FAST RETAILING

FAST RETAILING CO., LTD.

迅銷有限公司

(Incorporated in Japan with limited liability)

(Stock Code:6288)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 NOVEMBER 2018 AND RESUMPTION OF TRADING

The board of directors (the "Board") of FAST RETAILING CO., LTD. (the "Parent" or "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "Group") for the three months ended 30 November 2018.

At the request of the Company, trading in its Hong Kong depositary receipts on the Stock Exchange was halted with effect from 1:00 p.m. on Thursday, 10 January 2019, pending the release of this announcement. An application will be made by the Company to the Stock Exchange for resumption of trading in the Hong Kong depositary receipts with effect from 9:00 a.m. on Friday, 11 January 2019.

(Amounts are rounded down to the nearest million yen unless otherwise stated)

1. CONSOLIDATED RESULTS

(1) Consolidated Operating Results (1 September 2018 to 30 November 2018)

(Percentages represent year-on-year changes)

	Revenue		Operating profit		Profit before income taxes		Profit for the period	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended 30 November 2018	644,466	4.4	104,665	(8.1)	111,086	(5.7)	80,285	(5.2)
Three months ended 30 November 2017	617,026	16.7	113,901	28.6	117,832	13.1	84,646	14.9

	Profit attributable to owners of the Parent		Total comprehensive income for the period		Basic earnings per share for the period	Diluted earnings per share for the period
	Millions of yen	%	Millions of yen	%	Yen	Yen
Three months ended 30 November 2018	73,476	(6.4)	103,831	8.7	720.16	719.01
Three months ended 30 November 2017	78,540	12.7	95,515	(39.6)	770.11	768.99

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the Parent	Ratio of equity attributable to owners of the Parent to total assets	Equity per share attributable to owners of the Parent
	Millions of yen	Millions of yen	Millions of yen	%	Yen
As at 30 November 2018	2,031,729	981,234	936,745	46.1	9,180.49
As at 31 August 2018	1,953,466	902,777	862,936	44.2	8,458.52

2. DIVIDENDS

(Declaration date)	Dividend per share				
	First quarter period end	Second quarter period end	Third quarter period end	Year end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended 31 August 2018	—	200.00	—	240.00	440.00
Year ending 31 August 2019	—				
Year ending 31 August 2019 (forecast)		240.00	—	240.00	480.00

(Note) Revisions during this quarter of dividends forecast for fiscal year: None

3. CONSOLIDATED BUSINESS RESULTS PROJECTION FOR YEAR ENDING 31 AUGUST 2019 (1 SEPTEMBER 2018 TO 31 AUGUST 2019)

(% shows rate of Increase(decrease) from previous period)

	Revenue		Operating profit		Profit before income taxes		Profit attributable to owners of the Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ending 31 August 2019	2,300,000	8.0	270,000	14.3	270,000	11.3	165,000	6.6

	Basic earnings per share attributable to owners of the Parent
	Yen
Year ending 31 August 2019	1,617.33

(Note) Revisions during this quarter of previously disclosed consolidated business results projection for the year ending 31 August 2019: None

* Notes

(1) Changes of principal subsidiaries in the period: None

(2) Changes in accounting policies and changes in accounting estimates:

(i)	Changes in accounting policies to conform with IFRS:	Yes
(ii)	Other changes in accounting policies:	None
(iii)	Changes in accounting estimates:	None

(3) Total number of issued shares (Common stock)

(i)	Number of issued shares (including treasury stock)	As at 30 November 2018	106,073,656 shares	As at 31 August 2018	106,073,656 shares
(ii)	Number of treasury stock	As at 30 November 2018	4,037,093 shares	As at 31 August 2018	4,053,872 shares
(iii)	Average number of issued shares	For the three months ended 30 November 2018	102,027,782 shares	For the three months ended 30 November 2017	101,985,476 shares

*This first quarterly results announcement is not subject to quarterly review procedures pursuant to the Financial Instruments and Exchange Act of Japan.

*Explanation and other notes concerning proper use of the consolidated business results projection:

Statements made in these materials, such as those pertaining to future matters, including business projections, are based on information presently available to the Company and certain assumptions determined to be reasonable. Actual business results may vary materially depending on a variety of factors. For the background, assumptions and other matters regarding the business results projection, please refer to P. 6 “(3) Qualitative Information Concerning Consolidated Business Results Projection”.

1. Business Results

(1) Results of Operations

The Fast Retailing Group revenue rose but profit fell in the first quarter of fiscal 2019, or the three months from 1 September 2018 to 30 November 2018. Consolidated revenue reached 644.4 billion yen (+4.4% year-on-year) and operating profit totaled 104.6 billion yen (-8.1% year-on-year). While UNIQLO International continued to expand favorably and report consistent rises in both revenue and profit, UNIQLO Japan experienced a decline in both revenue and profit as mild winter weather resulted in sluggish sales. That sluggish performance from UNIQLO Japan was largely responsible for the decline in first-quarter consolidated profit. As a result, the consolidated gross profit margin declined by 1.0 point year-on-year in the first quarter, and the selling, general and administrative expense ratio rose by 1.3 points. A net gain of 6.4 billion yen was recorded under finance income/cost after the spot foreign exchange rate at the end of November closed below the spot rate at the start of the business term, increasing the carrying amount of our long-term foreign-currency denominated assets in yen terms. As a result, profit before income taxes declined to 111.0 billion yen (-5.7% year-on-year) and profit attributable to owners of the parent decreased to 73.4 billion yen (-6.4% year-on-year).

The Group's medium-term vision is to become the world's number one apparel retailer. In pursuit of this aim, we are focusing our efforts on expanding UNIQLO International and our GU casual fashion brand. We continue to increase UNIQLO store numbers in each country where we operate, and open global flagship stores and large-format stores in major cities around the world to help consolidate UNIQLO's position as a key global brand. Within the UNIQLO International segment, Greater China (Mainland China, Hong Kong and Taiwan) and Southeast Asia are entering a new stage of growth as key drivers of operational growth for the Fast Retailing Group. In addition, UNIQLO USA is working solidly towards turning a profit in fiscal 2019. In terms of the GU operation, we plan to open more GU stores in Japan, while expanding the brand's international presence, primarily in Greater China and South Korea.

UNIQLO Japan

UNIQLO Japan reported declines in both revenue and profit in the first quarter of fiscal 2019, with revenue totaling 246.1 billion yen (-4.3% year-on-year) and operating profit totaling 37.9 billion yen (-29.9% year-on-year). First-quarter same-store sales, including online sales, declined 4.3% year-on-year. While new ranges and trendy products such as premium lambswool sweaters, boa fleece sweatshirts, fluffy fleece, and knitted coats sold well, sales of core Winter items struggled overall in the face of especially mild weather in October and November. Conversely, online sales expanded by an impressive 30.9% year-on-year, increasing the proportion of online sales from 7.0% to 9.7% of total sales. On the profit front, the continued rise in cost of sales due to a weakening in internal yen exchange rates, along with stronger discounting of Winter items resulted in a 3.2 point decline in the gross profit margin year-on-year. Meanwhile, the selling, general and administrative expense ratio increased by 2.2 points year-on-year on the back of higher distribution costs, and higher depreciation costs in relation to the automation of the Ariake warehouse.

UNIQLO International

UNIQLO International revenue and profit rose in the first quarter of fiscal 2019, with revenue totaling 291.3 billion yen (+12.8% year-on-year) and operating profit increasing to 52.5 billion yen (+12.6% year-on-year). UNIQLO International revenue and profit far outstripped that of UNIQLO Japan in the first quarter, making it the largest business segment in the Fast Retailing Group. In terms of individual markets, UNIQLO Greater China reported higher revenue and profits despite the mild winter weather. The operation in Mainland China continued strong, reporting double-digit growth in operating profit. Mainland China also achieved further double-digit growth in online sales, thanks to efforts to smoothly unify physical and online store operations. UNIQLO South Korea reported higher operating profit in the first quarter on the back of stricter discounting, and greater operational efficiency achieved through the use of RFID tags. UNIQLO Southeast Asia & Oceania reported higher revenue and profit thanks to strong same-store sales rises in all markets. UNIQLO USA reported significant increases in both revenue and profit on the back of a successful review of regional product mixes and continued strong online sales growth, and efforts to help the operation turn a profit in the current financial year are proceeding smoothly. UNIQLO Europe also reported strong rises in both revenue and profit, with Russia generating an especially strong performance. UNIQLO opened its first store in the Netherlands in Amsterdam in September 2018, and its biggest Southeast Asian global flagship store in Manila, the Philippines in October 2018.

GU

The GU business segment reported a rise in revenue but a fall in profit in the first quarter of fiscal 2019, with revenue climbing to 65.4 billion yen (+7.7% year-on-year) and operating profit declining to 8.5 billion yen (-4.9% year-on-year). The gross profit margin declined slightly, and business costs increased on stronger advertising and promotion activities, resulting in a slight decline in operating profit. However, revenue picked up following decisions to start focusing on mass trend items and recommence TV advertising to strengthen GU marketing. Sales of advertising campaign items such as sweat shirts and oversized knitted products were especially buoyant, and outerwear sales picked up sharply once the temperature started to drop.

Global Brands

Global Brands revenue rose but profit fell in the first quarter of fiscal 2019. Revenue rose to 40.7 billion yen (+1.8% year-on-year), while operating profit declined to 2.7 billion yen (-9.9% year-on-year). The Theory fashion operation reported a considerable increase in profit, thanks to strong sales, and subsequent reduced discounting losses, at the Theory label operation in the United States. Our Japan-based PLST brand, which offers elegant, versatile everyday fashion of the highest quality, generated higher revenue. However, PLST operating profit dipped slightly due to increased costs associated with higher new store openings. Comptoir des Cotonniers, Princesse tam.tam and J Brand reported continued losses in the first quarter.

Sustainability

In keeping with our key sustainability message "Unlocking the power of clothing ," Fast Retailing seeks to contribute to the sustainable development of global society through our core clothing business. Fast Retailing's sustainability activities seek to promote human rights, environmental protection and broader social contributions within six clear material areas: Create new value through products and services; Respect human rights in our supply chain; Respect the environment; Strengthen communities; Support employee fulfillment, and; Corporate governance. In October 2018, Fast Retailing signed the United Nations Global Compact (UNGC), as set of 10 universal sustainability principles that companies agree to adhere to under the four categories of Human Rights, Labor, Environment and Anti-Corruption.

On specific product-related initiatives, the Fast Retailing Group's Jeans Innovation Center in Los Angeles has developed technologies that can greatly reduce the huge volume of water used in jeans processing by using nanobubble and ozone washing machines and highly skilled jeans designer techniques. As a result, we were able to reduce the amount of water used to make 2018 Fall Winter Men's regular fit jeans by a maximum 99%, and an average of over 90%, compared to the 2017 product. We intend to introduce this water-conserving technology for all jeans produced and retailed under the Fast Retailing Group umbrella by 2020, and start expanding production.

In November 2018, we published a list of UNIQLO core fabric mills to complement the existing lists of core UNIQLO and GU production partners, as part of our ongoing commitment to increase transparency across our supply chain to help protect the environment, ensure proper working conditions for all, and safeguard human rights. In addition to inspecting working conditions at these core fabric mills, factory wastewater uis regularly tested help eliminate the discharge of hazardous chemicals. We are also working to introduce the Higg Index at fabric mills, a suite of tools developed by the leading industry alliance, the Sustainable Apparel Coalition (SAC), to help reduce the environmental impact of factories by reducing reduce energy and water consumption.

As part of our initiatives to strengthen communities, we donated 17,700 items of UNIQLO and GU clothing (as of November 2018) as emergency aid to victims of the September 2018 earthquake in Hokkaido. In November 2018, we also delivered approximately 90,000 items of clothing to Venezuelan refugees and immigrants in Columbia as part of our All-Product Recycling Initiative to deliver secondhand clothing collected in UNIQLO and GU store recycling boxes to people around the world in need of clothes. We also offer support for refugees that help foster independence. In November 2018, the Foundation for the Welfare and Education of the Asian People (FWEAP) recognized the achievements of one of the refugee staff working as a local-store, full-time UNIQLO Japan employee, and sent UNIQLO a thank you letter praising our refugee support activities, and efforts to promote the permanent settlement of refugees.

(2) Financial Positions and Cash Flows Information

(i) Financial Positions

Total assets as at 30 November 2018 were 2,031.7 billion yen, which was an increase of 78.2 billion yen relative to the end of the preceding consolidated fiscal year. The principal factors were a decrease of 20.6 billion yen in cash and cash equivalents, an increase of 76.4 billion yen in trade and other receivables, an increase of 14.1 billion yen in other financial assets, a decrease of 11.8 billion yen in inventories and an increase of 20.7 billion yen in derivative financial assets.

Total liabilities as at 30 November 2018 were 1,050.4 billion yen, which was a decrease of 0.1 billion yen relative to the end of the preceding consolidated fiscal year. The principal factors were a decrease of 7.3 billion yen in trade and other payables, a decrease of 20.0 billion yen in other financial liabilities, an increase of 15.4 billion yen in current tax liabilities and an increase of 12.9 billion yen in other current liabilities.

Total net assets as at 30 November 2018 were 981.2 billion yen, which was an increase of 78.4 billion yen relative to the end of the preceding consolidated fiscal year. The principal factors were an increase of 48.9 billion yen in retained earnings and an increase of 22.5 billion yen in other components of equity.

(ii) Cash Flows Information

Cash and cash equivalents as at 30 November 2018 had decreased by 20.6 billion yen from the end of the preceding consolidated fiscal year, to 979.0 billion yen.

(Operating Cash Flows)
Net cash generated by operating activities for the three months ended 30 November 2018 was 30.1 billion yen, which was a decrease of 89.9 billion yen (-74.9% year-on-year) from the three months ended 30 November 2017. The principal factors were an increase of 74.3 billion yen in trade and other receivables (an increase of 6.5 billion yen from the three months ended 30 November 2017), a decrease of 15.5 billion yen in inventories (an increase of 23.7 billion yen from the three months ended 30 November 2017), a decrease of 10.5 billion yen in trade and other payables (an increase of 33.0 billion yen from the three months ended 30 November 2017), a decrease of 1.3 billion yen in other assets (an increase of 42.0 billion yen from the three months ended 30 November 2017), a decrease of 10.6 billion yen in other liabilities (a decrease of 199.9 billion yen from the three months ended 30 November 2017) and 13.8 billion yen in income taxes paid (an increase of 7.4 billion yen from the three months ended 30 November 2017).

(Investing Cash Flows)
Net cash used in investing activities for the three months ended 30 November 2018 was 31.1 billion yen, which was an increase of 25.8 billion yen (+478.8% year-on-year) from the three months ended 30 November 2017. The principal factors were 12.0 billion yen in bank deposits with original maturity over three months (an increase of 20.8 billion yen from the three months ended 30 November 2017) and 12.1 billion yen in payments for property, plant and equipment (an increase of 4.2 billion yen from the three months ended 30 November 2017).

(Financing Cash Flows)
Net cash used in financing activities for the three months ended 30 November 2018 was 27.1 billion yen, which was an increase of 10.5 billion yen (+63.5% year-on-year) from the three months ended 30 November 2017. The principal factors were 24.4 billion yen in dividends paid to owners of the Parent (an increase of 6.6 billion yen from the three months ended 30 November 2017) and 0.4 billion yen in capital contributions from non-controlling interests (an increase of 3.2 billion yen from the three months ended 30 November 2017).

(3) Qualitative Information Concerning Consolidated Business Results Projection

No adjustments were made concerning the business results projection for the year ending 31 August 2019 as reported in the “Annual Results Announcement for the Year Ended 31 August 2018 and Resumption of Trading” released on 11 October 2018.

2. Interim Condensed Consolidated Financial Statements and Accompanying Material Notes

(1) Interim Condensed Consolidated Statement of Financial Position

(Millions of yen)

	As at 31 August 2018	As at 30 November 2018
ASSETS		
Current assets		
Cash and cash equivalents	999,697	979,087
Trade and other receivables	52,677	129,146
Other financial assets	35,359	49,536
Inventories	464,788	452,891
Derivative financial assets	35,519	56,303
Income taxes receivable	1,702	1,468
Other assets	28,353	23,621
Total current assets	1,618,097	1,692,055
Non-current assets		
Property, plant and equipment	155,077	160,702
Goodwill	8,092	8,092
Intangible assets	46,002	51,034
Financial assets	79,476	76,920
Investments in associates accounted for using the equity method	14,649	14,552
Deferred tax assets	26,378	19,030
Other assets	5,691	9,341
Total non-current assets	335,368	339,673
Total assets	1,953,466	2,031,729
Liabilities and equity		
LIABILITIES		
Current liabilities		
Trade and other payables	214,542	207,222
Other financial liabilities	171,854	151,848
Derivative financial liabilities	6,917	1,307
Current tax liabilities	21,503	36,921
Provisions	11,868	12,640
Other liabilities	72,722	85,654
Total current liabilities	499,410	495,595
Non-current liabilities		
Financial liabilities	502,671	504,791
Provisions	18,912	19,168
Deferred tax liabilities	13,003	13,307
Other liabilities	16,690	17,631
Total non-current liabilities	551,277	554,899
Total liabilities	1,050,688	1,050,494
EQUITY		
Capital stock	10,273	10,273
Capital surplus	18,275	20,433
Retained earnings	815,146	864,138
Treasury stock, at cost	(15,429)	(15,365)
Other components of equity	34,669	57,265
Equity attributable to owners of the Parent	862,936	936,745
Non-controlling interests	39,841	44,489
Total equity	902,777	981,234
Total liabilities and equity	1,953,466	2,031,729

(2) Interim Condensed Consolidated Statement of Profit or Loss and Interim Condensed Consolidated Statement of Comprehensive Income

Interim Condensed Consolidated Statement of Profit or Loss

(Millions of yen)

	Notes	Three months ended 30 November 2017	Three months ended 30 November 2018
Revenue	3	617,026	644,466
Cost of sales		(299,961)	(319,658)
Gross profit		317,065	324,808
Selling, general and administrative expenses	4	(204,226)	(221,515)
Other income	5	1,111	1,951
Other expenses	5	(221)	(769)
Share of profit and loss of associates accounted for using the equity method		173	189
Operating profit		113,901	104,665
Finance income	6	4,566	7,560
Finance costs	6	(635)	(1,139)
Profit before income taxes		117,832	111,086
Income tax expense		(33,186)	(30,801)
Profit for the period		84,646	80,285
Profit for the period attributable to:			
Owners of the Parent		78,540	73,476
Non-controlling interests		6,106	6,808
		84,646	80,285
Earnings per share			
Basic (yen)	7	770.11	720.16
Diluted (yen)	7	768.99	719.01

Interim Condensed Consolidated Statement of Comprehensive Income

(Millions of yen)

	Three months ended 30 November 2017	Three months ended 30 November 2018
Profit for the period	84,646	80,285
Other comprehensive income (loss), net of income tax		
Items that will not be reclassified subsequently to profit or loss		
Financial assets measured at fair value through other comprehensive income	—	(116)
Total items that will not be reclassified subsequently to profit or loss	—	(116)
Items that may be reclassified subsequently to profit or loss		
Net fair value gain (loss) on available-for-sales financial assets during the period	(50)	—
Exchange differences on translating foreign operations	7,143	6,835
Cash flow hedges	3,775	16,807
Share of other comprehensive income of associates	—	18
Total items that may be reclassified subsequently to profit or loss	10,868	23,662
Other comprehensive income (loss), net of income tax	10,868	23,545
Total comprehensive income (loss) for the period	95,515	103,831
Attributable to:		
Owners of the Parent	88,565	96,072
Non-controlling interests	6,950	7,759
Total comprehensive income (loss) for the year	95,515	103,831

(3) Interim Condensed Consolidated Statement of Changes in Equity

For the three months ended 30 November 2017

(Millions of yen)

	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Other components of equity: Available-for-sale reserve	Foreign currency translation reserve	Cash flow hedge reserve	Share of other comprehensive income of associates	Total	Equity attributable to owners of the Parent	Non-controlling interests	Total equity
As at 1 September 2017	10,273	14,373	698,584	(15,563)	2	21,806	2,293	—	24,102	731,770	30,272	762,043
Net changes during the period												
Comprehensive income												
Profit for the period	—	—	78,540	—	—	—	—	—	—	78,540	6,106	84,646
Other comprehensive income (loss)	—	—	—	—	(50)	5,500	4,574	—	10,025	10,025	843	10,868
Total comprehensive income (loss)	—	—	78,540	—	(50)	5,500	4,574	—	10,025	88,565	6,950	95,515
Transactions with the owners of the Parent												
Disposal of treasury stock	—	92	—	11	—	—	—	—	—	103	—	103
Dividends	—	—	(17,847)	—	—	—	—	—	—	(17,847)	(2,269)	(20,116)
Share-based payments	—	1,814	—	—	—	—	—	—	—	1,814	—	1,814
Changes in ownership interests in subsidiaries without losing control	—	1,874	—	—	—	—	—	—	—	1,874	1,754	3,629
Total transactions with the owners of the Parent	—	3,782	(17,847)	11	—	—	—	—	—	(14,053)	(514)	(14,567)
Total net changes during the period	—	3,782	60,692	11	(50)	5,500	4,574	—	10,025	74,511	6,435	80,947
As at 30 November 2017	10,273	18,155	759,276	(15,552)	(47)	27,307	6,868	—	34,127	806,281	36,708	842,990

For the three months ended 30 November 2018

(Millions of yen)

	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Other components of equity: Financial assets measured at fair value through other comprehensive income	Foreign currency translation reserve	Cash flow hedge reserve	Share of other comprehensive income of associates	Total	Equity attributable to owners of the Parent	Non-controlling interests	Total equity
As at 1 September 2018	10,273	18,275	815,146	(15,429)	37	15,429	19,202	—	34,669	862,936	39,841	902,777
Net changes during the period												
Comprehensive income (loss)												
Profit for the period	—	—	73,476	—	—	—	—	—	—	73,476	6,808	80,285
Other comprehensive income (loss)	—	—	—	—	(116)	6,145	16,548	18	22,595	22,595	950	23,545
Total comprehensive income (loss)	—	—	73,476	—	(116)	6,145	16,548	18	22,595	96,072	7,759	103,831
Transactions with the owners of the Parent												
Disposal of treasury stock	—	508	—	63	—	—	—	—	—	572		572
Dividends	—	—	(24,484)	—	—	—	—	—	—	(24,484)	(3,531)	(28,016)
Share-based payments	—	1,649	—	—	—	—	—	—	—	1,649	—	1,649
Incorporation of a new subsidiary	—	—	—	—	—	—	—	—	—	—	250	250
Changes in ownership interests in subsidiaries without losing control	—	—	—	—	—	—	—	—	—	—	169	169
Total transactions with the owners of the Parent	—	2,157	(24,484)	63	—	—	—	—	—	(22,262)	(3,111)	(25,374)
Total net changes during the period	—	2,157	48,991	63	(116)	6,145	16,548	18	22,595	73,809	4,648	78,457
As at 30 November 2018	10,273	20,433	864,138	(15,365)	(79)	21,575	35,750	18	57,265	936,745	44,489	981,234

(4) Interim Condensed Consolidated Statement of Cash Flows

(Millions of yen)

	Three months ended 30 November 2017	Three months ended 30 November 2018
Cash flows from operating activities		
Profit before income taxes	117,832	111,086
Depreciation and amortization	9,927	11,982
Interest and dividend income	(1,741)	(2,530)
Interest expenses	635	1,139
Foreign exchange losses (gains)	(2,824)	(5,030)
Share of profit and loss of associates accounted for using the equity method	(173)	(189)
Losses on disposal of property, plant and equipment	100	59
Decrease (increase) in trade and other receivables	(80,878)	(74,305)
Decrease (increase) in inventories	(8,229)	15,510
Increase(decrease) in trade and other payables	(43,619)	(10,562)
Decrease (increase) in other assets	(40,649)	1,396
Increase(decrease) in other liabilities	189,307	(10,640)
Others, net	258	3,988
Cash generated from operations	139,943	41,904
Interest and dividends income received	1,715	2,461
Interest paid	(303)	(361)
Income taxes paid	(21,299)	(13,867)
Net cash generated by operating activities	120,056	30,136
Cash flows from investing activities		
Amounts deposited into bank deposits with original maturities of three months or longer	(2,348)	(29,175)
Amounts withdrawn from bank deposits with original maturities of three months or longer	11,206	17,153
Payments for property, plant and equipment	(7,940)	(12,176)
Payments for intangible assets	(3,110)	(5,912)
Payments for lease and guarantee deposits	(1,490)	(1,346)
Proceeds from collection of lease and guarantee deposits	635	858
Others, net	(2,342)	(595)
Net cash (used in) generated by investing activities	(5,390)	(31,195)

(Millions of yen)

	Three months ended 30 November 2017	Three months ended 30 November 2018
Cash flows from financing activities		
Proceeds from short-term loans payable	1,123	1,257
Repayment of short-term loans payable	(767)	(967)
Dividends paid to owners of the Parent	(17,800)	(24,455)
Capital contributions from non-controlling interests	3,629	420
Dividends paid to non-controlling interests	(270)	(560)
Repayments of lease obligations	(2,384)	(2,878)
Others, net	(130)	39
Net cash (used in) generated by financing activities	(16,600)	(27,144)
Effect of exchange rate changes on the balance of cash held in foreign currencies	7,030	7,594
Net increase (decrease) in cash and cash equivalents	105,096	(20,609)
Cash and cash equivalents at the beginning of period	683,802	999,697
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	788,898	979,087

(5) Notes to assumption of going concern

Not applicable.

(6) Notes to the Interim Condensed Consolidated Financial Statements

1. Changes in accounting policies

(1) Application of IFRS 9: Financial Instruments

①Financial instruments: Classification and measurement

The Group began classifying equity instruments that used to be classified as “Available-for-sale financial assets” as “Financial assets measured at fair value through other comprehensive income” from the beginning of the consolidated fiscal year ending 31 August 2019. Accordingly, the Group reclassified those equity instruments out of “Available-for-sale financial assets” and into “Financial assets measured at fair value through other comprehensive income” in the Interim Condensed Consolidated Statement of Changes in Equity from the beginning of the consolidated fiscal year ending 31 August 2019.

The Group has not chosen to apply the full retrospective application of IFRS 9 on the consolidated financial statements for the consolidated fiscal year ended 31 August 2018 in accordance with the transition provisions set out in IFRS 9.

②Financial instruments: Impairment

The Group has changed the recognition of impairment of financial assets measured at amountized cost to recognize a loss allowance for expected credit losses on those financial assets.

③Financial instruments: Hedge accounting

The Group applies IFRS 9 hedge accounting standards and considers the fulfilment of specific hedge accounting requirements under IAS 39, Financial Instruments: Recognition and Measurement and IFRS 9 as incremental parts of a consistent hedge accounting policy.

The application of IFRS9 has not had a significant import or the financial position and/or financial performance of the Group for the three months ended 30 November 2018.

(2) Application of IFRS 15: Revenue from contracts with customers

The Group recognizes revenue in accordance with IFRS 15 by applying the following five-step approach:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

As the developer of global clothing retail operations, the Group recognizes revenue when it satisfies its performance obligation by transferring the promised goods to the customer. An asset is transferred when the customer obtains control of that asset. In addition, the Group recognizes revenue at amount of the promised considerations that the customer would pay in accordance with a contract, less the sum of discounts, rebates, and refunds or credits.

The application of IFRS 15 has not had a significant impact on the financial position and/or financial performance of the Group for the three months ended 30 November 2018.

2. Segment information

(i) Description of reportable segments

The Group's reportable segments are components for which discrete financial information is available and which are reviewed regularly by the Board to make decisions about the allocation of resources and to assess performance.

The Group's main retail clothing business is divided into four reportable operating segments: UNIQLO Japan, UNIQLO International, GU and Global Brands, each of which is used to frame and form the Group's strategy.

The main businesses covered by each reportable segment are as follows:

UNIQLO Japan : UNIQLO clothing business within Japan
UNIQLO International : UNIQLO clothing business outside of Japan
GU : GU clothing business in Japan and overseas
Global Brands : Theory, COMPTOIR DES COTONNIERS, PRINCESSE TAM.TAM and J Brand clothing operations

(ii) Segment revenue and results

For the three months ended 30 November 2017

(Millions of yen)

	Reportable segments				Total	Others (Note 1)	Adjustments (Note 2)	Interim Condensed Consolidated Statement of Profit or Loss
	UNIQLO Japan	UNIQLO International	GU	Global Brands				
Revenue	257,068	258,283	60,815	40,052	616,218	808	―	617,026
Operating profit	54,113	46,671	9,011	3,030	112,826	33	1,041	113,901
Segment income (losses) (i.e., Profit before income taxes)	54,099	46,817	8,995	3,041	112,953	33	4,845	117,832

(Note 1) "Others" includes the real estate leasing business, etc.

(Note 2) "Adjustments" mainly includes revenue and corporate expenses which are not allocated to individual reportable segments.

For the three months ended 30 November 2018

(Millions of yen)

	Reportable segments				Total	Others (Note 1)	Adjustments (Note 2)	Interim Condensed Consolidated Statement of Profit or Loss
	UNIQLO Japan	UNIQLO International	GU	Global Brands				
Revenue	246,140	291,382	65,493	40,775	643,792	674	―	644,466
Operating profit	37,958	52,564	8,568	2,729	101,820	44	2,799	104,665
Segment income (losses) (i.e., Profit before income taxes)	38,314	52,616	8,537	2,685	102,154	45	8,887	111,086

(Note 1) "Others" includes the real estate leasing business, etc.

(Note 2) "Adjustments" mainly includes revenue and corporate expenses which are not allocated to individual reportable segments.

3. Revenue

The Group performs global clothing retail operations through both physical stores and e-commerce channels. The following is a breakdown of total revenue by major regional market operation.

Three months ended 30 November 2018

(Millions of yen)

		Revenue (Millions of yen)	Percent of Total (%)
	Japan	246,140	38.2
	Greater China	134,848	20.9
	Other parts of Asia & Oceania	90,375	14.0
	North America & Europe	66,158	10.3
UNIQLO (Note 1)		537,523	83.4
GU (Note 2)		65,493	10.2
Global Brands (Note 3)		40,775	6.3
Others (Note 4)		674	0.1
Total		644,466	100.0

(Note 1) Revenue is classified by nation or region based on customer location.
The designated countries and regions are classified as followed:
Greater China : Mainland China, Hong Kong, Taiwan
Other parts of Asia & Oceania : South Korea, Singapore, Malaysia, Thailand, the Philippines, Indonesia, Australia
North America & Europe : United States of America, Canada, United Kingdom, France, Russia, Germany, Belgium, Spain, Sweden, Netherlands
(Note 2) Main national and regional market: Japan
(Note 3) Main national and regional markets: North America, Europe, Japan
(Note 4) The "Others" category includes real estate leasing operations.

4. Selling, general and administrative expenses

The breakdown of selling, general and administrative expenses for each reporting period is as follows:

(Millions of yen)

	Three months ended 30 November 2017	Three months ended 30 November 2018
Selling, general and administrative expenses		
Advertising and promotion	21,364	22,330
Rental expenses	51,053	52,659
Depreciation and amortization	9,927	11,982
Outsourcing	9,198	10,254
Salaries	69,913	75,270
Others	42,768	49,019
Total	204,226	221,515

5. Other income and other expenses

The breakdown of other income and other expenses for each reporting period is as follows:

(Millions of yen)

	Three months ended 30 November 2017	Three months ended 30 November 2018
Other income		
Foreign exchange gains*	845	1,534
Others	265	417
Total	1,111	1,951

(Millions of yen)

	Three months ended 30 November 2017	Three months ended 30 November 2018
Other expenses		
Loss on retirement of property, plant and equipment	100	59
Others	121	709
Total	221	769

* Currency adjustments incurred in the course of operating transactions are included in "other income."

6. Finance income and finance costs

The breakdown of finance income and finance costs for each reporting period is as follows:

(Millions of yen)

	Three months ended 30 November 2017	Three months ended 30 November 2018
Finance income		
Foreign exchange gains*	2,824	5,030
Interest income	1,741	2,482
Others	0	48
Total	4,566	7,560

(Millions of yen)

	Three months ended 30 November 2017	Three months ended 30 November 2018
Finance costs		
Interest expenses	635	1,139
Total	635	1,139

* Currency adjustments incurred in the course of non-operating transactions are included in "finance income."

7. Earnings per share

Three months ended 30 November 2017		Three months ended 30 November 2018	
Equity per share attributable to owners of the Parent (Yen)	7,905.74	Equity per share attributable to owners of the Parent (Yen)	9,180.49
Basic earnings per share (Yen)	770.11	Basic earnings per share (Yen)	720.16
Diluted earnings per share (Yen)	768.99	Diluted earnings per share (Yen)	719.01

(Note) The basis for calculation of basic earnings per share and Diluted earnings per share is as follows:

	Three months ended 30 November 2017	Three months ended 30 November 2018
Basic earnings per share		
Profit for the period attributable to owners of the Parent (Millions of yen)	78,540	73,476
Profit not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to common shareholders (Millions of yen)	78,540	73,476
Average number of common stock outstanding during the period (Shares)	101,985,476	102,027,782
Diluted earnings per share		
Adjustment to Profit (loss) (Millions of yen)	—	—
Increase in number of common stock (Shares)	148,315	163,218
(Number of share subscription rights included in the increase)	(148,315)	(163,218)

8. Subsequent Events

Not applicable.

3. Resumption of Trading

At the request of the Company, trading in its Hong Kong depositary receipts on the Stock Exchange was halted with effect from 1:00 p.m. on Thursday, 10 January 2019, pending the release of this announcement. An application will be made by the Company to the Stock Exchange for resumption of trading in the Hong Kong depositary receipts with effect from 9:00 a.m. on Friday, 11 January 2019.

On behalf of the Board
FAST RETAILING CO., LTD.
Tadashi Yanai
Chairman, President and Chief Executive Officer

Japan, 11 January 2019

As at the date of this announcement, the Executive Director is Tadashi Yanai, the Non-executive Directors are Takeshi Okazaki, Kazumi Yanai and Koji Yanai, the Independent Non-executive Directors are Toru Hambayashi, Nobumichi Hattori, Masaaki Shintaku, Takashi Nawa and Naotake Ohno.