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FAST RETAILING
FAST RETAILING CO., LTD.
迅銷有限公司
(Incorporated in Japan with limited liability)
 (Stock Code:6288)

**THIRD QUARTERLY RESULTS ANNOUNCEMENT
 FOR THE NINE MONTHS ENDED 31 MAY 2019
 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 nine months ended 31 May 2019.

At the request of the Company, trading in its Hong Kong depository receipts on the Stock Exchange was halted with effect from 1:00 p.m. on Thursday, 11 July 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 depository receipts with effect from 9:00 a.m. on Friday, 12 July 2019.

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

1. CONSOLIDATED RESULTS

(1) Consolidated Operating Results (1 September 2018 to 31 May 2019)

(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	%
Nine months ended 31 May 2019	1,822,877	7.0	247,688	3.7	247,211	4.1	173,993	7.9
Nine months ended 31 May 2018	1,704,149	15.3	238,897	32.3	237,475	21.5	161,254	25.4

	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
Nine months ended 31 May 2019	158,668	7.0	162,051	5.3	1,554.94	1,552.35
Nine months ended 31 May 2018	148,335	23.5	153,946	(23.2)	1,454.29	1,451.77

(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 31 May 2019	1,974,493	1,010,190	963,770	48.8	9,443.57
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 ended 31 August 2019	—	240.00	—		
Year ended 31 August 2019 (forecast)				240.00	480.00

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

3. CONSOLIDATED BUSINESS RESULTS PROJECTION FOR YEAR ENDED 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 ended 31 August 2019	2,300,000	8.0	260,000	10.1	260,000	7.1	165,000	6.6

	Basic earnings per share attributable to owners of the Parent
	Yen
Year ended 31 August 2019	1,616.84

(Note) Revisions during this quarter of previously disclosed consolidated business results projections for the year ended 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 31 May 2019	106,073,656 shares	As at 31 August 2018	106,073,656 shares
(ii)	Number of treasury stock	As at 31 May 2019	4,017,848 shares	As at 31 August 2018	4,053,872 shares
(iii)	Average number of issued shares	For the nine months ended 31 May 2019	102,041,403 shares	For the nine months ended 31 May 2018	101,998,432 shares

* This third 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 reported rises in both revenue and profit in the third quarter of fiscal 2019, or the nine months from 1 September 2018 to 31 May 2019. Consolidated revenue increased to 1.8228 trillion yen (+7.0% year-on-year), operating profit expanded to 247.6 billion yen (+3.7% year-on-year), profit before income taxes totaled 247.2 billion yen (+4.1% year-on-year), and profit attributable to owners of the parent rose to 158.6 billion yen (+7.0% year-on-year). Among those data, revenue, operating profit, profit before income taxes, and profit attributable to owners of the parents attained new record levels in the nine months to 31 May 2019.

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 as well as our GU casual fashion brand and our global e-commerce operation. We continue to increase UNIQLO store numbers in each country in which we operate, and open global flagship stores and large-format stores in major cities around the world to further develop UNIQLO as a 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 expansion. In terms of our 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 nine months of fiscal 2019, with revenue totaling 701.0 billion yen (-0.5% year-on-year) and operating profit totaling 96.7 billion yen (-19.5% year-on-year). The gross profit margin declined 2.4 points year-on-year as a result of stronger discounting of Winter items following the warm winter weather in the first half, and an early rundown of Spring Summer inventory in the third quarter. Meanwhile, the selling, general and administrative expense ratio increased by 0.9 points year-on-year. While new IC tags (radio frequency identification) helped increase cash-register and store-operation efficiencies and reduce the personnel-to-net-sales ratio, the distribution-to-net-sales ratio rose on the back of expanding online sales and higher inventory levels, and we also recorded higher depreciation expenses on investment linked to the automation of our Ariake warehouse.

For the three months through 31 May 2019, UNIQLO Japan same-store sales, including online sales, declined 0.1% year-on-year, resulting in a 0.5% year-on-year decline in revenue. While sweat wear, UV-cut items, leggings, T-shirts and other ranges sold well throughout the quarter, the deferral of our hallmark UNIQLO anniversary sale until June meant that same-store sales in the traditionally bumper month of May actually declined year-on-year, and that was what generated the slight contraction in revenue for the three-month period as a whole. Meanwhile, online sales expanded by 16.1% year-on-year in the three months to 31 May 2019 to 19.0 billion yen, increasing their proportion of total sales from 7.8% to 9.1% of total sales. On the profit front, operating profit declined by 7.5% year-on-year on the back of a higher selling, general and administrative expense ratio, and a lower gross profit margin, which was dampened by our decision to bring forward discounting of leftover Spring Summer inventory.

UNIQLO International

UNIQLO International revenue and profit rose in the first nine months of fiscal 2019, with revenue rising to 820.5 billion yen (+14.6% year-on-year) and operating profit expanding to 124.8 billion yen (+11.1% year-on-year).

For the three months from March to May 2019, the segment also reported strong results, with revenue expanding 15.3% year-on-year and operating profit expanding 14.9% year-on-year over that period. In terms of individual markets, within the UNIQLO Greater China region, the Mainland China operation continued to achieve significant year-on-year growth in both revenue and profit. UNIQLO Southeast Asia & Oceania achieved double-digit growth in both revenue and profit on the back of strong sales of Summer ranges. UNIQLO South Korea reported a fall in same-store sales and a slight decline in profit. While the loss generated by UNIQLO USA shrank year-on-year, overall performance was lower than expected after unseasonal weather dampened sales of Spring Summer ranges. UNIQLO Europe reported a decline in profit caused by unseasonal weather patterns and political uncertainty. However, within that region, Russia continued to perform strongly and report expanding revenue and profit.

In terms of new-store activity, UNIQLO International opened its first store in the Netherlands in Amsterdam in September 2018, as well as its biggest Southeast Asian global flagship store in Manila, the Philippines in October 2018, and its first store in Denmark in Copenhagen in April 2019.

GU

The GU business segment reported a large recovery in profits over the first nine months of fiscal 2019, with revenue expanding 11.2% year-on-year to 185.3 billion yen and operating profit expanding 74.5% year-on-year to 26.3 billion yen.

Over the three-month period from March to May 2019, that profit recovery was even more marked, as revenue expanded by 12.1% year-on-year and operating profit increased by 105.8% year-on-year. GU generated further strong sales over the Spring Summer period thanks to its persistent drive to concentrate the number of product items, and developing product mixes that focus on mass fashion trends. Furthermore, the GU operating profit margin improved by an impressive 8.2 points year-on-year on reduced discounting, and a lower cost of sales resulting from early submission of orders and aggregate purchasing of raw materials.

Global Brands

Global Brands reported a decline in revenue but a rise in profit over the first nine months of fiscal 2019, with revenue totaling 113.6 billion yen (-1.0% year-on-year) and operating profit standing at 4.6 billion yen (compared to a 3.5 billion yen loss in the previous year following the recording of 8.9 billion yen in impairment losses).

For the three months from March to May 2019, Global Brands reported a 1.1% year-on-year decline in revenue and a 29.0% decline in operating profit. Breaking down that performance into individual brands, our Theory operation reported a steady operating profit and our PLST brand achieved a slight rise in profit. Meanwhile, our France-based Comptoir des Cotonniers and Princesse tam.tam brands reported increasing losses, while our US-based J Brand premium denim label generated a similar loss to the previous year.

Sustainability

In keeping with our key sustainability message “Unlocking the power of clothing,” Fast Retailing aims 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.

Regarding human rights, a common theme in several material areas, including respecting human rights and working environments in our supply chain, and supporting employee fulfillment, we started offering human rights training for employees from August 2018. By the end of May 2019, a total of 1,700 employees had participated in the program, including store managers from Fast Retailing Group companies in Japan.

In terms of environmental protection, in February 2019, we committed to establish science-based targets (SBT) within two years, and are currently preparing to determine those goals. SBT are tools to help to reduce greenhouse gas emissions based on targets laid out in the Paris Agreement on climate change.

In the area of strengthening communities, we continue to contribute to local communities in all locations in which we operate. For instance, in September 2018, we distributed approximately 18,000 items of clothing aid to victims of the Hokkaido Eastern Iburi earthquake. In support of surrounding local communities, UNIQLO launched a Casal U program in Barcelona, Spain in September 2018, with the aim of providing a place for socially vulnerable children and young people to enjoy and learn about fashion, music, and dance. We continue to proactively support refugees, donating approximately 90,000 items of clothing to refugees and displaced persons from Venezuela in Columbia in November 2018 through our All-Product Recycling Initiative. This initiative delivers second-hand clothing brought by our customers to UNIQLO and GU stores to people in need of clothes worldwide. In addition, employees serve as instructors in our Power of Clothing Project, a school outreach program designed to help children deepen their understanding of the international refugee and displaced person problem. The project received multiple accolades in 2018, including award for excellence in the 9th Career Education Awards for outstanding educational activities in the industrial sector sponsored by Japan’s Ministry of Economy, Trade and Industry, and the Special Award from the Panel (in the large companies category) for Companies That Provide Experiences for Young People, sponsored by Japan’s Ministry of Education, Culture, Sports, Science and Technology.

(2) Financial Position and Cash Flow Information

(i) Financial Position

Total assets as at 31 May 2019 were 1,974.4 billion yen, which was an increase of 21 billion yen relative to total assets at the end of the preceding consolidated fiscal year. The principal factors were an increase of 105.3 billion yen in cash and cash equivalents, an increase of 30.9 billion yen in trade and other receivables, an increase of 21.6 billion yen in other financial assets, an increase of 11.8 billion yen in intangible assets and a decrease of 149.2 billion yen in inventories.

Total liabilities as at 31 May 2019 were 964.3 billion yen, which was a decrease of 86.3 billion yen relative to total liabilities at the end of the preceding consolidated fiscal year. The principal factors were an increase of 21.7 billion yen in current tax liabilities and an increase of 6.5 billion yen in other liabilities, a decrease of 71 billion yen in trade and other payables and a decrease of 42 billion yen in other current financial liabilities.

Total net assets as at 31 May 2019 were 1,010.1 billion yen, which was an increase of 107.4 billion yen relative to total net assets at the end of the preceding consolidated fiscal year. The principal factor was an increase of 109.6 billion yen in retained earnings.

(ii) Cash Flow Information

Cash and cash equivalents as at 31 May 2019 increased by 105.3 billion yen from the end of the preceding consolidated fiscal year to 1,105 billion yen.

(Operating Cash Flows)

Net cash generated by operating activities for the nine months ended 31 May 2019 was 286.2 billion yen (an increase by 10.9% from the nine months ended 31 May 2018), which was an increase of 28 billion yen from the nine months ended 31 May 2018. The principal factors were 247.2 billion yen in profit before income taxes (an increase of 9.7 billion yen from the nine months ended 31 May 2018), 2 billion yen in impairment losses (a decrease of 8.3 billion yen from the nine months ended 31 May 2018), an increase of 30.1 billion yen in trade and other receivables (an increase of 2.8 billion yen from the nine months ended 31 May 2018), a decrease of 144.6 billion yen in inventories (an increase of 129.8 billion yen from the nine months ended 31 May 2018), a decrease of 5.7 billion yen in other assets (an increase of 44.5 billion yen from the nine months ended 31 May 2018), a decrease of 6.7 billion yen in other liabilities (a decrease of 147.4 billion yen from the nine months ended 31 May 2018).

(Investing Cash Flows)

Net cash used in investing activities for the nine months ended 31 May 2019 was 73.5 billion yen (an increase by 105.0% from the nine months ended 31 May 2018), which was an increase of 37.6 billion yen from the nine months ended 31 May 2018. The principal factors were 22.1 billion yen in bank deposits with original maturities over three months or longer (an increase of 23.4 billion yen from the nine months ended 31 May 2018), 31.8 billion yen in payments for property, plant and equipment (an increase of 9.4 billion yen from the nine months ended 31 May 2018) and 18.1 billion yen in payments for intangible assets (an increase of 7.5 billion yen from the nine months ended 31 May 2018).

(Financing Cash Flows)

Net cash used in financing activities for the nine months ended 31 May 2019 was 94.7 billion yen (an increase by 119.7% from the nine months ended 31 May 2018), which was an increase of 51.6 billion yen from the nine months ended 31 May 2018. The principal factors were 30 billion yen in repayment of redemption of bonds (an increase of 30 billion yen from the nine months ended 31 May 2018) and 48.9 billion yen in dividends paid to owners of the Parent (an increase of 10.7 billion yen from the nine months ended 31 May 2018).

(3) Qualitative Information Concerning Consolidated Business Results Projection

No adjustments were made concerning the business results projection for the year ended 31 August 2019 as reported in the “Interim Results Announcement for the Six Months Ended 28 February 2019 and Resumption of Trading” released on 11 April 2019.

2. Interim Condensed Consolidated Financial Statements and Accompanying Material Notes

(1) Interim Condensed Consolidated Statement of Financial Position

(Millions of yen)

	Notes	As at 31 August 2018	As at 31 May 2019
ASSETS			
Current assets			
Cash and cash equivalents		999,697	1,105,085
Trade and other receivables		52,677	83,674
Other financial assets		35,359	56,966
Inventories		464,788	315,503
Derivative financial assets		35,519	38,261
Income taxes receivable		1,702	3,955
Other assets		28,353	18,212
Total current assets		1,618,097	1,621,658
Non-current assets			
Property, plant and equipment	7	155,077	158,627
Goodwill	7	8,092	8,092
Intangible assets	7	46,002	57,813
Financial assets		79,476	77,931
Investments in associates accounted for using the equity method		14,649	14,516
Deferred tax assets		26,378	26,830
Other assets		5,691	9,020
Total non-current assets		335,368	352,834
Total assets		1,953,466	1,974,493
LIABILITIES AND EQUITY			
Liabilities			
Current liabilities			
Trade and other payables		214,542	143,448
Other financial liabilities		171,854	129,822
Derivative financial liabilities		6,917	3,993
Current tax liabilities		21,503	43,236
Provisions		11,868	12,971
Other liabilities		72,722	79,226
Total current liabilities		499,410	412,698
Non-current liabilities			
Financial liabilities		502,671	499,479
Provisions		18,912	19,723
Deferred tax liabilities		13,003	15,426
Other liabilities		16,690	16,975
Total non-current liabilities		551,277	551,604
Total liabilities		1,050,688	964,303
Equity			
Capital stock		10,273	10,273
Capital surplus		18,275	20,531
Retained earnings		815,146	924,837
Treasury stock, at cost		(15,429)	(15,294)
Other components of equity		34,669	23,421
Equity attributable to owners of the Parent		862,936	963,770
Non-controlling interests		39,841	46,419
Total equity		902,777	1,010,190
Total liabilities and equity		1,953,466	1,974,493

(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	Nine months ended 31 May 2018	Nine months ended 31 May 2019
Revenue	3	1,704,149	1,822,877
Cost of sales		(853,756)	(930,200)
Gross profit		850,393	892,677
Selling, general and administrative expenses	4	(598,017)	(642,096)
Other income	5	2,124	3,469
Other expenses	5, 7	(16,060)	(6,842)
Share of profit and loss of associates accounted for using the equity method		457	480
Operating profit		238,897	247,688
Finance income	6	5,414	8,792
Finance costs	6	(6,836)	(9,268)
Profit before income taxes		237,475	247,211
Income tax expense		(76,220)	(73,218)
Profit for the period		161,254	173,993
Profit for the period attributable to:			
Owners of the Parent		148,335	158,668
Non-controlling interests		12,919	15,325
		161,254	173,993
Earnings per share			
Basic (yen)	8	1,454.29	1,554.94
Diluted (yen)	8	1,451.77	1,552.35

Interim Condensed Consolidated Statement of Comprehensive Income

(Millions of yen)

	Nine months ended 31 May 2018	Nine months ended 31 May 2019
Profit for the period	161,254	173,993
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 (loss)	—	(393)
Total items that will not be reclassified subsequently to profit or loss	—	(393)
Items that may be reclassified subsequently to profit or loss		
Net fair value gain (loss) on available-for-sales financial assets during the period	778	—
Exchange differences on translating foreign operations	(1,398)	(15,266)
Cash flow hedges	(6,688)	3,717
Share of other comprehensive income of associates	—	(0)
Total items that may be reclassified subsequently to profit or loss	(7,308)	(11,549)
Other comprehensive income (loss), net of income tax	(7,308)	(11,942)
Total comprehensive income (loss) for the period	153,946	162,051
Attributable to:		
Owners of the Parent	140,889	147,420
Non-controlling interests	13,057	14,630
Total comprehensive income (loss) for the period	153,946	162,051

(3) Interim Condensed Consolidated Statement of Changes in Equity

For the nine months ended 31 May 2018

(Millions of yen)

	Other components of equity											Total equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Available-for-sale reserve	Foreign currency translation reserve	Cash flow hedge reserve	Share of other comprehensive income of associates	Equity attributable to owners of the Parent	Non-controlling interests	Total	
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	—	—	148,335	—	—	—	—	—	—	148,335	12,919	161,254
Other comprehensive income (loss)	—	—	—	—	778	(1,966)	(6,257)	—	(7,445)	(7,445)	137	(7,308)
Total comprehensive income (loss)	—	—	148,335	—	778	(1,966)	(6,257)	—	(7,445)	140,889	13,057	153,946
Transactions with the owners of the Parent												
Acquisition of treasury stock	—	—	—	(1)	—	—	—	—	—	(1)	—	(1)
Disposal of treasury stock	—	1,005	—	116	—	—	—	—	—	1,121	—	1,121
Dividends	—	—	(38,248)	—	—	—	—	—	—	(38,248)	(6,579)	(44,828)
Share-based payments	—	962	—	—	—	—	—	—	—	962	—	962
Increase in equity due to capital increase by consolidated subsidiary	—	—	—	—	—	—	—	—	—	—	173	173
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	—	3,842	(38,248)	114	—	—	—	—	—	(34,291)	(4,651)	(38,943)
Total net changes during the period	—	3,842	110,086	114	778	(1,966)	(6,257)	—	(7,445)	106,597	8,405	115,003
As at 31 May 2018	10,273	18,216	808,670	(15,449)	781	19,840	(3,964)	—	16,656	838,368	38,678	877,046

For the nine months ended 31 May 2019

(Millions of yen)

	Other components of equity											Total equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	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	Equity attributable to owners of the Parent	Non-controlling interests	Total	
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												
Profit for the period	—	—	158,668	—	—	—	—	—	—	158,668	15,325	173,993
Other comprehensive income (loss)	—	—	—	—	(393)	(12,535)	1,681	(0)	(11,247)	(11,247)	(694)	(11,942)
Total comprehensive income (loss)	—	—	158,668	—	(393)	(12,535)	1,681	(0)	(11,247)	147,420	14,630	162,051
Transactions with the owners of the Parent												
Acquisition of treasury stock	—	—	—	(2)	—	—	—	—	—	(2)	—	(2)
Disposal of treasury stock	—	1,322	—	137	—	—	—	—	—	1,459	—	1,459
Dividends	—	—	(48,976)	—	—	—	—	—	—	(48,976)	(8,461)	(57,438)
Share-based payments	—	933	—	—	—	—	—	—	—	933	—	933
Incorporation of a new subsidiary	—	—	—	—	—	—	—	—	—	—	239	239
Changes in ownership interests in subsidiaries without losing control	—	—	—	—	—	—	—	—	—	—	166	169
Total transactions with the owners of the Parent	—	2,255	(48,976)	134	—	—	—	—	—	(46,586)	(8,052)	(54,638)
Total net changes during the period	—	2,255	109,691	134	(393)	(12,535)	1,681	(0)	(11,247)	100,834	6,578	107,413
As at 31 May 2019	10,273	20,531	924,837	(15,294)	(355)	2,894	20,883	(0)	23,421	963,770	46,419	1,010,190

(4) Interim Condensed Consolidated Statement of Cash Flows*(Millions of yen)*

	Notes	Nine months ended 31 May 2018	Nine months ended 31 May 2019
Cash flows from operating activities			
Profit before income taxes		237,475	247,211
Depreciation and amortization		32,961	36,629
Impairment losses	7	10,353	2,050
Interest and dividend income		(5,414)	(8,792)
Interest expenses		2,072	3,512
Foreign exchange losses (gains)		4,764	5,755
Share of profit and loss of associates accounted for using the equity method		(457)	(480)
Losses on disposal of property, plant and equipment		726	253
Decrease (increase) in trade and other receivables		(32,973)	(30,122)
Decrease (increase) in inventories		14,799	144,649
Increase (decrease) in trade and other payables		(56,288)	(72,600)
Decrease (increase) in other assets		(38,783)	5,731
Increase (decrease) in other liabilities		140,674	(6,727)
Others, net		(2,794)	6,569
Cash generated from operations		307,113	333,641
Interest and dividends income received		4,987	7,266
Interest paid		(1,203)	(2,687)
Income taxes paid		(53,036)	(52,004)
Income taxes refund		260	—
Net cash generated by operating activities		258,122	286,216
Cash flows from investing activities			
Amounts deposited into bank deposits with original maturities of three months or longer		(29,282)	(95,593)
Amounts withdrawn from bank deposits with original maturities of three months or longer		30,549	73,427
Payments for property, plant and equipment		(22,431)	(31,846)
Payments for intangible assets		(10,588)	(18,124)
Payments for lease and guarantee deposits		(3,436)	(5,835)
Proceeds from collection of lease and guarantee deposits		1,978	3,081
Others, net		(2,681)	1,315
Net cash (used in) generated by investing activities		(35,892)	(73,575)

	Nine months ended 31 May 2018	Nine months ended 31 May 2019
Cash flows from financing activities		
Proceeds from short-term loans payable	1,778	13,299
Repayment of short-term loans payable	(1,453)	(11,575)
Repayment of long-term loans payable	(1,655)	(2,237)
Repayment of redemption of bonds	—	(30,000)
Dividends paid to owners of the Parent	(38,217)	(48,949)
Capital contributions from non-controlling interests	3,803	420
Dividends paid to non-controlling interests	(3,618)	(8,461)
Repayments of finance lease obligations	(3,905)	(7,464)
Others, net	138	214
Net cash (used in) generated by financing activities	(43,129)	(94,753)
Effect of exchange rate changes on the balance of cash held in foreign currencies	(4,543)	(12,499)
Net increase (decrease) in cash and cash equivalents	174,557	105,387
Cash and cash equivalents at the beginning of period	683,802	999,697
Cash and cash equivalents at the end of period	858,359	1,105,085

(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

① Financial instruments: Classification and measurement

The Group began classifying equity instruments that were previously 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. The Group has chosen not 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.

② Financial instruments: Impairment

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

③ Financial instruments: Hedge accounting

The Group applies IFRS 9 hedge accounting standards and considers the fulfillment 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 IFRS 9 has not had a significant impact on the financial position and financial performance of the Group for the nine months ended 31 May 2019.

(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

The Group, as a global clothing retailer, 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 the amount of the promised consideration 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 financial performance of the Group for the nine months ended 31 May 2019.

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, PLST, COMPTOIR DES COTONNIERS, PRINCESSE TAM.TAM and J Brand clothing operations

(ii) Segment revenue and results

For the nine months ended 31 May 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	704,460	716,092	166,685	114,781	1,702,020	2,129	—	1,704,149
Operating profit	120,057	112,418	15,080	(3,549)	244,006	205	(5,314)	238,897
Segment income (losses) (i.e., Profit before income taxes)	119,991	111,292	14,937	(3,648)	242,573	207	(5,305)	237,475
Other disclosure: Impairment losses (Note 3)	375	237	19	8,937	9,568	—	785	10,353

(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.

(Note 3) For details on Impairment losses, please refer to Note "7. Impairment losses."

For the nine months ended 31 May 2019

(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	701,072	820,506	185,358	113,686	1,820,623	2,253	—	1,822,877
Operating profit	96,705	124,842	26,318	4,619	252,485	249	(5,046)	247,688
Segment income (losses) (i.e., Profit before income taxes)	95,923	125,119	26,192	4,529	251,765	250	(4,803)	247,211
Other disclosure: Impairment losses (Note 3)	423	1,043	206	134	1,807	—	243	2,050

(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.

(Note 3) For details on Impairment losses, please refer to Note "7. Impairment losses."

3. Revenue

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

Nine months ended 31 May 2019

	Revenue (Millions of yen)	Percent of Total
Japan	701,072	38.5
Greater China	402,594	22.1
Other parts of Asia & Oceania	248,258	13.6
North America & Europe	169,653	9.3
UNIQLO (Note 1)	1,521,578	83.5
GU (Note 2)	185,358	10.2
Global Brands (Note 3)	113,686	6.2
Others (Note 4)	2,253	0.1
Total	1,822,877	100.0

(Note 1) Revenue is classified by nation or region based on customer location.

The designated countries and regions are classified as follows:

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, the Netherlands, Denmark

(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)

	Nine months ended 31 May 2018	Nine months ended 31 May 2019
Selling, general and administrative expenses		
Advertising and promotion	55,062	58,218
Rental expenses	147,979	153,312
Depreciation and amortization	32,961	36,629
Outsourcing	29,058	32,867
Salaries	209,622	221,237
Others	123,333	139,831
Total	598,017	642,096

5. Other income and other expenses

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

(Millions of yen)

	Nine months ended 31 May 2018	Nine months ended 31 May 2019
Other income		
Others	2,124	3,469
Total	2,124	3,469

(Millions of yen)

	Nine months ended 31 May 2018	Nine months ended 31 May 2019
Other expenses		
Foreign exchange losses (Note)	1,577	2,869
Loss on retirement of property, plant and equipment	726	253
Impairment losses	10,353	2,050
Others	3,403	1,699
Total	16,060	6,842

(Note) Currency adjustments incurred in the course of operating transactions are included in "other expenses."

6. Finance income and finance costs

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

(Millions of yen)

	Nine months ended 31 May 2018	Nine months ended 31 May 2019
Finance income		
Interest income	5,413	8,740
Others	0	51
Total	5,414	8,792

(Millions of yen)

	Nine months ended 31 May 2018	Nine months ended 31 May 2019
Finance costs		
Foreign exchange losses (Note)	4,764	5,755
Interest expenses	2,072	3,512
Total	6,836	9,268

(Note) Currency adjustments incurred in the course of non-operating transactions are included in "finance costs."

7. Impairment Losses

The breakdown of Impairment losses for each reporting period is as follows:

Nine months ended 31 May 2018

During the nine months ended 31 May 2018, the Group recognized impairment losses that amounted to 10,353 million yen on goodwill owned by the Comptoir des Cotonniers business and a trademark owned by the Helmut Lang brand under Theory business, because it is not expected to earn profit that was estimated initially. Those impairment losses are included in "other expenses" on the consolidated statement of profit or loss.

(1) Impairment losses related to the COMPTOIR DES COTONNIERS business

Of the total impairment losses that amounted to 10,353 million yen, 7,792 million yen represented an impairment loss for goodwill owned by the COMPTOIR DES COTONNIERS business.

(2) Impairment losses related to the Helmut Lang brand under the Theory business

Of the total impairment losses that amounted to 10,353 million yen, 1,039 million yen represented an impairment loss for a trademark owned by the Helmut Lang brand.

Nine months ended 31 May 2019

In overseas UNIQLO operations and domestic UNIQLO operations, impairment losses were recognised to exist mainly due to a drop in the profitability of store assets and other such factors, and a major impairment loss was not recorded.

8. Earnings per share

Nine months ended 31 May 2018		Nine months ended 31 May 2019	
Equity per share attributable to owners of the Parent (Yen)	8,218.13	Equity per share attributable to owners of the Parent (Yen)	9,443.57
Basic earnings per share (Yen)	1,454.29	Basic earnings per share (Yen)	1,554.94
Diluted earnings per share (Yen)	1,451.77	Diluted earnings per share (Yen)	1,552.35

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

	Nine months ended 31 May 2018	Nine months ended 31 May 2019
Basic earnings per share		
Profit for the period attributable to owners of the Parent (Millions of yen)	148,335	158,668
Profit not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to common shareholders (Millions of yen)	148,335	158,668
Average number of common stock outstanding during the period (Shares)	101,998,432	102,041,403
Diluted earnings per share		
Adjustment to Profit (loss) (Millions of yen)	—	—
Increase in number of common stock (Shares)	176,805	170,248
Number of share subscription rights included in the increase	176,805	170,248

9. 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, 11 July 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, 12 July 2019.

On behalf of the Board
FAST RETAILING CO., LTD.

Tadashi Yanai
Chairman, President and Chief Executive Officer

Japan, 11 July 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.