



FAST RETAILING

FAST RETAILING CO., LTD.

迅銷有限公司

Interim Report 2022/23

2022.9.1–2023.2.28

Stock Code: 6288

Contents

1. Corporate Profile	1
2. Financial Highlights	2
3. Management Discussion and Analysis	4
4. Information about the Reporting Entity	9
5. Financial Section	19
1. Interim Condensed Consolidated Financial Statements	
(1) Interim Condensed Consolidated Statement of Financial Position	20
(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	22
Interim Condensed Consolidated Statement of Comprehensive Income	24
(3) Interim Condensed Consolidated Statement of Changes in Equity	26
(4) Interim Condensed Consolidated Statement of Cash Flows	28
2. Others	43
Independent Accountant's Review Report	44

1. Corporate Profile

Board of Directors

Representative Executive Director

Tadashi Yanai (*Chairman, President and CEO*)

Executive Directors

Takeshi Okazaki

Kazumi Yanai

Koji Yanai

Independent Non-executive Directors

Nobumichi Hattori (External)

Masaaki Shintaku (External)

Naotake Ono (External)

Kathy Mitsuko Koll (aka Kathy Matsui) (External)

Joji Kurumado (External)

Yutaka Kyoya (External)

Board of Statutory Auditors

Masaaki Shinjo

Masumi Mizusawa

Keiko Kaneko (External)

Takao Kashitani (External)

Masakatsu Mori (External)

Company Secretary

Shea Yee Man

Independent Accountants

Deloitte Touche Tohmatsu LLC

Principal Banks

Sumitomo Mitsui Banking Corporation

MUFG Bank, Ltd.

Mizuho Bank, Ltd.

The Hong Kong and Shanghai Banking Corporation Limited

Registered Office and Headquarters

10717-1 Sayama

Yamaguchi City

Yamaguchi 754-0894

Japan

Principal Place of Business in Japan

Midtown Tower 9-7-1

Akasaka, Minato-ku

Tokyo 107-6231

Japan

Principal Place of Business in Hong Kong

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

No. 132 Nathan Road

Tsim Sha Tsui

Kowloon

Hong Kong

HDR Registrar and HDR Transfer Office

Computershare Hong Kong Investor Services Limited

Shops 1712-1716, 17th Floor

Hopewell Centre

183 Queen's Road East

Wanchai

Hong Kong

Stock Code

Hong Kong: 6288

Japan: 9983

Website Address

<https://www.fastretailing.com>

2. Financial Highlights

Consolidated Financial Summary

Term	Half-yearly period of 61st Fiscal Year	Half-yearly period of 62nd Fiscal Year	61st Fiscal Year
Accounting period	Six months ended 28 February 2022	Six months ended 28 February 2023	Year ended 31 August 2022
Revenue (Millions of yen)	1,218,977	1,467,350	2,301,122
Operating profit (Millions of yen)	189,278	220,263	297,325
Profit before income taxes (Millions of yen)	212,566	230,499	413,584
Profit for the period attributable to owners of the Parent (Millions of yen)	146,844	153,392	273,335
Comprehensive income attributable to owners of the Parent (Millions of yen)	194,448	124,748	554,833
Equity attributable to owners of the Parent (Millions of yen)	1,274,093	1,602,173	1,561,652
Total assets (Millions of yen)	2,641,596	3,015,617	3,183,762
Basic earnings per share (Yen)	479.14	500.29	891.77
Diluted earnings per share (Yen)	478.40	499.56	890.43
Ratio of equity attributable to owners of the Parent to total assets (%)	48.2	53.1	49.1
Net cash generated by operating activities (Millions of yen)	264,654	177,454	430,817
Net cash (used in) / generated by investing activities (Millions of yen)	(74,216)	(472,762)	(212,226)
Net cash (used in) / generated by financing activities (Millions of yen)	(108,025)	(159,701)	(213,050)
Cash and cash equivalents at end of the period (year) (Millions of yen)	1,297,451	888,605	1,358,292

Accounting period	Three months ended 28 February 2022	Three months ended 28 February 2023
Revenue (Millions of yen)	591,585	750,957
Profit attributable to owners of the Parent (Millions of yen)	53,252	68,318
Basic earnings per share for the period (Yen)	173.74	222.80

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

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

Business Description

There were no significant changes in the nature of the business engaged by the Company and its subsidiaries (collectively, the “Group”) during the six months ended 28 February 2023.

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 2023.

3. 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 2023.

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

2. Financial Analysis

(1) Financial Position and Results of Operations

(i) Results of Operations

The Fast Retailing Group reported a significant increase in revenue and profits in the first half of fiscal 2023, or the six months from 1 September 2022 to 28 February 2023, with consolidated revenue totaling 1.4673 trillion yen (+20.4% year-on-year) and operating profit rising to 220.2 billion yen (+16.4% year-on-year). This record performance is proof that the policies we started putting in place last year are steadily bearing fruit, including our determination to diversify global earnings pillars, strengthen our branding, conduct business that focuses on meeting customer needs and conveying product value, and actively accelerate new store openings. UNIQLO operations in Southeast Asia, North America, and Europe regions along with our GU operation reported particularly strong rises in revenue and profit in the first half. Fast Retailing's consolidated gross profit margin declined by 1.1 points year-on-year to 50.5% while the selling, general and administrative expense ratio improved by 0.3 point year-on-year to 35.7%. In addition, we recorded 10.2 billion yen under finance income net of costs due to higher interest income generated from the larger number of bonds under management. As a result, first-half profit before income taxes rose to 230.4 billion yen (+8.4% year-on-year) and profit attributable to owners of the parent increased to 153.3 billion yen (+4.5% year-on-year).

The Fast Retailing Group is determined to strengthen initiatives designed to expand our business operations and promote sustainability in an integrated and united manner in order to become a global No.1 brand by focusing on: (1) creating customer-oriented products, (2) accelerating global store openings, (3) building purchasing experiences that fuse physical stores and e-commerce, and (4) helping to solve various environmental and social issues. We are working especially hard at UNIQLO International, as the pillar operation of the Fast Retailing Group, to accelerate new store openings in all markets and to strengthen our e-commerce operations. We aim to continue to expand our operations in the Greater China region (Mainland China market, Hong Kong market, and Taiwan market) and the Southeast Asia, India & Australia, where we hope to further strengthen our already established brand position. In North America and Europe, we are aiming to further expand the scale of our business by strengthening our marketing, promoting deeper understanding and loyalty towards our LifeWear ultimate everyday clothing, and accelerating new store openings. We also intend to create clothes that prize LifeWear concepts in order to build a sustainable society. We will continue to pursue our ultimate goals of creating high-quality, long-lasting clothes, clothes with a low environmental impact that are produced in healthy and safe working environments, and clothes that can be further circulated, even after purchase, through recycling and reuse.

UNIQLO Japan

UNIQLO Japan reported a considerable increase in revenue in the first half of fiscal 2023. However, profits declined as the depreciation in the Japanese yen resulted in higher cost of sales. As a result, first-half revenue totaled 495.1 billion yen (+11.9% year-on-year) and first-half operating profit totaled 67.3 billion yen (-1.6% year-on-year). First-half same-store sales increased by 10.0% year-on-year. The strong revenue performance was due to firm sales of Fall Winter items and thermal Winter products such as HEATTECH innerwear. Strong sales of Spring items, such as our Wide-fit pleated pants, as well as products that satisfied new everyday needs, such as AirSense jacket, AirSense pants and shirts also boosted the first-half results. However, on the profit front, the gross profit margin declined by 2.2 points year-on-year as procurement costs on additional product orders rose considerably on the back of the sharp depreciation in the Japanese yen during the six-month period. The selling, general and administrative expense ratio decreased by 0.5 point year-on-year as cost ratios primarily in the areas of store rents, personnel, and distribution improved on the back the extremely strong sales performance during the second quarter from December 2022 to February 2023.

UNIQLO International

UNIQLO International reported a significant increase in both revenue and profit in the first half of fiscal 2023, with revenue rising to 755.2 billion yen (+27.3% year-on-year) and operating profit expanding to 122.6 billion yen (+22.2% year-on-year). We saw large increases in both revenue and profit at UNIQLO operations in the Southeast Asia, India & Australia, North America, and Europe (ex. Russia), as these regions start to enter a genuine growth phase. The strong overall performance by UNIQLO International can be attributed to the fact that rapid changes in clothing demand over the past few years in the face of the COVID-19 pandemic and rising inflation have fueled consumer appetite for LifeWear, our high-quality and long-lasting basic everyday clothing. Our aggressive efforts to consistently expand business by strengthening our branding and pursuing community-based

commercial operations also supported the segment's strong first-half results.

Breaking down the UNIQLO International performance into individual regions and markets (in local-currency terms), the Greater China region reported a dip in revenue and a sharp fall in profits in the first half of fiscal 2023. This was due to a large decline in revenue and profit in the Mainland China market caused by the heavy impact of COVID-19 in the first quarter. However, sales did start to recover in January, resulting in a slight decline in second-quarter revenue and a sharp increase in second-quarter profit, so overall performance is now on a recovery track. UNIQLO South Korea reported higher revenue and profit in the first half of fiscal 2023. Meanwhile, revenue and profit both rose considerably in Southeast Asia, India & Australia as we successfully and consistently conveyed information primarily about our core products and expanded our customer base. UNIQLO North America reported significantly higher revenue and profit in the first half. Strong marketing of core Winter items and the timely conveyance of information to coincide with seasonal sales helped fuel significant increases in same-store sales throughout the six-month period. Europe (ex. Russia) reported much higher revenue and profit in the first half as our consistent efforts to appeal the superior functionality and value of our products proved to be successful and helped expand our customer base.

GU

The GU business segment reported large increases in both revenue and profit in the first half of fiscal 2023, with revenue rising to 145.5 billion yen (+18.5% year-on-year) and operating profit totaling 13.0 billion yen (+39.2% year-on-year). GU same-store sales rose significantly in the first half as we pursued some bold strategies that involved successfully narrowing down the number of product numbers on offer and ensuring a sufficient supply of mass-trend products. Sales of heat padded outerwear, super wide cargo pants, and baggy slacks proved especially strong. While the GU gross profit margin did decline 1.8 points year-on-year, this was due primarily to the rapid depreciation of the Japanese yen over the first half, which resulted in sharply higher procurement costs on additional product orders and an increase in cost of sales. Meanwhile, the selling, general and administrative expense ratio improved by 1.5 points year-on-year on the back of strong overall sales and appropriate control of business costs.

Global Brands

The Global Brands segment reported a large rise in revenue but a decline in profit in the first half of fiscal 2023, with revenue rising to 70.2 billion (+19.1% year-on-year) and an operating profit contracting to 0.1 billion yen (-85.3% year-on-year). While our Theory brand generated much higher revenue, it also reported a decline in first-half profit. This was due primarily to a decline in the gross profit margin at Theory's United States operation after we prioritized selling inventory at a reduced price as well as a fall in profits from Theory's Asian operation, which is concentrated primarily in Greater China, due to COVID-19. Theory Japan, however, reported a large rise in both revenue and profit as department-store customer visits recovered and our decision to strategically build up stocks of strong-selling items proved successful. Meanwhile, our PLST brand generated slightly higher revenue and a marginally smaller loss, and our France-based Comptoir des Cotonniers brand reported a decline in revenue and a slightly higher operating loss over the six-month period.

Sustainability

Fast Retailing is advancing its LifeWear concept—the ultimate in everyday clothing, designed to make everyone's life better—to create apparel that not only emphasizes quality, design, and price but also meets the definition of good clothing from the standpoint of the environment, people and society. Our sustainability activities focus on six priority material areas: Creating new value through products and services; Respecting human rights and labor environment in our supply chain; Respecting the environment; Strengthening communities; Supporting employee fulfillment; and Implementing good corporate governance. The main company activities during the second-quarter consolidated accounting period are as follows.

■ **Creating new value through products and services:** UNIQLO is promoting the PEACE FOR ALL initiative, in which graphic T-shirts designed by celebrities who agree with our desire to take action for world peace are sold worldwide at UNIQLO stores and online, with all profits (equivalent to 20% of the sale price per shirt) donated to the three organizations with which we have formed a partnership. Donations are used to support activities that help those affected by poverty, discrimination, violence, conflict and war. By the end of February 2023, proceeds from PEACE FOR ALL activities totaled JPY 322 million. We will continue to sell this series of graphic T-shirts designed by international celebrities who have given their support for changing our future through the power of clothing.

■ **Respecting human rights and labor environment in our supply chain:** We are also continually improving our efforts to address human rights and labor issues throughout our entire supply chain. At garment factories and fabric mills, we are performing clear checks on the labor environment and other conditions by ourselves or through third-party organizations. In addition, from spring 2023, we have concluded a Code of Conduct with upstream textile mills in our supply chain to ensure regular labor environment

audits are conducted and confirm traceability information.

■ **Respecting the environment:** As a result of our proactive initiatives and transparency on climate change and water security, we have been recognized as a 2022 "A-List" company by CDP, an international non-profit organization that provides a platform for environmental disclosure. CDP's disclosure and evaluation process is widely recognized as the gold standard in corporate environmental reporting. Of the more than 10,000 international companies evaluated by CDP this year, Fast Retailing was one of only a few companies to receive "A-List" recognition in both climate change and water security.

■ **Strengthening communities:** At the request of our global partner, the United Nations High Commissioner for Refugees (UNHCR), we have decided to provide emergency assistance to the victims of the major earthquake that struck Türkiye and Syria on 6 February 2023. Through UNHCR, we are donating EUR 1 million (approximately JPY 140 million) in addition to relief clothing, including UNIQLO HEATTECH.

■ **Supporting employee fulfillment:** We are implementing various initiatives to promote diversity in four priority areas of gender, Global One Team, disabilities and LGBTQ+, including the introduction of systems and training programs to support relevant parties. In February 2023, we received a diversity score of 96 points (out of 100) and received the highest possible rating of "Best Workplace" in the 2022 D&I Awards, which evaluate companies' efforts to promote diversity and inclusion. This award recognizes our efforts to create a work environment that respects the individuality of each employee and provides equal opportunities to take on challenges and expand individuals' potential.

■ **Implementing good corporate governance:** To enable rapid and transparent management, we have a number of committees are engaged in open and active discussions. The Nomination and Remuneration Advisory Committee discussed long-term incentives for executives. The Human Rights Committee reported on the process of working environment monitoring at textile mills—a new initiative—and on future measures to be taken. They also discussed measures to strengthen internal checks on the human rights impact of our product design and marketing.

(ii) Financial Position

Total assets as at 28 February 2023 were 3.0156 trillion yen, which was a decrease of 168.1 billion yen relative to the end of the preceding fiscal year. The principal factors were a decrease of 469.6 billion yen in cash and cash equivalents, an increase of 11.1 billion yen in trade and other receivables, an increase of 309.2 billion yen in other current financial assets, a decrease of 48.2 billion yen in inventories, a decrease of 89.2 billion yen in derivative financial assets, an increase of 16.0 billion yen in property, plant and equipment and an increase of 100.5 billion yen in non-current financial assets.

Total liabilities as at 28 February 2023 were 1.3576 trillion yen, which was a decrease of 210.7 billion yen relative to the end of the preceding fiscal year. The principal factors were a decrease of 107.9 billion yen in trade and other payables, a decrease of 39.3 billion yen in other current financial liabilities, a decrease of 25.3 billion yen in current tax liabilities, a decrease of 8.9 billion yen in other current liabilities, a decrease of 12.9 billion yen in lease liabilities, a decrease of 29.4 billion yen in deferred tax liabilities and an increase of 11.7 billion yen in derivative financial liabilities.

Total net assets as at 28 February 2023 were 1.6579 trillion yen, which was an increase of 42.5 billion yen relative to the end of the preceding fiscal year. The principal factors were an increase of 118.7 billion yen in retained earnings and a decrease of 78.3 billion yen in other components of equity.

(2) Cash Flows Information

Cash and cash equivalents as at 28 February 2023 had decreased by 469.6 billion yen from the end of the preceding fiscal year, to 888.6 billion yen.

(Operating Cash Flows)

Net cash generated by operating activities for the six months ended 28 February 2023 was 177.4 billion yen (264.6 billion yen was generated during the six months ended 28 February 2022). The principal factors were cash inflow from profit before tax for 230.4 billion yen and depreciation and amortization for 93.2 billion yen, and cash outflow from decrease in trade and other payables for 106.1 billion yen and taxes paid for 95.4 billion yen.

(Investing Cash Flows)

Net cash used in investing activities for the six months ended 28 February 2023 was 472.7 billion yen (74.2 billion yen was used during the six months ended 28 February 2022). The principal factors were a net increase of 149.4 billion yen in bank deposits with original maturities of three months or longer, and 267.4 billion yen in payments for acquisition of investment securities.

(Financing Cash Flows)

Net cash used in financing activities for the six months ended 28 February 2023 was 159.7 billion yen (108.0 billion yen was used during the six months ended 28 February 2022). The principal factors were 50.0 billion yen in repayment of redemption of bonds, and 67.8 billion yen in repayments of lease liabilities.

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

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

(4) Operational and Financial Challenges to Address as Priority

There have been no significant challenges during the six months ended 28 February 2023 that must be addressed by the Group.

(5) Research and Development

Not applicable.

(6) Significant Facilities

The following are the significant facilities that were newly completed during the six months ended 28 February 2023.

<Subsidiaries in Japan>

Company name	Type of facility	Name of business	Location	Completion date
UNIQLO CO., LTD.	UNIQLO Japan warehouses	Ichikawashiohama DC Warehouses	Japan Chiba	September 2022
GU CO., LTD.	GU Japan warehouses	Ibarakikita DC warehouses	Japan Osaka	January 2023

<Overseas Subsidiaries>

Not applicable.

The following are the significant facilities that were newly planned during the six months ended 28 February 2023.

<Subsidiaries in Japan>

Company name	Type of facility	Name of business	Location	Completion date
UNIQLO CO., LTD.	UNIQLO Japan stores	Itabashihasune store	Japan Tokyo	April 2023

<Overseas Subsidiaries>

Company name	Type of facility	Name of business	Location	Completion date
FAST RETAILING (CHINA)TRADING CO., LTD.	UNIQLO overseas warehouses	Shanghai DC warehouse	China Shanghai	May 2023

3. Significant Contracts in Business Operation

None.

4. Information about the Reporting Entity

1. Stock Information

(1) Number of Shares

(i) Total number of shares

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

(Note) Based on a resolution at the Board of Directors meeting held on 15 December 2022, we have partially amended the Articles of Incorporation and increased the total number of authorized shares by 600,000,000 shares to 900,000,000 shares as a result of this stock split on 1 March 2023.

(ii) Shares Issued

Type	Number of shares issued as at 28 February 2023 (shares)	Number of shares issued as at submission date (shares) (As at 14 April 2023)	Name of financial instrument exchange of listing, or authorized financial instruments firms association	Remarks
Common stock	106,073,656	318,220,968	Prime market of the Tokyo Stock Exchange and the Main Board of the Stock Exchange of Hong Kong Limited (Note 1)	100 shares as one unit
Total	106,073,656	318,220,968	-	-

(Notes) 1. Hong Kong Depositary Receipts are listed on the Main Board of the Stock Exchange of Hong Kong Limited.

2. Based on a resolution at the Board of Directors meeting held on 15 December 2022, our common stock was split on a 3-to-1 basis on 1 March 2023. As a result, the total number of issued shares has increased by 212,147,312 to 318,220,968.

(2) Share Subscription Rights

1. Details of the Stock Option Program

The Company has instituted a stock option program that grants rights to acquire new shares pursuant to the Companies Act of Japan. Share subscription rights issued in the three months ended 28 February 2023 are as follows:

(i) 13th Share subscription rights A type

Resolution date	15 December 2022
Class and number of recipients (Persons)	Employees of the Company: 37
Number of stock options (Shares)	7,987
Type of shares to be issued upon exercise of share subscription rights	Common Stock
Number of shares to be issued upon exercise of share subscription rights (Shares)	7,987
Amount to be paid upon exercise of share subscription rights (Yen)	Number of shares allocated times 1 yen exercise price per share for all shares to be obtained through exercise of the share subscription rights.
Exercise period of share subscription rights	From 20 January 2026 to 19 January 2033
Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen)	Issue price: 70,817 Paid-in capital: 35,409
Exercise conditions of share subscription rights	If a holder of share subscription rights waives the right to acquire shares, the share subscription rights shall be forfeited and may not be exercised.
Matters pertaining to transfer of share subscription rights	Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors.
Matters pertaining to issuing of share subscription rights in conjunction with reorganization	(Notes)

*The above information is disclosed as at the date of issuing share subscription rights (20 January 2023).

(Notes) Upon any reorganization of the Company (collectively referred to as “Reorganization”) consisting of a merger (limited to cases where the Company becomes extinct thereby), absorption-type company split or incorporation-type company split (in each event, limited to cases where the Company is the entity resulting from the company split), or exchange or transfer of shares (in each event, limited to cases where the Company becomes a wholly owned subsidiary), parties holding share subscription rights in existence immediately preceding the effective date of such Reorganization (hereinafter referred to as “Outstanding Share Subscription Rights”) shall, in each applicable case, be issued share subscription rights for shares of the resulting company as prescribed in Article 236 (1) viii of the Companies Act of Japan (hereinafter referred to as the “Company Resulting from Reorganization”). In such event, any Outstanding Share Subscription Rights shall lapse and the Company Resulting from Reorganization shall issue new share subscription rights; however, provided that terms and conditions stipulating that the Company Resulting from Reorganization shall issue share subscription rights that prescribe the matters stated below shall be included in any absorption merger agreement, new merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or transfer of shares plan.

1. Number of share subscription rights to be issued by the Company Resulting from Reorganization: Each holder of Outstanding Share Subscription Rights shall be issued the same number thereof.
2. Type of shares of the Company Resulting from Reorganization underlying the share subscription rights: Common stock of the Company Resulting from Reorganization.
3. Number of shares of the Company Resulting from Reorganization underlying the share subscription rights:
A proposal stating the conditions for Reorganization and the like shall include a finalized statement of the type and number of shares underlying the above-mentioned share subscription rights.

4. Value of property to be incorporated upon exercise of the share subscription rights:

The value of property to be incorporated upon exercise of share subscription rights that are issued shall be the amount obtained by multiplying the exercise price after reorganization prescribed below by the number of shares of the Company Resulting from Reorganization underlying the share subscription rights that have been finalized as stated in No. 3. above. The exercise price after Reorganization shall be 1 yen per share of the Company Resulting from Reorganization that can be issued upon exercise of each share subscription right that is issued.

5. Period during which share subscription rights can be exercised:

The period from the later of either the first day of the period during which share subscription rights can be exercised as prescribed above or the day on which a Reorganization takes effect through the final day of the period during which share subscription rights can be exercised as prescribed above.

6. Matters pertaining to the increase of capital and capital reserve resulting from the issuance of shares upon exercise of the share subscription rights:

To be determined in order to align with the conditions applicable to the subject share subscription rights.

7. Restrictions on acquisition of share subscription rights by transfer:

Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors of the Company Resulting from Reorganization.

8. Terms and conditions for acquisition of share subscription rights:

To be determined in order to align with the conditions applicable to the subject share subscription rights.

9. Conditions for exercise of share subscription rights:

To be determined in order to align with the conditions applicable to the subject share subscription rights.

(ii) 13th Share subscription rights F type

Resolution date	15 December 2022
Class and number of recipients (Persons)	Employees of the Company: 2
Number of stock options (Shares)	18,305
Type of shares to be issued upon exercise of share subscription rights	Common Stock
Number of shares to be issued upon exercise of share subscription rights (Shares)	18,305
Amount to be paid upon exercise of share subscription rights (Yen)	Number of shares allocated times 1 yen exercise price per share for all shares to be obtained through exercise of the share subscription rights.
Exercise period of share subscription rights	From 20 January 2028 to 19 January 2033
Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen)	Issue price: 70,232 Paid-in capital: 35,116
Exercise conditions of share subscription rights	If a holder of share subscription rights waives the right to acquire shares, the share subscription rights shall be forfeited and may not be exercised.
Matters pertaining to transfer of share subscription rights	Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors.
Matters pertaining to issuing of share subscription rights in conjunction with reorganization	(Notes)

*The above information is disclosed as at the date of issuing share subscription rights (20 January 2023).

(Notes) Upon any reorganization of the Company (collectively referred to as “Reorganization”) consisting of merger (limited to cases where the Company becomes extinct thereby), absorption-type company split or incorporation-type company split (in each event, limited to cases where the Company is the entity resulting from the company split), or exchange or transfer of shares (in each event, limited to cases where the Company becomes a wholly owned subsidiary), parties holding share subscription rights in existence immediately preceding the effective date of such Reorganization (hereinafter referred to as “Outstanding Share Subscription Rights”) shall, in each applicable case, be issued share subscription rights for shares of the resulting company as prescribed in Article 236 (1) viii of the Companies Act of Japan (hereinafter referred to as the “Company Resulting from Reorganization”). In such event, any Outstanding Share Subscription Rights shall lapse and the Company Resulting from Reorganization shall issue new share subscription rights; however provided terms and conditions stipulating that the Company Resulting from Reorganization shall issue share subscription rights that prescribe the matters stated below shall be included in any absorption merger agreement, new merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or transfer of shares plan.

1. Number of share subscription rights to be issued by the Company Resulting from Reorganization: Each holder of Outstanding Share Subscription Rights shall be issued the same number thereof.
2. Type of shares of the Company Resulting from Reorganization underlying the share subscription rights: Common stock of the Company Resulting from Reorganization.
3. Number of shares of the Company Resulting from Reorganization underlying the share subscription rights:
A proposal stating the conditions for Reorganization and the like shall include a finalized statement of the type and number of shares underlying the above-mentioned share subscription rights.
4. Value of property to be incorporated upon exercise of the share subscription rights:
The value of property to be incorporated upon exercise of share subscription rights that are issued shall be the amount obtained by multiplying the exercise price after reorganization prescribed below by the number of shares of the Company Resulting from Reorganization underlying the share subscription rights that have been finalized as stated in No. 3. above.
The exercise price after Reorganization shall be 1 yen per share of the Company Resulting from Reorganization that can be issued upon exercise of each share subscription right that is issued.

5. Period during which share subscription rights can be exercised:

The period from the later of either the first day of the period during which share subscription rights can be exercised as prescribed above or the day on which a Reorganization takes effect through the final day of the period during which share subscription rights can be exercised as prescribed above.

6. Matters pertaining to the increase of capital and capital reserve resulting from the issuance of shares upon exercise of the share subscription rights:

To be determined in order to align with the conditions applicable to the subject share subscription rights.

7. Restrictions on acquisition of share subscription rights by transfer:

Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors of the Company Resulting from Reorganization.

8. Terms and conditions for acquisition of share subscription rights:

To be determined in order to align with the conditions applicable to the subject share subscription rights.

9. Conditions for exercise of share subscription rights:

To be determined in order to align with the conditions applicable to the subject share subscription rights.

(iii) 13th Share subscription rights G type

Resolution date	15 December 2022
Class and number of recipients (Persons)	Employees of the Company: 7
Number of stock options (Shares)	48,815
Type of shares to be issued upon exercise of share subscription rights	Common Stock
Number of shares to be issued upon exercise of share subscription rights (Shares)	48,815
Amount to be paid upon exercise of share subscription rights (Yen)	Number of shares allocated times 1 yen exercise price per share for all shares to be obtained through exercise of the share subscription rights.
Exercise period of share subscription rights	From 20 January 2028 to 19 January 2063
Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen)	Issue price: 62,010 Paid-in capital: 31,005
Exercise conditions of share subscription rights	If a holder of share subscription rights waives the right to acquire shares, the share subscription rights shall be forfeited and may not be exercised.
Matters pertaining to transfer of share subscription rights	Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors.
Matters pertaining to issuing of share subscription rights in conjunction with reorganization	(Notes)

*The above information is disclosed as at the date of issuing share subscription rights (20 January 2023).

(Notes) Upon any reorganization of the Company (collectively referred to as “Reorganization”) consisting of merger (limited to cases where the Company becomes extinct thereby), absorption-type company split or incorporation-type company split (in each event, limited to cases where the Company is the entity resulting from the company split), or exchange or transfer of shares (in each event, limited to cases where the Company becomes a wholly owned subsidiary), parties holding share subscription rights in existence immediately preceding the effective date of such Reorganization (hereinafter referred to as “Outstanding Share Subscription Rights”) shall, in each applicable case, be issued share subscription rights for shares of the resulting company as prescribed in Article 236 (1) viii of the Companies Act of Japan (hereinafter referred to as the “Company Resulting from Reorganization”). In such event, any Outstanding Share Subscription Rights shall lapse and the Company Resulting from Reorganization shall issue new share subscription rights; however provided that terms and conditions stipulating that the Company Resulting from Reorganization shall issue share subscription rights that prescribe the matters stated below shall be included in any absorption merger agreement, new merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or transfer of shares plan.

1. Number of share subscription rights to be issued by the Company Resulting from Reorganization: Each holder of Outstanding Share Subscription Rights shall be issued the same number thereof.
2. Type of shares of the Company Resulting from Reorganization underlying the share subscription rights: Common stock of the Company Resulting from Reorganization.
3. Number of shares of the Company Resulting from Reorganization underlying the share subscription rights:
A proposal stating the conditions for Reorganization and the like shall include a finalized statement of the type and number of shares underlying the above-mentioned share subscription rights.
4. Value of property to be incorporated upon exercise of the share subscription rights:
The value of property to be incorporated upon exercise of share subscription rights that are issued shall be the amount obtained by multiplying the exercise price after reorganization prescribed below by the number of shares of the Company Resulting from Reorganization underlying the share subscription rights that have been finalized as stated in No. 3. above.
The exercise price after Reorganization shall be 1 yen per share of the Company Resulting from Reorganization that can be issued upon exercise of each share subscription right that is issued.
5. Period during which share subscription rights can be exercised:
The period from the later of either the day on which share subscription rights can be exercised as prescribed above or the day on which a Reorganization takes effect through the final day of the period during which share subscription rights can be

exercised as prescribed above.

6. Matters pertaining to the increase of capital and capital reserve resulting from the issuance of shares upon exercise of the share subscription rights:

To be determined in order to align with the conditions applicable to the subject share subscription rights.

7. Restrictions on acquisition of share subscription rights by transfer:

Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors of the Company Resulting from Reorganization.

8. Terms and conditions for acquisition of share subscription rights:

To be determined in order to align with the conditions applicable to the subject share subscription rights.

9. Conditions for exercise of share subscription rights:

To be determined in order to align with the conditions applicable to the subject share subscription rights.

2. Other Share Subscription Rights

Not applicable.

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

Not applicable.

(4) Change in total number of Shares Issued, Capital Stock, Etc.

Date	Increase/ (decrease) of total number of shares issued (shares)	Balance of total number of shares issued (shares)	Increase/ (decrease) of capital stock (Millions of yen)	Balance of capital stock (Millions of yen)	Increase/ (decrease) of capital reserve (Millions of yen)	Balance of capital reserve (Millions of yen)
1 December 2022 to 28 February 2023	-	106,073,656	-	10,273	-	4,578

(Note) Based on a resolution at the Board of Directors meeting held on 15 December 2022, our common stock was split on a 3-to-1 basis on 1 March 2023. As a result, the total number of issued shares has increased by 212,147,312 to 318,220,968.

(5) Major Shareholders

As at 28 February 2023

Name or trade name	Location	Number of shares held (in thousands of shares)	As a percentage over total number of shares (excluding treasury stock)
The Master Trust Bank of Japan, Ltd.	2-11-3 Hamamatsu-cho, Minato-ku, Tokyo	22,466	21.98
Tadashi Yanai	Shibuya-ku, Tokyo	20,977	20.52
Custody Bank of Japan, Ltd.	1-8-12 Harumi, Chuo-ku, Tokyo	11,054	10.81
TTY Management B.V.	Prinsengracht 769A, 1017JZ Amsterdam, The Netherlands	5,310	5.19
Kazumi Yanai	New York, U.S.A.	4,781	4.68
Koji Yanai	Shibuya-ku, Tokyo	4,781	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	3.53
JP MORGAN CHASE BANK (Standing proxy Mizuho Bank, Ltd.)	25 Bank St, London E14 5JP, Canary Wharf, London, United Kingdom (2-15-1, Konan, Minato-ku, Tokyo)	2,405	2.35
STATE STREET BANK AND TRUST COMPANY (Standing proxy Mizuho Bank, Ltd.)	P.O. Box 351, Boston, Massachusetts, U.S.A., 02101 (2-15-1, Konan, Minato-ku, Tokyo)	2,359	2.31
Total	-	82,496	80.71

(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. and Custody Bank of Japan, Ltd. are all held in conjunction with trust businesses.
- According to the report of large shareholdings (Report of Change of Composition) submitted on 20 October 2022 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 14 October 2022. However, since the Company has not been able to confirm the number of shares actually held as at 28 February 2023, 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.	1-13-1 Nihonbashi, Chuo-ku, Tokyo	50	0.05
Nomura International PLC	1 Angel Lane, London EC4R 3AB, United Kingdom	59	0.06
Nomura Asset Management Co., Ltd.	2-2-1 Toyosu, Koto-ku, Tokyo	10,945	10.32

4. According to the report of large shareholdings (Report of Change of Composition) submitted on 20 October 2022 by Sumitomo Mitsui Trust Asset Management Co., Ltd. and the party of Nikko Asset Management Americas, Inc., Ltd., which are joint shareholders, each party held the shares stated below as at 14 October 2022. However, since the Company has not been able to confirm the number of shares actually held as at 28 February 2023, 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	1,414	1.33
Nikko Asset Management Americas, Inc.	9-7-1 Akasaka, Minato-ku, Tokyo	5,310	5.01

5. In addition to the above, 3,859,655 shares of treasury stock are held by the Company (3.64% of the total number of outstanding shares).

6. Based on a resolution at the Board of Directors meeting held on 15 December 2022, our common stock was split on a 3-to-1 basis on 1 March 2023.

(6) Voting Rights

(i) Shares issued

As at 28 February 2023

Class	Number of shares (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 3,859,600	-	-
Shares with full voting rights (e.g., other than treasury stock)	Common stock 102,112,000	1,021,120	(Note) 1
Shares less than one unit	Common stock 102,056	-	(Notes) 1, 2
Total number of shares issued	106,073,656	-	-
Total number of voting rights of all shareholders	-	1,021,120	-

(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 55 shares of treasury stock held by the Company.

3. Based on a resolution at the Board of Directors meeting held on 15 December 2022, our common stock was split on a 3-to 1 basis on 1 March 2023. As a result, the total number of issued shares has increased by 212,147,312 to 318,220,968.

(ii) Treasury Stock

As at 28 February 2023

Name or trade name of holder	Holder's address	Number of shares held in own name (shares)	Number of shares held in other's name (shares)	Total number of shares held (shares)	Percentage of total number of shares issued (%)
FAST RETAILING CO., LTD.	10717-1 Sayama, Yamaguchi-shi, Yamaguchi	3,859,600	-	3,859,600	3.64
Total	-	3,859,600	-	3,859,600	3.64

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 28 February 2023.

5. Financial Section

1. Preparation of Interim Condensed Consolidated Financial Statements

The interim condensed consolidated financial statements of the Group, namely, the interim condensed consolidated statement of financial position as at 28 February 2023, the interim condensed consolidated statement of profit or loss and interim condensed consolidated statement of comprehensive income for the three-month and six-month periods then ended, the interim condensed consolidated statement of changes in equity and interim condensed consolidated statements of cash flows for the six-month period then ended, and the related notes (collectively, the “interim condensed consolidated financial statements”) were prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* (“IAS 34”), pursuant to Article 93 of the “Rules Governing Term, Form and Preparation of Consolidated Quarterly Financial Statements” (Cabinet Office Ordinance No. 64 of 2007, hereinafter referred to as “Consolidated Quarterly Financial Statements Rules”).

2. Review Report

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

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

1. Interim Condensed Consolidated Financial Statements

(1) Interim Condensed Consolidated Statement of Financial Position

(Millions of yen)

	Notes	As at 31 August 2022	As at 28 February 2023
ASSETS			
Current assets			
Cash and cash equivalents		1,358,292	888,605
Trade and other receivables		60,184	71,343
Other financial assets	16	123,446	432,702
Inventories	6	485,928	437,671
Derivative financial assets	16	124,551	92,122
Income taxes receivable		2,612	2,569
Other assets		23,835	23,808
Total current assets		2,178,851	1,948,823
Non-current assets			
Property, plant and equipment	7,8	195,226	211,242
Right-of-use assets	8	395,634	390,281
Goodwill		8,092	8,092
Intangible assets	8	76,621	82,574
Financial assets	16	164,340	264,874
Investments in associates accounted for using the equity method		18,557	18,760
Deferred tax assets		8,506	10,074
Derivative financial assets	16	134,240	77,400
Other assets	8	3,690	3,492
Total non-current assets		1,004,911	1,066,793
Total assets		3,183,762	3,015,617
Liabilities and equity			
LIABILITIES			
Current liabilities			
Trade and other payables		350,294	242,345
Other financial liabilities	9, 16	209,286	169,947
Derivative financial liabilities	16	1,513	3,781
Lease liabilities		123,885	129,038
Current tax liabilities		77,162	51,852
Provisions		2,581	2,804
Other liabilities		111,519	102,603
Total current liabilities		876,242	702,373
Non-current liabilities			
Financial liabilities	16	241,022	240,934
Lease liabilities		356,840	338,697
Provisions		47,780	49,216
Deferred tax liabilities		44,258	14,855
Derivative financial liabilities	16	44	9,526
Other liabilities		2,171	2,044
Total non-current liabilities		692,117	655,274
Total liabilities		1,568,360	1,357,648

	Notes	As at 31 August 2022	As at 28 February 2023
EQUITY			
Capital stock		10,273	10,273
Capital surplus		27,834	27,946
Retained earnings		1,275,102	1,393,811
Treasury stock, at cost		(14,813)	(14,723)
Other components of equity		263,255	184,864
Equity attributable to owners of the Parent		1,561,652	1,602,173
Non-controlling interests		53,750	55,795
Total equity		1,615,402	1,657,969
Total liabilities and equity		3,183,762	3,015,617

(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 2023

(Millions of yen)

	Notes	Six months ended 28 February 2022	Six months ended 28 February 2023
Revenue	11	1,218,977	1,467,350
Cost of sales		(589,891)	(725,830)
Gross profit		629,085	741,520
Selling, general and administrative expenses	12	(439,265)	(524,210)
Other income	13	6,652	5,529
Other expenses	8,13	(7,770)	(3,211)
Share of profit and loss of associates accounted for using the equity method		576	635
Operating profit		189,278	220,263
Finance income	14	26,694	17,075
Finance costs	14	(3,407)	(6,839)
Profit before income taxes		212,566	230,499
Income tax expense		(58,183)	(65,868)
Profit for the period		154,382	164,631
Profit for the period attributable to:			
Owners of the Parent		146,844	153,392
Non-controlling interests		7,537	11,238
Total		154,382	164,631
Earnings per share			
Basic (yen)	15	479.14	500.29
Diluted (yen)	15	478.40	499.56

Three months ended 28 February 2023

(Millions of yen)

	Notes	Three months ended 28 February 2022	Three months ended 28 February 2023
Revenue		591,585	750,957
Cost of sales		(301,126)	(389,720)
Gross profit		290,458	361,236
Selling, general and administrative expenses		(216,813)	(259,176)
Other income		2,964	3,093
Other expenses		(6,882)	(2,153)
Share of profit and loss of associates accounted for using the equity method		144	185
Operating profit		69,871	103,185
Finance income		10,171	8,689
Finance costs		(1,685)	(8,188)
Profit before income taxes		78,357	103,687
Income tax expense		(21,595)	(28,887)
Profit for the period		56,762	74,800
Profit for the period attributable to:			
Owners of the Parent		53,252	68,318
Non-controlling interests		3,510	6,482
Total		56,762	74,800
Earnings per share			
Basic (yen)	15	173.74	222.80
Diluted (yen)	15	173.47	222.45

Interim Condensed Consolidated Statement of Comprehensive Income
Six months ended 28 February 2022

(Millions of yen)

Notes	Six months ended 28 February 2022	Six months ended 28 February 2023
Profit for the period	154,382	164,631
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)	(57)	(6)
Total items that will not be reclassified subsequently to profit or loss	(57)	(6)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	16,961	(17,581)
Cash flow hedges	30,561	(13,094)
Share of other comprehensive income of associates	7	2
Total items that may be reclassified subsequently to profit or loss	47,531	(30,673)
Other comprehensive income / (loss), net of income tax	47,473	(30,680)
Total comprehensive income for the period	201,856	133,950
Attributable to:		
Owners of the Parent	194,448	124,748
Non-controlling interests	7,407	9,202
Total comprehensive income for the period	201,856	133,950

Three months ended 28 February 2023

(Millions of yen)

Notes	Three months ended 28 February 2022	Three months ended 28 February 2023
Profit for the period	56,762	74,800
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)	0	16
Total items that will not be reclassified subsequently to profit or loss	0	16
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	938	(8,372)
Cash flow hedges	11,848	(10,221)
Share of other comprehensive income / (loss) of associates	5	(17)
Total items that may be reclassified subsequently to profit or loss	12,792	(18,610)
Other comprehensive income / (loss), net of income tax	12,793	(18,593)
Total comprehensive income for the period	69,556	56,206
Attributable to:		
Owners of the Parent	67,295	50,767
Non-controlling interests	2,260	5,439
Total comprehensive income for the period	69,556	56,206

(3) Interim Condensed Consolidated Statement of Changes in Equity
For the six months ended 28 February 2022

(Millions of yen)

Note	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Other components of equity				Total	Equity attributable to owners of the Parent	Non-controlling interests	Total equity
					Financial assets measured at fair value through other comprehensive income	Foreign currency translation reserve	Cash flow hedge reserve	Share of other comprehensive income of associates				
As at 1 September 2021	10,273	25,360	1,054,791	(14,973)	271	9,855	30,890	13	41,031	1,116,484	45,813	1,162,298
Net changes during the period												
Comprehensive income												
Profit for the period	-	-	146,844	-	-	-	-	-	-	146,844	7,537	154,382
Other comprehensive income / (loss)	-	-	-	-	(57)	17,514	30,138	7	47,603	47,603	(130)	47,473
Total comprehensive income / (loss)	-	-	146,844	-	(57)	17,514	30,138	7	47,603	194,448	7,407	201,856
Transactions with the owners of the Parent												
Acquisition of treasury stock	-	-	-	(3)	-	-	-	-	-	(3)	-	(3)
Disposal of treasury stock	-	1,322	-	111	-	-	-	-	-	1,434	-	1,434
Dividends	10	-	(24,514)	-	-	-	-	-	-	(24,514)	(5,850)	(30,364)
Share-based payments	-	1,030	-	-	-	-	-	-	-	1,030	-	1,030
Transfer to non-financial assets	-	-	-	-	-	-	(14,786)	-	(14,786)	(14,786)	(26)	(14,812)
Transfer to retained earnings	-	-	57	-	(57)	-	-	-	(57)	-	-	-
Changes in ownership interests in subsidiaries without losing control	-	-	-	-	-	-	-	-	-	-	402	402
Total transactions with the owners of the Parent	-	2,352	(24,457)	108	(57)	-	(14,786)	-	(14,843)	(36,839)	(5,473)	(42,312)
Total net changes during the period	-	2,352	122,387	108	(115)	17,514	15,352	7	32,760	157,608	1,934	159,543
As at 28 February 2022	10,273	27,713	1,177,178	(14,864)	156	27,370	46,243	21	73,791	1,274,093	47,747	1,321,841

For the six months ended 28 February 2023

(Millions of yen)

	Note	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Other components of equity				Total	Equity attributable to owners of the Parent	Non-controlling interests	Total equity
						Financial assets measured at fair value through other comprehensive income	Foreign currency translation reserve	Cash flow hedge reserve	Share of other comprehensive income of associates				
As at 1 September 2022		10,273	27,834	1,275,102	(14,813)	131	100,587	162,407	129	263,255	1,561,652	53,750	1,615,402
Net changes during the period													
Comprehensive income													
Profit for the period		-	-	153,392	-	-	-	-	-	-	153,392	11,238	164,631
Other comprehensive income / (loss)		-	-	-	-	(6)	(17,105)	(11,534)	2	(28,643)	(28,643)	(2,036)	(30,680)
Total comprehensive income / (loss)		-	-	153,392	-	(6)	(17,105)	(11,534)	2	(28,643)	124,748	9,202	133,950
Transactions with the owners of the Parent													
Acquisition of treasury stock		-	-	-	(2)	-	-	-	-	-	(2)	-	(2)
Disposal of treasury stock		-	1,185	-	92	-	-	-	-	-	1,278	-	1,278
Dividends	10	-	-	(34,744)	-	-	-	-	-	-	(34,744)	(6,529)	(41,274)
Share-based payments		-	(1,073)	-	-	-	-	-	-	-	(1,073)	-	(1,073)
Transfer to non-financial assets		-	-	-	-	-	-	(49,685)	-	(49,685)	(49,685)	(626)	(50,312)
Transfer to retained earnings		-	-	61	-	(61)	-	-	-	(61)	-	-	-
Total transactions with the owners of the Parent		-	112	(34,683)	89	(61)	-	(49,685)	-	(49,747)	(84,227)	(7,156)	(91,384)
Total net changes during the period		-	112	118,709	89	(67)	(17,105)	(61,220)	2	(78,390)	40,520	2,045	42,566
As at 28 February 2023		10,273	27,946	1,393,811	(14,723)	63	83,481	101,187	132	184,864	1,602,173	55,795	1,657,969

(4) Interim Condensed Consolidated Statement of Cash Flows

(Millions of yen)

	Notes	Six months ended 28 February 2022	Six months ended 28 February 2023
Cash flows from operating activities			
Profit before income taxes		212,566	230,499
Depreciation and amortization		88,254	93,253
Impairment losses	8	6,086	783
Interest and dividend income		(3,069)	(17,075)
Interest expenses		3,359	5,076
Foreign exchange losses / (gains)		(23,576)	1,762
Share of profit and loss of associates accounted for using the equity method		(576)	(635)
Losses on disposal of property, plant and equipment		663	251
(Increase) / Decrease in trade and other receivables		(4,471)	(15,680)
(Increase) / Decrease in inventories		50,108	45,244
Increase / (Decrease) in trade and other payables		(14,429)	(106,189)
(Increase) / Decrease in other assets		(4,364)	1,906
Increase / (Decrease) in other liabilities		1,168	3,576
Others, net		2,442	23,458
Cash generated from operations		314,159	266,233
Interest and dividends income received		2,594	11,731
Interest paid		(2,889)	(5,102)
Income taxes paid		(55,461)	(95,407)
Income taxes refunded		6,251	-
Net cash generated by / (used in) operating activities		264,654	177,454
Cash flows from investing activities			
Amounts deposited into bank deposits with original maturities of three months or longer		(96,317)	(230,140)
Amounts withdrawn from bank deposits with original maturities of three months or longer		60,902	80,676
Payments for property, plant and equipment		(26,926)	(37,629)
Payments for intangible assets		(12,181)	(16,467)
Payments for acquisition of right-of-use assets		(382)	(785)
Payments for acquisition of investment securities		-	(346,998)
Proceeds from sale and redemption of investment securities		-	79,549
Payments for lease and guarantee deposits		(2,005)	(2,202)
Proceeds from collection of lease and guarantee deposits		2,511	2,326
Others, net		183	(1,090)
Net cash generated by / (used in) investing activities		(74,216)	(472,762)

(Millions of yen)

	Notes	Six months ended 28 February 2022	Six months ended 28 February 2023
Cash flows from financing activities			
Proceeds from short-term loans payable		9,816	2,260
Repayment of short-term loans payable		(21,738)	(3,048)
Repayment of redemption of bonds	9	-	(50,000)
Dividends paid to owners of the Parent	10	(24,456)	(34,838)
Dividends paid to non-controlling interests		(5,250)	(6,306)
Repayments of lease liabilities		(66,907)	(67,858)
Others, net		511	89
Net cash generated by / (used in) financing activities		<u>(108,025)</u>	<u>(159,701)</u>
Effect of exchange rate changes on the balance of cash held in foreign currencies		37,302	(14,676)
Net increase / (decrease) in cash and cash equivalents		119,715	(469,686)
Cash and cash equivalents at the beginning of period		<u>1,177,736</u>	<u>1,358,292</u>
Cash and cash equivalents at the end of period		<u>1,297,451</u>	<u>888,605</u>

Notes to the Interim Condensed Consolidated Financial Statements

1. Reporting Entity

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

The principal activities of the Company and its consolidated subsidiaries are the operations of the UNIQLO business (i.e., casual clothing retail business operating under the "UNIQLO" brand in Japan and overseas), GU business (i.e., casual clothing retail business operating under the "GU" brand in Japan and overseas) and Theory business (i.e., apparel design and retail business in Japan and overseas), etc.

2. Basis of Preparation

The interim condensed consolidated financial statements have been prepared in accordance with IAS 34. The Group meets all of the criteria of a "specified company" defined under Article 1-2 of the Consolidated Quarterly Financial Statements Rules and accordingly, applies Article 93 of the Consolidated Quarterly Financial Statements Rules. Since the interim condensed consolidated financial statements do not include all the information and disclosures required for consolidated financial statements, they should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 August 2022.

The interim condensed consolidated financial statements were approved on 13 April 2023 by Tadashi Yanai Chairman, President and CEO, and Takeshi Okazaki, Group Executive Vice President and CFO.

3. Significant Accounting Policies

The accounting policies presented in the consolidated financial statements for the year ended 31 August 2022 are applied consistently in the preparation of these 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.

The Company made accounting estimates involving the assumption that the impact of the global spread of COVID-19 will continue to recover for most countries and regions, including Japan. For other countries and regions, the impact may continue for mid to long term.

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

5. Segment Information

(i) Description of reportable segments

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

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

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

UNIQLO Japan: UNIQLO clothing business within Japan

UNIQLO International: UNIQLO clothing business outside of Japan

GU: GU clothing business in Japan and overseas

Global Brands: Theory, PLST, COMPTOIR DES COTONNIERS and PRINCESSE TAM.TAM clothing business

(Changes to classification of reportable segment)

From the three months ended 30 November 2022, in accordance with the partial review of the performance management segmentation, Royalty Department performance that had previously been presented under "UNIQLO Japan" is now included in the "Adjustments".

This is due to the increase in sales of UNIQLO International including Europe and United States and the accompanying increase in royalty revenue, which has resulted in a change in positioning of the Royalty Division to a corporate division.

The segment information for the six months ended 28 February 2022 and three months ended 28 February 2022 is based on the revised segmentation.

(ii) Segment revenue and results

For the six months ended 28 February 2022

(Millions of yen)

	Reportable segments				Total	Others (Note 1)	Adjustments (Note 2)	Interim Condensed Consolidated Statement of Profit or Loss
	UNIQLO Japan	UNIQLO International	GU	Global Brands				
Revenue	442,513	593,263	122,824	58,994	1,217,595	1,381	-	1,218,977
Operating profit / (loss)	68,500	100,373	9,385	1,044	179,303	(511)	10,486	189,278
Segment income / (loss) (i.e., profit / (loss) before income taxes)	70,228	101,072	9,534	865	181,700	(545)	31,411	212,566
Other disclosure: Impairment losses (Note 3)	-	3,580	1,186	524	5,292	794	-	6,086

(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) Details on the Impairment losses are stated in note "8. Impairment losses".

For the six months ended 28 February 2023

(Millions of yen)

	Reportable segments				Total	Others (Note 1)	Adjustments (Note 2)	Interim Condensed Consolidated Statement of Profit or Loss
	UNIQLO Japan	UNIQLO International	GU	Global Brands				
Revenue	495,165	755,259	145,568	70,235	1,466,229	1,121	-	1,467,350
Operating profit / (loss)	67,399	122,678	13,064	153	203,295	172	16,795	220,263
Segment income / (loss) (i.e., profit / (loss) before income taxes)	68,203	123,007	12,465	(272)	203,404	173	26,922	230,499
Other disclosure: Impairment losses (Note 3)	-	414	140	228	783	-	-	783

(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) Details on the Impairment losses are stated in note "8. Impairment losses".

For the three months ended 28 February 2022

(Millions of yen)

	Reportable segments				Total	Others (Note 1)	Adjustments (Note 2)	Interim Condensed Consolidated Statement of Profit or Loss
	UNIQLO Japan	UNIQLO International	GU	Global Brands				
Revenue	216,064	293,540	52,986	28,272	590,864	721	-	591,585
Operating profit / (loss)	26,671	40,463	475	(1,495)	66,114	(529)	4,286	69,871
Segment income / (loss) (i.e., profit / (loss) before income taxes)	27,427	41,237	441	(1,577)	67,528	(545)	11,375	78,357
Other disclosure: Impairment losses (Note 3)	-	3,514	1,186	492	5,193	794	-	5,988

(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) Details on the Impairment losses are stated in note "8. Impairment losses".

For the three months ended 28 February 2023

(Millions of yen)

	Reportable segments				Total	Others (Note 1)	Adjustments (Note 2)	Interim Condensed Consolidated Statement of Profit or Loss
	UNIQLO Japan	UNIQLO International	GU	Global Brands				
Revenue	254,216	397,362	66,204	32,630	750,413	543	-	750,957
Operating profit / (loss)	27,926	65,385	2,433	(555)	95,189	198	7,797	103,185
Segment income / (loss) (i.e., profit / (loss) before income taxes)	28,519	65,579	1,803	(773)	95,128	216	8,342	103,687
Other disclosure: Impairment losses (Note 3)	-	353	140	227	721	-	-	721

(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) Details on the Impairment losses are stated in 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 2022	Six months ended 28 February 2023
Write-down of inventories to net realizable value	4,080	4,664

7. Property, Plant and Equipment

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

(Millions of yen)

	As at 31 August 2022	As at 28 February 2023
Buildings and structures	125,947	129,634
Machinery and equipment	29,710	43,204
Furniture, fixtures and vehicles	26,064	27,603
Land	1,927	1,927
Construction in progress	11,575	8,870
Total	195,226	211,242

8. Impairment Losses

The breakdown of impairment losses by asset type is as follows:

(Millions of yen)

	Six months ended 28 February 2022
Buildings and structures	2,047
Furniture, equipment and vehicles	44
Subtotal on property, plant and equipment	2,092
Software	-
Other intangible assets	13
Subtotal on intangible assets	13
Right-of-use assets	3,978
Other non-current assets (long-term prepayments etc.)	2
Total impairment losses	6,086

The Group's impairment losses during the six months ended 28 February 2023 amounted to 783 million yen, compared with 6,086 million yen during the six months ended 28 February 2022, and are included in "Other expenses" on the consolidated statement of profit or loss.

Six months ended 28 February 2022

Property, plant and equipment and Right-of-use assets

Impairment losses amounting to 6,086 million yen represented write downs of the carrying amounts of store assets to the recoverable amounts, primarily due to a reduction in profitability of certain stores, including flagship stores. With the global spread of COVID-19, the Group's performance has been adversely affected due to temporarily closing of the stores, etc. Although the

timing for the situation subsiding differs from region to region and on a case-by-case basis, we made accounting estimates involving the assumption that the impact will last for the fiscal year ending August 2022 for most countries and regions including Japan. For stores in other certain countries and regions, it may take longer for the situation to get under control.

The grouping of assets is based on the smallest identifiable CGU that independently generates cash inflow. In principle, each store, including flagship stores, is considered as an individual CGU and recoverable amounts thereon are calculated based on value in use. The value in use is calculated based on the cash flow projections with estimates and growth rates approved by management, applying a discount rate of mainly 11.8%. Theoretically, the projected cash flows cover a five-year period, and do not use a growth rate that exceeds the long-term average market growth rate. The pre-tax discount rate calculation is based on the weighted-average cost of capital.

The main CGUs for which impairment losses were recorded are as follows:

Operating segment	CGU	Type
UNIQLO International	FAST RETAILING (CHINA) TRADING CO., LTD., LLC UNIQLO (RUS), UNIQLO USA LLC, etc., stores	Buildings, structures and Right-of-use assets etc.
GU	G.U. CO., LTD., etc., stores	Buildings, structures and Right-of-use assets etc.
Global Brands	COMPTOIR DES COTONNIERS S.A.S., etc., stores	Buildings, structures and Right-of-use assets etc.

Six months ended 28 February 2023

No significant impairment losses.

9. Corporate Bonds

The 3rd non-collateralized corporate bonds of 50,000 million yen (interest rate: 0.491%; date of maturity: 16 December 2022) was repaid during the 6 months ended 28 February 2023.

10. Dividends

The total amount of dividends paid was as follows:

For the six months ended 28 February 2022

Resolution	Total dividends (Millions of yen)	Dividends per share (Yen)
Meeting of the Board on 2 November 2021	24,514	240

Dividends were paid on 5 November 2021. The effective date of the dividend was for shareholders as at 31 August 2021.

For the six months ended 28 February 2023

Resolution	Total dividends (Millions of yen)	Dividends per share (Yen)
Meeting of the Board on 1 November 2022	34,744	340

Dividends were paid on 4 November 2022. The effective date of the dividend was for shareholders as at 31 August 2022.

Dividends on common stock declared subsequent to 28 February 2023 are as follows:

	Six months ended 28 February 2022	Six months ended 28 February 2023
Total dividends (Million yen)	28,608	38,330
Dividends per share (yen)	280	375

The Board has approved the dividends on common stock subsequent to 28 February 2023, and the amount is not recognized as a liability as at 28 February 2023.

Our common stock was split on a 3-to-1 basis, effective 1 March 2023. However, the amount of dividends per share is the same as prior to the stock split.

11. 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 2022

	Revenue (Millions of yen)	Percentage of Total (%)
Japan	442,513	36.3
Greater China	306,773	25.2
Other parts of Asia & Oceania	136,891	11.2
North America & Europe	149,598	12.3
UNIQLO (Note 1)	1,035,777	85.0
GU (Note 2)	122,824	10.1
Global Brands (Note 3)	58,994	4.8
Others (Note 4)	1,381	0.1
Total	1,218,977	100.0

(Note 1) Revenue is classified by nation or region based on customer location.

The designated regions and countries are classified as follows:

Greater China:	Mainland China, Hong Kong, Taiwan
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.

Six months ended 28 February 2023

	Revenue (Millions of yen)	Percentage of Total (%)
Japan	495,165	33.7
Greater China	320,982	21.9
Other parts of Asia & Oceania	233,570	15.9
North America & Europe	200,706	13.7
UNIQLO (Note 1)	1,250,425	85.2
GU (Note 2)	145,568	9.9
Global Brands (Note 3)	70,235	4.8
Others (Note 4)	1,121	0.1
Total	1,467,350	100.0

(Note 1) Revenue is classified by nation or region based on customer location.

The designated regions and countries are classified as follows:

Greater China:	Mainland China, Hong Kong, Taiwan
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, Poland

(Note 2) Main national and regional market: Japan

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

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

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 2022	Six months ended 28 February 2023
Selling, general and administrative expenses		
Advertising and promotion	41,719	49,596
Lease expenses	40,172	53,988
Depreciation and amortization	88,254	93,253
Outsourcing	27,230	30,317
Salaries	146,464	180,247
Distribution	49,995	58,872
Others	45,427	57,935
Total	439,265	524,210

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 2022	Six months ended 28 February 2023
Other income		
Foreign exchange gains (Note)	2,197	2,908
Others	4,454	2,621
Total	6,652	5,529

(Millions of yen)

	Six months ended 28 February 2022	Six months ended 28 February 2023
Other expenses		
Loss on retirement of property, plant and equipment	663	251
Impairment losses	6,086	783
Others	1,020	2,175
Total	7,770	3,211

(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 2022	Six months ended 28 February 2023
Finance income		
Foreign exchange gains (Note)	23,576	-
Interest income	3,059	17,069
Others	58	5
Total	26,694	17,075

(Millions of yen)

	Six months ended 28 February 2022	Six months ended 28 February 2023
Finance costs		
Foreign exchange losses (Note)	-	1,762
Interest expenses	3,359	5,076
Others	48	—
Total	3,407	6,839

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

15. Earnings per Share

Six months ended 28 February 2022		Six months ended 28 February 2023	
Equity per share attributable to owners of the Parent (Yen)	4,156.62	Equity per share attributable to owners of the Parent (Yen)	5,224.90
Basic earnings per share for the period (Yen)	479.14	Basic earnings per share for the period (Yen)	500.29
Diluted earnings per share for the period (Yen)	478.40	Diluted earnings per share for the period (Yen)	499.56

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

	Six months ended 28 February 2022	Six months ended 28 February 2023
Basic earnings per share for the period		
Profit for the period attributable to owners of the Parent (Millions of yen)	146,844	153,392
Profit not attributable to common shareholders (Millions of yen)	-	-
Profit attributable to common shareholders (Millions of yen)	146,844	153,392
Average number of common stock outstanding during the period (Shares)	306,476,386	306,605,049
Diluted earnings per share for the period		
Adjustment to profit (Millions of yen)	-	-
Increase in number of common stock (Shares)	470,290	451,198
(Number of share subscription rights included in increase)	(470,290)	(451,198)

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

Three months ended 28 February 2022		Three months ended 28 February 2023	
Basic earnings per share for the period (Yen)	173.74	Basic earnings per share for the period (Yen)	222.80
Diluted earnings per share for the period (Yen)	173.47	Diluted earnings per share for the period (Yen)	222.45

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

	Three months ended 28 February 2022	Three months ended 28 February 2023
Basic earnings per share for the period		
Profit for the period attributable to owners of the Parent (Millions of yen)	53,252	68,318
Profit not attributable to common shareholders (Millions of yen)	-	-
Profit attributable to common shareholders (Millions of yen)	53,252	68,318
Average number of common stock outstanding during the period (Shares)	306,500,591	306,629,942
Diluted earnings per share for the period		
Adjustment to profit (Millions of yen)	-	-
Increase in number of common stock (Shares)	480,764	481,215
(Number of share subscription rights included in increase)	(480,764)	(481,215)

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

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 2022		As at 28 February 2023	
	Carrying amounts	Fair value	Carrying amounts	Fair value
Financial assets:				
Bonds	135,214	134,264	399,968	396,947
Security deposits and guarantees	68,626	69,093	68,383	68,254
Total	203,840	203,357	468,352	465,201
Financial liabilities:				
Corporate bonds	369,589	370,513	319,644	316,589
Total	369,589	370,513	319,644	316,589

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

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

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

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

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

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

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

Level 1 - based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

(Millions of yen)

As at 31 August 2022	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income	301	-	189	490
Net financial assets and financial liabilities measured at fair value through profit or loss	-	(1,109)	-	(1,109)
Net financial assets and financial liabilities designated as hedging instruments - Fair value	-	258,344	-	258,344
Fair value	301	257,234	189	257,725

(Millions of yen)

As at 28 February 2023	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income	77	-	189	266
Net financial assets and financial liabilities measured at fair value through profit or loss	-	(40)	-	(40)
Net financial assets and financial liabilities designated as hedging instruments - Fair value	-	156,255	-	156,255
Fair value	77	156,215	189	156,482

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

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

17. Commitments for Expenditures

The Group had the following commitments at each reporting date:

(Millions of yen)

	As at 31 August 2022	As at 28 February 2023
Commitment for the acquisition of property, plant and equipment	32,926	16,528
Commitment for the acquisition of intangible assets	2,202	2,723
Total	35,128	19,252

18. Subsequent Events

(Stock Split, Corresponding Changes in The Articles of Incorporation)

Based on a resolution at the Board of Directors meeting held on 15 December 2022, our common stock was split on a 3-to-1 basis and we made the corresponding changes to the Articles of Incorporation on 1 March 2023.

1. Purpose of the Stock Split

This stock split is designed to reduce the level of investment units as part of our aim to further increase the liquidity of the Company's shares and expand the range of investors who hold the Company's shares.

2. Overview of the Stock Split

(1) Stock Split Method

Based on the record date of 28 February 2023, the Company conducted a three-for-one split for each common share owned by shareholders listed or recorded on the final register of shareholders on the record date.

(2) Increase in Number of Shares as a Result of the Stock Split

Total number of issued shares prior to stock split	106,073,656 shares
Increase in number of shares as a result of the stock split	212,147,312 shares
Total number of issued shares after the stock split	318,220,968 shares
Total number of issuable shares after the stock split	900,000,000 shares

(3) Stock Split Schedule

Date of publication of record date: 9 February 2023

Record date: 28 February 2023

Effective date: 1 March 2023

(4) Impact on per share data

See "15. Earnings per Share" for details of impact on per-share data.

3. Corresponding Changes in The Articles of Incorporation

(1) Reason for change

In view of this share split, in accordance with Article 184 No. 2 of the Japanese Companies Law, the change in the total number of issuable shares listed in Article 6 of the Company's Articles of Incorporation took effect on 1 March 2023.

(2) Outline of changes

A summary of the changes is as follows:

(Underlined segments Indicate amended items)

Current Articles of Incorporation	After Changes
(Total number of Issuable Shares) Article 6 The total number of issuable shares of the Company is <u>300,000,000</u> shares.	(Total number of Issuable Shares) Article 6 The total number of issuable shares of the Company is <u>900,000,000</u> shares.

(3) Schedule change

Board resolution date: 15 December 2022

Effective date: 1 March 2023

2. Others

Dividends

The Company resolved to pay dividends from retained earnings at the meeting of the Board convened on 13 April 2023.

The total amount of dividends paid and the amount per share are stated under "Financial Section 1. Interim Condensed Consolidated Financial Statements, Notes to the Interim Condensed Consolidated Financial Statements 10. Dividends."

(TRANSLATION)

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

14 April 2023

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

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Hirofumi Otani

Designated Engagement Partner,
Certified Public Accountant:

Akira Kimotsuki

Accountant's Conclusion

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have reviewed the interim condensed consolidated financial statements of FAST RETAILING CO., LTD. and its consolidated subsidiaries (the "Group") included in the Financial Section, namely, the interim condensed consolidated statement of financial position as at 28 February 2023, the interim condensed consolidated statement of profit or loss and interim condensed consolidated statement of comprehensive income for the three-month and six-month periods then ended, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and the related notes.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at 28 February 2023, and its consolidated financial performance for the three-month and six-month periods then ended and its consolidated cash flows for the six-month period then ended in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" ("IAS 34"), pursuant to Article 93 of the "Rules Governing Term, Form and Preparation of Consolidated Quarterly Financial Statements".

Basis for Accountant's Conclusion

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

Responsibilities of Management and Statutory Auditors and the Board of Statutory Auditors for the Interim Condensed Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the interim condensed consolidated financial statements in accordance with IAS 34, and for such internal control as management determines is necessary to enable the preparation of interim condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the interim condensed consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with paragraph 4 of IAS 1 "Presentation of Financial Statements" ("IAS 1").

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

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

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

As part of a review in accordance with quarterly review standards generally accepted in Japan, we exercise professional judgment and

maintain professional skepticism throughout the review. We also:

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

We communicate with Statutory Auditors and the Board of Statutory Auditors regarding the planned scope and timing of the review and significant findings that we identify during our review.

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

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

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

Notes to the Readers of Independent Accountant's Review Report

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