in my presentation, short-sleeved T-shirts also sell well in winter, and products made from natural materials including linen and cashmere, which had previously not sold very well in the Mainland China market, are now generating extremely firm sales. People’s lifestyles do change over

time, and that is why providing products that are tailored to these evolving lifestyles is a central part of our commitment to “meet the needs of our customers and generate new ones,” the first of our 23 Principles of Management. I think the key to our future growth lies in whether we can deliver the products that our customers want, wherever they are in the world. There is still much we need to do, including improving our supply chain, but we will address each of these areas with vigor and determination.

Q: In your presentation, you said that you had “entered a new stage where we can pay high shareholder returns while prioritizing strong growth.” Can you define this level of “strong growth,” and elaborate on your capital allocation approach?

Takeshi Okazaki, Director, Group Senior Executive Officer & CFO, FAST RETAILING CO., LTD.: When we say strong growth, we mean strong sustainable growth. We believe there is huge latent demand for our LifeWear concept, and we will execute all the necessary investments to maximize this potential. The 12.3% year-on-year increase in consolidated revenue disclosed in our fiscal 2027 business estimates is not a conservative estimate, but I think it is achievable if we keep pursuing our current policy. It is also important not just to achieve individual annual forecasts, but to sustain that achievement over multiple years. In terms of our capital allocation priorities, the most important priority is to continue investing in growth opportunities. Even after considering the scale of growth investment required and the risks involved in pursuing this strategy, we believe we can maintain a dividend payout ratio to shareholders of roughly 50%. We decided we could achieve sustained growth while conducting investment to unlock latent LifeWear demand, so we took the opportunity to elaborate on our capital policy at the same time.

CEO Yanai: We want to increase annual groupwide sales by approximately ¥ 500 billion each year. In the retail or apparel industry, ¥ 500 billion in annual sales is equivalent to the scale of a major corporation. In absolute terms, that kind of growth would be similar to creating a whole new retail company each year. When I look around the world, I see multiple regions that still have plenty of potential, and I believe customers the world over will embrace and appreciate UNIQLO products and philosophy. Meanwhile, I also believe there is a strong demand for low-priced clothing with a trendy fashion focus. That is why I think GU has as much future potential as UNIQLO. I think GU can grow its business not just in Asia, but also in the USA and Europe.

Q: What level of return on equity (ROE) are you hoping to achieve?

CFO Okazaki: Our cost of capital is roughly 10%. We believe ROE should exceed capital costs consistently, and by a generous margin. ROE stood at 21.2% in fiscal 2026, so that level was

considerably higher than 10%, and we want to maintain that comparative margin. Having said that, we will assign a higher priority to business growth than ROE.

Q: The business profit margin has now exceeded 20% for UNIQLO operations in South Korea, Southeast Asia, India, and Australia and risen close to 20% for UNIQLO operations in North America and Europe. What kind of margin do you think you can achieve going forward?

COO Tsukagoshi: We target a business profit margin of between 15 and 20%. While our business profit margins are gradually rising, improving profit margins is not our biggest priority. We place greater importance on the core substance of our business than on the business profit margin. Right now, we are focused primarily on whether customers visiting our stores around the world are truly satisfied when they leave those stores. Why? Because if they are not, then we cannot grow. For example, to encourage further growth in the Mainland China market, where we are currently pursuing some rebranding measures, we have to inspire customer interest in the UNIQLO brand and products. To that end, we need to persist with our scrap and build policy and with the opening of new flagship stores in each city. We also need to constantly communicate our unique LifeWear philosophy to consumers worldwide. I think all these efforts will naturally generate an improvement in business profit margins.

Boosting sales by ¥500 billion each year will enable us to expand our corporate scale at a robust pace, but that does not change our fundamental business approach of pursuing low-cost management steered by small teams of talented managers. We will continue to invest in the necessary areas to facilitate this kind of business.

Q: Where are you seeing positive signs from your business structural reforms in Mainland China market?

COO Tsukagoshi: It is important to strengthen our business not only in major cities, such as Beijing, Shanghai, Guangzhou, and Shenzhen, but also in inland areas, such as Changsha, Wuhan, Chengdu, and Chongqing. For example, Chongqing is a huge city with a population of over 30 million people, so it harbors great potential. Meanwhile, the number of inbound visitors to Mainland China exceeds 35 million, and we are also seeing encouraging potential there. Growing global recognition of the UNIQLO brand is also stimulating purchasing behavior within Mainland China and positively impacting our performance in that market. We conduct global business that transcends national and regional borders. We are starting to see the benefits of increasingly borderless activities and movement emerge in every corner of the globe. In that respect, we believe our Global One, *ZEN-IN KEIEI* approach is steering the right direction. Going forward, we will continue to explore and capitalize on business opportunities worldwide, rather than making all decisions in Tokyo.

Q: Do you think you might use some of your ample cash holdings to buy more shares in your joint venture companies to increase your stake?

CEO Yanai: In some regions, you have to form joint venture companies to conduct business. Essentially, I do not consider the forming of joint venture companies to be a problem if it enables you to grow your business faster and bigger. For that reason, we are not thinking of buying equity from partner companies at this stage.