FAST RETAILING

FAST RETAILING CO., LTD.
迅銷有限公司

Interim Report 2018/19

2018.9.1–2019.2.28

Stock Code: 6288

Contents

Corporate Profile

Board of Directors

Executive Director

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

Independent Directors

Toru Hambayashi *(External)*

Nobumichi Hattori *(External)*

Masaaki Shintaku *(External)*

Takashi Nawa *(External)*

Naotake Ohno *(External)*

Directors

Takeshi Okazaki

Kazumi Yanai

Koji Yanai

Audit & Supervisory Board Members

Akira Tanaka

Masaaki Shinjo

Takaharu Yasumoto *(External)*

Keiko Kaneko *(External)*

Takao Kashitani *(External)*

Company Secretary

Shea Yee Man

External 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

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

https://www.fastretailing.com

Financial Highlights

Consolidated Financial Summary

Term	57th Fiscal Year	58th Fiscal Year	57th Fiscal Year
Accounting period	Six months ended 28 February 2018	Six months ended 28 February 2019	Year ended 31 August 2018
Revenue (Millions of yen)	1,186,765	1,267,697	2,130,060
Operating profit (Millions of yen)	170,492	172,941	236,212
Profit before income taxes (Millions of yen)	165,196	174,214	242,678
Profit for the period attributable to owners of the Parent (Millions of yen)	104,150	114,029	154,811
Comprehensive income (loss) attributable to owners of the Parent (Millions of yen)	78,846	120,920	165,378
Equity attributable to owners of the Parent (Millions of yen)	796,650	961,680	862,936
Total assets (Millions of yen)	1,621,507	2,015,201	1,953,466
Basic earnings per share (Yen)	1,021.16	1,117.54	1,517.71
Diluted earnings per share (Yen)	1,019.36	1,115.67	1,515.23
Ratio of equity attributable to owners of the Parent to total assets	49.1	47.7	44.2
Net cash generated by operating activities (Millions of yen)	220,245	230,899	176,403
Net cash (used in) generated by investing activities (Millions of yen)	(25,196)	(59,688)	(57,180)
Net cash (used in) generated by financing activities (Millions of yen)	(21,998)	(63,240)	198,217
Cash and cash equivalents at end of the period (Millions of yen)	848,658	1,111,067	999,697

Accounting period	Three months ended 28 February 2018	Three months ended 28 February 2019
Revenue (Millions of yen)	569,738	623,230
Profit (loss) attributable to owners of the parent (Millions of yen)	25,610	40,552
Basic earnings (loss) per share for the period (Yen)	251.09	397.40

(Notes)
1. FAST RETAILING CO., LTD. (the “Company”, “Parent”, or “reporting entity”) prepared interim condensed consolidated financial statements and therefore has not included the nonconsolidated financial summary of 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 six months ended 28 February 2019.

In addition, there were no significant changes in the organizational structure of the Group, including the major subsidiaries, during the six months ended 28 February 2019.

Management Discussion and Analysis

Business Review

1. Business and Operational Risks

No new business-related risks have arisen during the six months ended 28 February 2019.

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

2. Financial Analysis

(1) Results of Operations

The Fast Retailing Group reported rises in both revenue and profit in the first half of fiscal 2019, or the six months from 1 September 2018 to 28 February 2019. Consolidated revenue increased to 1.2676 trillion yen (+6.8% year-on-year), operating profit expanded to 172.9 billion yen (+1.4% year-on-year), profit before income taxes totaled 174.2 billion yen (+5.5% year-on-year), and profit attributable to owners of the parent rose to 114.0 billion yen (+9.5% year-on-year). Of those data, first-half revenue, operating profit, profit before income taxes and profit attributable to owners of the parent reached new record levels.

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 in which we operate, and open global flagship stores and large-format stores in major cities around the world to further develop UNIQLO as a global brand. Within the UNIQLO International segment, Greater China (Mainland China, Hong Kong and Taiwan) and Southeast Asia are entering a new stage of growth as key drivers of operational expansion. UNIQLO USA is working steadily towards turning a profit in fiscal 2019. In terms of our GU operation, we plan to open more GU stores in Japan, while expanding the brand's international presence, primarily in Greater China and South Korea.

UNIQLO Japan

UNIQLO Japan reported declines in both revenue and profit in the first half of fiscal 2019, with revenue totaling 491.3 billion yen (-0.5% year-on-year) and operating profit totaling 67.7 billion yen (-23.7% year-on-year). First-half same-store sales, including online sales, declined 0.9% year-on-year. While sales of core Winter items struggled overall in the face of especially warm winter in October and November, sales of Winter ranges such as HEATTECH, down, and fleece picked up strongly once the weather turned colder in December and January, and Spring ranges such as sweat wear, legging pants, and BLOCKTECH got off to a favorable start in February. Meanwhile, online sales continued to rise strongly, expanding by an impressive 30.3% year-on-year in the first half, and expanding their proportion of total sales from 7.5% to 9.9% of total sales. On the profit front, the continued rise in cost of sales due to a weakening in internal yen exchange rates, along with stronger discounting of Winter items, resulted in a 3.3 point year-on-year decline in the gross profit margin. In addition, the selling, general and administrative expense ratio increased by 1.0 points year-on-year. While new IC tags (radio frequency identification) helped increase productivity and reduce the personnel-to-net-sales ratio, the distribution-to-net-sales ratio rose on the back of expanding online sales, and the other expenses-to-net-sale ratio rose on the back of higher IT investment relating to our ongoing transformative Ariake Project. In October 2018, the Ariake distribution center started operating as a fully automated dedicated online sales warehouse.

UNIQLO International

UNIQLO International revenue and profit rose in the first half of fiscal 2019, with revenue expanding to 580.0 billion yen (+14.3% year-on-year) and operating profit increasing to 88.4 billion yen (+9.6% year-on-year). In terms of individual markets, UNIQLO Greater China generated double-digit growth in both revenue and profit in the first half of the financial year despite the dampening effect of the mild winter weather. Within that region, our operation in Mainland China continued to report strong growth in revenue and profit of approximately 20% year-on-year. UNIQLO South Korea also reported increases in both revenue and profit. UNIQLO Southeast Asia & Oceania generated significant rises in both revenue and profit thanks to strong increases in same-store sales in every single one of the region's markets. UNIQLO USA generated an operating profit in the first half. UNIQLO Europe reported a steady first-half performance. In terms of new-store activity, UNIQLO International opened its first store in the Netherlands in Amsterdam in September 2018, and its biggest Southeast Asian global flagship store in Manila, the Philippines in October 2018.

GU

The GU business segment achieved significantly higher revenue and profit in the first half of fiscal 2019, with revenue climbing to 117.1 billion yen (+10.7% year-on-year) and operating profit rising to 14.1 billion yen (+54.3% year-on-year). GU same-store sales rose as determined action to create mass-trend focused product mixes and pursue complementary TV and web marketing helped put the operation on a firm recovery track. The GU gross profit margin increased by 3.0 points year-on-year thanks to strong sales, strict control over discounting, and lower cost of sales resulting from aggregate purchasing of raw materials. This and a 0.5 point year-on-year improvement in the selling, general and administrative expense ratio helped generate the impressive rise in operating profit.

Global Brands
Global Brands revenue declined while profit rose in the first half of fiscal 2019, with revenue totaling 77.7 billion yen (-0.9% year-on-year) and operating profit standing at 3.1 billion yen (compared to a 5.6 billion yen loss in the first half of fiscal 2018). The Theory fashion operation reported a considerable increase in profit, thanks to strong sales at the Theory operation in the United States. Meanwhile, the France-based Comptoir des Cotonniers fashion brand reported another loss on the back of continued sluggish sales.

Sustainability
In keeping with our key sustainability message, "Unlocking the power of clothing," Fast Retailing aims to contribute to the sustainable development of global society through our core clothing business. Fast Retailing's sustainability activities seek to promote human rights, environmental protection and broader social contributions within six clear material areas: Create new value through products and services Respect human rights in our supply chain Respect the environment Strengthen communities Support employee fulfillment and Corporate governance.

As a company with expanding global operations, we strive to uphold human rights by determining our own Fast Retailing Group Human Rights Policy that aligns closely with the UN Guiding Principles on Business and Human Rights and other international human rights principles and declarations. Across our supply chain, we use our Code of Conduct for Production Partners as a template to audit partner sewing factories and key fabric manufacturers on human rights abuses, poor labor conditions, environmental preservation practices and other issues and then disclose the results of these audits. In 2015, we joined the US-based non-profit Fair Labor Association ("FLA") with the aim of protecting worker rights and bringing working environments in line with international standards. Fast Retailing asked FLA to monitor our working environments and give guidance to help improve our own programs. In February 2019, FLA recognized Fast Retailing's program for monitoring working environments across the supply chain as meeting FLA standards on both structure and procedure. Also in February 2019, Fast Retailing declared its support for the footwear and apparel industry's Commitment to Responsible Recruitment compiled in October 2018 by FLA and the American Apparel & Footwear Association ("AAFA"). The commitment is an industrywide pledge to reduce potential forced labor risk for migrant workers in the global supply chain, such as workers having to pay for their job and we at Fast Retailing are working together with our partner factories to ensure compliance.

In terms of environmental protection, we continue our efforts to reduce greenhouse gas emissions across our stores, offices and supply chain as part of our climate change response. For instance, we are cutting greenhouse gas emissions per unit area by introducing LED lighting in UNIQLO stores and GU Japan stores. In February 2019, we committed to establish science-based targets ("SBT") within two years. SBT are tools to help to reduce greenhouse gas emissions based on targets laid out in the Paris Agreement on climate change.

(2) Financial Position
Total assets as at 28 February 2019 were 2,015.2 billion yen, which was an increase of 61.7 billion yen relative to total assets at the end of the preceding consolidated fiscal year. The principal factors were an increase of 111.3 billion yen in cash and cash equivalents, an increase of 23.1 billion yen in other financial assets, an increase of 11.9 billion yen in intangible assets and a decrease of 85.6 billion yen in inventories.

Total liabilities as at 28 February 2019 were 1,005.7 billion yen, which was a decrease of 44.9 billion yen relative to total liabilities at the end of the preceding consolidated fiscal year. The principal factors were a decrease of 52.6 billion yen in trade and other payables, a decrease of 11.5 billion yen in other current financial liabilities and an increase of 17.9 billion yen in current tax liabilities.

Total net assets as at 28 February 2019 were 1,009.4 billion yen, which was an increase of 106.6 billion yen relative to total net assets at the end of the preceding consolidated fiscal year. The principal factor was an increase of 89.5 billion yen in retained earnings.

(3) Cash Flow Information
Cash and cash equivalents as at 28 February 2019 increased by 111.3 billion yen from the end of the preceding consolidated fiscal year to 1,111.0 billion yen.

(Operating Cash Flows)
Net cash generated by operating activities for the six months ended 28 February 2019 was 230.8 billion yen (an increase by 4.8% from the six months ended 28 February 2018), which was an increase of 10.6 billion yen from the six months ended 28 February 2018. The principal factors were a decrease of 87.2 billion yen in inventories (an increase of 66.7 billion yen from the six months ended 28 February 2018), a decrease of 52.5 billion yen in trade and other payables (an increase of 17.9 billion yen from the six months ended 28 February 2018), a decrease of 9.0 billion yen in other assets (an increase of 74.8 billion yen from the six months ended 28 February 2018) and an increase of 19.7 billion yen in other liabilities (a decrease of 150.3 billion yen from the six months ended 28 February 2018).

(Investing Cash Flows)
Net cash used in investing activities for the six months ended 28 February 2019 was 59.6 billion yen (an increase by 136.9% from the six months ended 28 February 2018), which was an increase of 34.4 billion yen from the six months ended 28 February 2018. The principal factors were 24.3 billion yen in bank deposits with original maturities over three months or longer (an increase of 22.7 billion yen from the six months ended 28 February 2018), 21.0 billion yen in payments for property, plant and equipment (an increase of 7.1 billion yen from the six months ended 28 February 2018) and 11.9 billion yen in payments for intangible assets (an decrease of 5.6 billion yen from the six months ended 28 February 2018).

(Financing Cash Flows)
Net cash used in financing activities for the six months ended 28 February 2019 was 63.2 billion yen (an increase by 187.5% from the six months ended 28 February 2018), which was an increase of 41.2 billion yen from the six months ended 28 February 2018. The principal factor was 30.0 billion yen in Repayment of redemption of bonds (an increase of 30.0 billion yen from the six months ended 28 February 2018).

(4) Operational and Financial Challenges
There have been no significant challenges during the six months ended 28 February 2019 that resulted in issues that must be addressed by the Group.

(5) Research and Development
Not applicable.

(6) Significant Facilities
The following are the significant facilities that were planned as at the end of the preceding consolidated fiscal year and newly completed during the six months ended 28 February 2019.

<Subsidiaries in Japan>
Not applicable.

<Overseas Subsidiaries>

Company name	Type of facility	Name of business	Location	Completion date
FAST RETAILING PHILIPPINES, INC.	UNIQLO International Stores	UNIQLO Manila Global Flagship Store	Manila, Philippines	October 2018
UNIQLO CANADA INC.	UNIQLO International Stores	UNIQLO Vaughan Mills	City of Vaughan, Canada	September 2018
UNIQLO EUROPE LIMITED	UNIQLO International Stores	UNIQLO Köln	Cologne, Germany	October 2018
UNIQLO EUROPE LIMITED	UNIQLO International Stores	UNIQLO Kalverstraat	Amsterdam, The Netherlands	September 2018
UNIQLO HAWAII INC.	UNIQLO International Stores	UNIQLO Ala Moana	Hawaii, USA	January 2019

The main new facility plans included in the plans described above are as follows.

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)				
G.U. CO., LTD.	GU Japan stores	GU Shibuya	Shibuya, Japan	505	13	December 2018	March 2019	1,812	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.

3. Significant Contracts in Business Operation
None.

Information about the Reporting Entity

1. Stock Information

(1) Number of Shares

(i) Total number of shares

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

(ii) Shares Issued

Type	Number of shares issued as at 28 February 2019	Number of shares issued as at submission date (As at 12 April 2019)	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) Change in Total Number of Shares Issued, Capital Stock, Etc.

Date	Increase (decrease) of total number of shares issued	Balance of total number of shares issued	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 2018 to 28 February 2019	—	106,073,656	—	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 28 February 2019.

(5) Major Shareholders

As at 28 February 2019

Name or trade name	Location	Number of shares held (in thousands of shares)	As a percentage over total number of shares (excluding treasury stock)
Tadashi Yanai	Shibuya-ku, Tokyo	22,037	21.59
The Master Trust Bank of Japan, Ltd.	2-11-3 Hamamatsu-cho, Minato-ku, Tokyo	21,169	20.74
Japan Trustee Services Bank, Ltd.	1-8-11 Harumi, Chuo-ku, Tokyo	11,612	11.38
TTY Management B.V.	Hoogoorddreef 15, 1101BA Amsterdam, The Netherlands	5,310	5.20
Kazumi Yanai	New York, U.S.A.	4,781	4.69
Koji Yanai	Shibuya-ku, Tokyo	4,780	4.68
Fight & Step Co., Ltd.	1-4-3 Mita, Meguro-ku, Tokyo	4,750	4.65
Trust & Custody Services Bank, Ltd.	1-8-12 Harumi, Chuo-ku, Tokyo	3,820	3.74
MASTERMIND, LLC	1-4-3 Mita, Meguro-ku, Tokyo	3,610	3.54
Teruyo Yanai	Shibuya-ku, Tokyo	2,327	2.28
Total	—	84,201	82.51

(Notes)
1. "Number of shares held" is rounded down to the nearest unit of thousand shares.
2. The shares held by The Master Trust Bank of Japan, Ltd., Japan Trustee Services Bank, Ltd. and Trust & Custody Services Bank, Ltd. are all held in conjunction with trust businesses.
3. According to the report of large shareholdings (report of change of composition) submitted on 29 October 2018 by Mitsubishi UFJ Financial Group, Inc. and the three parties of Mitsubishi UFJ Trust and Banking Co., Ltd., Mitsubishi UFJ Kokusai Asset Management Co., Ltd. and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., which are all joint shareholders, each party held the shares stated below as at 22 October 2018. However, since the Company has not been able to confirm the number of shares actually held as at 28 February 2019, these shareholdings have not been included in the above table of major shareholders.

Name or trade name	Location	Number of shares held (in thousands of shares)	Percentage of total number of shares issued
Mitsubishi UFJ Trust and Banking Co., Ltd.	1-4-5 Marunouchi, Chiyoda-ku, Tokyo	903	0.85
Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	1-12-1 Yurakucho, Chiyoda-ku, Tokyo	2,834	2.67
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	1-9-2 Otemachi, Chiyoda-ku, Tokyo	700	0.66

4. According to the report of large shareholdings (report of change of composition) submitted on 20 December 2018 by Sumitomo Mitsui Trust Bank, Limited and the two parties of Sumitomo Mitsui Trust Asset Management Co., Ltd. and Nikko Asset Management Co., Ltd., which are all joint shareholders, each party held the shares stated below as at 14 December 2018. However, since the Company has not been able to confirm the number of shares actually held as at 28 February 2019, these shareholdings have not been included in the above table of major shareholders.

Name or trade name	Location	Number of shares held (in thousands of shares)	Percentage of total number of shares issued
Sumitomo Mitsui Trust Asset Management Co., Ltd.	1-1-1 Shibakoen, Minato-ku, Tokyo	1,240	1.17
Nikko Asset Management Co., Ltd.	9-7-1 Akasaka, Minato-ku, Tokyo	5,938	5.60

5. According to the report of large shareholdings (report of change of composition) submitted on 27 February 2019 by Nomura Securities Co., Ltd. and Nomura Asset Management Co., Ltd., which are all joint shareholders, each party held the shares stated below as at 20 February 2019. However, since the Company has not been able to confirm the number of shares actually held as at 28 February 2019, these shareholdings have not been included in the above table of major shareholders.

Name or trade name	Location	Number of shares held (in thousands of shares)	Percentage of total number of shares issued
Nomura Securities Co., Ltd.	1-9-1 Nihonbashi, Chuo-ku, Tokyo	190	0.18
Nomura Asset Management Co., Ltd.	1-12-1 Nihonbashi, Chuo-ku, Tokyo	11,500	11.02

6. According to the report of large shareholdings submitted on 6 March 2019 by Daiwa Asset Management Co. Ltd. and Daiwa Securities Co. Ltd., which are all joint holders, each party held the shares stated below as at 28 February 2019. However, since the Company has not been able to confirm the number of shares actually held as at 28 February 2019, these shareholdings have not been included in the above table of major shareholders.

Name or trade name	Location	Number of shares held (in thousands of shares)	Percentage of total number of shares issued
Daiwa Asset Management Co. Ltd.	1-9-1 Marunouchi, Chiyoda-ku, Tokyo	5,222	4.92
Daiwa Securities Co. Ltd.	1-9-1 Marunouchi, Chiyoda-ku, Tokyo	118	0.11

7. In addition to the above, 4,022,730 shares of treasury stock are held by the Company (3.79% of the total number of outstanding shares).

(6) Voting Rights

(i) Shares issued

As at 28 February 2019

Class	Number of 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 4,022,700	—	—
Shares with full voting rights (i.e., other than treasury stock)	Common stock 101,989,900	1,019,899	(Note 1)
Shares less than one unit	Common stock 61,056	—	(Notes 1 and 2)
Total number of shares issued	106,073,656	—	—
Total number of voting rights of all shareholders	—	1,019,899	—

(Note 1) 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 2,700 shares and 84 shares, respectively, held in the name of Japan Securities Depository Center, Inc.

(Note 2) Common stock in the “Shares less than one unit” row includes 30 shares of treasury stock held by the Company.

(ii) Treasury Stock

As at 28 February 2019

Name or trade name of holder	Holder's address	Number of shares held in own name	Number of shares held in other's name	Total number of shares held	Percentage of total number of shares issued
FAST RETAILING CO., LTD.	717-1 Sayama, Yamaguchi-shi, Yamaguchi	4,022,700	—	4,022,700	3.79
Total	—	4,022,700	—	4,022,700	3.79

2. Directors

Since the submission of the year-end report for the preceding consolidated fiscal year, there has been no change of directors during the six months ended 28 February 2019.

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 28 February 2019, the related interim condensed consolidated statements of profit or loss and interim condensed consolidated statement of comprehensive income for the three-month and six-month periods then ended, and the interim condensed consolidated statements of changes in equity and cash flows for the six-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" (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 2018	As at 28 February 2019
ASSETS			
Current assets			
Cash and cash equivalents		999,697	1,111,067
Trade and other receivables		52,677	56,671
Other financial assets	16	35,359	58,541
Inventories	6	464,788	379,104
Derivative financial assets	16	35,519	38,465
Income taxes receivable		1,702	2,172
Other assets		28,353	20,317
Total current assets		1,618,097	1,666,339
Non-current assets			
Property, plant and equipment	7,8	155,077	157,404
Goodwill	8	8,092	8,092
Intangible assets	8	46,002	57,938
Financial assets	16	79,476	77,577
Investments in associates accounted for using the equity method		14,649	14,625
Deferred tax assets		26,378	24,565
Other assets		5,691	8,657
Total non-current assets		335,368	348,861
Total assets		1,953,466	2,015,201
Liabilities and equity			
LIABILITIES			
Current liabilities			
Trade and other payables		214,542	161,878
Other financial liabilities	9,16	171,854	160,306
Derivative financial liabilities	16	6,917	2,838
Current tax liabilities		21,503	39,436
Provisions		11,868	13,143
Other liabilities		72,722	77,975
Total current liabilities		499,410	455,578
Non-current liabilities			
Financial liabilities	9,16	502,671	499,272
Provisions		18,912	18,729
Deferred tax liabilities		13,003	14,915
Other liabilities		16,690	17,278
Total non-current liabilities		551,277	550,194
Total liabilities		1,050,688	1,005,773
EQUITY			
Capital stock		10,273	10,273
Capital surplus		18,275	20,466
Retained earnings		815,146	904,690
Treasury stock, at cost		(15,429)	(15,312)
Other components of equity		34,669	41,561
Equity attributable to owners of the Parent		862,936	961,680
Non-controlling interests		39,841	47,748
Total equity		902,777	1,009,428
Total liabilities and equity		1,953,466	2,015,201

(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

Six months ended 28 February 2019

(Millions of yen)

	Notes	Six months ended 28 February 2018	Six months ended 28 February 2019
Revenue	11	1,186,765	1,267,697
Cost of sales		(601,126)	(660,923)
Gross profit		585,638	606,773
Selling, general and administrative expenses	12	(403,638)	(433,463)
Other income	13	910	2,106
Other expenses	8,13	(12,688)	(2,738)
Share of profit and loss of associates accounted for using the equity method		270	264
Operating profit		170,492	172,941
Finance income	14	3,009	5,413
Finance costs	14	(8,305)	(4,140)
Profit before income taxes		165,196	174,214
Income tax expense		(51,549)	(49,283)
Profit for the period		113,646	124,930
Profit for the period attributable to:			
Owners of the Parent		104,150	114,029
Non-controlling interests		9,495	10,901
		113,646	124,930
Earnings per share			
Basic (yen)	15	1,021.16	1,117.54
Diluted (yen)	15	1,019.36	1,115.67

Three months ended 28 February 2019

(Millions of yen)

	Notes	Three months ended 28 February 2018	Three months ended 28 February 2019
Revenue		569,738	623,230
Cost of sales		(301,165)	(341,265)
Gross profit		268,573	281,964
Selling, general and administrative expenses		(199,412)	(211,948)
Other income		645	1,688
Other expenses		(13,312)	(3,503)
Share of profit and loss of associates accounted for using the equity method		97	74
Operating profit		56,591	68,276
Finance income		1,267	2,883
Finance costs		(10,495)	(8,031)
Profit before income taxes		47,363	63,127
Income tax expense		(18,363)	(18,482)
Profit for the period		29,000	44,644
Profit for the period attributable to:			
Owners of the Parent		25,610	40,552
Non-controlling interests		3,389	4,092
		29,000	44,644
Earnings per share			
Basic (yen)	15	251.09	397.40
Diluted (yen)	15	250.65	396.72

Interim Condensed Consolidated Statement of Comprehensive Income

Six months ended 28 February 2019

(Millions of yen)

	Six months ended 28 February 2018	Six months ended 28 February 2019
Profit for the period	113,646	124,930
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)	—	(223)
Total items that will not be reclassified subsequently to profit or loss	—	(223)
Items that may be reclassified subsequently to profit or loss		
Net fair value gain (loss) on available-for-sales financial assets during the period	804	—
Exchange differences on translating foreign operations	(2,140)	3,493
Cash flow hedges	(24,604)	3,731
Share of other comprehensive income of associates	—	17
Total items that may be reclassified subsequently to profit or loss	(25,940)	7,243
Other comprehensive income (loss), net of income tax	(25,940)	7,019
Total comprehensive income (loss) for the period	87,705	131,950
Attributable to:		
Owners of the Parent	78,846	120,920
Non-controlling interests	8,859	11,029
Total comprehensive income (loss) for the period	87,705	131,950

Three months ended 28 February 2019

(Millions of yen)

	Three months ended 28 February 2018	Three months ended 28 February 2019
Profit for the period	29,000	44,644
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)	—	(107)
Total items that will not be reclassified subsequently to profit or loss	—	(107)
Items that may be reclassified subsequently to profit or loss		
Net fair value gain (loss) on available-for-sales financial assets during the period	854	—
Exchange differences on translating foreign operations	(9,284)	(3,342)
Cash flow hedges	(28,380)	(13,076)
Share of other comprehensive income of associates	—	(1)
Total items that may be reclassified subsequently to profit or loss	(36,809)	(16,419)
Other comprehensive income (loss), net of income tax	(36,809)	(16,526)
Total comprehensive income (loss) for the period	(7,809)	28,118
Attributable to:		
Owners of the Parent	(9,718)	24,848
Non-controlling interests	1,909	3,269
Total comprehensive income (loss) for the period	(7,809)	28,118

(3) Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 28 February 2018

(Millions of yen)

						Other components of equity							
	Note	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Available-for-sale reserve	Foreign currency translation reserve	Cash flow hedge reserve	Share of other comprehensive income of associates	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													
Profit for the period		–	–	104,150	–	–	–	–	–	–	104,150	9,495	113,646
Other comprehensive income (loss)		–	–	–	–	804	(2,502)	(23,605)	–	(25,304)	(25,304)	(636)	(25,940)
Total comprehensive income (loss)		–	–	104,150	–	804	(2,502)	(23,605)	–	(25,304)	78,846	8,859	87,705
Transactions with the owners of the Parent													
Disposal of treasury stock		–	782	–	91	–	–	–	–	–	874	–	874
Dividends	10	–	–	(17,847)	–	–	–	–	–	–	(17,847)	(2,916)	(20,763)
Share-based payments		–	1,132	–	–	–	–	–	–	–	1,132	–	1,132
Increase in equity due to capital increase by consolidated subsidiary		–	–	–	–	–	–	–	–	–	–	173	173
Changes in ownership interests in subsidiaries without losing control		–	1,874	–	–	–	–	–	–	–	1,874	1,754	3,629
Total transactions with the owners of the Parent		–	3,789	(17,847)	91	–	–	–	–	–	(13,966)	(987)	(14,954)
Total net changes during the period		–	3,789	86,303	91	804	(2,502)	(23,605)	–	(25,304)	64,880	7,871	72,751
As at 28 February 2018		10,273	18,163	784,887	(15,472)	806	19,303	(21,312)	–	(1,201)	796,650	38,144	834,794

For the six months ended 28 February 2019

(Millions of yen)

						Other components of equity							
	Note	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Financial assets measured at fair value through other comprehensive income	Foreign currency translation reserve	Cash flow hedge reserve	Share of other comprehensive income of associates	Total	Equity attributable to owners of the Parent	Non-controlling interest	Total equity
As at 1 September 2018		10,273	18,275	815,146	(15,429)	37	15,429	19,202	–	34,669	862,936	39,841	902,777
Net changes during the period													
Comprehensive income													
Profit for the period		–	–	114,029	–	–	–	–	–	–	114,029	10,901	124,930
Other comprehensive income (loss)		–	–	–	–	(223)	3,489	3,608	17	6,891	6,891	127	7,019
Total comprehensive income (loss)		–	–	114,029	–	(223)	3,489	3,608	17	6,891	120,920	11,029	131,950
Transactions with the owners of the Parent													
Acquisition of treasury stock		–	–	–	(2)	–	–	–	–	–	(2)	–	(2)
Disposal of treasury stock		–	1,109	–	118	–	–	–	–	–	1,228	–	1,228
Dividends	10	–	–	(24,484)	–	–	–	–	–	–	(24,484)	(3,531)	(28,016)
Share-based payments		–	1,081	–	–	–	–	–	–	–	1,081	–	1,081
Incorporation of a new subsidiary		–	–	–	–	–	–	–	–	–	–	239	239
Changes in ownership interests in subsidiaries without losing control		–	–	–	–	–	–	–	–	–	–	169	169
Total transactions with the owners of the Parent		–	2,191	(24,484)	116	–	–	–	–	–	(22,177)	(3,122)	(25,299)
Total net changes during the period		–	2,191	89,544	116	(223)	3,489	3,608	17	6,891	98,743	7,906	106,650
As at 28 February 2019		10,273	20,466	904,690	(15,312)	(186)	18,919	22,810	17	41,561	961,680	47,748	1,009,428

(4) Interim Condensed Consolidated Statement of Cash Flows

(Millions of yen)

	Note	Six months ended 28 February 2018	Six months ended 28 February 2019
Cash flows from operating activities			
Profit before income taxes		165,196	174,214
Depreciation and amortization		21,742	24,090
Impairment losses	8	9,940	1,512
Interest and dividend income		(3,009)	(5,413)
Interest expenses		1,361	2,374
Foreign exchange losses (gains)		6,943	1,765
Share of profit and loss of associates accounted for using the equity method		(270)	(264)
Losses on disposal of property, plant and equipment		289	129
Decrease (increase) in trade and other receivables		(6,391)	(3,538)
Decrease (increase) in inventories		20,572	87,283
Increase (decrease) in trade and other payables		(70,439)	(52,515)
Decrease (increase) in other assets		(65,866)	9,016
Increase (decrease) in other liabilities		170,085	19,757
Others, net		3,947	610
Cash generated from operations		254,102	259,022
Interest and dividends income received		3,008	5,194
Interest paid		(1,354)	(2,070)
Income taxes paid		(35,509)	(31,246)
Net cash generated by operating activities		220,245	230,899
Cash flows from investing activities			
Amounts deposited into bank deposits with original maturities of three months or longer		(29,231)	(72,631)
Amounts withdrawn from bank deposits with original maturities of three months or longer		27,636	48,314
Payments for property, plant and equipment		(13,969)	(21,097)
Payments for intangible assets		(6,276)	(11,926)
Payments for lease and guarantee deposits		(2,146)	(2,951)
Proceeds from collection of lease and guarantee deposits		1,236	1,456
Others, net		(2,446)	(853)
Net cash (used in) generated by investing activities		(25,196)	(59,688)

(Millions of yen)

	Note	Six months ended 28 February 2018	Six months ended 28 February 2019
Cash flows from financing activities			
Proceeds from short-term loans payable		1,361	8,305
Repayment of short-term loans payable		(774)	(7,483)
Repayment of long-term loans payable		(1,675)	(2,237)
Repayment of redemption of bonds	9	—	(30,000)
Dividends paid to owners of the Parent	10	(17,845)	(24,484)
Capital contributions from non-controlling interests		3,803	420
Dividends paid to non-controlling interests		(3,155)	(3,531)
Repayments of obligations under finance leases		(3,665)	(4,345)
Others, net		(46)	117
Net cash (used in) generated by financing activities		(21,998)	(63,240)
Effect of exchange rate changes on the balance of cash held in foreign currencies		(8,194)	3,399
Net increase (decrease) in cash and cash equivalents		164,856	111,370
Cash and cash equivalents at the beginning of period		683,802	999,697
Cash and cash equivalents at the end of period		848,658	1,111,067

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) Theory business (i.e., 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 2018.

The interim condensed consolidated financial statements were approved on 12 April 2019 by Tadashi Yanai, 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 2018 are applied consistently in the preparation of the 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
IFRS 9	Financial Instruments	Revisions to financial asset classification and measurement, hedge accounting and impairment
IFRS 15	Revenue from Contracts with Customers	A comprehensive framework for revenue recognition

(1) Application of IFRS 9: Financial Instruments

① Financial instruments: Classification and measurement

The Group began classifying equity instruments that previously were classified as "Available-for-sale financial assets" as "Financial assets measured at fair value through other comprehensive income" from the beginning of the consolidated fiscal year ending 31 August 2019. The Group has chosen not to apply the full retrospective application of IFRS 9 on the consolidated financial statements for the consolidated fiscal year ended 31 August 2018 in accordance with the transition provisions set out in IFRS 9.

② Financial instruments: Impairment

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

③ Financial instruments: Hedge accounting

The Group applies IFRS 9 hedge accounting standards and considers the fulfilment of specific hedge accounting requirements under IAS 39, Financial Instruments: Recognition and Measurement, and IFRS 9 as incremental parts of a consistent hedge accounting policy.

The application of IFRS 9 has not had a significant impact on the financial position and financial performance of the Group for the six months ended 28 February 2019.

(2) Application of IFRS 15: Revenue from contracts with customers

The Group recognizes revenue in accordance with IFRS 15 by applying the following five-step approach:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The Group, as a global clothing retailer, recognizes revenue when it satisfies its performance obligation by transferring the promised goods to the customer. An asset is transferred when the customer obtains control of that asset. In addition, the Group recognizes revenue at the amount of the promised consideration that the customer would pay in accordance with a contract, less the sum of discounts, rebates and refunds or credits.

The application of IFRS 15 has not had a significant impact on the financial position and financial performance of the Group for the six months ended 28 February 2019.

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. Any effects resulting from such review of accounting estimates are recognized prospectively by including the effects it in profit or loss in the period of the change or the period of the change and future periods.

Significant estimates and judgments that have significant effects on the amounts recognized in the interim condensed consolidated financial statements are generally the same as those in 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 which are reviewed regularly by the Board of Directors (the "Board") to make decisions about the allocation of resources and to assess performance.

The Group's main retail clothing business is divided into four reportable operating segments: UNIQLO Japan, UNIQLO International, GU and Global Brands, each of which is used to frame and form the Group's strategy.

The main businesses covered by each reportable segment are as follows:

UNIQLO Japan: UNIQLO clothing business within Japan

UNIQLO International: UNIQLO clothing business outside of Japan

GU: GU clothing business in Japan and overseas

Global Brands: Theory, PLST, COMPTOIR DES COTONNIERS, PRINCESSE TAM.TAM and J Brand clothing operations

(ii) Segment revenue and results

For the six months ended 28 February 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	493,674	507,456	105,860	78,449	1,185,441	1,323	—	1,186,765
Operating profit	88,729	80,763	9,155	(5,653)	172,995	117	(2,619)	170,492
Segment income (losses) (i.e., Profit before income taxes)	88,212	79,040	9,064	(5,719)	170,598	117	(5,520)	165,196
Other disclosure: Impairment losses (Note 3)	42	185	19	8,908	9,155	—	785	9,940

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

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

(Note 3) For details on Impairment losses, please refer to Note "8. Impairment Losses."

For the six months ended 28 February 2019

(Millions of yen)

	Reportable segments				Total	Others (Note 1)	Adjustments (Note 2)	Interim Condensed Consolidated Statement of Profit or Loss
	UNIQLO Japan	UNIQLO International	GU	Global Brands				
Revenue	491,343	580,006	117,195	77,745	1,266,290	1,406	—	1,267,697
Operating profit	67,741	88,486	14,122	3,125	173,475	110	(644)	172,941
Segment income (losses) (i.e., Profit before income taxes)	67,883	87,385	14,037	3,071	172,377	110	1,725	174,214
Other disclosure: Impairment losses (Note 3)	243	1,108	110	49	1,512	—	—	1,512

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

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

(Note 3) For details on Impairment losses, please refer to Note "8. Impairment Losses."

For the three months ended 28 February 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	236,606	249,173	45,045	38,397	569,223	515	—	569,738
Operating profit	34,616	34,092	143	(8,683)	60,168	83	(3,661)	56,591
Segment income (losses) (i.e., Profit before income taxes)	34,113	32,223	68	(8,760)	57,644	84	(10,365)	47,363
Other disclosure: Impairment losses (Note 3)	42	185	19	8,908	9,155	—	785	9,940

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

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

(Note 3) For details on Impairment losses, please refer to Note “8. Impairment Losses.”

For the three months ended 28 February 2019

(Millions of yen)

	Reportable segments				Total	Others (Note 1)	Adjustments (Note 2)	Interim Condensed Consolidated Statement of Profit or Loss
	UNIQLO Japan	UNIQLO International	GU	Global Brands				
Revenue	245,202	288,623	51,701	36,969	622,497	732	—	623,230
Operating profit	29,783	35,921	5,553	396	71,654	65	(3,444)	68,276
Segment income (losses) (i.e., Profit before income taxes)	29,568	34,769	5,500	385	70,223	65	(7,161)	63,127
Other disclosure: Impairment losses (Note 3)	114	1,108	61	49	1,334	—	—	1,334

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

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

(Note 3) For details on Impairment losses, please refer to Note “8. Impairment Losses.”

6. Inventories

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

(Millions of yen)

	Six months ended 28 February 2018	Six months ended 28 February 2019
Write down of inventories to net realizable value	3,919	4,624

7. Property, plant and equipment

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

(Millions of yen)

	As at 31 August 2018	As at 28 February 2019
Buildings and structures	94,673	96,625
Furniture, equipment and vehicles	14,143	16,170
Land	1,927	1,927
Construction in progress	9,550	8,120
Lease assets	34,782	34,559
Total	155,077	157,404

8. Impairment Losses

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

Six months ended 28 February 2018

During the six months ended 28 February 2018, the Group recognized impairment losses that amounted to 9,940 million yen on goodwill owned by the Comptoir des Cotonniers business and a trademark owned by the Helmut Lang brand under Theory business, because it is not expected to earn profit that was estimated initially. Those impairment losses are included in "other expenses" on the consolidated statement of profit or loss.

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

Of the total impairment losses that amounted to 9,940 million yen, 7,792 million yen represented an impairment loss for goodwill owned by the COMPTOIR DES COTONNIERS business.

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

Of the total impairment losses that amounted to 9,940 million yen, 1,039 million yen represented an impairment loss for a trademark owned by the Helmut Lang brand.

Six months ended 28 February 2019

There have been no material impairment losses.

9. Corporate Bonds

The 1st non-collateralized corporate bonds of 30 billion yen (interest rate: 0.110%; date of maturity: 18 December 2018) was repaid during the 6 months ended 28 February 2019.

10. Dividends

The total amount of dividends paid was as follows:

For the six months ended 28 February 2018

Resolution	Total dividends (Millions of yen)	Dividends per share (Yen)
Meeting of the Board on 2 November 2017	17,847	175

Dividends were declared on 2 November 2017 and paid on 10 November 2017. The effective date of the dividend was for shareholders as at 31 August 2017.

For the six months ended 28 February 2019

Resolution	Total dividends (Millions of yen)	Dividends per share (Yen)
Meeting of the Board on 2 November 2018	24,484	240

Dividends were declared on 2 November 2018 and paid on 9 November 2018. The effective date of the dividend was for shareholders as at 31 August 2018.

Dividends on common stock declared subsequent to 28 February 2019 are as follows:

	Six months ended 28 February 2018	Six months ended 28 February 2019
Total dividends (Million yen)	20,401	24,492
Dividends per share (yen)	200	240

The Board has approved the dividends on common stock subsequent to 28 February 2019, and the amount is not recognized as a liability as at 28 February 2019.

11. Revenue

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

Six months ended 28 February 2019

	Revenue (Millions of yen)	Percent of Total
Japan	491,343	38.8
Greater China	282,484	22.3
Other parts of Asia & Oceania	174,275	13.7
North America & Europe	123,246	9.7
UNIQLO (Note 1)	1,071,349	84.5
GU (Note 2)	117,195	9.2
Global Brands(Note 3)	77,745	6.1
Others (Note 4)	1,406	0.1
Total	1,267,697	100.0

(Note 1) Revenue is classified by nation or region based on customer location.
The designated countries and regions are classified as follows:

Greater China:	Mainland China, Hong Kong, Taiwan
Other parts of Asia & Oceania:	South Korea, Singapore, Malaysia, Thailand, the Philippines, Indonesia, Australia
North America & Europe:	United States of America, Canada, United Kingdom, France, Russia, Germany, Belgium, Spain, Sweden, the Netherlands

(Note 2) Main national and regional market: Japan

(Note 3) Main national and regional markets: North America, Europe, Japan

(Note 4) The “Others” category includes real estate leasing operations.

12. Selling, General and Administrative Expenses

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

(Millions of yen)

	Six months ended 28 February 2018	Six months ended 28 February 2019
Selling, general and administrative expenses		
Advertising and promotion	38,766	39,722
Rental expenses	98,762	104,371
Depreciation and amortization	21,742	24,090
Outsourcing	20,365	22,159
Salaries	138,596	146,745
Others	85,405	96,373
Total	403,638	433,463

13. Other income and other expenses

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

(Millions of yen)

	Six months ended 28 February 2018	Six months ended 28 February 2019
Other income		
Others	910	2,106
Total	910	2,106

(Millions of yen)

	Six months ended 28 February 2018	Six months ended 28 February 2019
Other expenses		
Foreign exchange losses (Note)	1,708	51
Loss on retirement of property, plant and equipment	289	129
Impairment losses	9,940	1,512
Others	749	1,046
Total	12,688	2,738

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

14. Finance income and finance costs

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

(Millions of yen)

	Six months ended 28 February 2018	Six months ended 28 February 2019
Finance income		
Interest income	3,008	5,365
Others	0	48
Total	3,009	5,413

(Millions of yen)

	Six months ended 28 February 2018	Six months ended 28 February 2019
Finance costs		
Foreign exchange losses (Note)	6,943	1,765
Interest expenses	1,361	2,374
Total	8,305	4,140

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

15. Earnings per share

Six months ended 28 February 2018		Six months ended 28 February 2019	
Equity per share attributable to owners of the Parent (Yen)	7,809.69	Equity per share attributable to owners of the Parent (Yen)	9,423.53
Basic earnings per share (Yen)	1,021.16	Basic earnings per share (Yen)	1,117.54
Diluted earnings per share (Yen)	1,019.36	Diluted earnings per share (Yen)	1,115.67

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

	Six months ended 28 February 2018	Six months ended 28 February 2019
Basic earnings per share for the period		
Profit for the period attributable to owners of the Parent (Millions of yen)	104,150	114,029
Profit not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to common shareholders (Millions of yen)	104,150	114,029
Average number of common stock outstanding during the period (Shares)	101,992,395	102,035,840
Diluted earnings per share for the period		
Adjustment to profit (Millions of yen)	—	—
Increase in number of common stock (Shares)	180,861	171,262
Number of share subscription rights included in increase	180,861	171,262

Three months ended 28 February 2018		Three months ended 28 February 2019	
Basic earnings per share (Yen)	251.09	Basic earnings per share (Yen)	397.40
Diluted earnings per share (Yen)	250.65	Diluted earnings per share (Yen)	396.72

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

	Three months ended 28 February 2018	Three months ended 28 February 2019
Basic earnings (loss) per share for the period		
Profit for the period attributable to owners of the Parent (Millions of yen)	25,610	40,552
Profit not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to common shareholders (Millions of yen)	25,610	40,552
Average number of common stock outstanding during the period (Shares)	101,997,945	102,044,080
Diluted earnings (loss) per share for the period		
Adjustment to profit (Millions of yen)	—	—
Increase in number of common stock (Shares)	181,176	176,333
Number of share subscription rights included in Increase	181,176	176,333

16. 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 2018		As at 28 February 2019	
	Carrying amounts	Fair value	Carrying amounts	Fair value
Financial assets:				
Security deposits and guarantees	61,752	62,253	63,813	65,359
Total	61,752	62,253	63,813	65,359
Financial liabilities:				
Long-term borrowings (Note)	8,884	8,924	6,932	6,932
Corporate bonds (Note)	499,020	501,708	469,103	473,271
Lease obligations (Note)	35,643	35,528	36,981	36,864
Total	543,548	546,161	513,017	517,067

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

The fair values of current financial assets, current financial liabilities and non-current financial assets, which are measured by amortized cost, approximate their carrying amounts.

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

The fair value measurements of corporate bonds, long-term borrowings and lease obligations are classified 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 classification 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 2018	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	2,513	—	—	2,513
Financial instruments at fair value through profit or loss ("FVTPL")	—	136	—	136
Foreign currency forward contracts designated as hedging instruments	—	28,464	—	28,464
Total	2,513	28,601	—	31,114

(Millions of yen)

As at 28 February 2019	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income	2,195	—	173	2,369
Financial instruments at FVTPL	—	(2)	—	(2)
Foreign currency forward contracts designated as hedging instruments	—	35,630	—	35,630
Total	2,195	35,627	173	37,996

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.

Most of the financial assets classified as Level 3 are unlisted shares. The fair value of unlisted shares is measured on a quarterly basis by management in accordance with Group accounting policy using the latest available data.

The Company did not have any significant changes in Level 3 fair value measurement that were resulted from Level 3 purchases, sales, issuance or settlement, nor any transfer between Levels 1, 2, or 3.

17. Commitments for expenditures

The Group had the following commitments at each reporting date:

(Millions of yen)

	As at 31 August 2018	As at 28 February 2019
Commitment for the acquisition of property, plant and equipment	10,046	8,795
Commitment for the acquisition of intangible assets	1,461	5,868
Total	11,508	14,664

18. Subsequent Events

Not applicable.

2. Others

Dividends

The Company resolved to pay dividends from retained earnings at the meeting of the Board convened on 11 April 2019.

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 10. Dividends."

(TRANSLATION)
Independent accountant's review report

April 12, 2019

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
Yohei Masuda _________________

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 of 28 February 2019 and the related interim condensed consolidated statements of profit or loss and statement of comprehensive income for the three-month and six-month periods then ended, statement of changes in equity and cash flows for the six-month period then ended, and the related notes.

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 of 28 February 2019, and the condensed consolidated results of their operations for the three-month and six-month periods then ended, and their cash flows for the six-month period then ended in conformity with IAS 34.

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.