



FAST RETAILING

FAST RETAILING CO., LTD.

迅銷有限公司

First Quarterly Report 2023/24

2023.9.1-2023.11.30

Stock Code: 6288

Contents

1. Corporate Profile	1
2. Financial Highlights	2
3. Management Discussion and Analysis	4
4. Information about the Reporting Entity	9
5. Financial Section	11
1. Interim Condensed Consolidated Financial Statements	
(1) Interim Condensed Consolidated Statement of Financial Position	12
(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	14
Interim Condensed Consolidated Statement of Comprehensive Income	15
(3) Interim Condensed Consolidated Statement of Changes in Equity	16
(4) Interim Condensed Consolidated Statement of Cash Flows	18
2. Others	30
Independent Accountant's Review Report	31

1. Corporate Profile

Board of Directors

Representative Executive Director

Tadashi Yanai (*Chairman, President and CEO*)

Executive Directors

Takeshi Okazaki

Kazumi Yanai

Koji Yanai

Independent Non-executive Directors

Nobumichi Hattori (External)

Masaaki Shintaku (External)

Naotake Ono (External)

Kathy Mitsuko Koll (aka Kathy Matsui) (External)

Joji Kurumado (External)

Yutaka Kyoya (External)

Audit & Supervisory Boards

Masaaki Shinjo

Masumi Mizusawa

Tomohiro Tanaka

Keiko Kaneko (External)

Takao Kashitani (External)

Masakatsu Mori (External)

Company Secretary

Shea Yee Man

Independent Accountants

Deloitte Touche Tohmatsu LLC

Principal Banks

Sumitomo Mitsui Banking Corporation

MUFG Bank, Ltd.

Mizuho Bank, Ltd.

The Hong Kong and Shanghai Banking Corporation Limited

Registered Office and Headquarters

10717-1 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

<https://www.fastretailing.com>

2. Financial Highlights

Consolidated Financial Summary

Term	First Quarter of 62nd Fiscal Year	First Quarter of 63rd Fiscal Year	62nd Fiscal Year
Accounting period	Three months ended 30 November 2022	Three months ended 30 November 2023	Year ended 31 August 2023
Revenue (Millions of yen)	716,393	810,833	2,766,557
Operating profit (Millions of yen)	117,077	146,686	381,090
Profit before income taxes (Millions of yen)	126,812	162,471	437,918
Profit for the period attributable to owners of the Parent (Millions of yen)	85,074	107,800	296,229
Comprehensive income attributable to owners of the Parent (Millions of yen)	73,981	144,490	423,601
Equity attributable to owners of the Parent (Millions of yen)	1,565,335	1,882,240	1,821,405
Total assets (Millions of yen)	3,196,819	3,434,987	3,303,694
Basic earnings per share (Yen)	277.49	351.50	966.09
Diluted earnings per share (Yen)	277.11	350.88	964.48
Ratio of equity attributable to owners of the Parent to total assets (%)	49.0	54.8	55.1
Net cash generated by operating activities (Millions of yen)	(1,309)	107,184	463,216
Net cash (used in) / generated by investing activities (Millions of yen)	(376,354)	(44,410)	(574,402)
Net cash (used in) / generated by financing activities (Millions of yen)	(69,141)	(88,984)	(364,562)
Cash and cash equivalents at end of the period (year) (Millions of yen)	914,041	887,360	903,280

(Notes) 1. FAST RETAILING CO., LTD. (the “Company”, the “Parent”, or the “Reporting entity”) prepared interim condensed consolidated financial statements and therefore has not included the non-consolidated financial summary of the Reporting entity.

2. The financial figures are sourced from the interim condensed consolidated financial statements or consolidated financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”).

3. Our common stock has been split on a 3-to-1 basis, effective 1 March 2023. Basic earnings per share, and diluted earnings per share have been calculated assuming this stock split was conducted at the beginning of the previous fiscal year.

Business Description

There were no significant changes in the nature of the business engaged by the Company and its subsidiaries (collectively, the “Group”) during the three months ended 30 November 2023.

In addition, there were no significant changes in the organizational structure of the Group, including the major subsidiaries, during the three months ended 30 November 2023.

3. Management Discussion and Analysis

Business Review

1. Business and Operational Risks

No new business-related risks have arisen during the three months ended 30 November 2023.

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

2. Financial Analysis

(1) Financial Position and Results of Operations

(i) 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.

(ii) Financial Position

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.

(2) 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) Estimates and Assumptions Used for Those Estimates in the Accounting

For the first-quarter consolidated accounting period, there are no significant changes to the estimates or the assumptions used for those estimates.

(4) Operational and Financial Challenges to Address as Priority

There have been no significant challenges during the three months ended 30 November 2023 that must be addressed by the Group.

(5) Research and Development

Not applicable.

(6) Significant Facilities

The following are the significant facilities that were newly completed during the three months ended 30 November 2023.

<Subsidiaries in Japan>

Not applicable.

<Overseas Subsidiaries>

Not applicable.

The following are the significant facilities that were newly planned during the three months ended 30 November 2023.

<Subsidiaries in Japan>

Not applicable.

<Overseas Subsidiaries>

Not applicable.

3. Significant Contracts in Business Operation

None.

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	900,000,000
Total	900,000,000

(ii) Shares Issued

Type	Number of shares issued as at 30 November 2023 (shares)	Number of shares issued as at submission date (shares) (As at 12 January 2024)	Name of financial instrument exchange of listing, or authorized financial instruments firms association	Remarks
Common stock	318,220,968	318,220,968	Prime market of the Tokyo Stock Exchange and the Main Board of the Stock Exchange of Hong Kong Limited (Note)	100 shares as one unit
Total	318,220,968	318,220,968	-	-

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

(2) Share Subscription Rights

1. Details of the Stock Option Program

Not applicable.

2. Other Share Subscription Rights

Not applicable.

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

Not applicable.

(4) 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 September 2023 to 30 November 2023	-	318,220,968	-	10,273	-	4,578

(Note) There was no change in the total number of shares issued, capital stock or capital reserve during the three months ended 30 November 2023.

(5) Major Shareholders

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

(6) Voting Rights

Concerning “Voting Rights” as at the end of the three months ended 30 November 2023, 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 (31 August 2023).

(i) Shares issued

As at 30 November 2023

Class	Number of shares (shares)	Number of voting rights	Remarks
Non-voting shares	-	-	-
Shares subject to restrictions on voting rights (i.e., treasury stock, etc.)	-	-	-
Shares subject to restrictions on voting rights (i.e., other than treasury stock)	-	-	-
Shares with full voting rights (i.e., treasury stock, etc.)	(Shares held as treasury stock) Common stock 11,552,700	-	-
Shares with full voting rights (i.e., other than treasury stock)	Common stock 306,521,400	3,065,214	(Note)
Shares less than one unit	Common stock 146,868	-	(Notes)
Total number of shares issued	318,220,968	-	-
Total number of voting rights of all shareholders	-	3,065,214	-

(Notes) The columns for the number of shares of “Shares with full voting rights (i.e., other than treasury stock)” and “Shares less than one unit” include 8,300 shares and 52 shares, respectively, held in the name of Japan Securities Depository Center, Inc.

(ii) Treasury Stock

As at 30 November 2023

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)	Percentage of total number of shares issued (%)
FAST RETAILING CO., LTD.	10717-1 Sayama Yamaguchi-shi Yamaguchi	11,552,700	-	11,552,700	3.63
Total	-	11,552,700	-	11,552,700	3.63

2. Directors

Since the submission of the year-end report for the preceding fiscal year, there has been no change of directors during the three months ended 30 November 2023.

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 as at 30 November 2023, the interim condensed consolidated statement of profit or loss and interim condensed consolidated statement of comprehensive income for the three-month period then ended, the interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three-month period then ended, and the related notes (collectively, the “interim condensed consolidated financial statements”) were prepared in accordance 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” (Cabinet Office Ordinance No. 64 of 2007, 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 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 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	14	576,194	616,956
Inventories	6	449,254	485,724
Derivative financial assets	14	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	7	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	14	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	14	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	14	61,913	77,725
Derivative financial liabilities	14	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	14	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	14	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

(Millions of yen)

	Notes	As at 31 August 2023	As at 30 November 2023
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
Three months ended 30 November 2023

(Millions of yen)

	Notes	Three months ended 30 November 2022	Three months ended 30 November 2023
Revenue	9	716,393	810,833
Cost of sales		(336,109)	(368,010)
Gross profit		380,283	442,823
Selling, general and administrative expenses	10	(265,033)	(301,400)
Other income	11	2,436	5,663
Other expenses	11	(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	12	12,322	18,261
Finance costs	12	(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)	13	277.49	351.50
Diluted (yen)	13	277.11	350.88

Interim Condensed Consolidated Statement of Comprehensive Income
Three months ended 30 November 2023

(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	8	-	(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	Other components of equity								Total	Equity attributable to owners of the Parent	Non-controlling interests	Total equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	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	8	-	(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)

	Note	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)

	Note	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	8	(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

Notes to the Interim Condensed Consolidated Financial Statements

1. Reporting Entity

FAST RETAILING CO., LTD. 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 are the operations of the UNIQLO business (i.e., casual clothing retail business operating under the "UNIQLO" brand in Japan and overseas), GU business (i.e., casual clothing retail business operating under the "GU" brand in Japan and overseas) and Theory business (i.e., apparel design and retail business in Japan and overseas), etc.

2. Basis of Preparation

The interim condensed consolidated financial statements have been prepared in accordance 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 2023.

The interim condensed consolidated financial statements were approved on 11 January 2024 by Tadashi Yanai, Chairman, President and CEO, and Takeshi Okazaki, Group Executive Vice President and CFO.

3. Significant 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.

4. Use of Estimates and Judgments

The preparation of the interim condensed consolidated financial statements 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, estimates and judgments that have significant effects on the amounts recognized in the interim condensed consolidated financial statements are the same as those in the preceding fiscal year.

5. 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.

6. Inventories

Write-down of inventories to their net realizable values recognized in expenses is as follows:

(Millions of yen)

	Three months ended 30 November 2022	Three months ended 30 November 2023
Write-down of inventories to net realizable value	2,186	2,450

7. Property, Plant and Equipment

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

(Millions of yen)

	As at 31 August 2023	As at 30 November 2023
Buildings and structures	136,945	149,261
Machinery and equipment	45,301	44,289
Furniture, fixtures and vehicles	28,561	31,692
Land	1,927	1,927
Construction in progress	9,139	5,616
Total	221,877	232,787

8. Dividends

The total amount of dividends paid was as follows:

For the three months ended 30 November 2022

Resolution	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Meeting of the Board on 1 November 2022	34,744	340	31 August 2022	4 November 2022

For the three months ended 30 November 2023

Resolution	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Meeting of the Board on 6 November 2023	50,600	165	31 August 2023	10 November 2023

Our common stock was split on a 3-to-1 basis effective 1 March 2023, so the dividends with a record date of 31 August, 2022 are listed in the amount before the stock split. Dividends with a record date of 31 August, 2023 are listed in the amount after the stock split.

9. Revenue

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

Three months ended 30 November 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 regions and countries 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 regions and countries 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.

10. 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

11. 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”.

12. 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”.

13. 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)

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.

14. Fair Value of Financial Instruments

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

(Millions of yen)

	As at 31 August 2023		As at 30 November 2023	
	Carrying amounts	Fair value	Carrying amounts	Fair value
Financial assets				
Bonds	440,738	438,995	446,328	445,210
Security deposits and guarantees	69,446	68,891	70,146	69,648
Total	510,184	507,887	516,474	514,859
Financial liabilities				
Corporate bonds	239,686	236,826	239,703	236,509
Total	239,686	236,826	239,703	236,509

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

Notes concerning financial assets and financial liabilities for which carrying amount approximates fair value have been omitted.

The fair value of bonds is calculated with reference to publicly available market prices.

The fair value of security deposits and guarantees is calculated on the basis of the present value, applying the current market interest rate.

The fair value of corporate bonds is calculated with reference to publicly available market prices.

The fair value measurements of bonds, security deposits / guarantees, and corporate bonds are categorized as level 2.

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 interim condensed 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

When multiple inputs are used to measure fair value, the fair value level is determined based on the input with the lowest level categorization in the overall fair value assessment.

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

(Millions of yen)

As at 31 August 2023	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income	-	-	189	189
Net financial assets and financial liabilities measured at fair value through profit or loss	-	3	-	3
Net financial assets and financial liabilities designated as hedging instruments - Fair value	-	241,238	-	241,238
Fair value	-	241,242	189	241,432

(Millions of yen)

As at 30 November 2023	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income	-	-	189	189
Net financial assets and financial liabilities measured at fair value through profit or loss	-	-	-	-
Net financial assets and financial liabilities designated as hedging instruments - Fair value	-	229,998	-	229,998
Fair value	-	229,998	189	230,188

For the valuation of Level 2 derivative financial instruments for which a market value is available, the Company uses 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.

Financial instruments categorized as Level 3 consist mainly of unlisted shares. The fair values of unlisted shares are measured by the division responsible in the Group according to the Group's accounting policy, etc., using the immediately preceding figures available for each quarter.

There were no significant changes due to the purchase, sale, issuance and settlement of Level 3 financial instruments, and no transfers between Levels 1, 2 and 3.

15. Commitments for Expenditures

The Group had the following commitments at each reporting date:

(Millions of yen)

	As at 31 August 2023	As at 30 November 2023
Commitment for the acquisition of property, plant and equipment	16,926	13,019
Commitment for the acquisition of intangible assets	2,634	3,648
Total	19,560	16,667

16. Subsequent Events

Not applicable

2. Others

Dividends

The Company resolved to pay dividends from retained earnings at the meeting of the Board convened on 6 November 2023. The total amount of dividends paid and the amount per share are stated under “Financial Section 1. Interim Condensed Consolidated Financial Statements, Notes to the Interim Condensed Consolidated Financial Statements 8. Dividends”.

(TRANSLATION)

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

12 January 2024

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

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Hirofumi Otani

Designated Engagement Partner,
Certified Public Accountant:

Akira Kimotsuki

Accountant's Conclusion

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 of FAST RETAILING CO., LTD. and its consolidated subsidiaries (the "Group") included in the Financial Section, namely, the interim condensed consolidated statement of financial position as at 30 November 2023, the interim condensed consolidated statement of profit or loss and interim condensed consolidated statement of comprehensive income for the three-month period then ended, and the interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three-month period then ended, and the related notes.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at 30 November 2023, and its consolidated financial performance for the three-month period then ended and its consolidated cash flows for the three-month period then ended in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" ("IAS 34"), pursuant to Article 93 of the "Rules Governing Term, Form and Preparation of Consolidated Quarterly Financial Statements".

Basis for Accountant's Conclusion

We conducted our review in accordance with quarterly review standards generally accepted in Japan. Our responsibility under those standards is further described in the Accountant's Responsibility for the Review of the Interim Condensed Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as accountants. We believe that we have obtained the evidence to provide a basis for our review conclusion.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Interim Condensed Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the interim condensed consolidated financial statements in accordance with IAS 34, 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.

In preparing the interim condensed consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to

going concern in accordance with paragraph 4 of IAS 1 "Presentation of Financial Statements" ("IAS 1").

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Accountant's Responsibility for the Review of the Interim Condensed Consolidated Financial Statements

Our objective is to issue an accountant's report that includes our conclusion.

As part of a review in accordance with quarterly review standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the review. We also:

- Make inquiries, primarily of management and persons responsible for financial and accounting matters, and apply analytical 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.
- Conclude whether nothing has come to our attention, based on the evidence obtained, related to going concern that causes us to believe that the interim condensed consolidated financial statements are not fairly presented, in all material respects, in accordance with paragraph 4 of IAS 1, if we conclude that a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our accountant's report to the related disclosures in the interim condensed consolidated financial statements or, if such disclosures are inadequate, to modify our conclusion. Our conclusions are based on the evidence obtained up to the date of our accountant's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether nothing has come to our attention that causes us to believe that the overall presentation and disclosures of the interim condensed consolidated financial statements are not in accordance with IAS 34, as well as the overall presentation, structure and content of the interim condensed consolidated financial statements, including the disclosures, and whether nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements do not represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain evidence regarding the financial information of the entities or business activities within the Group to express a conclusion on the interim condensed consolidated financial statements. We are responsible for the direction, supervision and performance of the review of the interim condensed consolidated financial statements. We remain solely responsible for our conclusion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding the planned scope and timing of the review and significant findings that we identify during our review.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Accountant's Review Report

This is an English translation of the independent accountant's review report as required by the Financial Instruments and Exchange Act of Japan for the conveniences of the reader.