



**FAST RETAILING**

**FAST RETAILING CO., LTD.**

迅銷有限公司

**Interim Report 2019/20**

2019.9.1–2020.2.29

Stock Code: 6288

## Contents

1. Corporate Profile	1
2. Financial Highlights	2
3. Management Discussion and Analysis	3
4. Information about the Reporting Entity	8
5. Financial Section	12
1. Interim Condensed Consolidated Financial Statements	13
(1) Interim Condensed Consolidated Statement of Financial Position	13
(2) Interim Condensed Consolidated Statement of Profit or Loss and Interim Condensed Consolidated Statement of Comprehensive Income	15
Interim Condensed Consolidated Statement of Profit or Loss	15
Interim Condensed Consolidated Statement of Comprehensive Income	17
(3) Interim Condensed Consolidated Statement of Changes in Equity	19
(4) Interim Condensed Consolidated Statement of Cash Flows	21
2. Others	38
Independent Accountant's Review Report	39

## 1. Corporate Profile

Board of Directors

Executive Director

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

Non-executive Directors

Takeshi Okazaki

Kazumi Yanai

Koji Yanai

Independent Non-executive Directors

Toru Hambayashi (External)

Nobumichi Hattori (External)

Masaaki Shintaku (External)

Takashi Nawa (External)

Naotake Ohno (External)

Board of Statutory Auditors

Akira Tanaka

Masaaki Shinjo

Masumi Mizusawa

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>

## 2. Financial Highlights

### Consolidated Financial Summary

Term	Half-yearly period of 58th Fiscal Year	Half-yearly period of 59th Fiscal Year	58th Fiscal Year
Accounting period	Six months ended 28 February 2019	Six months ended 29 February 2020	Year ended 31 August 2019
Revenue (Millions of yen)	1,267,697	1,208,512	2,290,548
Operating profit (Millions of yen)	172,941	136,736	257,636
Profit before income taxes (Millions of yen)	174,214	150,859	252,447
Profit for the period attributable to owners of the Parent (Millions of yen)	114,029	100,459	162,578
Comprehensive income attributable to owners of the Parent (Millions of yen)	120,920	140,153	140,900
Equity attributable to owners of the Parent (Millions of yen)	961,680	1,020,308	938,621
Total assets (Millions of yen)	2,015,201	2,454,296	2,010,558
Basic earnings per share (Yen)	1,117.54	984.21	1,593.20
Diluted earnings per share (Yen)	1,115.67	982.49	1,590.55
Ratio of equity attributable to owners of the Parent to total assets (%)	47.7	41.6	46.7
Net cash generated by operating activities (Millions of yen)	230,899	236,680	300,505
Net cash used in investing activities (Millions of yen)	(59,688)	(58,828)	(78,756)
Net cash used in financing activities (Millions of yen)	(63,240)	(99,195)	(102,429)
Cash and cash equivalents at end of the period (Millions of yen)	1,111,067	1,184,303	1,086,519

Accounting period	Three months ended 28 February 2019	Three months ended 29 February 2020
Revenue (Millions of yen)	623,230	585,028
Profit attributable to owners of the Parent (Millions of yen)	40,552	29,552
Basic earnings per share for the period (Yen)	397.40	289.51

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

2. Revenue does not include consumption taxes, etc.

3. 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”).

#### 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 29 February 2020.

In addition, there were no significant changes in the organizational structure of the Group, including the major subsidiaries, during the six months ended 29 February 2020.

### 3. Management Discussion and Analysis

#### Business Review

##### 1. Business and Operational Risks

For the six-month period ended 29 February 2020 and as of the date of submission of this quarterly report (14 April 2020), the following item should be added to business risks described in the Securities Report for the fiscal year ended 31 August 2019.

Due to the global spread of COVID-19, the temporary closure of stores may cause a deterioration in performance and adversely affect the product supply system.

##### 2. Financial Analysis

###### (1) Financial Position and Results of Operations

###### ( i ) Results of Operations

The Fast Retailing Group's revenue and profit declined in the first half of fiscal 2020, or the six months from 1 September 2019 to 29 February 2020. Consolidated revenue totaled 1.2085 trillion yen (-4.7% year-on-year) and operating profit totaled 136.7 billion yen (-20.9% year-on-year). This weaker performance was caused primarily by significant reductions in revenue and profit at UNIQLO International segment (South Korea, Mainland China, Hong Kong and Taiwan), which were adversely impacted by COVID-19 and other factors. We recorded 14.1 billion yen under finance income net of costs after reporting a net 12.1 billion yen foreign-exchange gain on our holdings of foreign-currency denominated assets. As a result, first-half profit before income taxes declined to 150.8 billion yen (-13.4% year-on-year) and profit attributable to owners of the Parent declined to 100.4 billion yen (-11.9% year-on-year).

The Group's medium-term vision is to become the world's number one apparel retailer. In pursuit of this aim, we focus our efforts on expanding UNIQLO International, as well as our GU brand and our global e-commerce operation. We continue to increase UNIQLO store numbers in each markets and areas in which we operate, and open global flagship stores and large-format stores in major cities around the world to instill deeper and more widespread empathy for UNIQLO's LifeWear concept. Within the UNIQLO International segment, Greater China (Mainland China, Hong Kong and Taiwan) and Southeast Asia are serving as the key pillars of our Group's business and growth. In terms of our GU segment, in addition to expanding the GU store network primarily in Japan, we are working to establish GU's position as a brand that offers fun fashion at amazingly low prices.

###### **UNIQLO Japan**

UNIQLO Japan segment reported a decrease in revenue but a rise in profit in the first half of fiscal 2020, with revenue declining to 463.5 billion yen (-5.7% year-on-year) and operating profit rising to 71.6 billion yen (+5.7% year-on-year). Same-store sales (including e-commerce sales) declined by 4.6% year-on-year after the warmer winter weather stifled sales of core Winter items. While e-commerce sales totaled 52.5 billion yen (+8.3% year-on-year) over the first-half period, the rate of online sales growth slowed for the same reasons as for our physical stores. UNIQLO Japan's gross profit margin improved by 2.2 points to 47.8% on the back of a continued appreciation in the yen exchange rate for merchandise purchasing. The selling, general and administrative expense ratio increased 0.5 point to 31.9%, while, in monetary terms, selling, general and administrative expenses decreased further than planned and compared to the prior fiscal year. Despite a strong launch of our new Spring ranges, revenue began to decline sharply from the latter half of February brought by the impact of COVID-19 started to adversely affect results.

###### **UNIQLO International**

UNIQLO International segment reported a sharp decline in both revenue and profit in the first half of fiscal 2020, with revenue falling to 541.2 billion yen (-6.7% year-on-year) and operating profit declining to 53.2 billion yen (-39.8% year-on-year). This was caused primarily by considerable reductions in revenue and profit at UNIQLO South Korea and UNIQLO Greater China, which were both adversely impacted by the outbreak of COVID-19 and other factors. UNIQLO International's gross profit margin contracted 2.3 points year-on-year following an early rundown of excess stock in each UNIQLO International market. The selling, general and administrative expense ratio increased 2.3 points year-on-year on the back of lower-than-planned revenue.

Looking at individual regions, UNIQLO Greater China revenue dipped, while operating profit declined sharply. Our Mainland China operation continued to generate strong results through most of January 2020, but revenue then fell sharply in the wake of the spread of COVID-19 at the end of January. In February, we temporarily closed a maximum of 395 stores resulting in a sharp fall in that month's revenue and an overall decline in both revenue and profit for the first-half as a whole. Revenue has started to recover in Mainland China from March onwards as the majority of stores reopened for business. At UNIQLO South Korea, the adverse impact of ongoing Korea-Japan tensions since July 2019 followed by the impact of COVID-19 from February 2020 resulted in a sharp decline in same-stores sales and recorded of a wider operating loss for the first half of fiscal 2020. UNIQLO South, Southeast Asia & Oceania, which includes Southeast Asian nations, Australia and India, generated double-digit growth in

first-half revenue and profit. UNIQLO operations in Indonesia, the Philippines and Thailand continued to expand favorably by reporting double-digit increases in both revenue and profit. Our new Indian operation generated strong first-half sales following our entry into the market in October 2019 and the opening of our third store in new Delhi in February 2020. Following the opening of its first store in December 2019, our Vietnam operation has achieved a higher-than-expected performance thanks to the popularity of UV-cut mesh parkas, DRY-EX polo shirts, and other clothing that is well suited to the local climate. UNIQLO USA reported a first-half operating loss as warmer winter weather stifled the sales of Winter ranges. Meanwhile, UNIQLO Europe reported double-digit increases in both revenue and profit in the first half of fiscal 2020, thanks to especially strong sales in Italy and Spain and a double-digit increase in same-store sales in Russia.

## **GU**

GU segment reported significant increases in both revenue and profit in the first half of fiscal 2020, with revenue climbing to 132.2 billion yen (+12.9% year-on-year) and operating profit expanding to 15.8 billion yen (+12.0% year-on-year). Same-store sales increased thanks to strong sales of on-target mass fashion trend items such as knitted cardigans and matching knitwear top and bottom sets along with lightweight outerwear hit products that adapted successfully to the warm winter weather. On the profit front, GU's gross profit margin improved by 0.4 point in the first half and operating profit increased significantly thanks to a decline in the cost of sales generated by further aggregate purchasing of core materials and early submission of production orders.

## **Global Brands**

Global Brands segment revenue and profit both declined in the first half of fiscal 2020. Revenue totaled 70.1 billion yen (-9.8% year-on-year) and operating profit stood at 0.7 billion yen (-76.3% year-on-year). Our Theory fashion label reported a decline in both revenue and profit after sales of Winter items struggled during the warmer winter weather. Revenue from our Japan-based PLST brand came in flat year-on-year as warmer winter weather dampened sales of Winter-season clothing, while operating profit dipped on a more determined rundown of excess inventories during the period. Finally, our France-based Comptoir des Cotonniers brand reported a first-half operating loss of similar magnitude to the preceding fiscal year.

## **Sustainability**

Under our slogan "The power of clothing is the power of society", we have been promoting sustainability initiatives through the clothing business by focusing on six priority areas ("materialities"). The six materialities are: (1) Creating new value through products and sales, (2) Respecting human rights and the work environment in our supply chain, (3) Respecting the environment, (4) Strengthening communities, (5) Supporting employee fulfillment, and (6) Implementing good corporate governance. Details of our main activities during the six months ended February 2020 are as follows.

- **Creating new value through products and sales:** In January 2020, we began selling our "Dry-EX" high-performance quick-drying wear that uses recycled polyester derived from PET bottles. By turning recovered PET bottles into valuable resources, we reduce the use of petroleum resources. We will continue to create new value through clothing by actively applying new technologies to promote recycling of resources.
- **Respecting the environment:** By the end of 2020, we aim to reduce greenhouse gas emissions at UNIQLO stores in Japan by 10% per unit of floor area (compared to 2013 emissions). As of the end of 2019, we already achieved a reduction of about 31.6%. As our next goal on environmental protection, we are currently formulating SBT (science-based targets), which are targets for reducing greenhouse gas emissions based on the Paris Agreement. In January 2020, we signed the Fashion Industry Charter for Climate Action, promoted by the secretariat of the United Nations Framework Convention on Climate Change (UNFCCC), which prescribes initiatives to be implemented in cooperation with the fashion industry as a whole.
- **Strengthening communities:** In November 2019, we contributed a total of US\$1 million in cash for initiatives for refugees conducted by the United Nations High Commissioner for Refugees (UNHCR) in Mali and South Sudan. In February 2020, as part of our "All Product Recycling Initiative" for collecting clothing no longer needed by customers at stores and donating them to refugees and displaced persons, UNIQLO and GU headquarters and store employees together with the UNHCR visited refugee camps in the Republic of Malawi where they distributed part of the approximately 250,000 items of clothing donated to that country.

## (ii) Financial Position

Total assets as at 29 February 2020 were 2,454.2 billion yen, which was an increase of 443.7 billion yen relative to the end of the preceding fiscal year. The principal factors were an increase of 390.2 billion yen in right-of-use assets, an increase of 97.7 billion yen in cash and cash equivalents and a decrease of 56.6 billion yen in inventories.

Total liabilities as at 29 February 2020 were 1,389.5 billion yen, which was an increase of 362.4 billion yen relative to the end of the preceding fiscal year. The principal factors were an increase of 444.3 billion yen in lease liabilities, an increase of 110.6 billion yen in other financial liabilities, a decrease of 129.2 billion yen in non-current financial liabilities and a decrease of 30.9 billion yen in trade and other payables.

Furthermore, the increases of right-of-use assets and lease liabilities are due to the application of IFRS 16 Leases as mentioned in “Notes to the Interim Condensed Consolidated Financial Statements 3. Significant Accounting Policies”.

Total net assets as at 29 February 2020 were 1,064.7 billion yen, which was an increase of 81.2 billion yen relative to the end of the preceding fiscal year. The principal factors were an increase of 45.5 billion yen in retained earnings and an increase of 33.3 billion yen in other components of equity.

## (2) Cash Flow Information

Cash and cash equivalents as at 29 February 2020 had increased by 97.7 billion yen from the end of the preceding fiscal year, to 1,184.3 billion yen.

### (Operating Cash Flows)

Net cash generated by operating activities for the six months ended 29 February 2020 was 236.6 billion yen, which was an increase of 5.7 billion yen (+2.5% year-on-year) from the six months ended 28 February 2019. The principal factors were 150.8 billion yen in profit before income taxes (a decrease of 23.3 billion yen from the six months ended 28 February 2019), 87.8 billion yen in depreciation and amortization (an increase of 63.7 billion yen from the six months ended 28 February 2019), a decrease of 64.1 billion yen in inventories (a decrease of 23.1 billion yen from the six months ended 28 February 2019), a decrease of 1.2 billion yen in other liabilities (a decrease of 20.9 billion yen from the six months ended 28 February 2019), a decrease of 32.9 billion yen in trade and other payables (an increase of 19.5 billion yen from the six months ended 28 February 2019), 12.1 billion yen in foreign exchange gains (a decrease of 13.9 billion yen from the six months ended 28 February 2019), 39.5 billion yen in income taxes paid (a decrease of 8.2 billion yen from the six months ended 28 February 2019), 5.4 billion yen in impairment losses (an increase of 3.9 billion yen from the six months ended 28 February 2019) and a decrease of 0.2 billion yen in trade and other receivables (an increase of 3.7 billion yen from the six months ended 28 February 2019).

### (Investing Cash Flows)

Net cash used in investing activities for the six months ended 29 February 2020 was 58.8 billion yen, which was a decrease of 0.8 billion yen (-1.4% year-on-year) from the six months ended 28 February 2019. The principal factors were a net increase of 20.2 billion yen in bank deposits with original maturity over three months (a decrease of 4.0 billion yen from the six months ended 28 February 2019), 23.8 billion yen in payments for property, plant and equipment (an increase of 2.7 billion yen from the six months ended 28 February 2019), 3.4 billion yen in proceeds from collection of lease and guarantee deposits (an increase of 1.9 billion yen from the six months ended 28 February 2019) and 1.7 billion yen in payments for right-of-use assets (an increase of 1.7 billion yen from the six months ended 28 February 2019).

### (Financing Cash Flows)

Net cash used in financing activities for the six months ended 29 February 2020 was 99.1 billion yen, which was an increase of 35.9 billion yen (+56.9% year-on-year) from the six months ended 28 February 2019. The principal factors were 68.2 billion yen in repayments of lease liabilities (an increase of 63.8 billion yen from the six months ended 28 February 2019) and 30.0 billion yen in repayment of redemption of bonds for the six months ended 28 February 2019 (a decrease of 30.0 billion yen from the six months ended 28 February 2019).

## (3) Operational and Financial Challenges

There have been no significant challenges during the six months ended 29 February 2020 that resulted in issues that must be addressed by the Group.

(4) Research and Development  
Not applicable.



(5) Significant Facilities

The following are the significant facilities that were newly completed during the six months ended 29 February 2020.

<Subsidiaries in Japan>

Not applicable.

<Overseas Subsidiaries>

Company name	Type of facility	Name of business	Location	Completion date
UNIQLO EUROPE LIMITED	UNIQLO International Store	UNIQLO Piazza Cordusio	Milan, Italy	September 2019
UNIQLO INDIA PRIVATE LIMITED	UNIQLO International Store	UNIQLO Ambience Mall Vasant Kunj store	New Delhi, India	October 2019

The following are the significant facilities that were newly planned during the six months ended 29 February 2020.

<Subsidiaries in Japan>

Company name	Type of facility	Name of business	Location	Amount of planned investment		Construction commencement date	Construction completion date	Planned sales floor area (m <sup>2</sup> )	Reference
				Total (Millions of yen)	Amount already disbursed (Millions of yen)				
UNIQLO CO., LTD.	UNIQLO Japan stores	UNIQLO PARK Yokohama Bayside	Yokohama, Kanagawa	548	0	May 2019	April 2020	2,118	Leasehold
G.U. CO., LTD.	GU Japan stores	GU UNIQLO PARK Yokohama Bayside	Yokohama, Kanagawa	517	76	May 2019	April 2020	1,541	Leasehold
UNIQLO CO., LTD.	UNIQLO Japan stores	UNIQLO Harajuku	Shibuya-ku, Tokyo	624	380	November 2018	April 2020	2,039	Leasehold
UNIQLO CO., LTD.	UNIQLO Japan stores	UNIQLO TOKYO	Chuo-ku, Tokyo	2,085	1,201	October 2019	May 2020	4,415	Leasehold

(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 taxes, etc.

<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
Common stock	300,000,000
Total	300,000,000

###### (ii) Shares Issued

Type	Number of shares issued as at 29 February 2020	Number of shares issued as at submission date (As at 14 April 2020)	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 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	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 December 2019 to 29 February 2020	-	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 29 February 2020.

## (5) Major Shareholders

As at 29 February 2020

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	20,096	19.69
Japan Trustee Services Bank, Ltd.	1-8-11 Harumi, Chuo-ku, Tokyo	10,854	10.63
TTY Management B.V.	De Entree 99, 1101HE Amsterdam, The Netherlands	5,310	5.20
Kazumi Yanai	New York, U.S.A.	4,781	4.68
Koji Yanai	Shibuya-ku, Tokyo	4,780	4.68
Fight & Step Co., Ltd.	1-4-3 Mita, Meguro-ku, Tokyo	4,750	4.65
MASTERMIND, LLC	1-4-3 Mita, Meguro-ku, Tokyo	3,610	3.54
Trust & Custody Services Bank, Ltd.	1-8-12 Harumi, Chuo-ku, Tokyo	3,347	3.28
Teruyo Yanai	Shibuya-ku, Tokyo	2,327	2.28
Total	-	81,896	80.23

(Notes) 1. "Number of shares held" is rounded down to the nearest unit of thousand shares.

- 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.
- According to the report of large shareholdings (Report of Change of Composition) submitted on 21 October 2019 by Mitsubishi UFJ Financial Group, Inc. and the three parties of Mitsubishi UFJ Trust and Banking Corporation, 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 14 October 2019. However, since the Company has not been able to confirm the number of shares actually held as at 29 February 2020, 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 Corporation	1-4-5 Marunouchi, Chiyoda-ku, Tokyo	820	0.77
Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	1-12-1 Yurakucho, Chiyoda-ku, Tokyo	3,018	2.85
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	2-5-2 Marunouchi, Chiyoda-ku, Tokyo	1,428	1.35

4. According to the report of large shareholdings (Report of Change of Composition) submitted on 4 December 2019 by Nomura Securities Co., Ltd. and the two parties of Nomura International PLC and Nomura Asset Management Co., Ltd., which are all joint shareholders, each party held the shares stated below as at 27 November 2019. However, since the Company has not been able to confirm the number of shares actually held as at 29 February 2020, 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	16	0.02
Nomura International PLC	1 Angel Lane, London EC4R 3AB, United Kingdom	54	0.05
Nomura Asset Management Co., Ltd.	1-12-1 Nihonbashi, Chuo-ku, Tokyo	10,885	10.26

5. According to the report of large shareholdings (Report of Change of Composition) submitted on 21 January 2020 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 15 January 2020. However, since the Company has not been able to confirm the number of shares actually held as at 29 February 2020, 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	1,167	1.10
Nikko Asset Management Co., Ltd.	9-7-1 Akasaka, Minato-ku, Tokyo	5,688	5.36

6. In addition to the above, 3,991,435 shares of treasury stock are held by the Company (3.76% of the total number of outstanding shares).

(6) Voting Rights

(i) Shares issued

As at 29 February 2020

Class	Number of shares	Number of voting rights	Remarks
Non-voting shares	-	-	-
Shares subject to restrictions on voting rights (e.g., treasury stock)	-	-	-
Shares subject to restrictions on voting rights (e.g., other than treasury stock)	-	-	-
Shares with full voting rights (e.g., treasury stock)	(Shares held as treasury stock) Common stock 3,991,400	-	-
Shares with full voting rights (e.g., other than treasury stock)	Common stock 102,016,500	1,020,165	(Note) 1
Shares less than one unit	Common stock 65,756	-	(Notes) 1, 2
Total number of shares issued	106,073,656	-	-
Total number of voting rights of all shareholders	-	1,020,165	-

(Notes) 1. The columns for the number of shares of “Shares with full voting rights (e.g., 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.

2. Common stock in the “Shares less than one unit” row includes 35 shares of treasury stock held by the Company.

(ii) Treasury Stock

As at 29 February 2020

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	3,991,400	-	3,991,400	3.76
Total	-	3,991,400	-	3,991,400	3.76

2. Directors

Since the submission of the year-end report for the preceding fiscal year, there has been no change of directors during the six months ended 29 February 2020.

## 5. Financial Section

### 1. Preparation of Interim Condensed Consolidated Financial Statements

The interim condensed consolidated financial statements of the Group, namely, the interim condensed consolidated statement of financial position of the Group as at 29 February 2020, 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 2019	As at 29 February 2020
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents		1,086,519	1,184,303
Trade and other receivables		60,398	56,968
Other financial assets	15	44,473	66,424
Inventories	6	410,526	353,907
Derivative financial assets	15	14,787	21,117
Income taxes receivable		1,492	4,087
Other assets		19,975	15,569
Total current assets		1,638,174	1,702,379
Non-current assets			
Property, plant and equipment	7	162,092	133,068
Right-of-use assets		—	390,283
Goodwill		8,092	8,092
Intangible assets		60,117	66,054
Financial assets	15	77,026	68,497
Investments in associates accounted for using the equity method		14,587	14,344
Deferred tax assets		33,163	36,311
Derivative financial assets	15	9,442	27,919
Other assets		7,861	7,344
Total non-current assets		372,384	751,916
Total assets		2,010,558	2,454,296
<b>Liabilities and equity</b>			
<b>LIABILITIES</b>			
Current liabilities			
Trade and other payables		191,769	160,836
Other financial liabilities	8, 15	159,006	269,688
Derivative financial liabilities	15	2,985	1,037
Lease liabilities		—	104,361
Current tax liabilities		27,451	39,394
Provisions		13,340	895
Other liabilities		82,103	59,605
Total current liabilities		476,658	635,820
Non-current liabilities			
Financial liabilities	8, 15	499,948	370,732
Lease liabilities		—	339,951
Provisions		20,474	32,482
Deferred tax liabilities		8,822	7,418
Derivative financial liabilities	15	3,838	637
Other liabilities		17,281	2,473
Total non-current liabilities		550,365	753,694
Total liabilities		1,027,024	1,389,515

	Notes	As at 31 August 2019	As at 29 February 2020
<b>EQUITY</b>			
Capital stock		10,273	10,273
Capital surplus		20,603	23,229
Retained earnings		928,748	974,342
Treasury stock, at cost		(15,271)	(15,198)
Other components of equity		(5,732)	27,661
Equity attributable to owners of the Parent		938,621	1,020,308
Non-controlling interests		44,913	44,471
Total equity		983,534	1,064,780
Total liabilities and equity		2,010,558	2,454,296



(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 29 February 2020

(Millions of yen)

	Notes	Six months ended 28 February 2019	Six months ended 29 February 2020
Revenue	10	1,267,697	1,208,512
Cost of sales		(660,923)	(631,722)
Gross profit		606,773	576,790
Selling, general and administrative expenses	11	(433,463)	(438,798)
Other income	12	2,106	6,002
Other expenses	12	(2,738)	(7,309)
Share of profit and loss of associates accounted for using the equity method		264	51
Operating profit		172,941	136,736
Finance income	13	5,413	18,069
Finance costs	13	(4,140)	(3,946)
Profit before income taxes		174,214	150,859
Income tax expense		(49,283)	(47,414)
Profit for the period		124,930	103,444
Profit for the period attributable to:			
Owners of the Parent		114,029	100,459
Non-controlling interests		10,901	2,985
Total		124,930	103,444
Earnings per share			
Basic (yen)	14	1,117.54	984.21
Diluted (yen)	14	1,115.67	982.49

Three months ended 29 February 2020

(Millions of yen)

	Notes	Three months ended 28 February 2019	Three months ended 29 February 2020
Revenue		623,230	585,028
Cost of sales		(341,265)	(321,161)
Gross profit		281,964	263,867
Selling, general and administrative expenses		(211,948)	(214,699)
Other income		1,688	1,918
Other expenses		(3,503)	(5,842)
Share of profit and loss of associates accounted for using the equity method		74	(197)
Operating profit		68,276	45,045
Finance income		2,883	5,850
Finance costs		(8,031)	(2,051)
Profit before income taxes		63,127	48,844
Income tax expense		(18,482)	(17,239)
Profit for the period		44,644	31,604
Profit for the period attributable to:			
Owners of the Parent		40,552	29,552
Non-controlling interests		4,092	2,052
Total		44,644	31,604
Earnings per share			
Basic (yen)	14	397.40	289.51
Diluted (yen)	14	396.72	288.98

Interim Condensed Consolidated Statement of Comprehensive Income  
Six months ended 29 February 2020

(Millions of yen)

	Six months ended 28 February 2019	Six months ended 29 February 2020
Profit for the period	124,930	103,444
Other comprehensive income, net of income tax		
Items that will not be reclassified subsequently to profit or loss		
Financial assets measured at fair value through other comprehensive income	(223)	(231)
Total items that will not be reclassified subsequently to profit or loss	(223)	(231)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	3,493	14,715
Cash flow hedges	3,731	25,556
Share of other comprehensive income of associates	17	18
Total items that may be reclassified subsequently to profit or loss	7,243	40,291
Other comprehensive income, net of income tax	7,019	40,060
Total comprehensive income for the period	131,950	143,505
Attributable to:		
Owners of the Parent	120,920	140,153
Non-controlling interests	11,029	3,352
Total comprehensive income for the period	131,950	143,505

Three months ended 29 February 2020

(Millions of yen)

	Three months ended 28 February 2019	Three months ended 29 February 2020
Profit for the period	44,644	31,604
Other comprehensive income, net of income tax		
Items that will not be reclassified subsequently to profit or loss		
Financial assets measured at fair value through other comprehensive income	(107)	(249)
Total items that will not be reclassified subsequently to profit or loss	(107)	(249)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	(3,342)	(3,286)
Cash flow hedges	(13,076)	5,312
Share of other comprehensive income of associates	(1)	(0)
Total items that may be reclassified subsequently to profit or loss	(16,419)	2,024
Other comprehensive (loss) / income, net of income tax	(16,526)	1,775
Total comprehensive income for the period	28,118	33,380
Attributable to:		
Owners of the Parent	24,848	32,524
Non-controlling interests	3,269	855
Total comprehensive income for the period	28,118	33,380

(3) Interim Condensed Consolidated Statement of Changes in Equity  
For the six months ended 28 February 2019

(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	Foreign currency translation reserve	Cash flow hedge reserve	Share of other comprehensive income of associates				
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	9	-	(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

	Note	Other components of equity										Total equity	
		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
As at 1 September 2019		10,273	20,603	928,748	(15,271)	(697)	(13,929)	8,906	(11)	(5,732)	938,621	44,913	983,534
Effect of change in accounting policy	3	-	-	(30,370)	-	-	-	-	-	-	(30,370)	(1,429)	(31,800)
Net changes during the period		10,273	20,603	898,377	(15,271)	(697)	(13,929)	8,906	(11)	(5,732)	908,250	43,483	951,734
Comprehensive income													
Profit for the period		-	-	100,459	-	-	-	-	-	-	100,459	2,985	103,444
Other comprehensive income / (loss)		-	-	-	-	(231)	13,727	26,178	18	39,693	39,693	366	40,060
Total comprehensive income / (loss)		-	-	100,459	-	(231)	13,727	26,178	18	39,693	140,153	3,352	143,505
Transactions with the owners of the Parent													
Acquisition of treasury stock		-	-	-	(5)	-	-	-	-	-	(5)	-	(5)
Disposal of treasury stock		-	934	-	78	-	-	-	-	-	1,013	-	1,013
Dividends	9	-	-	(24,494)	-	-	-	-	-	-	(24,494)	(1,569)	(26,064)
Share-based payments		-	1,690	-	-	-	-	-	-	-	1,690	-	1,690
Transfer to non-financial assets		-	-	-	-	-	-	(6,299)	-	(6,299)	(6,299)	(794)	(7,093)
Total transactions with the owners of the Parent		-	2,625	(24,494)	73	-	-	(6,299)	-	(6,299)	(28,095)	(2,363)	(30,459)
Total net changes during the period		-	2,625	75,964	73	(231)	13,727	19,878	18	33,394	112,057	988	113,046
As at 29 February 2020		10,273	23,229	974,342	(15,198)	(928)	(202)	28,785	7	27,661	1,020,308	44,471	1,064,780

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

(Millions of yen)

	Note	Six months ended 28 February 2019	Six months ended 29 February 2020
<b>Cash flows from operating activities</b>			
Profit before income taxes		174,214	150,859
Depreciation and amortization		24,090	87,871
Impairment losses		1,512	5,443
Interest and dividend income		(5,413)	(5,878)
Interest expenses		2,374	3,946
Foreign exchange losses / (gains)		1,765	(12,190)
Share of profit and loss of associates accounted for using the equity method		(264)	(51)
Losses on disposal of property, plant and equipment		129	355
(Increase) / decrease in trade and other receivables		(3,538)	207
Decrease in inventories		87,283	64,120
Decrease in trade and other payables		(52,515)	(32,925)
Decrease in other assets		9,016	10,648
Increase / (decrease) in other liabilities		19,757	(1,227)
Others, net		610	2,061
Cash generated from operations		259,022	273,241
Interest and dividends income received		5,194	5,633
Interest paid		(2,070)	(3,483)
Income taxes paid		(31,246)	(39,535)
Income taxes refunded		-	825
Net cash generated by operating activities		230,899	236,680
<b>Cash flows from investing activities</b>			
Amounts deposited into bank deposits with original maturities of three months or longer		(72,631)	(53,772)
Amounts withdrawn from bank deposits with original maturities of three months or longer		48,314	33,503
Payments for property, plant and equipment		(21,097)	(23,833)
Payments for intangible assets		(11,926)	(10,895)
Payments for acquisition of right-of-use assets		-	(1,759)
Payments for lease and guarantee deposits		(2,951)	(2,952)
Proceeds from collection of lease and guarantee deposits		1,456	3,437
Others, net		(853)	(2,556)
Net cash used in investing activities		(59,688)	(58,828)

(Millions of yen)

	Note	Six months ended 28 February 2019	Six months ended 29 February 2020
<b>Cash flows from financing activities</b>			
Proceeds from short-term loans payable		8,305	976
Repayment of short-term loans payable		(7,483)	(847)
Repayment of long-term loans payable		(2,237)	(4,343)
Repayment of redemption of bonds	8	(30,000)	–
Dividends paid to owners of the Parent	9	(24,484)	(24,494)
Capital contributions from non-controlling interests		420	–
Dividends paid to non-controlling interests		(3,531)	(2,328)
Repayments of financial lease obligations		(4,345)	–
Repayments of lease liabilities		-	(68,231)
Others, net		117	73
Net cash used in financing activities		(63,240)	(99,195)
Effect of exchange rate changes on the balance of cash held in foreign currencies		3,399	19,127
Net increase in cash and cash equivalents		111,370	97,783
Cash and cash equivalents at the beginning of period		999,697	1,086,519
Cash and cash equivalents at the end of period		1,111,067	1,184,303



## 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>).

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 2019.

The interim condensed consolidated financial statements were approved on 14 April 2020 by Tadashi Yanai, Chariman, 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 2019 are applied consistently in the preparation of these interim condensed consolidated financial statements.

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

IFRS	Title	Summary of new standards and amendments
IFRS 16	Leases	Amendments to accounting treatment for lease arrangement
IFRIC 23	Uncertainty over Income Tax Treatments	Clarifies the accounting for uncertainties in income tax

#### (1) Application of IFRS 16: Leases

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

##### 1) Definition of lease

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

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

##### 2) Accounting treatment of leases

###### 2.1) Leases in which Fast Retailing Group is the lessee

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

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

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

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

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

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

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

###### 2.2) Leases in which the Group is the lessor

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

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

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

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

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

### 3) Treatment on transition

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

#### 3.1) Leases in which the Group is the lessee

(Leases previously classified as operating leases applying IAS 17)

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

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

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

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

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

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

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

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

(Leases previously classified as operating leases applying IAS 17)

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

#### 3.2) Leases in which the Group is the lessor

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

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

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

#### 4) Impact on interim condensed consolidated financial statements

With the application of IFRS 16, the Group recognized an additional 368,722 million yen in right-of-use assets, 420,772 million yen in lease liabilities and a decrease of 30,370 million yen in retained earnings in its interim condensed consolidated statement of financial position at the start of the fiscal year.

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

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

(Unit: Million Yen)

Minimum future lease payments for non-cancelable operating lease contracts (31 August 2019)	344,888
Present value of non-cancelable operating lease contracts (31 August 2019)	337,009
Finance lease obligations (31 August 2019)	38,726
Extension or termination options that are reasonably certain to be exercised	45,036
Lease liabilities recognized in interim condensed consolidated statement of financial position as at the date of initial application of IFRS 16	420,772

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

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

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

#### 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 except the impact of applying IFRS16.

## 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 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 (i.e., Profit before income taxes)	67,883	87,385	14,037	3,071	172,377	110	1,725	174,214

(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 six months ended 29 February 2020

(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	463,568	541,248	132,293	70,100	1,207,211	1,301	-	1,208,512
Operating profit / (loss)	71,626	53,267	15,823	741	141,458	278	(5,000)	136,736
Segment income (i.e., Profit before income taxes)	73,470	54,159	15,711	517	143,858	279	6,721	150,859

(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 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 (i.e., Profit before income taxes)	29,568	34,769	5,500	385	70,223	65	(7,161)	63,127

(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 29 February 2020

(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	230,536	260,499	59,344	33,987	584,368	659	-	585,028
Operating profit	33,068	15,431	3,446	(1,128)	50,818	311	(6,084)	45,045
Segment income / (losses) (i.e., Profit / (loss) before income taxes)	34,017	17,138	3,333	(1,252)	53,236	312	(4,705)	48,844

(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)

	Six months ended 28 February 2019	Six months ended 29 February 2020
Write-down of inventories to net realizable value	4,624	4,121

## 7. Property, Plant and Equipment

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

(Millions of yen)

	As at 31 August 2019	As at 29 February 2020
Buildings and structures	94,659	104,845
Furniture, equipment and vehicles	17,076	18,114
Land	1,927	1,927
Construction in progress	10,404	8,180
Lease assets (Note)	38,024	—
Total	162,092	133,068

(Note) With the application of IFRS 16 as at the first quarter of the current fiscal year, leased assets have been reclassified and are presented under “right-of-use assets”.

## 8. 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.



## 9. Dividends

The total amount of dividends paid was as follows:

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.

For the six months ended 29 February 2020

Resolution	Total dividends (Millions of yen)	Dividends per share (Yen)
Meeting of the Board on 5 November 2019	24,494	240

Dividends were declared on 5 November 2019 and paid on 8 November 2019. The effective date of the dividend was for shareholders as at 31 August 2019.

Dividends on common stock declared subsequent to 29 February 2020 are as follows:

	Six months ended 28 February 2019	Six months ended 29 February 2020
Total dividends (Million yen)	24,492	24,499
Dividends per share (yen)	240	240

The Board has approved the dividends on common stock subsequent to 29 February 2020, and the amount is not recognized as a liability as at 29 February 2020.

## 10. 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.

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.

Six months ended 29 February 2020

	Revenue (Millions of yen)	Percent of Total (%)
Japan	463,568	38.4
Greater China	270,334	22.4
Other parts of Asia & Oceania	135,428	11.2
North America & Europe	135,485	11.2
UNIQLO (Note 1)	1,004,816	83.1
GU (Note 2)	132,293	10.9
Global Brands (Note 3)	70,100	5.8
Others (Note 4)	1,301	0.1
Total	1,208,512	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, Vietnam, India  
 North America & Europe: United States of America, Canada, United Kingdom, France, Russia, Germany, Belgium, Spain, Sweden, the Netherlands, Denmark, Italy

(Note 2) Main national and regional market: Japan

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

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

#### 11. 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 2019	Six months ended 29 February 2020
Selling, general and administrative expenses		
Advertising and promotion	39,722	39,712
Rental expenses (Note)	104,371	38,742
Depreciation and amortization (Note)	24,090	87,871
Outsourcing	22,159	25,370
Salaries	146,745	145,931
Others	96,373	101,168
Total	433,463	438,798

(Note) The decrease of rental expenses and the increase of depreciation and amortization are due to the application of IFRS 16 *Leases* as mentioned in “Notes to the Interim Condensed Consolidated Financial Statements 3. Significant Accounting Policies”.

## 12. 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 2019	Six months ended 29 February 2020
Other income		
Foreign exchange gains (Note)	-	3,551
Others	2,106	2,450
Total	2,106	6,002

(Millions of yen)

	Six months ended 28 February 2019	Six months ended 29 February 2020
Other expenses		
Foreign exchange losses (Note)	51	-
Loss on retirement of property, plant and equipment	129	355
Impairment losses	1,512	5,443
Others	1,046	1,510
Total	2,738	7,309

(Note) Currency adjustments incurred in the course of operating transactions are included in "other income" and "other expenses".

## 13. 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 2019	Six months ended 29 February 2020
Finance income		
Foreign exchange gains (Note)	-	12,190
Interest income	5,365	5,867
Others	48	11
Total	5,413	18,069

(Millions of yen)

	Six months ended 28 February 2019	Six months ended 29 February 2020
Finance costs		
Foreign exchange losses (Note)	1,765	-
Interest expenses	2,374	3,946
Total	4,140	3,946

(Note) Currency adjustments incurred in the course of non-operating transactions are included in "finance income" and "finance costs".

14. Earnings per Share

Six months ended 28 February 2019		Six months ended 29 February 2020	
Equity per share attributable to owners of the Parent (Yen)	9,423.53	Equity per share attributable to owners of the Parent (Yen)	9,994.97
Basic earnings per share (Yen)	1,117.54	Basic earnings per share (Yen)	984.21
Diluted earnings per share (Yen)	1,115.67	Diluted earnings per share (Yen)	982.49

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

	Six months ended 28 February 2019	Six months ended 29 February 2020
Basic earnings per share for the period		
Profit for the period attributable to owners of the Parent (Millions of yen)	114,029	100,459
Profit not attributable to common shareholders (Millions of yen)	–	–
Profit attributable to common shareholders (Millions of yen)	114,029	100,459
Average number of common stock outstanding during the period (Shares)	102,035,840	102,070,655
Diluted earnings per share for the period		
Adjustment to profit (Millions of yen)	–	–
Increase in number of common stock (Shares)	171,262	179,046
Number of share subscription rights included in increase	(171,262)	(179,046)

Three months ended 28 February 2019		Three months ended 29 February 2020	
Basic earnings per share (Yen)	397.40	Basic earnings per share (Yen)	289.51
Diluted earnings per share (Yen)	396.72	Diluted earnings per share (Yen)	288.98

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

	Three months ended 28 February 2019	Three months ended 29 February 2020
Basic earnings per share for the period		
Profit for the period attributable to owners of the Parent (Millions of yen)	40,552	29,552
Profit not attributable to common shareholders (Millions of yen)	–	–
Profit attributable to common shareholders (Millions of yen)	40,552	29,552
Average number of common stock outstanding during the period (Shares)	102,044,080	102,076,667
Diluted earnings per share for the period		
Adjustment to profit (Millions of yen)	–	–
Increase in number of common stock (Shares)	176,333	186,765
Number of share subscription rights included in increase	(176,333)	(186,765)

## 15. 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 2019		As at 29 February 2020	
	Carrying amounts	Fair value	Carrying amounts	Fair value
Financial assets:				
Security deposits and guarantees	62,398	63,982	62,780	63,948
Total	62,398	63,982	62,780	63,948
Financial liabilities:				
Long-term borrowings (Note)	4,258	4,258	–	–
Corporate bonds (Note)	469,183	478,638	469,262	475,288
Total	473,442	482,896	469,262	475,288

(Note) The amount above include the outstanding balance of borrowings and corporate bonds 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 is classified by term, and are calculated on the basis of the present-value, applying a discount rate that takes into account the time remaining to maturity, and credit risk.

The fair value measurements of security deposits and guarantees, corporate bonds and long-term borrowings 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 2019	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income	1,471	—	173	1,645
Financial assets measured at fair value through profit or loss	—	—	—	—
Financial assets and financial liabilities designated as hedging instruments — Fair value	—	17,406	—	17,406
Total	1,471	17,406	173	19,051

(Millions of yen)

As at 29 February 2020	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income	1,186	—	171	1,358
Financial assets measured at fair value through profit or loss	—	3,416	—	3,416
Financial assets and financial liabilities designated as hedging instruments — Fair value	—	43,944	—	43,944
Total	1,186	47,361	171	48,719

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.

Financial instruments classified 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.

#### 16. Commitments for Expenditures

The Group had the following commitments at each reporting date:

(Millions of yen)

	As at 31 August 2019	As at 29 February 2020
Commitment for the acquisition of property, plant and equipment	7,382	13,552
Commitment for the acquisition of intangible assets	4,340	3,184
Total	11,723	16,736

#### 17. Subsequent Events

Impact of temporary stores closure after March 2020 due to the Global Spread of COVID-19

##### UNIQLO International

In response to the global spread of COVID-19, governments of various countries have asked people to exercise voluntary restraint in their daily activities and have imposed various restrictions on going outdoors and general behavior since the middle of March. As a result, we made a decision to temporarily close the following stores: all 28 stores in Singapore from 7 April 2020, all 49 stores in Malaysia from 18 March 2020, up to a maximum of all 50 stores in Thailand from 22 March 2020, all 60 stores in the Philippines from 16 March 2020, all 30 stores in Indonesia from 27 March 2020, all three stores in India from 22 March 2020, both stores in Vietnam from 28 March 2020, and all 22 stores in Australia from 2 April 2020. As at 14 April 2020, operations were resumed at some stores in Indonesia.

In addition, we have temporarily closed all 62 UNIQLO stores in the United States and Canada from 17 March 2020.

In Europe as well, in response to requests from the governments of various countries from mid-March 2020, we have temporarily closed UNIQLO stores (97 out of 98 stores) in all EU countries except Sweden.

### **Global Brands**

For the Theory business, mainly in the United States, we have temporarily closed all its stores from 17 March 2020. And for the COMPTOIR DES COTONNIERS business in Europe, we have also temporarily closed all its stores.

### **UNIQLO Japan and GU**

Following the declaration of a state of emergency by the Government of Japan on 7 April 2020, for both UNIQLO Japan and GU segments, we have temporarily closed stores mainly in large shopping complexes in the relevant areas in Japan, while we continue to operate all other stores in other areas with shorter business hours.

For information on the impact of the spread of COVID-19 on the first six months of the current fiscal year, please refer to “3. Management Discussion and Analysis, 2. Financial Analysis, (1) Financial Position and Results of Operations.”

Although a decrease in revenue is expected due to the impact of temporary store closures accompanying the spread of COVID-19, it is difficult at present to reasonably estimate the impact on the Group’s financial position, business performance and cash flows after the six months ended February 29 as the extent of the impact due to the rapid global expansion of COVID-19 is unknown.

## **2. Others**

### **Dividends**

The Company resolved to pay dividends from retained earnings at the meeting of the Board convened on 9 April 2020. 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 9. Dividends.”



**(TRANSLATION)**

**Independent accountant's review report**

14 April 2020

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 29 February 2020 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 29 February 2020, 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.