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 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 three months ended 30 November 2019.

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, 9 January 2020, 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, 10 January 2020.

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

## 1. CONSOLIDATED RESULTS

The consolidated financial results were prepared in accordance with International Financial Reporting Standards ("IFRS").

### (1) Consolidated Operating Results (1 September 2019 to 30 November 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 | % |
| Three months ended 30 November 2019 | 623,484 | (3.3) | 91,690 | (12.4) | 102,015 | (8.2) | 71,840 | (10.5) |
| Three months ended 30 November 2018 | 644,466 | 4.4 | 104,665 | (8.1) | 111,086 | (5.7) | 80,285 | (5.2) |

| | 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 2019 | 70,907 | (3.5) | 110,125 | 6.1 | 694.73 | 693.59 |
| Three months ended 30 November 2018 | 73,476 | (6.4) | 103,831 | 8.7 | 720.16 | 719.01 |

**(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 2019 | 2,528,281 | 1,034,201 | 988,554 | 39.1 | 9,685.06 |
| As at 31 August 2019 | 2,010,558 | 983,534 | 938,621 | 46.7 | 9,196.61 |

**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 2019 | — | 240.00 | — | 240.00 | 480.00 |
| Year ending 31 August 2020 | — | | | | |
| Year ending 31 August 2020 (forecast) | | 250.00 | — | 250.00 | 500.00 |

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

**3. CONSOLIDATED BUSINESS RESULTS PROJECTION FOR YEAR ENDING 31 AUGUST 2020 (1 SEPTEMBER 2019 TO 31 AUGUST 2020)**

*(% 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 2020 | 2,340,000 | 2.2 | 245,000 | (4.9) | 245,000 | (2.9) | 165,000 | 1.5 |

| | Basic earnings per share attributable to owners of the Parent |
|---|---|
| | Yen |
| Year ending 31 August 2020 | 1,616.54 |

*(Note) Revisions during this quarter of previously disclosed consolidated business results projection for the year ending 31 August 2020: Yes*

* 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 2019 | 106,073,656 shares | As at 31 August 2019 | 106,073,656 shares |
| (ii) | Number of treasury stock | As at 30 November 2019 | 4,003,594 shares | As at 31 August 2019 | 4,011,921 shares |
| (iii) | Average number of issued shares | For the three months ended 30 November 2019 | 102,064,495 shares | For the three months ended 30 November 2018 | 102,027,782 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.7 “(3) Qualitative Information Concerning Consolidated Business Results Projection”.

## 1. Business Results

### *(1) Results of Operations*

The Fast Retailing Group revenue and profit both declined in the first quarter of fiscal 2020, or the three months from 1 September 2019 to 30 November 2019. Consolidated revenue totaled 623.4 billion yen (-3.3% year-on-year) and operating profit totaled 91.6 billion yen (-12.4% year-on-year). This weaker performance was due primarily to significant reductions in profit from both UNIQLO South Korea and UNIQLO Hong Kong and a lower-than-expected improvement in profits from UNIQLO Japan. The first-quarter consolidated gross profit margin declined 0.2 point year-on-year to 50.2% and the first-quarter selling, general and administrative expense ratio increased by 1.5 points to 35.9%. In addition, we recorded 10.3 billion yen under finance income net of costs after reporting a net 9.2 billion yen of foreign-exchange gain on our long-term holdings of foreign-currency denominated assets. As a result, first-quarter profit before income taxes declined to 102.0 billion yen (-8.2% year-on-year) and profit attributable to owners of the Parent declined to 70.9 billion yen (-3.5% 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, as well as our GU brand and our global e-commerce operation. We continue to increase UNIQLO store numbers in each markets and areas in which we operate, and open global flagship stores and large-format stores in major cities around the world to instill deeper and more widespread empathy for UNIQLO's LifeWear concept. Within the UNIQLO International segment, Greater China (Mainland China, Hong Kong and Taiwan) and Southeast Asia are serving as the key pillars of our Group business and growth. In terms of our GU segment, in addition to expanding the GU store network primarily in Japan, we are working to establish GU's position as the brand that offers fun fashion at amazingly low prices.

**UNIQLO Japan**

UNIQLO Japan segment reported a decline in revenue but a rise in profit in the first quarter of fiscal 2020, with revenue totaling 233.0 billion yen (-5.3% year-on-year) and operating profit totaling 38.5 billion yen (+1.6% year-on-year). First-quarter same-store sales, including online sales, declined by 4.1% year-on-year. Despite multiple strong-selling items, including new curved pants, souffle yarn sweaters, trendy sweat shirts and pants, and leggings, the decline in same-store sales was caused by weaker demand for thermal clothing during the warm weather and our inability to sufficiently convey the attractiveness of in-focus, newsworthy products to our customers. E-commerce sales growth also slowed for the same reasons as for our physical stores, with online sales totaling 24.7 billion yen (+4.1% year-on-year) in the first quarter. UNIQLO Japan's gross profit margin improved by 2.3 points on the back of an appreciation in the yen exchange rate for merchandise purchasing. The selling, general and administrative expense ratio increased 1.0 point to 33.3%, but declined in monetary terms as expected.

**UNIQLO International**

UNIQLO International segment reported a decline in revenue and profit in the first quarter of fiscal 2020, with revenue falling to 280.7 billion yen (-3.6% year-on-year) and operating profit declining to 37.8 billion yen (-28.0% year-on-year). However, if we strip out the significant declines in revenue and profit from South Korea and Hong Kong, the remaining UNIQLO International markets generated rising first-quarter revenue and profit. Furthermore, following an early rundown of excess inventories at each operation, UNIQLO International's overall gross profit margin contracted by 3.0 points year-on-year, while the selling, general and administrative expense ratio increased 1.4 points on the back of lower-than-expected total sales.

Looking at individual regions, if we strip out the exchange rate effect, both revenue and profit from UNIQLO Greater China increased. However, if we include the yuan depreciation effect and the decline in Hong Kong profit, UNIQLO Greater China operating profit declined in the three months ended 30 November 2019. Revenue and profit from Mainland China increased on strong sales of Fall Winter ranges such as sweat shirts and pants, fleece, and flannel items. Mainland China e-commerce sales also continued to be strong, expanding by approximately 30% year-on-year. Meanwhile, UNIQLO South Korea same-store sales declined sharply on the back of a move to boycott Japanese products that began in July 2019, resulting in an operating loss in the first quarter. Other Asia & Oceania operation, which includes Southeast Asian nations, Australia and India, continues to expand favorably, generating significant increases in both revenue and profit in the first quarter as expected. Within that grouping, Indonesia and the Philippines reported an especially strong performance led by double-digit growth in same-store sales. We swiftly followed the opening of our first store in India in October 2019 with the opening of a second store in Delhi in November 2019. Both stores are performing strongly. UNIQLO North America reported rising revenue and profit on the back of revenue and profit increases from Canada. While UNIQLO Europe reported double-digit growth in first-quarter revenue, operating profit contracted slightly due to local currency depreciation. New operations launched over the past couple of years in Spain, the Netherlands, and Italy performed strongly, with Italy in particular reporting higher-than-expected sales.

**GU**

GU segment reported significant increases in both revenue and profit in the first quarter of fiscal 2020, with revenue climbing to 72.9 billion yen (+11.4% year-on-year) and operating profit expanding to 12.3 billion yen (+44.4% year-on-year). Same-store sales increased due to a product mix that adapted successfully to the warmer weather, as well as strong sales knitwear promoted in TV commercials and advertising campaigns, and light outerwear. On the profit front, GU's gross profit margin improved by an impressive 3.2 points in the first quarter due to a decline in the cost of sales generated by further aggregate purchasing of core materials and early submission of production orders, and less discounting of excess stock. GU's selling, general and administrative expense ratio also improved by 0.7 point due to improvements in the personnel cost ratio achieved through greater efficiency of store operations and a lower advertising and promotion cost ratio.

**Global Brands**

Global Brands segment revenue and profit both declined in the first quarter of fiscal 2020. Revenue totaled 36.1 billion yen (-11.4% year-on-year) and operating profit at 1.8 billion yen (-31.5% year-on-year). Our Theory fashion label reported a decline in both revenue and profit after sales of winter items struggled slightly in Japan and USA due to the warmer weather worldwide. Our Japan-based PLST brand also reported a decline in revenue and profit. While clothes manufactured using our "cut-and-sew" method, cardigans and other Fall items sold well, sales of thermal outerwear and bottoms struggled. Finally, our France-based Comptoir des Cotonniers brand remained its operating loss in the first quarter compared with the same period of fiscal 2019.

**Sustainability**

In keeping with our key sustainability message, "Unlocking the power of clothing," Fast Retailing pursues sustainability activities through our core clothing business focused on six clear material areas: Creating new value through products and services; Respecting human rights in our supply chain; Respecting the environment; Strengthening communities; Supporting employee fulfillment; Implementing good corporate governance. Our main activities in the first quarter of fiscal 2020 from September to December 2019 involved:

■ Creating new value through products and services: UNIQLO Japan started a new recycling initiative in November 2019 that uses the down extracted from quality second-hand down items brought in by customers to any UNIQLO store in the country as material for new down products. From September 2019, we had collected approximately 620,000 second-hand down items under this project. We also plan to start producing high-functioning, quick-drying Dry Ex products using recycled polyester in some of our scheduled 2020 Spring Summer ranges. These initiatives show how we are creating new clothing value by using new technologies to encourage the reuse of resources.

■ Respecting the environment: In October 2019, our UNIQLO Kawagoe Store won the Industry Pioneer award hosted by the non-profit U.S. Green Buildings Council (USGBC) for its cutting-edge initiatives to reduce the environmental impact of its operations, and became the first retail store in Japan to receive a Gold certification under the USGBC's Leadership in Energy & Environmental Design (LEED) rating program that certifies environmentally conscious buildings and construction spaces. In addition, we joined industry-wide organizations including the Japan-based Clean Ocean Material Alliance (CLOMA) and the UK-based The Microfiber Consortium (TMC) to help address the problem of plastic waste in oceans.

■ Strengthening communities: In October 2019, we donated approximately 70,000 items of outerwear, fleece and innerwear to typhoon-struck areas in the Tohoku region of Northeast Japan. Then, in November 2019, we decided to contribute 1 million US dollars to refugee-support activities in Mali and South Sudan operated by the United Nations Refugee Agency (UNHCR).

### *(2) Financial Positions and Cash Flows Information*

*(i) Financial Positions*

Total assets as at 30 November 2019 were 2,528.2 billion yen, which was an increase of 517.7 billion yen relative to the end of the preceding fiscal year. The principal factors were an increase of 80.4 billion yen in trade and other receivables, an increase of 14.1 billion yen in other financial assets, an increase of 14.0 billion yen in inventories, a decrease of 27.5 billion yen in property, plant and equipment, an increase of 389.8 billion yen in right-of-use assets and an increase of 18.9 billion yen in derivative financial assets.

Total liabilities as at 30 November 2019 were 1,494.0 billion yen, which was an increase of 467.0 billion yen relative to the end of the preceding fiscal year. The principal factors were an increase of 35.6 billion yen in trade and other payables, an increase of 30.7 billion yen in other financial liabilities, an increase of 9.3 billion yen in current tax liabilities, a decrease of 29.2 billion yen in non-current financial liabilities, an increase of 443.5 billion yen in lease liabilities and a decrease of 13.0 billion yen in other non-current liabilities.

Furthermore, the increases of right-of-use assets and lease liabilities are due to the application of IFRS 16 *Leases* as mentioned in "(6) Notes to the Interim Condensed Consolidated Financial Statements 1. Changes in accounting policies".

Total net assets as at 30 November 2019 were 1,034.2 billion yen, which was an increase of 50.6 billion yen relative to the end of the preceding fiscal year. The principal factors were an increase of 13.5 billion yen in retained earnings and an increase of 33.7 billion yen in other components of equity.

*(ii) Cash Flows Information*

Cash and cash equivalents as at 30 November 2019 had increased by 28.5 billion yen from the end of the preceding fiscal year, to 1,115.0 billion yen.

(Operating Cash Flows)
Net cash generated by operating activities for the three months ended 30 November 2019 was 97.6 billion yen, which was an increase of 67.5 billion yen (+224.0% year-on-year) from the three months ended 30 November 2018. The principal factors were 102.0 billion yen in profit before income taxes (a decrease of 9.0 billion yen from the three months ended 30 November 2018), 9.2 billion yen in foreign exchange gains (a decrease of 4.2 billion yen from the three months ended 30 November 2018), 43.0 billion yen in depreciation and amortization (an increase of 31.0 billion yen from the three months ended 30 November 2018), an increase of 77.2 billion yen in trade and other receivables (a decrease of 2.9 billion yen from the three months ended 30 November 2018), an increase of 4.9 billion yen in inventories (a decrease of 20.4 billion yen from the three months ended 30 November 2018), an increase of 32.0 billion yen in trade and other payables (an increase of 42.6 billion yen from the three months ended 30 November 2018), an increase of 31.7 billion yen in other liabilities (an increase of 42.3 billion yen from the three months ended 30 November 2018) and 22.0 billion yen in income taxes paid (a decrease of 8.1 billion yen from the three months ended 30 November 2018).

(Investing Cash Flows)
Net cash used in investing activities for the three months ended 30 November 2019 was 33.2 billion yen, which was an increase of 2.0 billion yen (+6.6% year-on-year) from the three months ended 30 November 2018. The principal factors were 9.1 billion yen in bank deposits with original maturity over three months (a decrease of 2.8 billion yen from the three months ended 30 November 2018), 14.1 billion yen in payments for property, plant and equipment (an increase of 1.9 billion yen from the three months ended 30 November 2018), and 2.6 billion yen in payments for right-of-use assets (an increase of 2.6 billion yen from the three months ended 30 November 2018).

(Financing Cash Flows)
Net cash used in financing activities for the three months ended 30 November 2019 was 56.6 billion yen, which was an increase of 29.4 billion yen (+108.7% year-on-year) from the three months ended 30 November 2018. The principal factor was 32.8 billion yen in repayments of lease liabilities (an increase of 32.8 billion yen from the three months ended 30 November 2018).

### *(3) Qualitative Information Concerning Consolidated Business Results Projection*

We have revised down our business estimates for the full year ending 31 August 2020 to reflect our corporate results in the first quarter ended 30 November 2019 and subsequent month of December and in consideration of current conditions in South Korea and Hong Kong.

In addition, below are the differences of the consolidated business results projections for the year ending 31 August 2020 as reported in the "Annual results announcement for the year ended 31 August 2019 and resumption on of trading" released on 10 October 2019.

*(Full financial year)*

| | Revenue | Operating profit | Profit before income taxes | Profit attributable to owners of the Parent | Basic earnings per share attributable to owners of the Parent |
|---|---|---|---|---|---|
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen | Yen |
| Previous forecast (A) | 2,400,000 | 275,000 | 275,000 | 175,000 | 1,714.65 |
| New forecast (B) | 2,340,000 | 245,000 | 245,000 | 165,000 | 1,616.54 |
| Difference (B–A) | (60,000) | (30,000) | (30,000) | (10,000) | — |
| Change (%) | (2.5) | (10.9) | (10.9) | (5.7) | — |
| Previous results | 2,290,548 | 257,636 | 252,447 | 162,578 | 1,593.20 |

**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 2019 | As at 30 November 2019 |
|---|---|---|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | 1,086,519 | 1,115,031 |
| Trade and other receivables | 60,398 | 140,834 |
| Other financial assets | 44,473 | 58,649 |
| Inventories | 410,526 | 424,615 |
| Derivative financial assets | 14,787 | 16,938 |
| Income taxes receivable | 1,492 | 1,246 |
| Other assets | 19,975 | 18,693 |
| Total current assets | 1,638,174 | 1,776,010 |
| Non-current assets | | |
| Property, plant and equipment | 162,092 | 134,583 |
| Right-of-use assets | — | 389,820 |
| Goodwill | 8,092 | 8,092 |
| Intangible assets | 60,117 | 63,639 |
| Financial assets | 77,026 | 68,105 |
| Investments in associates accounted for using the equity method | 14,587 | 14,543 |
| Deferred tax assets | 33,163 | 37,442 |
| Derivative financial assets | 9,442 | 26,197 |
| Other assets | 7,861 | 9,845 |
| Total non-current assets | 372,384 | 752,271 |
| Total assets | 2,010,558 | 2,528,281 |
| Liabilities and equity | | |
| LIABILITIES | | |
| Current liabilities | | |
| Trade and other payables | 191,769 | 227,427 |
| Other financial liabilities | 159,006 | 189,780 |
| Derivative financial liabilities | 2,985 | 1,317 |
| Lease liabilities | — | 104,646 |
| Current tax liabilities | 27,451 | 36,769 |
| Provisions | 13,340 | 691 |
| Other liabilities | 82,103 | 79,406 |
| Total current liabilities | 476,658 | 640,039 |
| Non-current liabilities | | |
| Financial liabilities | 499,948 | 470,675 |
| Lease liabilities | — | 338,869 |
| Provisions | 20,474 | 34,011 |
| Deferred tax liabilities | 8,822 | 5,971 |
| Derivative financial liabilities | 3,838 | 263 |
| Other liabilities | 17,281 | 4,250 |
| Total non-current liabilities | 550,365 | 854,041 |
| Total liabilities | 1,027,024 | 1,494,080 |
| EQUITY | | |
| Capital stock | 10,273 | 10,273 |
| Capital surplus | 20,603 | 23,167 |
| Retained earnings | 928,748 | 942,343 |
| Treasury stock, at cost | (15,271) | (15,245) |
| Other components of equity | (5,732) | 28,015 |
| Equity attributable to owners of the Parent | 938,621 | 988,554 |
| Non-controlling interests | 44,913 | 45,646 |
| Total equity | 983,534 | 1,034,201 |
| Total liabilities and equity | 2,010,558 | 2,528,281 |

***(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 2018 | Three months ended 30 November 2019 |
|---|---|---|---|
| Revenue | 3 | 644,466 | 623,484 |
| Cost of sales | | (319,658) | (310,560) |
| Gross profit | | 324,808 | 312,923 |
| Selling, general and administrative expenses | 4 | (221,515) | (224,098) |
| Other income | 5 | 1,951 | 4,083 |
| Other expenses | 5 | (769) | (1,467) |
| Share of profit and loss of associates accounted for using the equity method | | 189 | 249 |
| Operating profit | | 104,665 | 91,690 |
| Finance income | 6 | 7,560 | 12,219 |
| Finance costs | 6 | (1,139) | (1,894) |
| Profit before income taxes | | 111,086 | 102,015 |
| Income tax expense | | (30,801) | (30,174) |
| Profit for the period | | 80,285 | 71,840 |
| Profit for the period attributable to: | | | |
| Owners of the Parent | | 73,476 | 70,907 |
| Non-controlling interests | | 6,808 | 932 |
| | | 80,285 | 71,840 |
| Earnings per share | | | |
| Basic (yen) | 7 | 720.16 | 694.73 |
| Diluted (yen) | 7 | 719.01 | 693.59 |

*Interim Condensed Consolidated Statement of Comprehensive Income*

*(Millions of yen)*

| | Three months ended 30 November 2018 | Three months ended 30 November 2019 |
|---|---|---|
| Profit for the period | 80,285 | 71,840 |
| Other comprehensive income, 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) | 18 |
| Total items that will not be reclassified subsequently to profit or loss | (116) | 18 |
| Items that may be reclassified subsequently to profit or loss | | |
| Exchange differences on translating foreign operations | 6,835 | 18,002 |
| Cash flow hedges | 16,807 | 20,244 |
| Share of other comprehensive income of associates | 18 | 19 |
| Total items that may be reclassified subsequently to profit or loss | 23,662 | 38,266 |
| Other comprehensive income, net of income tax | 23,545 | 38,284 |
| Total comprehensive income for the period | 103,831 | 110,125 |
| Attributable to: | | |
| Owners of the Parent | 96,072 | 107,628 |
| Non-controlling interests | 7,759 | 2,496 |
| Total comprehensive income for the year | 103,831 | 110,125 |

### *(3) Interim Condensed Consolidated Statement of Changes in Equity*

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 | Other components of equity: Foreign currency translation reserve | Other components of equity: Cash flow hedge reserve | Other components of equity: Share of other comprehensive income of associates | Other components of equity: 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 | | | | | | | | | | | | |
| 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 |

For the three months ended 30 November 2019

*(Millions of yen)*

| | Note | Capital stock | Capital surplus | Retained earnings | Treasury stock, at cost | Other components of equity | | | | | Equity attributable to owners of the Parent | Non-controlling interest | Total 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 | | | |
| As at 1 September 2019 | | 10,273 | 20,603 | 928,748 | (15,271) | (697) | (13,929) | 8,906 | (11) | (5,732) | 938,621 | 44,913 | 983,534 |
| Adjustments due to changes in accounting policy | 1 | — | — | (32,817) | — | — | — | — | — | — | (32,817) | (1,386) | (34,204) |
| Effect of change in counting policy | | 10,273 | 20,603 | 895,930 | (15,271) | (697) | (13,929) | 8,906 | (11) | (5,732) | 905,803 | 43,526 | 949,329 |
| Net changes during the period | | | | | | | | | | | | | |
| Comprehensive income | | | | | | | | | | | | | |
| Profit for the period | | — | — | 70,907 | — | — | — | — | — | — | 70,907 | 932 | 71,840 |
| Other comprehensive income | | — | — | — | — | 18 | 15,811 | 20,872 | 19 | 36,721 | 36,721 | 1,563 | 38,284 |
| Total comprehensive income | | — | — | 70,907 | — | 18 | 15,811 | 20,872 | 19 | 36,721 | 107,628 | 2,496 | 110,125 |
| Transactions with the owners of the Parent | | | | | | | | | | | | | |
| Acquisition of treasury stock | | — | — | — | (5) | — | — | — | — | — | (5) | — | (5) |
| Disposal of treasury stock | | — | 291 | — | 32 | — | — | — | — | — | 323 | — | 323 |
| Dividends | | — | — | (24,494) | — | — | — | — | — | — | (24,494) | — | (24,494) |
| Share-based payments | | — | 2,271 | — | — | — | — | — | — | — | 2,271 | — | 2,271 |
| Transfer to non-financial assets | | — | — | — | — | — | — | (2,973) | — | (2,973) | (2,973) | (375) | (3,349) |
| Total transactions with the owners of the Parent | | — | 2,563 | (24,494) | 26 | — | — | (2,973) | — | (2,973) | (24,878) | (375) | (25,254) |
| Total net changes during the period | | — | 2,563 | 46,412 | 26 | 18 | 15,811 | 17,898 | 19 | 33,747 | 82,750 | 2,120 | 84,871 |
| As at 30 November 2019 | | 10,273 | 23,167 | 942,343 | (15,245) | (679) | 1,881 | 26,804 | 8 | 28,015 | 988,554 | 45,646 | 1,034,201 |

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

*(Millions of yen)*

| | Three months ended 30 November 2018 | Three months ended 30 November 2019 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit before income taxes | 111,086 | 102,015 |
| Depreciation and amortization | 11,982 | 43,067 |
| Impairment losses | — | 836 |
| Interest and dividend income | (2,530) | (2,921) |
| Interest expenses | 1,139 | 1,894 |
| Foreign exchange gains | (5,030) | (9,297) |
| Share of profit and loss of associates accounted for using the equity method | (189) | (249) |
| Losses on disposal of property, plant and equipment | 59 | 73 |
| Increase in trade and other receivables | (74,305) | (77,222) |
| Decrease/(increase) in inventories | 15,510 | (4,963) |
| (Decrease)/increase in trade and other payables | (10,562) | 32,042 |
| Decrease/(increase) in other assets | 1,396 | (65) |
| (Decrease)/increase in other liabilities | (10,640) | 31,703 |
| Others, net | 3,988 | 965 |
| Cash generated from operations | 41,904 | 117,879 |
| Interest and dividends income received | 2,461 | 2,891 |
| Interest paid | (361) | (1,081) |
| Income taxes paid | (13,867) | (22,039) |
| Net cash generated by operating activities | 30,136 | 97,650 |
| **Cash flows from investing activities** | | |
| Amounts deposited into bank deposits with original maturities of three months or longer | (29,175) | (30,454) |
| Amounts withdrawn from bank deposits with original maturities of three months or longer | 17,153 | 21,327 |
| Payments for property, plant and equipment | (12,176) | (14,127) |
| Payments for intangible assets | (5,912) | (5,433) |
| Payments for acquisition of Right-of-use assets | — | (2,636) |
| Payments for lease and guarantee deposits | (1,346) | (1,609) |
| Proceeds from collection of lease and guarantee deposits | 858 | 1,000 |
| Others, net | (595) | (1,334) |
| Net cash used in investing activities | (31,195) | (33,267) |

(Millions of yen)

| | Three months ended 30 November 2018 | Three months ended 30 November 2019 |
|---|---|---|
| **Cash flows from financing activities** | | |
| Proceeds from short-term loans payable | 1,257 | 625 |
| Repayment of short-term loans payable | (967) | — |
| Dividends paid to owners of the Parent | (24,455) | (24,473) |
| Capital contributions from non-controlling interests | 420 | — |
| Dividends paid to non-controlling interests | (560) | — |
| Repayments of financial lease obligations | (2,878) | — |
| Repayments of lease liabilities | — | (32,819) |
| Others, net | 39 | 26 |
| Net cash used in financing activities | (27,144) | (56,640) |
| Effect of exchange rate changes on the balance of cash held in foreign currencies | 7,594 | 20,769 |
| Net (decrease)/increase in cash and cash equivalents | (20,609) | 28,511 |
| Cash and cash equivalents at the beginning of period | 999,697 | 1,086,519 |
| Cash and cash equivalents at the end of period | 979,087 | 1,115,031 |

***(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 16: Leases

The Group began applying IFRS 16 *Leases* (announced in January 2016; hereinafter “IFRS 16”), from the first quarter of the current fiscal year. In applying IFRS 16, the Group has adopted the cumulative catch-up approach that recognizes the cumulative effect of initial application of the standard as at the date of initial application (1 September 2019) as a transition method, without restating comparative information.

1) Definition of lease

The application of IFRS 16 requires that a judgment be made at the inception of a contract as to whether a contract is, or contains, a lease. If a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration,the contract is, or contains, a lease.

To determine whether or not a contract conveys the right to control the use of an identified asset, the Group examines whether the contract includes the use of the specified asset, whether the Group has the right to obtain substantially all of the economic benefits from use of identified asset throughout the period of use, and whether the Group has the right to direct the use of the identified asset.

2) Accounting treatment of leases

2.1) Leases in which Fast Retailing Group is the lessee

Separate from short-term leases or leases for which the underlying asset is of low value, the Group accounts for each lease component within the contract as a lease and recognizes a right-of-use asset and a lease liability. On the date of commencement of a lease, the right-of-use asset is measured at cost, and the lease liability is calculated as the present value of lease payments outstanding.

The cost of the right-of-use asset is mainly composed of the initial measurement of the lease liability, initial direct costs and the amount of any prepaid lease payments. Furthermore, the discount rate used to calculate the present value of lease payments is the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee’s incremental borrowing rate is used.

The lease term is determined as the non-cancelable period which includes an option to extend the lease (if it is reasonably certain that the Group will exercise that option), or an option to cancel the lease (if it is reasonably certain that the Group will not exercise that option).

After the commencement date, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses. When depreciating right-of-use assets, the Group applies the depreciation requirements in IAS 16 *Property, Plant and Equipment*. In addition, the Group applies IAS 36, *Impairment of Assets*, to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Depreciation of right-of-use asset is measured from the commencement date to the end of the useful life of the underlying asset if ownership of the underlying asset is to be transferred to the Group by the end of the lease term, or if it is reasonably certain that the lessee purchase options will be exercised; otherwise the straight-line method will be used to calculate depreciation from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

After the commencement date, the carrying amount of the lease liability is increased to reflect the interest rates on the lease liability and reduced to reflect any lease payments made. Furthermore, any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments is remeasured.

The Group uses the straight-line basis to recognize any lease payments associated with short-term leases or leases for which an underlying asset is of low value.

2.2) Leases in which the Group is the lessor

The Group classifies a lease as either a finance lease or an operating lease at the inception of the lease contract.

To classify each lease, the Group comprehensively assesses whether all the risks and rewards incidental to ownership of the underlying asset will be substantially transferred or not. If the risks and rewards value are to be transferred, the lease is classified as a finance lease; if not, it is classified as an operating lease.

If the Group is acting as an intermediate lessor, the Group accounts for head leases and subleases separately. A sublease classification is determined by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset.

The Group recognizes lease payments from operating leases as lease income on a straight-line basis over the lease term.

Lease payments from finance leases are recognized at the commencement date as assets held under finance leases and presented as receivables at an amount equal to the net investment in the lease.

3) Treatment on transition

In applying IFRS 16, the Group applies the practical expedient in place of the judgments previously used to determine whether or not a contract is a lease. Consequently, the requirements in IFRS 16 is applied only to contracts entered into or changed on or after 1 September 2019.

3.1) Leases in which the Group is the lessee

(Leases previously classified as operating leases applying IAS 17)

Lease liabilities on transition are measured at the present value of the remaining lease payments discounted using the lessee’s incremental borrowing rate as at 1 September 2019. In addition, right-of-use assets on transition are measured using one of the following methods.

• Its carrying amount calculated on the assumption that IFRS 16 was applied from the commencement of the lease. Note that the discount rate used is the lessee’s incremental borrowing rate on the date of initial application of IFRS 16.

• The amount measured for the lease liability, is adjusted by the amount of any prepaid or accrued lease payments.

Note that the followings apply when IFRS 16 is applied to leases that were previously classified as operating leases IAS 17.

• A single discount rate is applied to a portfolio of leases with reasonably similar characteristics.

• Leases for which the lease term ends within 12 months of the date of initial application of IFRS 16 are accounted for in the same way as short-term leases.

• Initial direct costs are excluded from the measurement of right-of-use assets at the date of initial application of IFRS 16.

• The Group uses hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

(Leases previously classified as operating leases applying IAS 17)

The Group accounts the carrying amount of the right-of-use asset and the lease liability at the date of initial application at the amount of the lease asset and lease liability applying IAS 17 immediately prior to the date of initial application of IFRS 16.

3.2) Leases in which the Group is the lessor

Leases in which the Group acts as lessor require no adjustment on transition to IFRS 16, except for subleases. Subleases will be accounted in accordance with the transition provisions under IFRS 16 as stated below.

• In applying IFRS 16, the Group classifies sublease transactions as at the date of initial application as either operating leases or finance leases. This classification is determined based on the basis of the remaining contractual terms and conditions of the head lease and sublease at that date.

• Any subleases classified as operating leases applying IAS 17 but finance leases applying IFRS 16 are accounted for as new finance leases entered into at the date of initial application.

4) Impact on condensed quarterly consolidated financial statements

With the application of IFRS 16, the Group recognized an additional 368,714 million yen in right-of-use assets, 420,488 million yen in lease liabilities and a decrease of 32,817 million yen in retained earnings in its interim condensed consolidated statement of financial position at the start of the fiscal year.

The weighted average of the lessee's incremental borrowing rate applied to lease liabilities recognized in interim condensed consolidated statement of financial position as at the date of initial application of IFRS 16 is 0.9%.

The major factors for the difference in the commitment amount related to operating leases applying IAS 17 disclosed in interim condensed consolidated statement of financial position as at 31 August 31 2019 and the lease liabilities recognized in interim condensed consolidated statement of financial position as at the date of initial application of IFRS 16 are as follows.

*(Unit: Million Yen)*

| | |
|---|---|
| Minimum future lease payments for non-cancelable operating lease contracts (31 August 2019) | 344,888 |
| Present value of non-cancelable operating lease contracts (31 August 2019) | 337,009 |
| Finance lease obligations (31 August 2019) | 38,726 |
| Extension or termination options that are reasonably certain to be exercised | 44,751 |
| Lease liabilities recognized in interim condensed consolidated statement of financial position as at the date of initial application of IFRS 16 | 420,488 |

(2) Application of IFRIC 23: Uncertainty over income tax treatments

IFRIC 23 interpretations are additional to the requirement of IAS 12 *Income Taxes* and establish accounting procedures for uncertain tax positions, such as items with no clear tax treatment or items related to matters that are not yet resolved with the tax authorities. If it is determined that the tax treatment used by the Group is not likely to be approved by the tax authorities, the Group's calculation of taxable income will recognize additional taxable income in an amount equivalent to the impact of that uncertainty, using either the most likely amount or expected value.

The application of IFRIC 23 does not have a significant impact on the Group's condensed quarterly consolidated financial statements.

*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 of Directors (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 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 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 (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.*

For the three months ended 30 November 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 | 233,031 | 280,748 | 72,949 | 36,113 | 622,842 | 642 | — | 623,484 |
| Operating profit/(losses) | 38,557 | 37,836 | 12,376 | 1,870 | 90,639 | (33) | 1,084 | 91,690 |
| Segment income/(losses) (i.e., Profit/losses before income taxes) | 39,452 | 37,020 | 12,377 | 1,770 | 90,621 | (33) | 11,427 | 102,015 |

*(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 conducts its 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 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*

*(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.*

Three months ended 30 November 2019

*(Millions of yen)*

| | | Revenue (Millions of yen) | Percent of Total (%) |
|---|---|---|---|
| | Japan | 233,031 | 37.4 |
| | Greater China | 142,671 | 22.9 |
| | Other parts of Asia & Oceania | 66,307 | 10.6 |
| | North America & Europe | 71,769 | 11.5 |
| UNIQLO (Note 1) | | 513,780 | 82.4 |
| GU (Note 2) | | 72,949 | 11.7 |
| Global Brands (Note 3) | | 36,113 | 5.8 |
| Others (Note 4) | | 642 | 0.1 |
| Total | | 623,484 | 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, India*

*North America & Europe: United States of America, Canada, United Kingdom, France, Russia, Germany, Belgium, Spain, Sweden, the Netherlands, Denmark, Italy*

*(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 2018 | Three months ended 30 November 2019 |
|---|---|---|
| Selling, general and administrative expenses | | |
| Advertising and promotion | 22,330 | 21,925 |
| Rental expenses (Note) | 52,659 | 20,302 |
| Depreciation and amortization (Note) | 11,982 | 43,067 |
| Outsourcing | 10,254 | 11,941 |
| Salaries | 75,270 | 75,038 |
| Others | 49,019 | 51,823 |
| Total | 221,515 | 224,098 |

(Note) The decrease of rental expenses and the increase of depreciation and amortization are due to the application of IFRS 16 *Leases* as mentioned in "(6) Notes to the Interim Condensed Consolidated Financial Statements 1. Changes in accounting policies".

*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 2018 | Three months ended 30 November 2019 |
|---|---|---|
| Other income | | |
| Foreign exchange gains (Note) | 1,534 | 3,317 |
| Others | 417 | 766 |
| Total | 1,951 | 4,083 |

*(Millions of yen)*

| | Three months ended 30 November 2018 | Three months ended 30 November 2019 |
|---|---|---|
| Other expenses | | |
| Loss on retirement of property, plant and equipment | 59 | 73 |
| Impairment losses | — | 836 |
| Others | 709 | 557 |
| Total | 769 | 1,467 |

(Note) 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 2018 | Three months ended 30 November 2019 |
|---|---|---|
| Finance income | | |
| Foreign exchange gains (Note) | 5,030 | 9,297 |
| Interest income | 2,482 | 2,910 |
| Others | 48 | 11 |
| Total | 7,560 | 12,219 |

*(Millions of yen)*

| | Three months ended 30 November 2018 | Three months ended 30 November 2019 |
|---|---|---|
| Finance costs | | |
| Interest expenses | 1,139 | 1,894 |
| Total | 1,139 | 1,894 |

(Note) Currency adjustments incurred in the course of non-operating transactions are included in “finance income”.

*7. Earnings per share*

| Three months ended 30 November 2018 | | Three months ended 30 November 2019 | |
|---|---|---|---|
| Equity per share attributable to owners of the Parent (Yen) | 9,180.49 | Equity per share attributable to owners of the Parent (Yen) | 9,685.06 |
| Basic earnings per share (Yen) | 720.16 | Basic earnings per share (Yen) | 694.73 |
| Diluted earnings per share (Yen) | 719.01 | Diluted earnings per share (Yen) | 693.59 |

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

| | Three months ended 30 November 2018 | Three months ended 30 November 2019 |
|---|---|---|
| Basic earnings per share for the period | | |
| Profit for the period attributable to owners of the Parent (Millions of yen) | 73,476 | 70,907 |
| Profit not attributable to common shareholders (Millions of yen) | — | — |
| Profit attributable to common shareholders (Millions of yen) | 73,476 | 70,907 |
| Average number of common stock outstanding during the period (Shares) | 102,027,782 | 102,064,495 |
| Diluted earnings per share for the period | | |
| Adjustment to profit (Millions of yen) | — | — |
| Increase in number of common stock (Shares) | 163,218 | 167,866 |
| (Number of share subscription rights included in the increase) | (163,218) | (167,866) |

*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, 9 January 2020, 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, 10 January 2020.

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

Japan, 9 January 2020

*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.*