FAST RETAILING CO., LTD.
迅銷有限公司

Third Quarterly Report 2017/18

2018.3.1–2018.5.31

Stock Code: 6288

Contents

1. Corporate Profile

Board of Directors

Executive Director

Mr. Tadashi Yanai *(Chairman of the Board of Directors, President and Chief Executive Officer)*

Non-Executive Director

Mr. Toru Murayama *(External)*

Independent Non-Executive Directors

Mr. Toru Hambayashi *(External)*

Mr. Nobumichi Hattori *(External)*

Mr. Masaaki Shintaku *(External)*

Mr. Takashi Nawa *(External)*

Audit & Supervisory Board Members

Mr. Akira Tanaka

Mr. Masaaki Shinjo

Mr. Takaharu Yasumoto *(External)*

Mr. Akira Watanabe *(External)*

Ms. Keiko Kaneko *(External)*

Joint Company Secretaries

Japan: Mr. Mitsuru Ohki

Hong Kong: Ms. Choy Yee Man

External Independent Accountants

Deloitte Touche Tohmatsu LLC

Principal Banks

Sumitomo Mitsui Banking Corporation

The Bank of Tokyo-Mitsubishi UFJ, Ltd.

Mizuho Bank, Ltd.

The Hong Kong and Shanghai Banking Corporation Limited

Registered Office and Headquarters

717-1 Sayama

Yamaguchi City

Yamaguchi 754-0894

Japan

Principal Place of Business in Japan

Midtown Tower 9-7-1

Akasaka Minato-ku

Tokyo 107-6231

Japan

Principal Place of Business in Hong Kong

702–706, 7th Floor, Mira Place Tower A

No. 132 Nathan Road

Tsim Sha Tsui

Kowloon

Hong Kong

HDR Registrar and HDR Transfer Office

Computershare Hong Kong Investor Services Limited

Shops 1712–1716, 17th Floor

Hopewell Centre

183 Queen’s Road East

Wanchai

Hong Kong

Stock Code

Hong Kong: 6288

Japan: 9983

Website Address

http://www.fastretailing.com

2. Financial Highlights

Financial Summary

Term	Third Quarter of 56th Year	Third Quarter of 57th Year	56th Year
Accounting period	Nine months ended 31 May 2017	Nine months ended 31 May 2018	Year ended 31 August 2017
Revenue (Millions of yen)	1,477,958	1,704,149	1,861,917
Operating profit/(loss) (Millions of yen)	180,618	238,897	176,414
Profit/(loss) before income taxes (Millions of yen)	195,477	237,475	193,398
Profit/(loss) for the period attributable to owners of the Parent (Millions of yen)	120,113	148,335	119,280
Comprehensive income/(loss) attributable to owners of the Parent (Millions of yen)	190,419	140,889	190,566
Equity attributable to owners of the Parent (Millions of yen)	731,618	838,368	731,770
Total assets (Millions of yen)	1,401,900	1,648,823	1,388,486
Basic earnings per share for the period (Yen)	1,177.89	1,454.29	1,169.70
Diluted earnings per share for the period (Yen)	1,176.18	1,451.77	1,168.00
Ratio of equity attributable to owners of the Parent to total assets (%)	52.2	50.8	52.7
Net cash generated by operating activities (Millions of yen)	241,196	258,122	212,168
Net cash (used in)/generated by investing activities (Millions of yen)	(25,623)	(35,892)	122,790
Net cash used in financing activities (Millions of yen)	(46,433)	(43,129)	(50,836)
Cash and cash equivalents at end of the period (year) (Millions of yen)	567,446	858,359	683,802

Accounting period	Three months ended 31 May 2017	Three months ended 31 May 2018
Revenue (Millions of yen)	460,449	517,384
Profit/(loss) attributable to owners of the parent (Millions of yen)	22,879	44,184
Basic earnings/(loss) per share for the period (Yen)	224.35	433.13

(Notes)
1. FAST RETAILING CO., LTD. (the “Company” or “Parent”) prepared interim condensed consolidated financial statements, and therefore has not included information regarding changes in key management indices for the reporting entity.
2. Revenue does not include consumption taxes, etc.
3. The financial figures are quoted from the interim condensed consolidated financial statements or consolidated financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”).

Business Description

There were no significant changes in the nature of the business engaged in by the Company and its subsidiaries (collectively, the "Group") during the nine months ended 31 May 2018.

In addition, there was no significant changes in the organizational structure, including the major subsidiaries during the nine months ended 31 May 2018.

3. Management Discussion and Analysis

Business Review

1. Business and Operational Risks

No new business-related risks have arisen during the nine months ended 31 May 2018.

There have been no important changes concerning business-related risks as stated in the annual report for the preceding consolidated fiscal year.

2. Significant Contract in Business Operation

None.

3. Financial Analysis

(1) Results of Operations

The Fast Retailing Group generated rises in both revenue and profit in the first nine months of fiscal 2018 from 1 September 2017 to 31 May 2018. Consolidated revenue totaled ¥1.7041 trillion (+15.3% year-on-year) and operating profit reached ¥238.8 billion (+32.3% year-on-year). The consolidated gross profit margin improved by 0.8 point year-on-year and the selling, general and administrative expense ratio improved by 1.9 points. The Group recorded a foreign exchange loss of ¥1.5 billion and an impairment loss of ¥10.3 billion under other income and expenses. A net loss of ¥1.4 billion was recorded under finance income/costs, after the spot foreign exchange rate at the end of May closed higher than the spot rate at the start of the business term. As a result, 1Q-3Q profit before income taxes expanded to ¥237.4 billion (+21.5% year-on-year) and profit attributable to owners of the parent increased to ¥148.3 billion (+23.5% year-on-year). Looking at individual business segments, not only did UNIQLO Japan and UNIQLO International report significant rises in revenue and profit in the first nine months of fiscal 2018, but GU also reported rising revenue and profit. Meanwhile the Global Brands segment reported a rise in revenue but a fall in profit over the nine-month period.

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

Due to its growing impact on overall consolidated performance, the GU casual fashion brand, formerly a part of the Global Brands business segment, has been separated into an independent business segment from the first quarter of the 2018 reporting period. Previous data have been adjusted to suit the new reporting segment structure and facilitate accurate year-on-year comparisons.

UNIQLO Japan

UNIQLO Japan reported a considerable rise in both revenue and profit in the first nine months of fiscal 2018, with revenue totaling ¥704.4 billion (+7.8 % year-on-year) and operating profit totaling ¥120.0 billion (+29.6% year-on-year). While the cost of sales continued to rise over the period due to persistent weakening in internal yen exchange rates, that negative impact was successfully offset by stricter discounting rates. As a result, the gross profit margin improved by 0.8 point year on year. Meanwhile, the selling, general and administrative expense ratio improved 2.0 points year-on-year on the back of significant reductions in advertising and promotion expenses, distribution costs and personnel expenses.

In the three months to 31 May 2018, same-store sales, including online sales, expanded by 5.4% year-on-year as consistently warm weather in March and April generated strong sales of summer items such as AIRism, UT and DRY T-shirts. Online sales increased by 33.1% to ¥16.4 billion, constituting 7.8% of total revenue. A new service, launched on 3 April 2018, enabling customers to pick up online purchases from local UNIQLO stores free of charge proved extremely popular, and contributed to the continued successful expansion of our e-commerce business.

UNIQLO International
UNIQLO International revenue and profit rose significantly in the first nine months of fiscal 2018, with revenue totaling ¥716.0 billion (+27.5% year-on-year) and operating profit increasing to ¥112.4 billion (+65.0% year-on-year). The operating profit margin improved by 1.3 points year-on-year as we shifted to a business format that relied less heavily on discounting. The selling, general and administrative expense ratio improved 2.1 points on consistent cost-cutting efforts.

During the March-to-May quarter, Greater China, South Korea, and the Southeast Asia & Oceania region generated strong results, while UNIQLO USA further reduced operating losses. Same-store sales at UNIQLO Greater China attained double-digit year-on-year growth following a strong launch of new Spring Summer ranges, and effective news generated by popular new UT brand contents, Kando pants and jackets, and other ranges. UNIQLO South Korea's gross profit margin improved as the successful linking of marketing and in-store displays helped reduce discounting. UNIQLO Southeast Asia and Oceania reported continued double-digit growth in same-store sales on the back of strong sales of UT T-shirts, polo shirts and short pants. The reduction in operating losses at UNIQLO USA was achieved by reviewing product mixes and improving the accuracy of sales plans. UNIQLO Europe also reported rising overall same-store sales, thanks primarily to a strong performance from the Russia UNIQLO operation.

GU
The GU business segment reported increases in both revenue and profit in the first nine months of fiscal 2018, with revenue totaling ¥166.6 billion (+6.4% year-on-year) and operating profit reaching ¥15.0 billion (+1.7% year-on-year).

In the March-to-May quarter, same-store sales declined year-on-year. Sales of products featured in advertising campaigns were sluggish, and we experienced some shortages in strong-selling items after greatly increasing the number of product ranges on offer. In addition, the overall GU product mix was heavily skewed towards fashion trend items in a period when customer demand for basic items was increasing. Against this backdrop of sluggish sales, we started discounting early, resulting in a 1.9 point decline in the gross profit margin for the quarter, and a 1.2 point increase in the business expenses to net sales ratio. As a result, operating profit declined by a significant 20.0% year-on-year.

Global Brands
For the Global Brands segment, revenue rose but profit fell in the first nine months of fiscal 2018. The segment reported a rise in revenue to ¥114.7 billion (+10.1% year-on-year) and an operating loss of ¥3.5 billion, following the recording of ¥8.9 billion in first-half impairment losses at Comptoir des Cotonniers and other labels.

In the March-to-May quarter, the Theory operation reported a rise in both revenue and profit, while Comptoir des Cotonniers reported an expanded loss, and the Princesse tam.tam and J Brand labels reported continued losses.

Sustainability
As the business activities of the Fast Retailing Group expand and become global, we remain committed to promoting business based on sustainability of the global environment and society from a medium- to long-term perspective. Our initiatives for sustainability consist of activities across four priority areas: supply chain, products, stores and communities, and employees. Furthermore, we continue to promote activities such as monitoring of the working environment, total product recycling, the management of stores loved by local communities, and the employment of persons with disabilities.

In March 2018, we held our first Sustainability Week for employees at the Ariake Headquarters. This event was organized so that employees as individuals would understand the importance of sustainability and reflect this in their work. We also invited experts from outside the company to deepen our knowledge of the environment, society, and governance (ESG) and, with the participation of a large number of employees from Japan and other countries, we held a lively exchange of opinions regarding various problems the Company is making efforts to address at present.

During the same week, we also held a Sustainability Media Panel Discussion where we invited representatives of the media to broaden and deepen their understanding of the Group's efforts in sustainability. On that day, we also held an in-depth question and answer session concerning how the Group intends to execute its business strategy and how it intends to grow over the long term while contributing to society.

In August 2013, we entered into the Accord on Fire and Building Safety in Bangladesh, which aims to protect garment factory workers from the collapse of buildings and fire accidents. In May 2018, we agreed to extend our membership in the accord for a further three years and signed the new agreement accordingly. As a signatory of the accord, Fast Retailing will continue to make efforts to improve the working environment at factories in close cooperation with the agreement and other member brands.

In June 2018, Fast Retailing Co., Ltd. was selected as a constituent of the FTSE4Good Index Series, a global index for socially responsible investment, and at the same time was selected by Japan's public pension manager Government Pension Investment Fund (GPIF) for inclusion in the FTSE Blossom Japan Index for ESG investment in companies that place significant weight on the environment and governance.

(2) Financial Positions

Total assets as at 31 May 2018 were ¥1.648 trillion, which was an increase of ¥260.3 billion relative to the end of the preceding consolidated fiscal year. The principal factors were an increase of ¥174.5 billion in cash and cash equivalents, an increase of ¥34.6 billion in trade and other receivables, an increase of ¥10.0 billion in derivative financial assets, an increase of ¥32.0 billion in other current assets, an increase of ¥11.5 billion in property, plant and equipment and a decrease of ¥14.9 billion in inventories.

Total liabilities as at 31 May 2018 were ¥771.7 billion, which was an increase of ¥145.3 billion relative to the end of the preceding consolidated fiscal year. The principal factors were an increase of ¥30.0 billion in other current financial liabilities, an increase of ¥18.6 billion in derivative financial liabilities, an increase of ¥15.9 billion in current tax liabilities, an increase of ¥149.5 billion in other current liabilities, a decrease of ¥51.1 billion in trade and other payables and a decrease of ¥23.6 billion in non-current financial liabilities.

Total net assets as at 31 May 2018 were ¥877.0 billion, which was an increase of ¥115.0 billion relative to the end of the preceding consolidated fiscal year. The principal factors were an increase of ¥110.0 billion in retained earnings.

(3) Cash Flows Information

Cash and cash equivalents as at 31 May 2018 had increased by ¥290.9 billion from the period-end as at 31 May 2017, to ¥858.3 billion.

Net cash generated by operating activities for the nine months ended 31 May 2018 was ¥258.1 billion, which was an increase of ¥16.9 billion (+7.0 % year-on-year) from the nine months ended 31 May 2017.

The principal factors were ¥237.4 billion in profit before income taxes (an increase of ¥41.9 billion from the nine months ended 31 May 2017) and an increase of ¥149.7 billion in other liabilities (an increase of ¥134.0 billion from the nine months ended 31 May 2017), a decrease of ¥14.7 billion in inventories (an decrease of ¥35.6 billion from the nine months ended 31 May 2017), a decrease of ¥56.2 billion in trade and other payables (an decrease of ¥74.8 billion from the nine months ended 31 May 2017), an increase of ¥38.7 billion in other assets (a decrease of ¥33.9 billion from the nine months ended 31 May 2017) and ¥53.0 billion in income tax paid (a decrease of ¥22.0 billion from the nine months ended 31 May 2017.

Net cash used in investing activities for the nine months ended 31 May 2018 was ¥35.8 billion, which was an increase of ¥10.2 billion (+40.1 % year-on-year) from the nine months ended 31 May 2017. The principal factors were a decrease of ¥1.2 billion in bank deposits with original maturity over three months (an increase of ¥6.0 billion from the nine months ended 31 May 2017), ¥22.4 billion payments for property, plant and equipment (a decrease of ¥1.8 billion from the nine months ended 31 May 2017) and ¥10.5 billion payments for intangible assets (an increase of ¥1.3 billion from the nine months ended 31 May 2017).

Net cash used in financing activities for the nine months ended 31 May 2018 was ¥43.1 billion, which was a decrease of ¥3.3 billion (-7.1 % year-on-year) from the nine months ended 31 May 2017. The principal factor was an increase of ¥0.3 billion in short-term loans payable (a decrease of ¥3.0 billion from the nine months ended 31 May 2017).

(4) Operational and Financial Assignment

There have been no important changes during the nine months ended 31 May 2018 concerning issues that must be addressed by the Group.

(5) Research and Development

Not applicable.

(6) Important Facilities

The following are the important facilities that were newly completed during the nine months ended 31 May 2018.

<Subsidiaries in Japan>

Not applicable.

<Overseas Subsidiaries>

Company name	Type of facility	Name of business	Location	Completion date
UNIQLO EUROPE LIMITED	UNIQLO International Stores	Paseo de Gracia 18	Barcelona Spain	September 2017
UNIQLO CANADA INC.	UNIQLO International Stores	UNIQLO Metrotown	Vancouver Canada	October 2017

The following are the important facilities that were newly planned during the three months ended 31 May 2018.

<Subsidiaries in Japan>

Not applicable.

<Overseas Subsidiaries>

Company name	Type of facility	Name of business	Location	Amount of planned investment		Construction start	Construction completion	Planned sales floor area (m^2)	Reference
				Total (Millions of yen)	Amount already disbursed (Millions of yen)				
UNIQLO EUROPE LIMITED	UNIQLO International Store	Kungstradgarden STOCKHOLM	Stockholm, Sweden	728	642	February 2018	August 2018	2,146	Lease hold

(Notes) 1. It is expected that the Group will be able to meet its funding needs from equity capital.

2. The above figures do not include consumption tax, etc.

4. Information about the Reporting Entity

1. Stock Information

(1) Number of Shares

(i) Total number of shares

Type	Total number of authorized shares (shares)
Common stock	300,000,000
Total	300,000,000

(Note) There are no provisions for preemptive rights under the Companies Act of Japan, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

(ii) Shares Issued

Type	As at 31 May 2018	Number of shares issued as at submission date (Shares) (As at 13 July 2018)	Name of financial instrument exchange of listing, or authorized financial instruments firms association	Remarks
Common stock	106,073,656	106,073,656	First section of the Tokyo Stock Exchange and the Main board of the Stock Exchange of Hong Kong Limited (Note)	100 shares as one unit
Total	106,073,656	106,073,656	—	—

(Note) Hong Kong Depositary Receipts are listed on the Main Board of the Stock Exchange of Hong Kong Limited.

(2) Share Subscription Rights

Not applicable.

(3) Exercise of convertible bonds with conditional permission for adjustment of exercise price

Not applicable.

(4) Content of Rights Plan

Not applicable.

(5) Change in Total Number of Shares Issued, Capital Stock, Etc.

Date	Increase/ decrease of total number of shares issued (Shares)	Balance of total number of shares issued (Shares)	Increase/ decrease of capital stock (Millions of yen)	Balance of capital stock (Millions of yen)	Increase/ decrease of capital reserve (Millions of yen)	Balance of capital reserve (Millions of yen)
1 March 2018 to 31 May 2018	—	106,073,656	—	10,273	—	4,578

(Note) There was no increase or decrease in the total number of shares issued, capital stock or capital reserve during the three months ended 31 May 2018.

(6) Principal Shareholders

There are no items to disclose, as the accounting period under review is the third quarter accounting period.

(7) Voting Rights

Concerning "Voting Rights" as at the end of the third quarterly accounting period ended 31 May 2018, it has not been possible to confirm and state the details entered in the register of shareholders. Therefore, the stated details are based on the register of shareholders as at the immediately preceding record date (28 February 2018).

(i) Shares issued

As at 31 May 2018

Class	Number of shares (Shares)	Number of voting rights (Number)	Remarks
Non-voting shares	—	—	—
Shares subject to restrictions on voting rights (treasury stock)	—	—	—
Shares subject to restrictions on voting rights (others)	—	—	—
Shares with full voting rights (treasury stock, etc.)	(Shares held as treasury stock) Common stock 4,065,700	—	—
Shares with full voting rights (others)	Common stock 101,946,700	1,019,467	(Note) 1
Shares less than one unit	Common stock 61,256	—	(Notes) 1,2
Total number of shares issued	106,073,656	—	—
Total number of voting rights of all shareholders	—	1,019,467	—

(Notes) 1. The columns for the number of shares of "Shares with full voting rights (others)" and "Shares less than one unit" include 2,700 shares and 84 shares held, respectively, in the name of Japan Securities Depository Center, Inc.
2. Common stock in the "Shares less than one unit" row includes 33 shares of treasury stock held by the Company.

(ii) Treasury Stock

As at 31 May 2018

Name or trade name of holder	Holder's address	Number of shares held in own name (Shares)	Number of shares held in other's name (Shares)	Total number of shares held (Shares)	Ratio of total number of shares held to total number of shares issued (%)
FAST RETAILING CO., LTD.	717-1 Sayama, Yamaguchi-shi, Yamaguchi	4,065,700	—	4,065,700	3.83
Total	—	4,065,700	—	4,065,700	3.83

2. Board of Directors

Since the submission of the year-end report for the preceding consolidated fiscal year, there has been no change of directors during the nine months ended 31 May 2018.

5. Financial Section

1. Preparation of Interim Condensed Consolidated Financial Statements

The interim condensed consolidated financial statements of the Group, namely, the interim condensed consolidated statement of financial position of the Group as at 31 May 2018 and the related interim condensed consolidated statements of profit or loss and other comprehensive income for the three-month and nine-month periods then ended, and the interim condensed consolidated statements of changes in equity and cash flows for the nine-month period then ended (collectively, the "interim condensed consolidated financial statements"), were prepared in compliance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"), pursuant to Article 93 of the "Rules Governing Term, Form and Preparation of Consolidated Quarterly Financial Statements" (2007 Cabinet Office Ordinance No. 64, hereinafter referred to as "Consolidated Quarterly Financial Statements Rules").

2. Review Report

Pursuant to the first clause of Article 193-2 of the Financial Instruments and Exchange Act, the interim condensed consolidated financial statements have been reviewed by Deloitte Touche Tohmatsu LLC.

(Amounts are stated in millions of Japanese Yen and are rounded down to the nearest million unless otherwise stated)

1. Interim Condensed Consolidated Financial Statements

(1) Interim Condensed Consolidated Statement of Financial Position

(Millions of yen)

	Notes	As at 31 August 2017	As at 31 May 2018
ASSETS			
Current assets			
Cash and cash equivalents		683,802	858,359
Trade and other receivables		48,598	83,244
Other financial assets	14	30,426	30,882
Inventories	6	289,675	274,698
Derivative financial assets	14	6,269	16,270
Income taxes receivable		1,518	1,625
Other assets		17,307	49,389
Total current assets		1,077,598	1,314,470
Non-current assets			
Property, plant and equipment	7,8	136,979	148,532
Goodwill	8	15,885	8,092
Intangible assets	8	36,895	44,799
Financial assets	14	77,608	80,727
Investments in associates accounted for using the equity method		13,473	13,895
Deferred tax assets		25,303	32,559
Other assets		4,742	5,746
Total non-current assets		310,888	334,352
Total assets		1,388,486	1,648,823
Liabilities and equity			
LIABILITIES			
Current liabilities			
Trade and other payables		204,008	152,827
Other financial liabilities	14	11,844	41,940
Derivative financial liabilities	14	6,083	24,696
Current tax liabilities		25,864	41,787
Provisions		27,889	21,329
Other liabilities		35,731	185,296
Total current liabilities		311,421	467,878
Non-current liabilities			
Financial liabilities	14	273,467	249,867
Provisions		15,409	19,206
Deferred tax liabilities		10,000	18,487
Other liabilities		16,144	16,337
Total non-current liabilities		315,022	303,898
Total liabilities		626,443	771,777
EQUITY			
Capital stock		10,273	10,273
Capital surplus		14,373	18,216
Retained earnings		698,584	808,670
Treasury stock, at cost		(15,563)	(15,449)
Other components of equity		24,102	16,656
Equity attributable to owners of the Parent		731,770	838,368
Non-controlling interests		30,272	38,678
Total equity		762,043	877,046
Total liabilities and equity		1,388,486	1,648,823

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

Interim Condensed Consolidated Statement of Profit or Loss

Nine months ended 31 May 2018

(Millions of yen)

	Notes	Nine months ended 31 May 2017	Nine months ended 31 May 2018
Revenue		1,477,958	1,704,149
Cost of sales		(752,538)	(853,756)
Gross profit		725,419	850,393
Selling, general and administrative expenses	10	(546,162)	(598,017)
Other income	11	4,275	2,124
Other expenses	8,11	(3,426)	(16,060)
Share of profit and loss of associates accounted for using the equity method		512	457
Operating profit/(loss)		180,618	238,897
Finance income	12	17,094	5,414
Finance costs	12	(2,235)	(6,836)
Profit/(loss) before income taxes		195,477	237,475
Income tax expense		(66,904)	(76,220)
Profit/(loss) for the period		128,573	161,254
Profit/(loss) for the period attributable to:			
Owners of the parent		120,113	148,335
Non-controlling interests		8,460	12,919
		128,573	161,254
Earnings per share			
Basic (yen per share)	13	1,177.89	1,454.29
Diluted (yen per share)	13	1,176.18	1,451.77

Three months ended 31 May 2018

(Millions of yen)

	Notes	Three months ended 31 May 2017	Three months ended 31 May 2018
Revenue		460,449	517,384
Cost of sales		(229,240)	(252,629)
Gross profit		231,209	264,754
Selling, general and administrative expenses		(180,675)	(194,378)
Other income		1,010	1,346
Other expenses		(1,754)	(3,504)
Share of profit and loss of associates accounted for using the equity method		171	186
Operating profit/(loss)		49,960	68,404
Finance income		645	4,584
Finance costs		(2,739)	(710)
Profit/(loss) before income taxes		47,866	72,279
Income tax expense		(22,707)	(24,671)
Profit/(loss) for the period		25,159	47,608
Profit/(loss) for the period attributable to:			
Owners of the parent		22,879	44,184
Non-controlling interests		2,279	3,423
		25,159	47,608
Earnings per share			
Basic (yen per share)	13	224.35	433.13
Diluted (yen per share)	13	224.02	432.42

Interim Condensed Consolidated Statement of Other Comprehensive Income

Nine months ended 31 May 2018

(Millions of yen)

	Nine months ended 31 May 2017	Nine months ended 31 May 2018
Profit/(loss) for the period	128,573	161,254
Other comprehensive income/(loss), net of income/(loss)		
Items that will not be reclassified subsequently to profit or loss	—	—
Items that may be reclassified subsequently to profit or loss		
Net fair value gain/(loss) on available-for-sales financial assets during the period	(44)	778
Exchange differences on translating foreign operations	22,087	(1,398)
Cash flow hedges	49,840	(6,688)
Other comprehensive income/(loss), net of Income tax	71,883	(7,308)
Total comprehensive income/(loss) for the period	200,457	153,946
Attributable to:		
Owners of the parent	190,419	140,889
Non-controlling interests	10,038	13,057
Total comprehensive income/(loss) for the period	200,457	153,946

Three months ended 31 May 2018

(Millions of yen)

	Three months ended 31 May 2017	Three months ended 31 May 2018
Profit/(loss) for the period	25,159	47,608
Other comprehensive income/(loss), net of income/(loss)		
Items that will not be reclassified to profit or loss	—	—
Items that may be reclassified subsequently to profit or loss		
Net fair value gain/(loss) on available-for-sales financial assets during the period	(23)	(25)
Exchange differences on translation foreign operations	(2,733)	742
Cash flow hedges	(8,165)	17,916
Other comprehensive income/(loss), net of taxes	(10,922)	18,632
Total comprehensive income/(loss) for the period	14,236	66,240
Attributable to:		
Owners of the parent	12,616	62,042
Non-controlling interests	1,619	4,197
Total comprehensive income/(loss) for the period	14,236	66,240

(3) Interim Condensed Consolidated Statement of Changes in Equity

For the nine months ended 31 May 2017

(Millions of yen)

	Note	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Other components of equity: Available-for-sale reserve	Other components of equity: Foreign currency translation reserve	Other components of equity: Cash-flow hedge reserve	Other components of equity: Total	Equity attributable to owners of the Parent	Non-controlling interests	Total equity
As at 1 September 2016		10,273	13,070	613,974	(15,633)	248	(2,811)	(44,619)	(47,183)	574,501	23,159	597,661
Net changes during the period												
Comprehensive income/(loss)												
Profit/(loss) for the period		—	—	120,113	—	—	—	—	—	120,113	8,460	128,573
Other comprehensive income/(loss)		—	—	—	—	(44)	20,626	49,724	70,305	70,305	1,577	71,883
Total comprehensive income/(loss)		—	—	120,113	—	(44)	20,626	49,724	70,305	190,419	10,038	200,457
Transactions with the owners of the Parent												
Acquisition of treasury stock		—	—	—	(6)	—	—	—	—	(6)	—	(6)
Disposal of treasury stock		—	542	—	63	—	—	—	—	605	—	605
Dividends	9	—	—	(34,670)	—	—	—	—	—	(34,670)	(3,462)	(38,132)
Share-based payments		—	768	—	—	—	—	—	—	768	—	768
Total transactions with the owners of the Parent		—	1,310	(34,670)	57	—	—	—	—	(33,302)	(3,462)	(36,764)
Total net changes during the period		—	1,310	85,442	57	(44)	20,626	49,724	70,305	157,116	6,575	163,692
As at 31 May 2017		10,273	14,380	699,417	(15,575)	203	17,814	5,104	23,122	731,618	29,734	761,353

For the nine months ended 31 May 2018

(Millions of yen)

	Note	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Other components of equity: Available-for-sale reserve	Other components of equity: Foreign currency translation reserve	Other components of equity: Cash-flow hedge reserve	Other components of equity: Total	Equity attributable to owners of the Parent	Non-controlling interests	Total equity
As at 1 September 2017		10,273	14,373	698,584	(15,563)	2	21,806	2,293	24,102	731,770	30,272	762,043
Net changes during the period												
Comprehensive income/(loss)												
Profit/(loss) for the period		—	—	148,335	—	—	—	—	—	148,335	12,919	161,254
Other comprehensive income/(loss)		—	—	—	—	778	(1,966)	(6,257)	(7,445)	(7,445)	137	(7,308)
Total comprehensive income/(loss)		—	—	148,335	—	778	(1,966)	(6,257)	(7,445)	140,889	13,057	153,946
Transactions with the owners of the Parent												
Acquisition of treasury stock		—	—	—	(1)	—	—	—	—	(1)	—	(1)
Disposal of treasury stock		—	1,005	—	116	—	—	—	—	1,121	—	1,121
Dividends	9	—	—	(38,248)	—	—	—	—	—	(38,248)	(6,579)	(44,828)
Share-based payments		—	962	—	—	—	—	—	—	962	—	962
Increase in equity due to capital increase by consolidated subsidiary		—	—	—	—	—	—	—	—	—	173	173
Capital contributions from non-controlling interests		—	1,874	—	—	—	—	—	—	1,874	1,754	3,629
Total transactions with the owners of the Parent		—	3,842	(38,248)	114	—	—	—	—	(34,291)	(4,651)	(38,943)
Total net changes during the period		—	3,842	110,086	114	778	(1,966)	(6,257)	(7,445)	106,597	8,405	115,003
As at 31 May 2018		10,273	18,216	808,670	(15,449)	781	19,840	(3,964)	16,656	838,368	38,678	877,046

(4) Interim Condensed Consolidated Statement of Cash Flows

(Millions of yen)

	Note	Nine months ended 31 May 2017	Nine months ended 31 May 2018
Cash flows from operating activities			
Profit/(loss) before income taxes		195,477	237,475
Depreciation and amortization		27,539	32,961
Impairment losses	8	—	10,353
Increase/(decrease) in provisions		(8,652)	(9,095)
Interest and dividend income		(3,518)	(5,414)
Interest expenses		2,235	2,072
Foreign exchange losses/(gains)		(13,331)	4,764
Share of profit and loss of associates accounted for under the equity method		(512)	(457)
Losses on disposal of property, plant and equipment		1,328	726
Decrease/(increase) in trade and other receivables		(31,418)	(32,973)
Decrease/(increase) in inventories		50,470	14,799
Increase/(decrease) in trade and other payables		18,515	(56,288)
Decrease/(increase) in other assets		(4,873)	(38,783)
Increase/(decrease) in other liabilities		15,715	149,769
Others, net		783	(2,794)
Cash generated from operations		249,760	307,113
Interest and dividends income received		3,518	4,987
Interest paid		(1,935)	(1,203)
Income taxes paid		(30,987)	(53,036)
Income taxes refund		20,840	260
Net cash generated by operating activities		241,196	258,122
Cash flows used in investing activities			
Amounts deposited into bank deposits with original maturities of three months or longer		(114,079)	(29,282)
Amounts withdrawn from bank deposits with original maturities of three months or longer		121,402	30,549
Payments for property, plant and equipment		(24,291)	(22,431)
Payments for intangible assets		(9,193)	(10,588)
Payments for lease and guarantee deposits		(2,631)	(3,436)
Proceeds from collection of lease and guarantee deposits		1,619	1,978
Payments for construction assistance fund receivables		(922)	(948)
Returns of construction assistance fund receivables		1,292	1,635
Others, net		1,178	(3,367)
Net cash used in investing activities		(25,623)	(35,892)

(Millions of yen)

	Note	Nine months ended 31 May 2017	Nine months ended 31 May 2018
Cash flows used in financing activities			
Proceeds from short-term loans payable		7,141	1,778
Repayment of short-term loans payable		(9,882)	(1,453)
Repayment of long-term loans payable		(1,222)	(1,655)
Dividends paid to owners of the Parent	9	(34,637)	(38,217)
Capital contributions from non-controlling interests		—	3,803
Dividends paid to non-controlling interests		(3,629)	(3,618)
Repayments of lease obligations		(4,069)	(3,905)
Others, net		(133)	138
Net cash used in financing activities		(46,433)	(43,129)
Effect of exchange rate changes on the balance of cash held in foreign currencies		12,876	(4,543)
Net increase/(decrease) in cash and cash equivalents		182,015	174,557
Cash and cash equivalents at the beginning of period		385,431	683,802
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD		567,446	858,359

Notes to the Interim Condensed Consolidated Financial Statements

1. Reporting Entity

FAST RETAILING CO., LTD. (the "Company") is a company incorporated in Japan. The locations of the registered headquarters and principal offices of the Company are disclosed on the Group's website (http://www.fastretailing.com/eng/).

The principal activities of the Company and its consolidated subsidiaries (the "Group") are the operations of the UNIQLO business (casual wear retail business operating under the "UNIQLO" brand in Japan and overseas), GU business, and Theory business (apparel design and retail business in Japan and overseas), and other businesses.

2. Basis of Preparation

The interim condensed consolidated financial statements have been prepared in compliance with IAS 34. The Group meets all of the criteria of a "specified company" defined under Article 1-2 of the Consolidated Quarterly Financial Statements Rules, and accordingly applies Article 93 of the Consolidated Quarterly Financial Statements Rules. Since the interim condensed consolidated financial statements do not include all the information and disclosures required for consolidated financial statements, they should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 August 2017.

The interim condensed consolidated financial statements were approved on 13 July 2018 by Tadashi Yanai, Chairman, President and CEO, and Takeshi Okazaki, Group Executive Vice President and CFO.

3. Significant Accounting Policies

Except for the following standards that have been newly applied, the accounting policies presented in the consolidated financial statements for the year ended 31 August 2017 are applied consistently in the preparation of these interim condensed consolidated financial statements.

The Group adopted the following new and revised standards and interpretations beginning with the preparation of the interim condensed consolidated financial statements.

IFRS	Title	Summary of new standards and amendments
IAS 7 (Amendments)	Statement of Cash Flows	Request for disclosure of changes in liabilities related to financing activities
IAS12 (Amendments)	Income Taxes	Recognition of deferred tax assets for unrealized losses

The adoption of the above amendments has no material impact on the interim condensed consolidated financial statements.

4. Use of Estimates and Judgments

The preparation of the interim condensed consolidated financial statements in accordance with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. The effects of the review of accounting estimates are recognized in the accounting period in which the estimates were reviewed and in future accounting periods.

In principle, important estimates and judgments that have significant effects on the amounts recognized in the interim condensed consolidated financial statements are the same as the preceding consolidated fiscal year.

5. Segment information

(i) Description of reportable segments

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

From the first quarter of the current consolidated fiscal year, the operations of GU, which were previously included as a part of the Global Brand segment, have been included in the GU segment (newly created segment). The Group now discloses the GU reportable segment as a result of the Board's increased focus as its scale of operation expands.

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 brand clothing business in Japan and overseas
Global Brands: Theory, Comptoir des Cotonniers, Princesse tam.tam and J Brand clothing operations

(ii) Segment revenue and results

For the nine months ended 31 May 2017

(Millions of yen)

	Reportable segments				Total	Others (Note 1)	Adjustments (Note 2)	Interim Condensed Consolidated Statement of Profit or Loss
	UNIQLO Japan	UNIQLO International	GU	Global Brands				
Revenue	653,484	561,567	156,678	104,233	1,475,964	1,993	—	1,477,958
Operating profit/(loss)	92,649	68,116	14,829	4,319	179,913	184	520	180,618
Segment income/(loss) (Profit/(loss) before income taxes)	94,441	68,683	14,741	4,291	182,159	184	13,133	195,477

(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 nine months ended 31 May 2018

(Millions of yen)

	Reportable segments				Total	Others (Note 1)	Adjustments (Note 2)	Interim Condensed Consolidated Statement of Profit or Loss
	UNIQLO Japan	UNIQLO International	GU	Global Brands				
Revenue	704,460	716,092	166,685	114,781	1,702,020	2,129	—	1,704,149
Operating profit/(loss)	120,057	112,418	15,080	(3,549)	244,006	205	(5,314)	238,897
Segment income /(loss) (Profit/(loss) before income taxes)	119,991	111,292	14,937	(3,648)	242,573	207	(5,305)	237,475
Other disclosure: Impairment losses (Note 3)	375	237	19	8,937	9,568	—	785	10,353

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

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

(Note 3) *For the details of Impairment losses, refer to Note “8. Impairment losses”*.

For the three months ended 31 May 2017

(Millions of yen)

	Reportable segments				Total	Others (Note 1)	Adjustments (Note 2)	Interim Condensed Consolidated Statement of Profit or Loss
	UNIQLO Japan	UNIQLO International	GU	Global Brands				
Revenue	198,362	168,705	58,894	33,818	459,780	668	—	460,449
Operating profit/(loss)	23,860	19,342	7,402	1,678	52,284	70	(2,394)	49,960
Segment income/(loss) (Profit/(loss) before income taxes)	23,199	19,460	7,372	1,672	51,705	70	(3,909)	47,866

(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 31 May 2018

(Millions of yen)

	Reportable segments				Total	Others (Note 1)	Adjustments (Note 2)	Interim Condensed Consolidated Statement of Profit or Loss
	UNIQLO Japan	UNIQLO International	GU	Global Brands				
Revenue	210,785	208,635	60,824	36,332	516,578	806	—	517,384
Operating profit/(loss)	31,327	31,655	5,925	2,103	71,011	88	(2,694)	68,404
Segment income/(loss) (Profit/(loss) before income taxes)	31,778	32,251	5,873	2,070	71,974	89	215	72,279
Other disclosure: Impairment losses (Note 3)	332	51	—	29	413	—	—	413

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

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

(Note 3) *For the details of Impairment losses, refer to Note “8. Impairment losses”.*

6. Inventories

Write-down of inventories to net realizable value and recognized as expenses is as follows:

(Millions of yen)

	Nine months ended 31 May 2017	Nine months ended 31 May 2018
Write-down of inventories to net realizable value	3,506	4,082

7. Property, plant and equipment

The breakdown of property, plant and equipment at each reporting date is as follows:

(Millions of yen)

	As at 31 August 2017	As at 31 May 2018
Buildings and structures	96,778	99,144
Furniture, equipment and vehicles	13,757	14,111
Land	1,927	1,927
Construction in progress	6,824	5,436
Lease assets	17,690	27,911
Total	136,979	148,532

8. Impairment losses

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

Nine months ended 31 May 2017

Not applicable.

Nine months ended 31 May 2018

(1) Impairment losses related to the Comptoir des Cotonniers business

Of the total impairment losses that amounted to 10,353 million yen, 7,792 million yen represented an impairment loss for goodwill related to the Comptoir des Cotonniers business.

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

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

9. Dividends

The total amount of dividends paid was as follows:

Dividends paid during the nine months ended 31 May 2017

Resolution	Total dividends (Millions of yen)	Dividends per share (Yen)
Meeting of the Board of Directors on 4 November 2016	16,824	165
Meeting of the Board of Directors on 13 April 2017	17,846	175

Dividends for which the declared date is 31 August 2016 are paid on or after 11 November 2016 as the effective date.

Dividends for which the declared date is 28 February 2017 are paid on or after 12 May 2017 as the effective date.

Dividends paid during the nine months ended 31 May 2018

Resolution	Total dividends (Millions of yen)	Dividends per share (Yen)
Meeting of the Board of Directors on 2 November 2017	17,847	175
Meeting of the Board of Directors on 12 April 2018	20,401	200

Dividends for which the declared date is 31 August 2017 are paid on or after 10 November 2017 as the effective date.

Dividends for which the declared date is 28 February 2018 are paid on or after 11 May 2018 as the effective date.

10. Selling, general and administrative expenses

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

(Millions of yen)

	Nine months ended 31 May 2017	Nine months ended 31 May 2018
Selling, general and administrative expenses		
Advertising and promotion	57,686	55,062
Rental expenses	133,062	147,979
Depreciation and amortization	27,539	32,961
Outsourcing	24,108	29,058
Salaries	185,419	209,622
Others	118,345	123,333
Total	546,162	598,017

11. Other income and other expenses

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

(Millions of yen)

	Nine months ended 31 May 2017	Nine months ended 31 May 2018
Other income		
Foreign exchange gains*	2,030	—
Others	2,244	2,124
Total	4,275	2,124

(Millions of yen)

	Nine months ended 31 May 2017	Nine months ended 31 May 2018
Other expenses		
Foreign exchange losses*	—	1,577
Loss on retirement of property, plant and equipment	1,328	726
Impairment losses	—	10,353
Others	2,097	3,403
Total	3,426	16,060

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

12. Finance income and finance costs

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

(Millions of yen)

	Nine months ended 31 May 2017	Nine months ended 31 May 2018
Finance income		
Foreign exchange gains*	13,331	—
Interest income	3,513	5,413
Others	250	0
Total	17,094	5,414

(Millions of yen)

	Nine months ended 31 May 2017	Nine months ended 31 May 2018
Finance costs		
Foreign exchange losses*	—	4,764
Interest expenses	2,235	2,072
Total	2,235	6,836

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

13. Earnings per share

Nine months ended 31 May 2017		Nine months ended 31 May 2018	
Equity per share attributable to owners of the Parent (Yen)	7,174.08	Equity per share attributable to owners of the Parent (Yen)	8,218.13
Basic earnings per share for the period (Yen)	1,177.89	Basic earnings per share for the period (Yen)	1,454.29
Diluted earnings per share for the period (Yen)	1,176.18	Diluted earnings per share for the period (Yen)	1,451.77

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

	Nine months ended 31 May 2017	Nine months ended 31 May 2018
Basic earnings/(loss) per share for the period		
Profit/(loss) for the period attributable to owners of the parent (Millions of yen)	120,113	148,335
Profit/(loss) not attributable to common shareholders (Millions of yen)	—	—
Profit/(loss) attributable to common shareholders (Millions of yen)	120,113	148,335
Average number of common stock outstanding during the period (Shares)	101,973,153	101,998,432
Diluted earnings/(loss) per share for the period		
Adjustment to profit (Millions of yen)	—	—
Increase in number of common stock (Shares)	148,148	176,805
(Share subscription rights)	(148,148)	(176,805)

Three months ended 31 May 2017		Three months ended 31 May 2018	
Basic earnings per share for the period (Yen)	224.35	Basic earnings per share for the period (Yen)	433.13
Diluted earnings per share for the period (Yen)	224.02	Diluted earnings per share for the period (Yen)	432.42

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

	Three months ended 31 May 2017	Three months ended 31 May 2018
Basic earnings/(loss) per share for the period		
Profit/(loss) for the period attributable to owners of the Parent (Millions of yen)	22,879	44,184
Profit/(loss) not attributable to common shareholders (Millions of yen)	—	—
Profit/(loss) attributable to common shareholders (Millions of yen)	22,879	44,184
Average number of common stock during the period (Shares)	101,979,476	102,011,369
Diluted earnings/(loss) per share for the period		
Adjustment to profit (Millions of yen)	—	—
Increase in number of common stock (Shares)	151,776	166,934
(Share subscription rights)	(151,776)	(166,934)

14. Fair value of financial instruments

The information about the carrying amount and fair value of financial instruments is as follows:

(Millions of yen)

	As at 31 August 2017		As at 31 May 2018	
	Carrying amounts	Fair value	Carrying amounts	Fair value
Long-term borrowings (Note)	12,146	12,253	10,327	10,389
Corporate bonds	249,583	253,504	249,656	253,241
Lease obligations (Note)	19,023	19,131	29,235	29,446
Total	280,753	284,889	289,219	293,077

(Note) The above includes the outstanding balance of borrowings due within one year.

The fair value of short-term financial assets, short-term financial liabilities and long-term financial assets are measured by amortized cost and approximate their carrying amounts.

The fair value of corporate bonds is measured with reference to market price.

The fair value of long-term borrowings and lease obligations are classified by term, and are calculated on the basis of the current value applying a discount rate that takes into account the time remaining to maturity and credit risk.

Available-for-sale financial assets whose fair value cannot be measured reliably are carried at cost.

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy based on the following characteristics:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

① The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

(Millions of yen)

As at 31 August 2017	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	16	—	—	16
Financial instruments at fair value through profit or loss ("FVTPL")	—	(86)	—	(86)
Foreign currency forward contracts designated as hedging instruments	—	273	—	273
Total	16	186	—	202

(Millions of yen)

As at 31 May 2018	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	3,514	—	—	3,514
Financial instruments at FVTPL	—	0	—	0
Foreign currency forward contracts designated as hedging instruments	—	(8,426)	—	(8,426)
Total	3,514	(8,426)	—	(4,911)

For the valuation of Level 2 derivative financial instruments for which a market value is available, we use a valuation model that uses observable data on the measurement date using inputs such as interest rates, yield curves, currency rates and volatility in comparable instruments.

The Company did not have any transfers between levels of fair value measurements during the year ended 31 August 2017 and the nine months ended 31 May 2018.

② The financial instruments measured at amortized cost

The fair value measurements for corporate bonds, long-term borrowings and lease obligations are classified as Level 2.

15. Commitments for expenditure

The Group had the following commitments at each reporting date:

(Millions of yen)

	As at 31 August 2017	As at 31 May 2018
Commitment for the acquisition of property, plant and equipment	17,347	12,231
Commitment for the acquisition of intangible assets	11,110	4,077
Total	28,457	16,309

16. Subsequent Events

Based on the comprehensive decision made in the Board of Directors meeting held on 23 April 2018, the conditions of the issuance of non-collateralized corporate bonds were decided on 30 May 2018, and these bonds were issued on 6 June 2018 as detailed below.

5th non-collateralized corporate bonds

1. Issue amount: 80,000 million yen
2. Issue price: 100 yen at par
3. Coupon: 0.110% per annum
4. Maturity date: 6 June 2023
5. Redemption method: Lump sum payment at maturity
6. Collateral: There is no collateral or guarantee attached to the bonds, and no funds held in reserve
7. Use of funds: Capital expenditures, working capital, investments and loans, and redemption of bonds

6th non-collateralized corporate bonds

1. Issue amount:: 30,000 million yen
2. Issue price: 100 yen at par
3. Coupon: 0.220% per annum
4. Maturity date: 6 June 2025
5. Redemption method: Lump sum payment at maturity
6. Collateral: There is no collateral or guarantee attached to the bonds, and no funds held in reserve
7. Use of funds: Capital expenditures, working capital, investments and loans, and redemption of bonds

7th non-collateralized corporate bonds

1. Issue amount: 100,000 million yen
2. Issue price: 100 yen at par
3. Coupon: 0.405% per annum
4. Maturity date: 6 June 2028
5. Redemption method: Lump sum payment at maturity
6. Collateral: There is no collateral or guarantee attached to the bonds, and no funds held in reserve
7. Use of funds: Capital expenditures, working capital, investments and loans, and redemption of bonds

8th non-collateralized corporate bonds

1. Issue amount: 40,000 million yen
2. Issue price: 100 yen at par
3. Coupon: 0.880% per annum
4. Maturity date: 4 June 2038
5. Redemption method: Lump sum payment at maturity
6. Collateral: There is no collateral or guarantee attached to the bonds, and no funds held in reserve
7. Use of funds: Capital expenditures, working capital, investments and loans, and redemption of bonds

2. Others

Dividends

The Company resolved to pay dividends from retained earnings at the meeting of the Board of Directors convened on 12 April 2018.

The total amount of dividends paid and amount per share are stated under “Financial section 1. Interim Condensed Consolidated Financial Statements, Notes to the Interim Condensed Consolidated Financial Statements 9. Dividends”.

(TRANSLATION)

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

13 July 2018

To the Board of Directors of FAST RETAILING CO., LTD.

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant
Koichi Okubo__________________

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant
Hirofumi Otani__________________

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant
Emiko Minowa__________________

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have reviewed the interim condensed consolidated financial statements included in the Financial Section, namely, the interim condensed consolidated statement of financial position of FAST RETAILING CO., LTD. (the "Company") and its consolidated subsidiaries (collectively, the "Group") as at 31 May 2018 and the related interim condensed consolidated statements of profit or loss and other comprehensive income for the three-month and nine-month periods then ended, and the interim condensed consolidated statement of changes in equity and cash flows for the nine-month period then ended, and the related notes to the interim condensed consolidated financial statements.

Management's Responsibility for the Interim Condensed Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in conformity with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"), pursuant to Article 93 of the "Rules Governing Term, Form and Preparation of Consolidated Quarterly Financial Statements", and for such internal control as management determines is necessary to enable the preparation of interim condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Accountant's responsibility

Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review. We conducted our review in accordance with quarterly review standards generally accepted in Japan. A review consists principally of making inquiries, primarily of management and persons responsible for financial and accounting matters, and applying analytical procedures and other quarterly review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in Japan. We believe that we have obtained the evidence to provide a basis for our conclusion.

Accountant's Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements referred to above do not present fairly, in all material respects, the condensed consolidated financial position of the Company and its consolidated subsidiaries as at 31 May 2018, and the condensed consolidated results of their operations for the three-month and nine-month periods then ended, and their cash flows for the nine-month period then ended in conformity with IAS 34.

Other information

Consolidated financial statements of the Group for the fiscal year ended 31 August 2017 (the "consolidated financial statements") and interim condensed consolidated financial statements that include the interim condensed consolidated statement of financial position of the Group as at 31 May 2017 and the related interim condensed consolidated statements of profit or loss and other comprehensive income for the three-month and nine-month periods then ended, and the interim condensed consolidated statements of changes in equity and cash flows for the nine-month period then ended, and the related notes to the interim condensed consolidated financial statements (collectively, the "interim condensed consolidated financial statements") were audited and reviewed, respectively, by the predecessor auditor. The predecessor auditor has issued an unqualified opinion dated 30 November 2017 on the consolidated financial statements and an unqualified conclusion dated 14 July 2017, on the interim condensed consolidated financial statements, respectively.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.