



FAST RETAILING

FAST RETAILING CO., LTD.

迅銷有限公司

First Quarterly Report 2020/21

2020.9.1-2020.11.30

Stock Code: 6288

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1. Corporate Profile

Board of Directors

Representative Director

Tadashi Yanai (*Chairman, President and CEO*)

Directors

Takeshi Okazaki

Kazumi Yanai

Koji Yanai

External Directors

Toru Hambayashi

Nobumichi Hattori

Masaaki Shintaku

Takashi Nawa

Naotake Ohno

Board of Statutory Auditors

Akira Tanaka

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	First Quarter of 59th Fiscal Year	First Quarter of 60th Fiscal Year	59th Fiscal Year
Accounting period	Three months ended 30 November 2019	Three months ended 30 November 2020	Year ended 31 August 2020
Revenue (Millions of yen)	623,484	619,797	2,008,846
Operating profit (Millions of yen)	91,690	113,094	149,347
Profit before income taxes (Millions of yen)	102,015	107,164	152,868
Profit for the period attributable to owners of the Parent (Millions of yen)	70,907	70,381	90,357
Comprehensive income attributable to owners of the Parent (Millions of yen)	107,628	65,117	110,134
Equity attributable to owners of the Parent (Millions of yen)	988,554	997,071	956,562
Total assets (Millions of yen)	2,528,281	2,539,457	2,411,990
Basic earnings per share (Yen)	694.73	689.29	885.15
Diluted earnings per share (Yen)	693.59	688.17	883.62
Ratio of equity attributable to owners of the Parent to total assets (%)	39.1	39.3	39.7
Net cash generated by operating activities (Millions of yen)	97,650	140,334	264,868
Net cash (used in) / generated by investing activities (Millions of yen)	(33,267)	(19,296)	(75,981)
Net cash (used in) / generated by financing activities (Millions of yen)	(56,640)	(58,655)	(183,268)
Cash and cash equivalents at end of the period (year) (Millions of yen)	1,115,031	1,154,607	1,093,531

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

2. Revenue does not include consumption taxes, etc.

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

Business Description

There were no significant changes in the nature of the business engaged in by the Company and its subsidiaries (collectively, the “Group”) during the three months ended 30 November 2020.

In addition, there were no significant changes in the organizational structure of the Group, including the major subsidiaries, during the three months ended 30 November 2020.

3. Management Discussion and Analysis

Business Review

1. Business and Operational Risks

No new business-related risks have arisen during the three months ended 30 November 2020.

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

While the Fast Retailing Group revenue declined, profit increased significantly in the first quarter of fiscal 2021, or the three months from 1 September 2020 to 30 November 2020. Consolidated revenue totaled 619.7 billion yen (−0.6% year-on-year), while operating profit totaled 113.0 billion yen (+23.3% year-on-year). The impressive rise in profit can be attributed primarily to large increases in profit from UNIQLO operations in Japan and Greater China (Mainland China, Hong Kong and Taiwan), as well as rising profit and a strong overall performance from GU. On the other hand, UNIQLO operations in other parts of Asia & Oceania (Southeast Asia, Australia, and India), North America, and Europe were hit especially hard by COVID-19, resulting in considerable declines in both revenue and profit. The first-quarter consolidated gross profit margin improved by 2.2 points year-on-year to 52.4% and the first-quarter selling, general and administrative expense ratio improved by 1.5 points year-on-year to 34.4%. In addition, we recorded a 5.9 billion yen of foreign-exchange losses and other items under finance income net of costs due to an appreciation in yen exchange rates over the quarter. As a result, first-quarter profit before income taxes rose to 107.1 billion yen (+5.0% year-on-year). Profit attributable to owners of the parent declined to 70.3 billion yen (−0.7% year-on-year), but this was due to an increase in the tax burden rate after performance worsened at loss-making operations that cannot record deferred tax assets.

The Group's medium-term vision is to become the world's number one apparel retailer. In pursuit of this aim, we focus our efforts on expanding UNIQLO International, as well as our GU brand and our global e-commerce operation. We continue to increase UNIQLO store numbers in all markets and areas in which we operate, and open global flagship stores and large-format stores in major cities around the world to instill deeper and more widespread empathy for UNIQLO's LifeWear concept of ultimate everyday wear. While COVID-19 continues to affect our business performance in all markets, we continue to expand our operations while prioritizing the safety and health of all our customers, employees, and business partners.

UNIQLO Japan

UNIQLO Japan reported a rise in revenue and a significant increase in profit in the first quarter of fiscal 2021, with revenue reaching 253.8 billion yen (+8.9% year-on-year) and operating profit rising to 60.0 billion yen (+55.8% year-on-year). First-quarter same-store sales increased by 7.3% year-on-year. We enjoyed strong sales of products such as loungewear and HEATTECH blankets that fulfilled customer demand for stay-at-home items. Our Ultra Stretch Active Pants and other items in our sports utility wear range along with haori-style jackets, Smart Ankle Pants, and other Fall Winter ranges also sold well. Our +J collection with designer Ms. Jil Sander, our collaborative Peanuts products, and AIRism masks also contributed to the rise in sales. E-commerce sales expanded strongly, with online sales rising to 36.7 billion yen (+48.3% year-on-year) in the first quarter. UNIQLO Japan's gross profit margin improved by 3.8 points on the back of a sharp reduction in discounting rates, and rising productivity that helped reduce the cost of sales. The selling, general and administrative expense ratio improved by 2.8 points, primarily on lower distribution costs and advertising and promotion expenses.

UNIQLO International

UNIQLO International reported a decline in revenue but an increase in operating profit in the first quarter of fiscal 2021, with revenue falling to 260.6 billion yen (-7.2% year-on-year) and operating profit rising to 41.4 billion yen (+9.5% year-on-year). UNIQLO International's large profit rise was fueled by a significant increase in profit at UNIQLO Greater China, especially in Mainland China and Taiwan, and a shift from an operating loss to an operating gain at UNIQLO South Korea. In sharp contrast, other parts of Asia & Oceania, North America, and Europe were hit harder than expected by COVID-19, resulting in a large decline in first-quarter profit. Meanwhile, e-commerce sales expanded steadily in each market.

Looking more closely at individual market performance, Mainland China reported a rise in revenue and a significant profit gain in the first quarter, with same-store sales increasing on the back of strong sales of warm clothing and products that fulfilled stay-at-home customer needs. Mainland China's gross profit margin improved as we pushed ahead with our new strategy of controlling discounting and instead focusing on appealing product value and strengthening branding. Mainland China's selling, general and administrative expense ratio also improved thanks to greater efficiency in store operations. Furthermore, Mainland China's e-commerce sales rose and the e-commerce profit margin also improved remarkably. In South Korea, while revenue declined sharply in the first quarter, the operation moved back into the profit side on the back of an improved gross profit margin and an improved selling, general and administrative expense ratio due to the closure of unprofitable stores and stronger control of business expenses. Other parts of Asia & Oceania reported sharp declines in both revenue and profit after the region was hit especially hard by the ongoing COVID-19 pandemic. However, Vietnam reported higher-than-expected results after successfully managing to control COVID-19 infections. UNIQLO USA reported a large decline in revenue and an operating loss after some stores were temporarily closed and people's movement outside the home was restricted. While UNIQLO Europe was tracking towards a recovery and recording sales on a par with the previous year through October, the temporary closure of all our stores in the United Kingdom, France, Belgium, and Italy in November resulted in a considerable decline in both revenue and profit for the first quarter as a whole. However, Russia achieved large first-quarter rises in revenue and profit in local currency terms thanks to strong sales of Winter clothing and products that satisfied stay-at-home demand.

GU

The GU business segment reported increases in both revenue and profit in the first quarter of fiscal 2021, with revenue climbing to 76.5 billion yen (+4.9% year-on-year) and operating profit expanding to 13.6 billion yen (+9.9% year-on-year). Same-store sales increased thanks to strong sales of the sweat-style knitwear that featured in our TV commercials and advertising campaigns, double-faced sweatshirts and chef's pants that successfully captured mass fashion trends, and loungewear that fulfilled stay-at-home customer needs. GU's gross profit margin declined by 0.6 point, but this was compared to a particularly strong performance in the previous year. GU's selling, general and administrative expense ratio improved by 1.2 points thanks to a lower personnel cost ratio achieved through more efficient store operations and a lower advertising and promotion cost ratio achieved through stronger cost controls.

Global Brands

Global Brands reported a large decline in revenue and a slight operating loss in the first quarter of fiscal 2021. Revenue totaled 28.0 billion yen (-22.3% year-on-year) and the segment generated an operating loss of 0.2 billion yen (compared to a 1.8 billion yen profit recorded in the first quarter of fiscal 2020). Our Theory fashion label reported large declines in both revenue and profit as performance worsened in the United States, Europe, and Japan in the face of COVID-19. Sales for our Japan-based PLST brand did return to previous year levels through October, but first-quarter revenue and profit both declined overall following a rise in COVID-19 infections in November. Finally, our France-based COMPTOIR DES COTONNIERS brand reported a large decline in revenue and a wider operating loss after we were forced to temporarily close all our stores in France for approximately one month from the end of October.

Sustainability

In keeping with our key sustainability message, “Unlocking the power of clothing,” the Group pursues sustainability activities through our core clothing business focused on six clear material areas: Creating new value through products and services; Respecting human rights in our supply chain; Respecting the environment; Strengthening communities; Supporting employee fulfillment; Implementing good corporate governance. Our main activities in the first quarter of fiscal 2021 from September to November 2020 involved:

- New value creation through products and sales: Taking into account the fact that masks have become essential to people's lives due to COVID-19, UNIQLO is selling AIRism masks and GU is selling masks that use high-performance filters. In September 2020, UNIQLO also developed and launched a line of front-opening innerwear, including T-shirts and bras, in response to requests from hospitalized individuals and people with disabilities who found regular innerwear difficult to put on and take off.
 - Consideration for the environment: UNIQLO has been carrying out an All-Product Recycling initiative, where UNIQLO clothing that is no longer needed by customers is collected and donated to refugees and other people in need. In September 2020, we expanded this activity and began our RE.UNIQLO initiative, adding new value to our clothes and passing that value forward in order to make efficient use of resources. In November, for our first RE.UNIQLO project we began selling a new recycled down jacket, in which 100% of the down and feathers come from products collected from customers.
 - Community support: Our ongoing activities in this area include donating AIRism masks to medical and care facilities around the world that are battling COVID-19. In addition, the Group plans to donate USD 1 million (approximately JPY 100 million) to address the damage caused by typhoons no. 19 and 22 in the Philippines in November 2020. Fast Retailing Philippines, Inc., which manages UNIQLO in the Philippines, has also donated 300,000 AIRism masks to the affected areas.
- The Company was also selected for the first time for inclusion in the *MSCI Japan ESG Select Leaders Index*, a key index used by investors to evaluate companies that place a high value on environmental, social and governance (ESG); and the *Dow Jones Sustainability Indices (DJSI) World Index*, a leading global ESG investment index. For the three consecutive years since 2018, the Company has also been selected for inclusion in the *FTSE4Good Index Series*, another major ESG investment index, as well as the *FTSE Blossom Japan Index*. In addition, in 2020 the Company was rated highly by the *Corporate Human Rights Benchmark (CHRB)*, an index for ESG investment specializing in human rights. The Company ranked fourth among 53 global apparel companies, and top among Japanese companies.

(ii) Financial Position

Total assets as at 30 November 2020 were 2.5394 trillion yen, which was an increase of 127.4 billion yen relative to the end of the preceding fiscal year. The principal factors were an increase of 61.0 billion yen in cash and cash equivalents, an increase of 53.1 billion yen in trade and other receivables, an increase of 9.4 billion yen in right-of-use assets, an increase of 9.1 billion yen in other current assets, an increase of 7.4 billion yen in property, plant and equipment, a decrease of 13.4 billion yen in inventories, and a decrease of 13.0 billion yen in derivative financial assets.

Total liabilities as at 30 November 2020 were 1.5004 trillion yen, which was an increase of 84.5 billion yen relative to the end of the preceding fiscal year. The principal factors were an increase of 21.4 billion yen in trade and other payables, an increase of 19.3 billion yen in other current financial liabilities, an increase of 12.7 billion yen in current tax liabilities, an increase of 10.9 billion yen in lease liabilities, and an increase of 9.6 billion yen in other current liabilities.

Total net assets as at 30 November 2020 were 1.0390 trillion yen, which was an increase of 42.9 billion yen relative to the end of the preceding fiscal year. The principal factors were an increase of 46.4 billion yen in retained earnings, and a decrease of 7.7 billion yen in other components of equity.

(2) Cash Flows Information

Cash and cash equivalents as at 30 November 2020 had increased by 61.0 billion yen from the end of the preceding fiscal year, to 1.1546 trillion yen.

(Operating Cash Flows)

Net cash generated by operating activities for the three months ended 30 November 2020 was 140.3 billion yen, which was an increase of 42.6 billion yen (+43.7% year-on-year) from the three months ended 30 November 2019. The principal factors were an increase of 52.4 billion yen in trade and other receivables (an increase of 24.8 billion yen from the three months ended 30 November 2019), a decrease of 15.1 billion yen in inventories (an increase of 20.1 billion yen from the three months ended 30 November 2019), 5.1 billion yen in foreign exchange losses (an increase of 14.4 billion yen from the three months ended 30 November 2019), an increase of 20.5 billion yen in trade and other payables (a decrease of 11.4 billion yen from the three months ended 30 November 2019), and an increase of 10.1 billion yen in other assets (a decrease of 10.1 billion yen from the three months ended 30 November 2019).

(Investing Cash Flows)

Net cash used in investing activities for the three months ended 30 November 2020 was 19.2 billion yen, which was a decrease of 13.9 billion yen (-42.0% year-on-year) from the three months ended 30 November 2019. The principal factors were a net decrease of 1.3 billion yen in bank deposits with original maturities of three months or longer (a decrease of 10.4 billion yen from the three months ended 30 November 2019), 4.2 billion yen in payments for investments in associates (an increase of 4.2 billion yen from the three months ended 30 November 2019), 1.3 billion yen in proceeds from other investing activities (a decrease of 2.7 billion yen from the three months ended 30 November 2019), and 0.2 billion yen in payments for right-of-use assets (a decrease of 2.3 billion yen from the three months ended 30 November 2019).

(Financing Cash Flows)

Net cash used in financing activities for the three months ended 30 November 2020 was 58.6 billion yen, which was an increase of 2.0 billion yen (+3.6% year-on-year) from the three months ended 30 November 2019. The principal factor was 35.1 billion yen in repayments of lease liabilities (an increase of 2.3 billion yen from the three months ended 30 November 2019).

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

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

(4) Operational and Financial Challenges to Address as Priority

There have been no significant challenges during the three months ended 30 November 2020 that must be addressed by the Group.

(5) Research and Development

Not applicable.

(6) Significant Facilities

The following are the significant facilities that were newly completed during the three months ended 30 November 2020.

<Subsidiaries in Japan>

Not applicable.

<Overseas Subsidiaries>

Company name	Type of facility	Name of business	Location	Completion date
UNIQLO EUROPE LIMITED	UNIQLO International Store	UNIQLO Hamburg Alter Wall	Hamburg, Germany	October 2020
UNIQLO CANADA INC.	UNIQLO International Store	UNIQLO Montreal Eaton Centre	Montreal, Canada	October 2020

The following are the significant facilities that were newly planned during the three months ended 30 November 2020.

<Subsidiaries in Japan>

Not applicable.

<Overseas Subsidiaries>

Not applicable.

3. Significant Contracts in Business Operation

None.

4. Information about the Reporting Entity

1. Stock Information

(1) Number of Shares

(i) Total number of shares

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

(ii) Shares Issued

Type	Number of shares issued as at 30 November 2020	Number of shares issued as at submission date (As at 14 January 2021)	Name of financial instrument exchange of listing, or authorized financial instruments firms association	Remarks
Common stock	106,073,656	106,073,656	First section of the Tokyo Stock Exchange and the Main Board of the Stock Exchange of Hong Kong Limited (Note)	100 shares as one unit
Total	106,073,656	106,073,656	-	-

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

(2) Share Subscription Rights

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 30 November 2020 are as follows:

(i) 11th Share subscription rights A type

Resolution date	15 October 2020
Class and number of recipients (Persons)	Employees of the Company: 18 Employees of Group subsidiaries: 47
Number of stock options (Shares)	2,175
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)	2,175
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 13 November 2020 to 12 November 2030
Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen)	Issue price: 77,560 Paid-in capital: 38,780
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 (13 November 2020).

(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) 11th Share subscription rights B type

Resolution date	15 October 2020
Class and number of recipients (Persons)	Employees of the Company: 694 Employees of Group subsidiaries: 1,435
Number of stock options (Shares)	22,306
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)	22,306
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 13 December 2020 to 12 November 2030
Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen)	Issue price: 78,237 Paid-in capital: 39,119
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 (13 November 2020).

(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) 11th Share subscription rights C type

Resolution date	15 October 2020
Class and number of recipients (Persons)	Employees of the Company: 41
Number of stock options (Shares)	3,777
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)	3,777
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	13 November 2023
Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen)	Issue price: 79,193 Paid-in capital: 39,597
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 (13 November 2020).

(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.

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	Balance of total number of shares issued	Increase/ (decrease) of capital stock (Millions of yen)	Balance of capital stock (Millions of yen)	Increase/ (decrease) of capital reserve (Millions of yen)	Balance of capital reserve (Millions of yen)
1 September 2020 to 30 November 2020	-	106,073,656	-	10,273	-	4,578

(Note) There was no change in the total number of shares issued, capital stock or capital reserve during the three months ended 30 November 2020.

(5) Major Shareholders

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

(6) Voting Rights

Concerning “Voting Rights” as at the end of the three months ended 30 November 2020, it has not been possible to confirm and state the details entered in the register of shareholders. Therefore, the stated details are based on the register of shareholders as at the immediately preceding record date (31 August 2020).

(i) Shares issued

As at 30 November 2020

Class	Number of shares	Number of voting rights	Remarks
Non-voting shares	-	-	-
Shares subject to restrictions on voting rights (i.e., treasury stock, etc.)	-	-	-
Shares subject to restrictions on voting rights (i.e., other than treasury stock)	-	-	-
Shares with full voting rights (i.e., treasury stock, etc.)	(Shares held as treasury stock) Common stock 3,973,100	-	-
Shares with full voting rights (i.e., other than treasury stock)	Common stock 102,028,200	1,020,282	(Note) 1
Shares less than one unit	Common stock 72,356	-	(Notes) 1, 2
Total number of shares issued	106,073,656	-	-
Total number of voting rights of all shareholders	-	1,020,282	-

(Notes) 1. The columns for the number of shares of “Shares with full voting rights (i.e., other than treasury stock)” and “Shares less than one unit” include 2,700 shares and 84 shares, respectively, held in the name of Japan Securities Depository Center, Inc.
2. Common stock in the “Shares less than one unit” row includes 13 shares of treasury stock held by the Company.

(ii) Treasury Stock

As at 30 November 2020

Name or trade name of holder	Holder’s address	Number of shares held in own name	Number of shares held in other’s name	Total number of shares held	Percentage of total number of shares issued (%)
FAST RETAILING CO., LTD.	10717-1 Sayama Yamaguchi-shi Yamaguchi	3,973,100	-	3,973,100	3.75
Total	-	3,973,100	-	3,973,100	3.75

2. Directors

Since the submission of the year-end report for the preceding fiscal year, there has been no change of directors during the three months ended 30 November 2020.

5. Financial Section

1. Preparation of Interim Condensed Consolidated Financial Statements

The interim condensed consolidated financial statements of the Group, namely, the interim condensed consolidated statement of financial position of the Group as at 30 November 2020, the related interim condensed consolidated statements of profit or loss and interim condensed consolidated statement of comprehensive income for the three-month period then ended, and the interim condensed consolidated statements of changes in equity and cash flows for the three-month period then ended (collectively, the “interim condensed consolidated financial statements”) were prepared in compliance with International Accounting Standard 34 *Interim Financial Reporting* (“IAS 34”), pursuant to Article 93 of the “Rules Governing Term, Form and Preparation of Consolidated Quarterly Financial Statements” (Cabinet Office Ordinance No. 64 of 2007, hereinafter referred to as “Consolidated Quarterly Financial Statements Rules”).

2. Review Report

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

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

1. Interim Condensed Consolidated Financial Statements

(1) Interim Condensed Consolidated Statement of Financial Position

(Millions of yen)

	Notes	As at 31 August 2020	As at 30 November 2020
ASSETS			
Current assets			
Cash and cash equivalents		1,093,531	1,154,607
Trade and other receivables		67,069	120,185
Other financial assets	14	49,890	51,145
Inventories	6	417,529	404,115
Derivative financial assets	14	14,413	8,524
Income taxes receivable		2,126	5,057
Other assets		10,629	19,732
Total current assets		1,655,191	1,763,369
Non-current assets			
Property, plant and equipment	7	136,123	143,556
Right-of-use assets		399,944	409,393
Goodwill		8,092	8,092
Intangible assets		66,833	66,296
Financial assets	14	67,770	68,780
Investments in associates accounted for using the equity method		14,221	18,328
Deferred tax assets		45,447	50,261
Derivative financial assets	14	10,983	3,851
Other assets		7,383	7,528
Total non-current assets		756,799	776,088
Total assets		2,411,990	2,539,457
Liabilities and equity			
LIABILITIES			
Current liabilities			
Trade and other payables		210,747	232,217
Other financial liabilities	14	213,301	232,639
Derivative financial liabilities	14	2,763	5,062
Lease liabilities		114,652	122,241
Current tax liabilities		22,602	35,328
Provisions		752	528
Other liabilities		82,636	92,309
Total current liabilities		647,455	720,327
Non-current liabilities			
Financial liabilities	14	370,780	370,792
Lease liabilities		351,526	354,878
Provisions		32,658	34,837
Deferred tax liabilities		7,760	9,398
Derivative financial liabilities	14	3,205	7,803
Other liabilities		2,524	2,393
Total non-current liabilities		768,455	780,105
Total liabilities		1,415,910	1,500,432

(Millions of yen)

	Notes	As at 31 August 2020	As at 30 November 2020
EQUITY			
Capital stock		10,273	10,273
Capital surplus		23,365	25,159
Retained earnings		933,303	979,761
Treasury stock, at cost		(15,129)	(15,074)
Other components of equity		4,749	(3,050)
Equity attributable to owners of the Parent		956,562	997,071
Non-controlling interests		39,516	41,953
Total equity		996,079	1,039,025
Total liabilities and equity		2,411,990	2,539,457

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

Interim Condensed Consolidated Statement of Profit or Loss

Three months ended 30 November 2020

(Millions of yen)

	Notes	Three months ended 30 November 2019	Three months ended 30 November 2020
Revenue	9	623,484	619,797
Cost of sales		(310,560)	(294,976)
Gross profit		312,923	324,821
Selling, general and administrative expenses	10	(224,098)	(213,245)
Other income	11	4,083	2,216
Other expenses	11	(1,467)	(913)
Share of profit and loss of associates accounted for using the equity method		249	215
Operating profit		91,690	113,094
Finance income	12	12,219	1,051
Finance costs	12	(1,894)	(6,980)
Profit before income taxes		102,015	107,164
Income tax expense		(30,174)	(34,672)
Profit for the period		71,840	72,492
Profit for the period attributable to:			
Owners of the Parent		70,907	70,381
Non-controlling interests		932	2,111
Total		71,840	72,492
Earnings per share			
Basic (yen)	13	694.73	689.29
Diluted (yen)	13	693.59	688.17

Interim Condensed Consolidated Statement of Comprehensive Income
Three months ended 30 November 2020

(Millions of yen)

	Three months ended 30 November 2019	Three months ended 30 November 2020
Profit for the period	71,840	72,492
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)	18	337
Total items that will not be reclassified subsequently to profit or loss	18	337
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	18,002	6,447
Cash flow hedges	20,244	(11,649)
Share of other comprehensive income of associates	19	13
Total items that may be reclassified subsequently to profit or loss	38,266	(5,189)
Other comprehensive income / (loss), net of income tax	38,284	(4,851)
Total comprehensive income for the period	110,125	67,641
Attributable to:		
Owners of the Parent	107,628	65,117
Non-controlling interests	2,496	2,523
Total comprehensive income for the period	110,125	67,641

(3) Interim Condensed Consolidated Statement of Changes in Equity

For the three months ended 30 November 2019

(Millions of yen)

Notes	Other components of equity								Total	Equity attributable to owners of the Parent	Non-controlling interest	Total equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Financial assets measured at fair value through other comprehensive income / (loss)	Foreign currency translation reserve	Cash flow hedge reserve	Share of other comprehensive income of associates				
As at 1 September 2019	10,273	20,603	928,748	(15,271)	(697)	(13,929)	8,906	(11)	(5,732)	938,621	44,913	983,534
Effect of change in accounting policy	-	-	(32,817)	-	-	-	-	-	-	(32,817)	(1,386)	(34,204)
Balance after adjustment	10,273	20,603	895,930	(15,271)	(697)	(13,929)	8,906	(11)	(5,732)	905,803	43,526	949,329
Net changes during the period												
Comprehensive income												
Profit for the period	-	-	70,907	-	-	-	-	-	-	70,907	932	71,840
Other comprehensive income / (loss)	-	-	-	-	18	15,811	20,872	19	36,721	36,721	1,563	38,284
Total comprehensive income	-	-	70,907	-	18	15,811	20,872	19	36,721	107,628	2,496	110,125
Transactions with the owners of the Parent												
Acquisition of treasury stock	-	-	-	(5)	-	-	-	-	-	(5)	-	(5)
Disposal of treasury stock	-	291	-	32	-	-	-	-	-	323	-	323
Dividends	8	-	(24,494)	-	-	-	-	-	-	(24,494)	-	(24,494)
Share-based payments	-	2,271	-	-	-	-	-	-	-	2,271	-	2,271
Transfer to non-financial assets	-	-	-	-	-	-	(2,973)	-	(2,973)	(2,973)	(375)	(3,349)
Total transactions with the owners of the Parent	-	2,563	(24,494)	26	-	-	(2,973)	-	(2,973)	(24,878)	(375)	(25,254)
Total net changes during the period	-	2,563	46,412	26	18	15,811	17,898	19	33,747	82,750	2,120	84,871
As at 30 November 2019	10,273	23,167	942,343	(15,245)	(679)	1,881	26,804	8	28,015	988,554	45,646	1,034,201

Note	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Other components of equity				Total	Equity attributable to owners of the Parent	Non-controlling interests	Total equity
					Financial assets measured at fair value through other comprehensive income / (loss)	Foreign currency translation reserve	Cash flow hedge reserve	Share of other comprehensive income of associates				
As at 1 September 2020	10,273	23,365	933,303	(15,129)	385	(8,489)	12,905	(51)	4,749	956,562	39,516	996,079
Net changes during the period												
Comprehensive income												
Profit for the period	-	-	70,381	-	-	-	-	-	-	70,381	2,111	72,492
Other comprehensive income/ (loss)	-	-	-	-	337	5,245	(10,860)	13	(5,263)	(5,263)	412	(4,851)
Total comprehensive income	-	-	70,381	-	337	5,245	(10,860)	13	(5,263)	65,117	2,523	67,641
Transactions with the owners of the Parent												
Acquisition of treasury stock	-	-	-	(2)	-	-	-	-	-	(2)	-	(2)
Disposal of treasury stock	-	474	-	57	-	-	-	-	-	532	-	532
Dividends	8	-	(24,504)	-	-	-	-	-	-	(24,504)	-	(24,504)
Share-based payments	-	1,320	-	-	-	-	-	-	-	1,320	-	1,320
Transfer to non-financial assets	-	-	-	-	-	-	(1,955)	-	(1,955)	(1,955)	(86)	(2,041)
Transfer to retained earnings	-	-	581	-	(581)	-	-	-	(581)	-	-	-
Total transactions with the owners of the Parent	-	1,794	(23,922)	55	(581)	-	(1,955)	-	(2,536)	(24,609)	(86)	(24,696)
Total net changes during the period	-	1,794	46,458	55	(243)	5,245	(12,815)	13	(7,799)	40,508	2,437	42,945
As at 30 November 2020	10,273	25,159	979,761	(15,074)	141	(3,244)	89	(37)	(3,050)	997,071	41,953	1,039,025

(4) Interim Condensed Consolidated Statement of Cash Flows

(Millions of yen)

Note	Three months ended 30 November 2019	Three months ended 30 November 2020
Cash flows from operating activities		
Profit before income taxes	102,015	107,164
Depreciation and amortization	43,067	44,565
Impairment losses	836	132
Interest and dividend income	(2,921)	(1,043)
Interest expenses	1,894	1,812
Foreign exchange losses / (gains)	(9,297)	5,160
Share of profit and loss of associates accounted for using the equity method	(249)	(215)
Losses on disposal of property, plant and equipment	73	96
(Increase) / Decrease in trade and other receivables	(77,222)	(52,415)
(Increase) / Decrease in inventories	(4,963)	15,188
Increase / (Decrease) in trade and other payables	32,042	20,554
(Increase) / Decrease in other assets	(65)	(10,170)
Increase / (Decrease) in other liabilities	31,703	26,617
Others, net	965	4,928
Cash generated from operations	117,879	162,376
Interest and dividends income received	2,891	928
Interest paid	(1,081)	(1,048)
Income taxes paid	(22,039)	(21,922)
Net cash generated by operating activities	97,650	140,334
Cash flows from investing activities		
Amounts deposited into bank deposits with original maturities of three months or longer	(30,454)	(23,614)
Amounts withdrawn from bank deposits with original maturities of three months or longer	21,327	24,932
Payments for property, plant and equipment	(14,127)	(14,211)
Payments for intangible assets	(5,433)	(3,257)
Payments for acquisition of right-of-use assets	(2,636)	(245)
Payments for lease and guarantee deposits	(1,609)	(863)
Proceeds from collection of lease and guarantee deposits	1,000	796
Payments for acquisition of investments in associates	-	(4,232)
Others, net	(1,334)	1,398
Net cash generated by / (used in) investing activities	(33,267)	(19,296)

(Millions of yen)

	Note	Three months ended 30 November 2019	Three months ended 30 November 2020
Cash flows from financing activities			
Proceeds from short-term loans payable		625	24,483
Repayment of short-term loans payable		-	(23,539)
Dividends paid to owners of the Parent	8	(24,473)	(24,478)
Repayments of lease liabilities		(32,819)	(35,176)
Others, net		26	55
Net cash generated by / (used in) financing activities		(56,640)	(58,655)
Effect of exchange rate changes on the balance of cash held in foreign currencies		20,769	(1,306)
Net increase in cash and cash equivalents		28,511	61,076
Cash and cash equivalents at the beginning of period		1,086,519	1,093,531
Cash and cash equivalents at the end of period		1,115,031	1,154,607

Notes to the Interim Condensed Consolidated Financial Statements

1. Reporting Entity

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

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

2. Basis of Preparation

The interim condensed consolidated financial statements have been prepared in compliance with IAS 34. The Group meets all of the criteria of a "specified company" defined under Article 1-2 of the Consolidated Quarterly Financial Statements Rules, and accordingly applies Article 93 of the Consolidated Quarterly Financial Statements Rules. Since the interim condensed consolidated financial statements do not include all the information and disclosures required for consolidated financial statements, they should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 August 2020.

The interim condensed consolidated financial statements were approved on 14 January 2021 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 2020 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.

With the global spread of Covid-19, the Group's performance has been adversely affected due to temporarily closing stores, etc. Regarding impairment of our non-financial assets, although we assume that business activities will gradually return to normal, we estimate that the impact of the Covid-19 pandemic will continue to be felt through to the end of August 2021, and we are working on the assumption that we will see recovery from that point onward. The estimates are made while taking into consideration the level of impact that differs from region to region and case-by-case basis.

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 which are reviewed regularly by the Board of Directors (the "Board") to make decisions about the allocation of resources and to assess performance.

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

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

UNIQLO Japan: UNIQLO clothing business within Japan

UNIQLO International: UNIQLO clothing business outside of Japan

GU: GU clothing business in Japan and overseas

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

(ii) Segment revenue and results

For the three months ended 30 November 2019

(Millions of yen)

	Reportable segments				Total	Others (Note 1)	Adjustments (Note 2)	Interim Condensed Consolidated Statement of Profit or Loss
	UNIQLO Japan	UNIQLO International	GU	Global Brands				
Revenue	233,031	280,748	72,949	36,113	622,842	642	-	623,484
Operating profit/(loss)	38,557	37,836	12,376	1,870	90,639	(33)	1,084	91,690
Segment income/(loss) (i.e., profit/ loss before income taxes)	39,452	37,020	12,377	1,770	90,621	(33)	11,427	102,015

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

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

For the three months ended 30 November 2020

(Millions of yen)

	Reportable segments				Total	Others (Note 1)	Adjustments (Note 2)	Interim Condensed Consolidated Statement of Profit or Loss
	UNIQLO Japan	UNIQLO International	GU	Global Brands				
Revenue	253,851	260,630	76,514	28,068	619,064	732	-	619,797
Operating profit/(loss)	60,083	41,420	13,604	(222)	114,885	(17)	(1,774)	113,094
Segment income/(loss) (i.e., profit/ losses before income taxes)	59,796	40,744	13,495	(345)	113,690	(17)	(6,508)	107,164

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

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

6. Inventories

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

(Millions of yen)

	Three months ended 30 November 2019	Three months ended 30 November 2020
Write-down of inventories to net realizable value	1,981	2,710

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 2020	As at 30 November 2020
Buildings and structures	104,201	108,707
Furniture, equipment and vehicles	16,773	18,081
Land	1,927	1,927
Construction in progress	13,220	14,838
Total	136,123	143,556

8. Dividends

The total amount of dividends paid was as follows:

For the three months ended 30 November 2019

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

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

For the three months ended 30 November 2020

Resolution	Total dividends (Millions of yen)	Dividends per share (Yen)
Meeting of the Board on 4 November 2020	24,504	240

Dividends were declared on 4 November 2020 and paid on 6 November 2020. The effective date of the dividend was for shareholders as at 31 August 2020.

9. Revenue

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

Three months ended 30 November 2019

	Revenue (Millions of yen)	Percent of Total (%)
Japan	233,031	37.4
Greater China	142,671	22.9
Other parts of Asia & Oceania	66,307	10.6
North America & Europe	71,769	11.5
UNIQLO (Note 1)	513,780	82.4
GU (Note 2)	72,949	11.7
Global Brands (Note 3)	36,113	5.8
Others (Note 4)	642	0.1
Total	623,484	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, 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.

Three months ended 30 November 2020

	Revenue (Millions of yen)	Percent of Total (%)
Japan	253,851	41.0
Greater China	152,861	24.7
Other parts of Asia & Oceania	54,439	8.8
North America & Europe	53,329	8.6
UNIQLO (Note 1)	514,482	83.0
GU (Note 2)	76,514	12.3
Global Brands (Note 3)	28,068	4.5
Others (Note 4)	732	0.1
Total	619,797	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.

10. Selling, General and Administrative Expenses

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

(Millions of yen)

	Three months ended 30 November 2019	Three months ended 30 November 2020
Selling, general and administrative expenses		
Advertising and promotion	21,925	19,260
Lease expenses	20,302	18,377
Depreciation and amortization	43,067	44,565
Outsourcing	11,941	11,603
Salaries	75,038	72,301
Distribution	28,208	26,189
Others	23,615	20,948
Total	224,098	213,245

11. Other Income and Other Expenses

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

(Millions of yen)

	Three months ended 30 November 2019	Three months ended 30 November 2020
Other income		
Foreign exchange gains (Note)	3,317	1,332
Others	766	884
Total	4,083	2,216

(Millions of yen)

	Three months ended 30 November 2019	Three months ended 30 November 2020
Other expenses		
Loss on retirement of property, plant and equipment	73	96
Impairment losses	836	132
Others	557	684
Total	1,467	913

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

12. Finance Income and Finance Costs

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

(Millions of yen)

	Three months ended 30 November 2019	Three months ended 30 November 2020
Finance income		
Foreign exchange gains (Note)	9,297	-
Interest income	2,910	1,035
Others	11	16
Total	12,219	1,051

(Millions of yen)

	Three months ended 30 November 2019	Three months ended 30 November 2020
Finance costs		
Foreign exchange losses (Note)	-	5,160
Interest expenses	1,894	1,812
Others	-	7
Total	1,894	6,980

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

13. Earnings per Share

Three months ended 30 November 2019		Three months ended 30 November 2020	
Equity per share attributable to owners of the Parent (Yen)	9,685.06	Equity per share attributable to owners of the Parent (Yen)	9,764.13
Basic earnings per share (Yen)	694.73	Basic earnings per share (Yen)	689.29
Diluted earnings per share (Yen)	693.59	Diluted earnings per share (Yen)	688.17

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

	Three months ended 30 November 2019	Three months ended 30 November 2020
Basic earnings per share for the period		
Profit for the period attributable to owners of the Parent (Millions of yen)	70,907	70,381
Profit not attributable to common shareholders (Millions of yen)	-	-
Profit attributable to common shareholders (Millions of yen)	70,907	70,381
Average number of common stock outstanding during the period (Shares)	102,064,495	102,106,878
Diluted earnings per share for the period		
Adjustment to profit (Millions of yen)	-	-
Increase in number of common stock (Shares)	167,866	166,859
(Number of share subscription rights included in increase)	(167,866)	(166,859)

14. Fair Value of Financial Instruments

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

(Millions of yen)

	As at 31 August 2020		As at 30 November 2020	
	Carrying amounts	Fair value	Carrying amounts	Fair value
Financial assets				
Security deposits and guarantees	63,639	64,341	64,134	65,143
Total	63,639	64,341	64,134	65,143
Financial liabilities				
Corporate bonds (Note)	469,342	470,938	469,382	472,486
Total	469,342	470,938	469,382	472,486

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

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

The fair value of security deposits and guarantees is calculated on the basis of the 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 corporate bonds and security deposits and guarantees are classified as Level 2.

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

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

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

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

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

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

(Millions of yen)

As at 31 August 2020	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income	1,158	-	212	1,370
Net financial assets and financial liabilities measured at fair value through profit or loss	-	1,550	-	1,550
Net financial assets and financial liabilities designated as hedging instruments - Fair value	-	17,878	-	17,878
Fair value	1,158	19,428	212	20,799

(Millions of yen)

As at 30 November 2020	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income	741	-	212	954
Net financial assets and financial liabilities measured at fair value through profit or loss	-	1,031	-	1,031
Net financial assets and financial liabilities designated as hedging instruments - Fair value	-	(1,522)	-	(1,522)
Fair value	741	(490)	212	463

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

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

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

15. Commitments for Expenditures

The Group had the following commitments at each reporting date:

(Millions of yen)

	As at 31 August 2020	As at 30 November 2020
Commitment for the acquisition of property, plant and equipment	24,942	25,429
Commitment for the acquisition of intangible assets	2,139	2,811
Total	27,081	28,241

16. Subsequent Events

Not applicable.

2. Others

Dividends

The Company resolved to pay dividends from retained earnings at the meeting of the Board convened on 4 November 2020. The total amount of dividends paid and the amount per share are stated under “Financial Section 1. Interim Condensed Consolidated Financial Statements, Notes to the Interim Condensed Consolidated Financial Statements 8. Dividends”.

(TRANSLATION)
INDEPENDENT ACCOUNTANT'S REVIEW REPORT

14 January, 2021

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

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant
Koichi Okubo

Designated Engagement Partner,
Certified Public Accountant
Hirofumi Otani

Accountant's Conclusion

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have reviewed the interim condensed consolidated financial statements of FAST RETAILING CO., LTD. and its consolidated subsidiaries (the "Group") included in the Financial Section, namely, the interim condensed consolidated statement of financial position as at 30 November, 2020, and the interim condensed consolidated statement of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended, and the related notes.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at 30 November, 2020, and the consolidated results of their operations and their cash flows for the three-month period then ended in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" ("IAS 34"), pursuant to Article 93 of the "Rules Governing Term, Form and Preparation of Consolidated Quarterly Financial Statements".

Basis for Accountant's Conclusion

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

Responsibilities of Management and 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.