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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)

**FIRST QUARTERLY RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 30 NOVEMBER 2023
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 2023.

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 January 2024, 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 January 2024.

(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 2023 to 30 November 2023)

(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 2023	810,833	13.2	146,686	25.3	162,471	28.1	114,706	27.7
Three months ended 30 November 2022	716,393	14.2	117,077	(2.0)	126,812	(5.5)	89,830	(8.0)

	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 2023	107,800	26.7	152,188	95.8	351.50	350.88
Three months ended 30 November 2022	85,074	(9.1)	77,744	(41.2)	277.49	277.11

(Note) Our common stock has been split on a 3-to-1 basis, effective 1 March 2023. Equity per share attributable to owners of the Parent, basic earnings per share for the period, and diluted earnings per share for the period have been calculated assuming this stock split was conducted at the beginning of the previous fiscal year.

(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 2023	3,434,987	1,936,455	1,882,240	54.8	6,137.09
As at 31 August 2023	3,303,694	1,873,360	1,821,405	55.1	5,939.33

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 2023	-	375.00	-	165.00	-
Year ending 31 August 2024	-				
Year ending 31 August 2024 (forecast)		165.00	-	165.00	330.00

(Note) 1. Revisions during this quarter of dividends forecast for fiscal year: None

2. Our common stock has been split on a 3-to-1 basis, effective 1 March 2023.

The year-end dividend per share for the fiscal year ended 31 August 2023 is listed in the amount that takes the stock split into consideration, and the total dividend per share is listed as "-". Assuming that the stock split was conducted at the beginning of the previous fiscal year, the dividend per share at the end of the second quarter of the fiscal year ended August 31, 2023 would be 125 yen and the total dividend would be 290 yen.

3. CONSOLIDATED BUSINESS RESULTS PROJECTION FOR YEAR ENDING 31 AUGUST 2024 (1 SEPTEMBER 2023 TO 31 AUGUST 2024)

(% 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 2024	3,050,000	10.2	450,000	18.1	480,000	9.6	310,000	4.6

	Basic earnings per share attributable to owners of the Parent
Year ending 31 August 2024	Yen 1,010.99

(Note)1. Revisions during this quarter of previously disclosed consolidated business results projection for the year ending 31 August 2024: None.

* Notes

- (1) Changes of principal subsidiaries in the period: None
- (2) Changes in accounting policies and changes in accounting estimates:
- (i) Changes in accounting policies to conform with IFRS: Yes
- (ii) Other changes in accounting policies: None
- (iii) Changes in accounting estimates: None

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

(i)	Number of issued shares (including treasury stock)	As at 30 November 2023	318,220,968 Shares	As at 31 August 2023	318,220,968 shares
(ii)	Number of treasury stock	As at 30 November 2023	11,521,647 Shares	As at 31 August 2023	11,552,700 Shares
(iii)	Average number of issued shares	For the three months ended 30 November 2023	306,685,638 shares	For the three months ended 30 November 2022	306,586,380 shares

Our common stock has been split on a 3-to-1 basis, effective 1 March 2023. The number of issued shares at the end of the period, the number of treasury shares at the end of the period, and the average number of issued shares during the period have been calculated assuming this stock split was conducted at the beginning of the previous fiscal year.

* 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.8 “(3) Qualitative Information Concerning Consolidated Business Results Projection”.

1. Business Results

(1) Results of Operations

The Fast Retailing Group reported strong increases in both revenue and profit in the first quarter of fiscal 2024, or the three months from 1 September 2023 to 30 November 2023. Consolidated revenue totaled 810.8 billion yen (+13.2% year-on-year), while operating profit totaled 146.6 billion yen (+25.3% year-on-year). That result was generated by significant increases in revenue and profit at UNIQLO International on the back of strong sales primarily in North America and Europe regions. Furthermore, UNIQLO Japan reported higher first-quarter revenue and a significant rise in profits, and our GU business segment reported considerably higher revenue and profit. Fast Retailing's consolidated gross profit margin improved by 1.5 points year-on-year to 54.6%. The selling, general and administrative expense ratio increased by 0.2 point year-on-year to 37.2% due to a change in the practice followed through fiscal 2023 of recording year-end bonuses on a lump sum basis in August to recording year-end bonuses on a monthly basis from fiscal 2024 after defining our operational policy to align with the actual payment practice of year-end bonuses. If the impact is excluded, the ratio improved by 0.3 point. In addition, we recorded 15.7 billion yen under finance income net of costs, comprising 12.7 billion yen in net interest income and 3.0 billion yen in translated foreign exchange gains on foreign-currency denominated assets. As a result, first-quarter profit before income taxes increased to 162.4 billion yen (+28.1% year-on-year) and profit attributable to owners of the Parent increased to 107.8 billion yen (+26.7% year-on-year).

The Fast Retailing Group has been focusing on a number of areas as part of its quest to become a global No.1 brand that is essential to daily living and is trusted by all customers around the world. Those measures include (1) Further progressing the development of a digital consumer retailing industry, (2) Diversifying global earnings pillars, (3) Pursue a Business Model in which our business development contributes to sustainability, (4) Expanding the GU business segment, as well as Theory and other Group brands, and (5) Strengthening human capital. We aim to enhance our product development and branding and accelerate high-quality store openings at UNIQLO International in particular as the growth pillar of the Fast Retailing Group. We are also committed to creating clothing that prizes our LifeWear concept for ultimate everyday clothes in order to help build a sustainable society. Our aim is to create high-quality clothing that lasts a long time, clothing that exerts a lower impact on the planet and is made in healthy and safe working environments, and circular clothing that can be recycled or reused.

UNIQLO Japan

UNIQLO Japan reported higher revenue and a significant increase in profit in the first quarter of fiscal 2024, with revenue totaling 244.4 billion yen (+1.5% year-on-year) and operating profit totaling 46.5 billion yen (+18.0% year-on-year). First-quarter same-store sales increased by 0.2% year-on-year. Warmer-than-usual temperatures in September and October stifled demand for Fall Winter ranges, resulting in a decline in revenue for those two months. However, sales picked up considerably in November thanks to strong sales of HEATTECH innerwear, fleece and other thermal winter clothing once the temperature dropped, strong sales of collaboration products and a buoyant UNIQLO anniversary sale. The gross profit margin improved by 2.7 points year-on-year thanks to an improvement in cost of sales. In the first quarter of fiscal 2023, cost of sales deteriorated considerably following the sharp weakening in yen spot rates used for additional production orders. However, greater control over orders reduced the amount of additional production in the first quarter of fiscal 2024, lessening the impact of spot exchange rates and greatly improving first-quarter cost of sales. The selling, general and administrative expense ratio increased by 0.2 point year-on-year due to higher depreciation and amortization and personnel cost ratios. The personnel cost ratio increased as a result of the change in the practice of recording year-end bonuses. However, if this factor is excluded, the personnel cost ratio improved slightly by 0.1 point year-on-year in the first quarter of fiscal 2024.

UNIQLO International

UNIQLO International reported significant increases in revenue and profit in the first quarter of fiscal 2024, with revenue rising to 441.3 billion yen (+23.3% year-on-year) and operating profit expanding to 77.8 billion yen (+35.8% year-on-year). All markets reported significantly higher revenue and profit in the first quarter, with North America and Europe achieving particularly strong results as those regions further expanded their customer bases by developing products that reflected global customer needs. While demand for Winter products was stifled by the warm winter weather, the gross profit margin and the selling, general and administrative expense ratio both improved on the back of flexible ordering and firm cost controls.

Breaking down the UNIQLO International performance into individual regions and markets, the Mainland China market reported significantly higher revenue and profit in the first quarter. While the launch of Fall Winter ranges was somewhat impacted by the warm weather, the weather did turn colder in November and, in the end, sales proved extremely buoyant thanks to stronger marketing of core Winter items. Revenue and profits also rose strongly in the Hong Kong market and the Taiwan market. UNIQLO South Korea reported higher revenue and profit in the first quarter thanks to particularly strong sales in the month of November. Revenue and profit rose considerably in the Southeast Asia, India & Australia region. In addition to strong sales of core Winter products and collaboration ranges such as KAWS, the expansion of the region's network by 45 stores year-on-year also contributed to the significantly higher revenue figures. However, those results fell slightly short of our business estimates. Going forward, we intend to strengthen business management platforms now that we have clarified some particular issues facing our business in the region, such as how to best compile product mixes for a perpetual summer climate and how to enhance human resources. Meanwhile, UNIQLO North America and UNIQLO Europe both reported significant increases in first-quarter revenue and profit thanks to an expanding new customer base and strong sales of cashmere sweaters, HEATTECH innerwear and other core Winter items.

GU

The GU business segment reported large increases in both revenue and profit in the first quarter of fiscal 2024, with revenue rising to 87.8 billion yen (+10.7% year-on-year) and operating profit totaling 12.3 billion yen (+16.4% year-on-year). Warm weather in September and October resulted in sluggish sales of Fall and Winter products, but sales proved strong in November once the weather turned colder and thanks to our efforts to successfully prepare sufficient stock of top-selling Winter items. Sales of Heavy Weight Sweat items, Heat Padded outerwear, Parachute Cargo Pants and other products that captured mass fashion trends proved especially strong. Furthermore, GU's operating profit margin also improved by 0.7 point year-on-year as improvements in production efficiency also helped improve cost of sales and the gross profit margin.

Global Brands

The Global Brands segment reported a decline in revenue and profit in the first quarter of fiscal 2024, with revenue contracting to 36.6 billion (-2.4% year-on-year) and operating profit contracting to 0.3 billion yen (-43.9% year-on-year). While our Theory brand generated a similar level of revenue to the previous year, it also reported a decline in profits. Theory profits declined after warm winter weather stifled sales, and higher personnel costs primarily at Theory USA led to a deterioration in the selling, general and administrative expense ratio. Meanwhile, our PLST brand reported a decline in revenue due to a reduction in the network of 35 stores compared to the previous year, and a slight operating loss. Finally, our France-based Comptoir des Cotonniers brand reported a decline in revenue on the back of sluggish consumer sentiment in the European market and warmer winter weather, but losses narrowed thanks to improvements in the gross profit margin and selling, general and administrative expense ratio.

Sustainability

Fast Retailing is advancing its LifeWear concept—the ultimate in everyday clothing, designed to make everyone's life better—to create apparel that not only emphasizes quality, design, and price but also meets the definition of good clothing from the standpoint of the environment, people, and society.

In November 2023, we held the third "LifeWear: A New Industry" briefing. We briefed investors and the media on the progress of initiatives aimed at achieving the FY2030 target in key sustainability areas, the challenge of adopting a circular business model, and revolutionizing the supply chain. We aim to create a recycling-oriented society by making only what customers need, protecting the environment and human rights throughout the process from the production of clothes to transportation and sales, and reusing and recycling products after they are sold.

In the Corporate Human Rights Benchmark published by the World Benchmarking Alliance in November 2023, we received a high ranking of 4th out of 55 companies in the Apparel sector. We were commended for training all employees and suppliers on human rights activities, and in particular our human rights policy commitments, and involving users in the improvement of our grievance mechanism.

We have identified six priority areas (materialities) for our sustainability activities. The main company activities during the first-quarter consolidated accounting period are as follows.

- **Creating new value through products and sales:** UNIQLO is promoting "RE.UNIQLO", an initiative aimed at recycling and reusing all of its products. As of the end of November 2023, RE.UNIQLO Studio, which offers clothing repair and remaking services, has been rolled out to 40 stores across 18 countries and regions, and there are plans to expand it to more than 50 stores globally by 2024. In addition, the UNIQLO Pre-Owned Clothes Project was launched and a temporary pop-up store selling pre-owned clothing was trialed at the UNIQLO Harajuku store in October 2023, which was hugely popular among customers. As part of our "recycling clothes into clothes" initiative, we are also developing new products made from recycled cotton, cashmere, and wool, following on from our recycled down jackets that went on sale in November 2020.

- **Respecting human rights and working environments in our supply chain:** In order to make our supply chain sustainable, we apply our own standards throughout the entire production process with respect to quality, procurement, production systems, working environments, and human rights, in order to manage the entire supply chain across our company. To achieve this, we have made efforts to improve traceability by visualizing the entire supply chain from the end product to the raw material level, consolidating business with production partners, and procuring key raw materials from our own designated farms, ranches, and factories. As of the 2023 spring/summer season, UNIQLO is able to trace the flow of all products right down to the raw material level, while centering our business on cotton spinning suppliers that are capable of long-term trading. We are also continually improving our efforts to respect human rights and improve working environments throughout our entire supply chain. By the end of August 2023, we finalized the Code of Conduct for Production Partners in order to monitor working environments not only at garment factories and major materials factories but also at major textile mills where UNIQLO cotton products are made.

- **Consideration for the environment:** We formulated a Biodiversity Conservation Policy, published in November 2023. We are accelerating our efforts to achieve a net positive impact on biodiversity throughout the value chain over the long term. First, we identified a significant impact on how land is used in the production of wool, cashmere, and cotton. We partnered with the University of the Ryukyus to analyze satellite data on the status of the plants in all of the ranches where our cashmere is produced, and conducted surveys through on-site visits to identify improvement actions that we intend to implement moving forward. We plan to apply the same process to evaluate and improve wool and cotton production as well.

At Fast Retailing, we aim to reduce greenhouse gas emissions across stores and major offices by 90% by FY2030 (compared to FY2019), and by 20% across the supply chain. We also aim to switch 50% of our total raw material usage to materials with low greenhouse gas emissions, such as recycled materials. In our products planned for FY2023, the ratio of recycled materials used rose to 8.5%, and about 30% of the polyester used was recycled.

- **Community co-existence and mutual support:** In November 2023, we signed a four-year agreement with the United Nations High Commissioner for Refugees (UNHCR) to form a new global partnership aimed at strengthening the response to refugee crises across the world. Under this global partnership, Fast Retailing will donate a total of US\$6 million (approximately ¥900 million) over four years to assist a wide range of activities, including logistical support for clothing donations, emergency aid, support for employment and self-reliance activities, and communication initiatives. We also intend to increase the amount of clothing we provide to refugee camps around the world from approximately 7 million items to 10 million items a year.

■ **Supporting employee fulfillment:** We are implementing various initiatives to promote diversity in four priority areas of gender, Global One Team, disabilities, and LGBTQ+, including the introduction of systems and training programs to support relevant parties. We held career sessions with female executives in October 2023, and have launched a mentorship program for foreign employees working at global headquarter. The Human Rights Committee analyzes the status of gender equality in businesses and organizations across the Group, and is discussing measures aimed at increasing the ratio of female managers and reducing the gender pay gap. The work of the committee will help us to continue improving our training plans and medium-to-long-term career plans for female management candidates, as well as providing support in skill improvement and other areas.

■ **Implementing good corporate governance:** Each committee is engaged in open and active discussion to enable rapid and transparent management. The Risk Management Committee discusses various measures aimed at strengthening internal controls, such as improving information security and establishing an e-commerce counter-fraud team. In addition, the Human Rights Committee provides status reports on the number of consultations worldwide and their content through our employee hotline, the results of monitoring working environments in factories, and the current status of consultations and issues raised via Fast Retailing's hotline for factory employees, as well as actively discussing ways of strengthening systems.

(2) Financial Positions and Cash Flows Information

(i) Financial Positions

Total assets as at 30 November 2023 were 3.4349 trillion yen, which was an increase of 131.2 billion yen relative to the end of the preceding fiscal year. The principal factors were a decrease of 15.9 billion yen in cash and cash equivalents, an increase of 76.0 billion yen in trade and other receivables, an increase of 40.7 billion yen in other current financial assets, an increase of 36.4 billion yen in inventories, a decrease of 9.7 billion yen in derivative financial assets, an increase of 10.9 billion yen in property, plant and equipment, an increase of 6.0 billion yen in right-of-use assets, and a decrease of 16.5 billion yen in non-current financial assets.

Total liabilities as at 30 November 2023 were 1.4985 trillion yen, which was an increase of 68.1 billion yen relative to the end of the preceding fiscal year. The principal factors were an increase of 68.6 billion yen in trade and other payables, an increase of 15.8 billion yen in other current financial liabilities, an increase of 1.4 billion yen in derivative financial liabilities, a decrease of 16.9 billion yen in current tax liabilities, and a decrease of 8.7 billion yen in deferred tax liabilities.

Total net assets as at 30 November 2023 were 1.9364 trillion yen, which was an increase of 63.0 billion yen relative to the end of the preceding fiscal year. The principal factors were an increase of 57.2 billion yen in retained earnings, an increase of 3.3 billion yen in other components of equity, and an increase of 2.2 billion yen in non-controlling interests.

(ii) Cash Flows Information

Cash and cash equivalents as at 30 November 2023 had decreased by 15.9 billion yen from the end of the preceding fiscal year, to 887.3 billion yen.

(Operating Cash Flows)

Net cash generated by operating activities for the three months ended 30 November 2023 was 107.1 billion yen (1.3 billion yen was used during the three months ended 30 November 2022). The principal factors were cash inflow from profit before tax for 162.4 billion yen, depreciation and amortization for 49.3 billion yen and increase in trade and other payables for 61.0 billion yen, and cash outflow from increase in trade and other receivables for 73.9 billion yen, and income taxes paid for 68.9 billion yen.

(Investing Cash Flows)

Net cash used in investing activities for the three months ended 30 November 2023 was 44.4 billion yen (376.3 billion yen was used during the three months ended 30 November 2022). The principal factors were net increase in time deposit for 14.6 billion yen and 20.7 billion yen in payments for property, plant and equipment.

(Financing Cash Flows)

Net cash used in financing activities for the three months ended 30 November 2023 was 88.9 billion yen (69.1 billion yen was used during the three months ended 30 November 2022). The principal factors were 50.5 billion yen in dividends paid to owners of the Parent, and 38.0 billion yen in repayments of lease liabilities.

(3) Qualitative Information Concerning Consolidated Business Results Projection

No adjustments were made concerning the business results projection for the year ending 31 August 2024 as reported in the “Annual Results Announcement for the Year Ended 31 August 2023” released on 12 October 2023.

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 2023	As at 30 November 2023
ASSETS			
Current assets			
Cash and cash equivalents		903,280	887,360
Trade and other receivables		66,831	142,880
Other financial assets		576,194	616,956
Inventories		449,254	485,724
Derivative financial assets		132,101	128,072
Income taxes receivable		23,660	22,608
Other assets		25,372	28,489
Total current assets		2,176,695	2,312,091
Non-current assets			
Property, plant and equipment		221,877	232,787
Right-of-use assets		389,183	395,266
Goodwill		8,092	8,092
Intangible assets		87,300	89,558
Financial assets		240,363	223,849
Investments in associates accounted for using the equity method		18,974	19,237
Deferred tax assets		38,208	39,201
Derivative financial assets		114,151	108,385
Other assets		8,846	6,515
Total non-current assets		1,126,998	1,122,896
Total assets		3,303,694	3,434,987
Liabilities and equity			
LIABILITIES			
Current liabilities			
Trade and other payables		338,901	407,572
Other financial liabilities		61,913	77,725
Derivative financial liabilities		3,600	3,634
Lease liabilities		126,992	127,988
Current tax liabilities		65,428	48,467
Provisions		2,642	2,228
Other liabilities		129,782	135,624
Total current liabilities		729,260	803,242
Non-current liabilities			
Financial liabilities		241,068	241,079
Lease liabilities		338,657	338,330
Provisions		50,888	52,799
Deferred tax liabilities		67,039	58,255
Derivative financial liabilities		1,410	2,824
Other liabilities		2,007	1,999
Total non-current liabilities		701,072	695,289
Total liabilities		1,430,333	1,498,532
EQUITY			
Capital stock		10,273	10,273
Capital surplus		28,531	28,796
Retained earnings		1,498,348	1,555,548
Treasury stock, at cost		(14,714)	(14,675)
Other components of equity		298,965	302,296
Equity attributable to owners of the Parent		1,821,405	1,882,240
Non-controlling interests		51,955	54,214
Total equity		1,873,360	1,936,455
Total liabilities and equity		3,303,694	3,434,987

(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 2022	Three months ended 30 November 2023
Revenue	3	716,393	810,833
Cost of sales		(336,109)	(368,010)
Gross profit		380,283	442,823
Selling, general and administrative expenses	4	(265,033)	(301,400)
Other income	5	2,436	5,663
Other expenses	5	(1,057)	(1,070)
Share of profit and loss of associates accounted for using the equity method		449	671
Operating profit		117,077	146,686
Finance income	6	12,322	18,261
Finance costs	6	(2,588)	(2,476)
Profit before income taxes		126,812	162,471
Income tax expense		(36,981)	(47,764)
Profit for the period		89,830	114,706
Profit for the period attributable to:			
Owners of the Parent		85,074	107,800
Non-controlling interests		4,756	6,905
Total		89,830	114,706
Earnings per share			
Basic (yen)	7	277.49	351.50
Diluted (yen)	7	277.11	350.88

Interim Condensed Consolidated Statement of Comprehensive Income

(Millions of yen)

	Notes	Three months ended 30 November 2022	Three months ended 30 November 2023
Profit for the period		89,830	114,706
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)		(23)	(0)
Total items that will not be reclassified subsequently to profit or loss		(23)	(0)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		(9,208)	14,503
Cash flow hedges		(2,873)	22,960
Share of other comprehensive income of associates		19	18
Total items that may be reclassified subsequently to profit or loss		(12,062)	37,482
Other comprehensive income / (loss), net of income tax		(12,086)	37,482
Total comprehensive income for the period		77,744	152,188
Attributable to:			
Owners of the Parent		73,981	144,490
Non-controlling interests		3,763	7,698
Total comprehensive income for the period		77,744	152,188

(3) Interim Condensed Consolidated Statement of Changes in Equity

For the three months ended 30 November 2022

(Millions of yen)

Note	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Other components of equity				Total	Equity attributable to owners of the Parent	Non-controlling interests	Total equity
					Financial assets measured at fair value through other comprehensive income / (loss)	Foreign currency translation reserve	Cash flow hedge reserve	Share of other comprehensive income of associates				
As at 1 September 2022	10,273	27,834	1,275,102	(14,813)	131	100,587	162,407	129	263,255	1,561,652	53,750	1,615,402
Net changes during the period												
Comprehensive income												
Profit for the period	-	-	85,074	-	-	-	-	-	-	85,074	4,756	89,830
Other comprehensive income / (loss)	-	-	-	-	(23)	(9,503)	(1,585)	19	(11,092)	(11,092)	(993)	(12,086)
Total comprehensive income	-	-	85,074	-	(23)	(9,503)	(1,585)	19	(11,092)	73,981	3,763	77,744
Transactions with the owners of the Parent												
Acquisition of treasury stock	-	-	-	(2)	-	-	-	-	-	(2)	-	(2)
Disposal of treasury stock	-	604	-	52	-	-	-	-	-	657	-	657
Dividends	-	-	(34,744)	-	-	-	-	-	-	(34,744)	(4,590)	(39,335)
Share-based payments	-	(616)	-	-	-	-	-	-	-	(616)	-	(616)
Transfer to non-financial assets	-	-	-	-	-	-	(35,591)	-	(35,591)	(35,591)	(497)	(36,089)
Transfer to retained earnings	-	-	20	-	(20)	-	-	-	(20)	-	-	-
Total transactions with the owners of the Parent	-	(11)	(34,724)	49	(20)	-	(35,591)	-	(35,611)	(70,298)	(5,088)	(75,386)
Total net changes during the period	-	(11)	50,349	49	(43)	(9,503)	(37,176)	19	(46,704)	3,683	(1,325)	2,357
As at 30 November 2022	10,273	27,823	1,325,451	(14,764)	88	91,083	125,230	149	216,551	1,565,335	52,424	1,617,760

For the three months ended 30 November 2023

(Millions of yen)

Note	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Other components of equity				Total	Equity attributable to owners of the Parent	Non-controlling interests	Total equity
					Financial assets measured at fair value through other comprehensive income / (loss)	Foreign currency translation reserve	Cash flow hedge reserve	Share of other comprehensive income of associates				
As at 1 September 2023	10,273	28,531	1,498,348	(14,714)	28	146,031	152,602	302	298,965	1,821,405	51,955	1,873,360
Net changes during the period												
Comprehensive income												
Profit for the period	-	-	107,800	-	-	-	-	-	-	107,800	6,905	114,706
Other comprehensive income / (loss)	-	-	-	-	(0)	13,390	23,280	18	36,689	36,689	792	37,482
Total comprehensive income	-	-	107,800	-	(0)	13,390	23,280	18	36,689	144,490	7,698	152,188
Transactions with the owners of the Parent												
Acquisition of treasury stock	-	-	-	(0)	-	-	-	-	-	(0)	-	(0)
Disposal of treasury stock	-	552	-	39	-	-	-	-	-	591	-	591
Dividends	-	-	(50,600)	-	-	-	-	-	-	(50,600)	(4,939)	(55,539)
Share-based payments	-	(287)	-	-	-	-	-	-	-	(287)	-	(287)
Transfer to non-financial assets	-	-	-	-	-	-	(33,358)	-	(33,358)	(33,358)	(499)	(33,858)
Total transactions with the owners of the Parent	-	264	50,600	38	-	-	(33,358)	-	(33,358)	(83,655)	(5,438)	(89,094)
Total net changes during the period	-	264	57,200	38	(0)	13,390	(10,077)	18	3,330	60,834	2,259	63,094
As at 30 November 2023	10,273	28,796	1,555,548	(14,675)	28	159,422	142,524	321	302,296	1,882,240	54,214	1,936,455

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

	Notes	Three months ended 30 November 2022	Three months ended 30 November 2023
Cash flows from operating activities			
Profit before income taxes		126,812	162,471
Depreciation and amortization		46,743	49,312
Impairment losses		62	202
Interest and dividend income		(8,385)	(15,221)
Interest expenses		2,588	2,476
Foreign exchange losses / (gains)		(3,936)	(3,039)
Share of profit and loss of associates accounted for using the equity method		(449)	(671)
Losses on disposal of property, plant and equipment		83	280
(Increase) / Decrease in trade and other receivables		(64,396)	(73,991)
(Increase) / Decrease in inventories		(88,050)	(31,525)
Increase / (Decrease) in trade and other payables		38,315	61,067
(Increase) / Decrease in other assets		(3,396)	(2,819)
Increase / (Decrease) in other liabilities		17,243	19,941
Others, net		12,834	(1,119)
Cash generated from operations		76,067	167,362
Interest and dividends income received		6,349	10,861
Interest paid		(2,134)	(2,138)
Income taxes paid		(81,591)	(68,900)
Net cash generated by / (used in) operating activities		(1,309)	107,184
Cash flows from investing activities			
Amounts deposited into bank deposits with original maturities of three months or longer		(126,306)	(111,578)
Amounts withdrawn from bank deposits with original maturities of three months or longer		51,620	96,956
Payments for property, plant and equipment		(14,761)	(20,777)
Payments for intangible assets		(6,798)	(7,921)
Payments for acquisition of right-of-use assets		(434)	(1,101)
Payments for acquisition of investment securities		(279,335)	(114,590)
Proceeds from sale and redemption of investment securities		-	115,038
Payments for lease and guarantee deposits		(968)	(1,360)
Proceeds from collection of lease and guarantee deposits		1,567	1,396
Others, net		(935)	(471)
Net cash generated by / (used in) investing activities		(376,354)	(44,410)

(Millions of yen)

	Notes	Three months ended 30 November 2022	Three months ended 30 November 2023
Cash flows from financing activities			
Proceeds from short-term loans payable		1,118	1,172
Repayment of short-term loans payable		(736)	(1,562)
Dividends paid to owners of the Parent		(34,697)	(50,545)
Repayments of lease liabilities		(34,875)	(38,088)
Others, net		49	38
Net cash generated by / (used in) financing activities		(69,141)	(88,984)
Effect of exchange rate changes on the balance of cash held in foreign currencies		2,554	10,289
Net increase / (decrease) in cash and cash equivalents		(444,250)	(15,920)
Cash and cash equivalents at the beginning of period		1,358,292	903,280
Cash and cash equivalents at the end of period		914,041	887,360

(5) Notes to assumption of going concern

Not applicable.

(6) Notes to the Interim Condensed Consolidated Financial Statements

1. Changes in accounting policies

Significant Accounting Policies applied in the Interim Condensed Consolidated Financial Statement are the same as those applied in the consolidated financial statements for the previous consolidated fiscal year, with the exception of the below newly applied standard.

Since the first quarter of the current consolidated fiscal year, the Group has adopted the below standard.

Standard	Standard Name	Summary of New/Revised Content and Transitional Measures
IAS 12 (Revised)	Income Taxes	Deferred tax related to assets and liabilities arising from a single transaction.
IAS 12 (Revised)	Income Taxes	Disclosure of income taxes arising from tax laws enacted or substantially enacted to introduce the "International Tax Reform - Pillar Two Model Rules."

The application of IAS 12 (Revised) has no significant impact on the Group's Interim Condensed Consolidated Financial Statement.

2. Segment Information

(i) Description of reportable segments

The Group's reportable segments are components for which discrete financial information is available. The segments 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 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, and PRINCESSE TAM.TAM clothing business

(ii) Segment revenue and results

For the three months ended 30 November 2022

(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	240,949	357,896	79,364	37,604	715,815	577	-	716,393
Operating profit / (loss)	39,472	57,293	10,631	708	108,105	(25)	8,997	117,077
Segment income / (loss) (i.e., Profit / (loss) before income taxes)	39,684	57,427	10,661	501	108,275	(43)	18,580	126,812

(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 2023

(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	244,498	441,318	87,856	36,684	810,358	475	-	810,833
Operating profit / (loss)	46,567	77,820	12,372	397	137,157	96	9,431	146,686
Segment income / (loss) (i.e., Profit / (loss) before income taxes)	49,156	78,027	12,262	381	139,828	96	22,545	162,471

(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 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 2022

	Revenue (Millions of yen)	Percentage of Total (%)
Japan	240,949	33.6
Greater China	146,718	20.5
South Korea, Southeast Asia, India & Australia	110,323	15.4
North America	47,397	6.6
Europe	53,456	7.5
UNIQLO (Note 1)	598,846	83.6
GU (Note 2)	79,364	11.1
Global Brands (Note 3)	37,604	5.2
Others (Note 4)	577	0.1
Total	716,393	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

South Korea, Southeast Asia, India & Australia: South Korea, Singapore, Malaysia, Thailand, the Philippines, Indonesia, Australia, Vietnam, India

North America: United States of America, Canada

Europe: United Kingdom, France, Russia, Germany, Belgium, Spain, Sweden, the Netherlands, Denmark, Italy, Poland

(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 2023

	Revenue (Millions of yen)	Percentage of Total (%)
Japan	244,498	30.2
Greater China	180,347	22.2
South Korea, Southeast Asia, India & Australia	131,273	16.2
North America	57,971	7.1
Europe	71,726	8.8
UNIQLO (Note 1)	685,817	84.6
GU (Note 2)	87,856	10.8
Global Brands (Note 3)	36,684	4.5
Others (Note 4)	475	0.1
Total	810,833	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

South Korea, Southeast Asia, India & Australia: South Korea, Singapore, Malaysia, Thailand, the Philippines, Indonesia, Australia, Vietnam, India

North America: United States of America, Canada

Europe: United Kingdom, France, Germany, Belgium, Spain, Sweden, the Netherlands, Denmark, Italy, Poland, Luxembourg

(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 2022	Three months ended 30 November 2023
Selling, general and administrative expenses		
Advertising and promotion	26,555	30,117
Lease expenses	25,618	30,206
Depreciation and amortization	46,743	49,312
Outsourcing	15,265	16,660
Salaries	91,005	107,547
Distribution	30,771	33,659
Others	29,075	33,897
Total	265,033	301,400

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 2022	Three months ended 30 November 2023
Other income		
Foreign exchange gains (Note)	1,542	3,997
Others	893	1,665
Total	2,436	5,663

(Millions of yen)

	Three months ended 30 November 2022	Three months ended 30 November 2023
Other expenses		
Loss on retirement of property, plant and equipment	83	280
Impairment losses	62	202
Others	912	587
Total	1,057	1,070

(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 2022	Three months ended 30 November 2023
Finance income		
Foreign exchange gains (Note)	3,936	3,039
Interest income	8,380	15,221
Others	5	0
Total	12,322	18,261

(Millions of yen)

	Three months ended 30 November 2022	Three months ended 30 November 2023
Finance costs		
Interest expenses	2,588	2,476
Total	2,588	2,476

(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 2022		Three months ended 30 November 2023	
Equity per share attributable to owners of the Parent (Yen)	5,105.30	Equity per share attributable to owners of the Parent (Yen)	6,137.09
Basic earnings per share for the period (Yen)	277.49	Basic earnings per share for the period (Yen)	351.50
Diluted earnings per share for the period (Yen)	277.11	Diluted earnings per share for the period (Yen)	350.88

(Note 1) The basis for calculation of basic earnings per share and diluted earnings per share is as follows:

	Three months ended 30 November 2022	Three months ended 30 November 2023
Basic earnings per share for the period		
Profit for the period attributable to owners of the Parent (Millions of yen)	85,074	107,800
Profit not attributable to common shareholders (Millions of yen)	-	-
Profit attributable to common shareholders (Millions of yen)	85,074	107,800
Average number of common stock outstanding during the period (Shares)	306,586,380	306,685,638
Diluted earnings per share for the period		
Adjustment to profit (Millions of yen)	-	-
Increase in number of common stock (Shares)	423,161	546,313
(Number of share subscription rights included in increase)	(423,161)	(546,313)

(Note 2) Our common stock has been split on a 3-to-1 basis, effective 1 March 2023. Equity per share attributable to owners of the Parent, basic earnings per share for the period, and diluted earnings per share for the period have been calculated assuming this stock split was conducted at the beginning of the previous fiscal year.

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, 11 January 2024, 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 January 2024.

On behalf of the Board

FAST RETAILING CO., LTD.

Tadashi Yanai

*Chairman, President and Chief Executive
Officer*

Japan, 11 January 2024

As at the date of this announcement, the Executive Directors are Tadashi Yanai, Takeshi Okazaki, Kazumi Yanai and Koji Yanai, and the Independent Non-executive Directors are Nobumichi Hattori, Masaaki Shintaku, Naotake Ono, Kathy Mitsuko Koll (aka Kathy Matsui), Joji Kurumado, and Yutaka Kyoya.