



FAST RETAILING

FAST RETAILING CO., LTD.

迅銷有限公司

Interim Report 2020/21

2020.9.1–2021.2.28

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	Half-yearly period of 59th Fiscal Year	Half-yearly period of 60th Fiscal Year	59th Fiscal Year
Accounting period	Six months ended 29 February 2020	Six months ended 28 February 2021	Year ended 31 August 2020
Revenue (Millions of yen)	1,208,512	1,202,864	2,008,846
Operating profit (Millions of yen)	136,736	167,982	149,347
Profit before income taxes (Millions of yen)	150,859	171,482	152,868
Profit for the period attributable to owners of the Parent (Millions of yen)	100,459	105,868	90,357
Comprehensive income attributable to owners of the Parent (Millions of yen)	140,153	127,401	110,134
Equity attributable to owners of the Parent (Millions of yen)	1,020,308	1,056,228	956,562
Total assets (Millions of yen)	2,454,296	2,501,920	2,411,990
Basic earnings per share (Yen)	984.21	1,036.76	885.15
Diluted earnings per share (Yen)	982.49	1,035.04	883.62
Ratio of equity attributable to owners of the Parent to total assets (%)	41.6	42.2	39.7
Net cash generated by operating activities (Millions of yen)	236,680	352,125	264,868
Net cash (used in) / generated by investing activities (Millions of yen)	(58,828)	(41,037)	(75,981)
Net cash (used in) / generated by financing activities (Millions of yen)	(99,195)	(201,334)	(183,268)
Cash and cash equivalents at end of the period (year) (Millions of yen)	1,184,303	1,220,854	1,093,531

Accounting period	Three months ended 29 February 2020	Three months ended 28 February 2021
Revenue (Millions of yen)	585,028	583,066
Profit attributable to owners of the Parent (Millions of yen)	29,552	35,487
Basic earnings per share for the period (Yen)	289.51	347.49

(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 by the Company and its subsidiaries (collectively, the “Group”) during the six months ended 28 February 2021.

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 2021.

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 2021.

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 decline in revenue but a large jump in profits in the first half of fiscal 2021, or the six months from 1 September 2020 to 28 February 2021 with consolidated revenue totaling 1.2028 trillion yen (−0.5% year-on-year), and operating profit rising strongly to 167.9 billion yen (+22.9% year-on-year). The rise in profit can be attributed primarily to large increases in profit from UNIQLO operations in Japan and Greater China (Mainland China market, Hong Kong market, and Taiwan market). On the other hand, due to the especially severe impact of COVID-19, The UNIQLO South Asia, Southeast Asia & Oceania (Southeast Asia, Australia, and India), UNIQLO North America, UNIQLO Europe regions and our Global Brands segment reported considerable declines in both revenue and profit. The first-half consolidated gross profit margin improved by 2.2 points year-on-year to 49.9% and the first-half selling, general and administrative expense ratio improved by 1.3 points year-on-year to 35.0%. We reported an impairment loss primarily on UNIQLO International operations and other losses of 11.7 billion yen under other income/expenses. In addition, we recorded a 4.7 billion yen foreign-exchange gain on foreign-currency denominated assets and other items, resulting in a finance income of 3.4 billion yen on a net basis. As a result, first-half profit before income taxes rose to 171.4 billion yen (+13.7% year-on-year) and profit attributable to owners of the parent rose to 105.8 billion yen (+5.4% year-on-year).

The Group's medium-term vision is to become the world's number one apparel retailer. In pursuit of this aim, we focus our efforts on expanding the UNIQLO International, as well as our GU brand and our global e-commerce operation. We continue to open multiple new UNIQLO stores in all markets and areas in which we operate and strive to instill deeper and more widespread empathy for UNIQLO's LifeWear concept of ultimate everyday wear. Within the UNIQLO International segment, the Greater China and Southeast Asia regions are continuing to serve as the key pillars of our Group's business and growth. In terms of our GU segment, in addition to expanding the GU store network primarily in Japan, we are working to establish GU's position as a brand that offers fun fashion at amazingly low prices. E-commerce sales continue to expand thanks to stronger initiatives to fuse online and physical stores and the offering of a wider range of services.

UNIQLO Japan

UNIQLO Japan reported a rise in revenue and a significant increase in profit in the first half of fiscal 2021, with revenue expanding to 492.5 billion yen (+6.2% year-on-year) and operating profit rising to 97.8 billion yen (+36.6% year-on-year). First-half same-store sales increased by 5.6% year-on-year thanks to strong sales of products such as loungewear and HEATTECH blankets that fulfilled customer demand for stay-at-home items, as well as buoyant sales of core Fall Winter items along with ultra stretch active jogger pants and other items in our sport utility wear range. Our e-commerce operation expanded significantly, with online sales rising to 73.8 billion yen (+40.5% year-on-year) in the first half. UNIQLO Japan's first-half gross profit margin improved by 2.9 points to 50.7% on the back of strong sales, improved discounting rates resulting from more restricted discount sales, and a lower cost of sales generated by improved production efficiency. The selling, general and administrative expense ratio improved by 1.4 points to 31.0% thanks to greater efficiencies primarily in distribution costs and advertising and promotion expenses.

UNIQLO International

UNIQLO International reported a decline in revenue but a significant increase in operating profit in the first half of fiscal 2021, with revenue falling to 521.8 billion yen (−3.6% year-on-year) and operating profit rising to 67.0 billion yen (+25.9% year-on-year). UNIQLO Europe and North America saw sales struggle in the face of especially severe COVID-19 conditions, but performance in East Asia was broadly strong. Meanwhile, e-commerce sales remained strong with online sales rising in each market.

The Greater China region reported large rises in both revenue and profit in the first half as the Mainland China market along with the Taiwan market and the Hong Kong market witnessed further improvements in profits. UNIQLO Greater China's gross profit margin improved by 4.7 points year-on-year thanks to controlled discount sales, and the selling, general and administrative expense ratio improved by 2.5 points as the operation maintained appropriate inventory levels and enjoyed greater efficiencies primarily in store personnel and distribution costs following concerted efforts to boost the efficiency of store operations. The

operational environment for UNIQLO South Korea continued to be tough resulting in a large decline in first-half revenue. However, improvements in the gross profit margin and selling, general and administrative expense ratio enabled the South Korean operation to post a slight operating profit compared to an operating loss in the previous year. UNIQLO S/SE Asia & Oceania reported sharp declines in both revenue and profit as the operation was adversely impacted by temporary store closures and restrictions on movement caused by COVID-19. However, Vietnam reported ongoing strong sales and a large rise in profits in the first half as the impact of COVID-19 remained low and the popularity of the UNIQLO brand increased. UNIQLO USA reported a large decline in revenue and a larger operating loss after some stores were temporarily closed or forced to limit customer numbers and people's movement outside the home was restricted. UNIQLO Europe also reported large declines in both revenue and profit in the first half as temporary store closures hit the operation hard. However, Russia achieved double-digit growth in first-half same-store sales and a large rise in operating profit as stores were not required to close temporarily in that market and sales of Winter items proved strong.

GU

The GU business segment achieved a steady year-on-year performance in the first half of fiscal 2021, with revenue totaling 132.6 billion yen (+0.3% year-on-year) and operating profit standing at 15.8 billion yen (+0.4% year-on-year).

While customer visits declined primarily in urban areas due to COVID-19, first-half same-store sales held steady year-on-year thanks to strong sales of the sweat-style knitwear that featured in our TV commercials, double-faced sweatshirts that successfully captured mass fashion trends, and loungewear and other items that satisfied customer demand for stay-at-home clothing. GU's gross profit margin held steady at the previous year's level, while the segment's selling, general and administrative expense ratio improved by 0.4 point thanks to stronger cost controls.

Global Brands

Global Brands reported a large decline in revenue and an operating loss in the first half of fiscal 2021. Revenue declined to 54.5 billion yen (-22.2% year-on-year) and the segment generated an operating loss of 8.1 billion yen (compared to a 0.7 billion yen profit recorded in the first half of fiscal 2020). Our Theory fashion label reported large declines in both revenue and profit as performance worsened in the United States and Japan in the face of COVID-19. Our Japan-based PLST brand reported a large decline in revenue and a slight operating loss following a reduction in customer visits primarily in urban areas. Finally, our France-based Comptoir des Cottonniers brand reported a large decline in revenue and a wider operating loss on the back of temporary store closures.

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 second quarter of fiscal 2021 from December 2020 to February 2021 involved:

- **Consideration for the environment:** We respect the goal of the Paris Agreement to reduce greenhouse gas emissions by 2050, and are committed to establishing long-term reduction targets in our stores, offices and supply chain. We have started to gradually introduce renewable energy in our stores and offices. In addition, water is valuable resources for the production of clothing. Therefore, in the procurement of raw materials as well as the production, sale and use of our products, we are striving to prevent water pollution and reduce water usage, and are taking measures to address floods and other water risks. In view of these efforts, the CDP (an international non-profit organization that provides a platform for the disclosure of environmental information), included the Group in its Water Security A-List in December 2020, the highest rating for water resource measures. We have thus been recognized as a leading company in terms of active efforts and transparency in water resource management.
- **Community support:** In support of efforts against the COVID-19 pandemic, we have been donating masks and isolation gowns to medical institutions and nursing care facilities around the world since last year. Also, in order to provide support for refugees, among whom the impact of COVID-19 has been spreading, we have intensified our collaboration with the United Nations High Commissioner for Refugees (UNHCR). We plan to donate about a million UNIQLO AIRism masks to refugees and displaced persons in the five countries of Argentina, Iraq, Egypt, Chile and Bolivia, among others.
- **Good management (governance):** As our business expands globally, we are focusing on ensuring compliance, strengthening risk management systems, managing sensitive information and ensuring the thoroughness of internal audits to firmly establishing internal control systems in each country and region. The efforts of each committee are also being intensified. Our Human Rights Committee conducts human rights investigations for employees focused on harassment and discrimination, discusses improvement measures and supports their promotion. In addition, in the event that significant compliance violation is suspected

based on report to the employee hotline, the Code of Conduct Committee discusses whether a violation has been committed and how to prevent its recurrence. The Risk Management Committee has been strengthening risk management in business activities, and is continually discussing and planning our response to issues such as COVID-19, the risk of major disasters such as an earthquake in Tokyo and information security risks.

(ii) Financial Position

Total assets as at 28 February 2021 were 2.5019 trillion yen, which was an increase of 89.9 billion yen relative to the end of the preceding fiscal year. The principal factors were an increase of 127.3 billion yen in cash and cash equivalents, a decrease of 1.6 billion yen in trade and other receivables, an increase of 5.2 billion yen in other current financial assets, a decrease of 62.8 billion yen in inventories, an increase of 6.7 billion yen in other current assets, an increase of 15.7 billion yen in property, plant and equipment, a decrease of 3.6 billion yen in right-of-use assets, and an increase of 4.1 billion yen in investments in associates accounted for using the equity method.

Total liabilities as at 28 February 2021 were 1.4031 trillion yen, which was a decrease of 12.8 billion yen relative to the end of the preceding fiscal year. The principal factors were a decrease of 7.3 billion yen in trade and other payables, a decrease of 44.6 billion yen in other current financial liabilities, an increase of 1.7 billion yen in derivative financial liabilities, an increase of 3.3 billion yen in lease liabilities, an increase of 24.5 billion yen in current tax liabilities, an increase of 4.3 billion yen in other current liabilities, an increase of 3.9 billion yen in provisions, and an increase of 1.3 billion yen in deferred tax liabilities.

Total net assets as at 28 February 2021 were 1.0988 trillion yen, which was an increase of 102.7 billion yen relative to the end of the preceding fiscal year. The principal factors were an increase of 81.9 billion yen in retained earnings, and an increase of 15.7 billion yen in other components of equity.

(2) Cash Flows Information

Cash and cash equivalents as at 28 February 2021 had increased by 127.3 billion yen from the end of the preceding fiscal year, to 1.2208 trillion yen.

(Operating Cash Flows)

Net cash generated by operating activities for the six months ended 28 February 2021 was 352.1 billion yen, which was an increase of 115.4 billion yen (+48.8% year-on-year) from the six months ended 29 February 2020. The principal factors were 171.4 billion yen in profit before income taxes (an increase of 20.6 billion yen from the six months ended 29 February 2020), 11.6 billion yen in impairment losses (an increase of 6.2 billion yen from the six months ended 29 February 2020), 4.7 billion yen in foreign exchange gains (an increase of 7.4 billion yen from the six months ended 29 February 2020), a decrease of 70.1 billion yen in inventories (an increase of 6.0 billion yen from the six months ended 29 February 2020), a decrease of 12.4 billion yen in trade and other payables (an increase of 20.5 billion yen from the six months ended 29 February 2020), an increase of 0.7 billion yen in other assets (a decrease of 11.4 billion yen from the six months ended 29 February 2020), and an increase of 60.1 billion yen in other liabilities (an increase of 61.3 billion yen from the six months ended 29 February 2020).

(Investing Cash Flows)

Net cash used in investing activities for the six months ended 28 February 2021 was 41.0 billion yen, which was a decrease of 17.7 billion yen (-30.2% year-on-year) from the six months ended 29 February 2020. The principal factors were a net increase of 0.5 billion yen in bank deposits with original maturities of three months or longer (a decrease of 19.7 billion yen from the six months ended 29 February 2020), 28.3 billion yen in payments for property, plant and equipment (an increase of 4.5 billion yen from the six months ended 29 February 2020), 8.0 billion yen in payments for intangible assets (a decrease of 2.8 billion yen from the six months ended 29 February 2020), 4.2 billion yen in payments for acquisition of investments in associates (an increase of 4.2 billion yen from the six months ended 29 February 2020), and 0.6 billion yen in proceeds from other investing activities (a decrease of 3.1 billion yen from the six months ended 29 February 2020).

(Financing Cash Flows)

Net cash used in financing activities for the six months ended 28 February 2021 was 201.3 billion yen, which was an increase of 102.1 billion yen (+103.0% year-on-year) from the six months ended 29 February 2020. The principal factors were a net decrease of 4.8 billion yen in loans payable (an increase of 0.6 billion yen from the six months ended 29 February 2020), 100.0 billion yen in repayment of redemption of bonds (an increase of 100.0 billion yen from the six months ended 29 February 2020), 1.3 billion yen in dividends paid to non-controlling interests (a decrease of 0.9 billion yen from the six months ended 29 February 2020), and 70.7 billion yen in repayments of lease liabilities (an increase of 2.5 billion yen from the six months ended 29 February 2020).

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

Our assumptions concerning the impact of COVID-19 have changed since the previous consolidated fiscal year. Further details about this can be found in "4. Use of Estimates and Judgments" in "Notes to the Interim Condensed Consolidated Financial Statements" of "5. Financial Section."

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 2021 that resulted in issues that must be addressed by the Group.

(5) Research and Development

Not applicable.

(6) Significant Facilities

The following are the significant facilities that were newly completed during the six months ended 28 February 2021.

<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 six months ended 28 February 2021.

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

(ii) Shares Issued

Type	Number of shares issued as at 28 February 2021	Number of shares issued as at submission date (As at 9 April 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 Depository Receipts are listed on the Main Board of the Stock Exchange of Hong Kong Limited.

(2) Share Subscription Rights

1. Details of the Stock Option Program

Not applicable.

2. Other Share Subscription Rights

Not applicable.

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

Not applicable.

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

Date	Increase/ (decrease) of total number of shares issued	Balance of total number of shares issued	Increase/ (decrease) of capital stock (Millions of yen)	Balance of capital stock (Millions of yen)	Increase/ (decrease) of capital reserve (Millions of yen)	Balance of capital reserve (Millions of yen)
1 December 2020 to 28 February 2021	-	106,073,656	-	10,273	-	4,578

(Note) There was no change in the total number of shares issued, capital stock or capital reserve during the three months ended 28 February 2021.

(5) Major Shareholders

As at 28 February 2021

Name or trade name	Location	Number of shares held (in thousands of shares)	As a percentage over total number of shares (excluding treasury stock)
Tadashi Yanai	Shibuya-ku, Tokyo	22,037	21.58
The Master Trust Bank of Japan, Ltd.	2-11-3 Hamamatsu-cho, Minato-ku, Tokyo	21,014	20.58
Custody Bank of Japan, Ltd.	1-8-12 Harumi, Chuo-ku, Tokyo	14,073	13.78
TTY Management B.V.	De Entree 99, 1101HE Amsterdam, The Netherlands	5,310	5.20
Kazumi Yanai	New York, U.S.A.	4,781	4.68
Koji Yanai	Shibuya-ku, Tokyo	4,781	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	3.54
JP Morgan Chase Bank (Standing proxy Mizuho Bank, Ltd.)	25 Bank Street, Canary Wharf, London, England 5JP E14 (2-15-1, Konan, Minato-ku, Tokyo)	2,464	2.41
Teruyo Yanai	Shibuya-ku, Tokyo	2,327	2.28
Total	-	85,150	83.38

(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 15 December 2020 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 8 December 2020. However, since the Company has not been able to confirm the number of shares actually held as at 28 February 2021, 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	73	0.07
Nomura International PLC	1 Angel Lane, London EC4R 3AB, United Kingdom	41	0.04
Nomura Asset Management Co., Ltd.	2-2-1 Toyosu, Koto-ku, Tokyo	11,812	11.14

- In addition to the above, 3,943,966 shares of treasury stock are held by the Company (3.72% of the total number of outstanding shares).

(6) Voting Rights

(i) Shares issued

As at 28 February 2021

Class	Number of shares	Number of voting rights	Remarks
Non-voting shares	-	-	-
Shares subject to restrictions on voting rights (e.g., treasury stock)	-	-	-
Shares subject to restrictions on voting rights (e.g., other than treasury stock)	-	-	-
Shares with full voting rights (e.g., treasury stock)	(Shares held as treasury stock) Common stock 3,943,900	-	-
Shares with full voting rights (e.g., other than treasury stock)	Common stock 102,058,100	1,020,581	(Note) 1
Shares less than one unit	Common stock 71,656	-	(Notes) 1, 2
Total number of shares issued	106,073,656	-	-
Total number of voting rights of all shareholders	-	1,020,581	-

(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 66 shares of treasury stock held by the Company.

(ii) Treasury Stock

As at 28 February 2021

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	3,943,900	-	3,943,900	3.72
Total	-	3,943,900	-	3,943,900	3.72

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 2021.

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 2021, 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 2020	As at 28 February 2021
ASSETS			
Current assets			
Cash and cash equivalents		1,093,531	1,220,854
Trade and other receivables		67,069	65,464
Other financial assets	16	49,890	55,162
Inventories	6	417,529	354,641
Derivative financial assets	16	14,413	14,244
Income taxes receivable		2,126	1,496
Other assets		10,629	17,402
Total current assets		1,655,191	1,729,266
Non-current assets			
Property, plant and equipment	7,8	136,123	151,875
Right-of-use assets	8	399,944	396,335
Goodwill		8,092	8,092
Intangible assets	8	66,833	67,162
Financial assets	16	67,770	68,688
Investments in associates accounted for using the equity method		14,221	18,411
Deferred tax assets		45,447	44,630
Derivative financial assets	16	10,983	10,332
Other assets	8	7,383	7,124
Total non-current assets		756,799	772,653
Total assets		2,411,990	2,501,920
Liabilities and equity			
LIABILITIES			
Current liabilities			
Trade and other payables		210,747	203,430
Other financial liabilities	9,16	213,301	168,668
Derivative financial liabilities	16	2,763	5,621
Lease liabilities		114,652	118,956
Current tax liabilities		22,602	47,124
Provisions		752	882
Other liabilities		82,636	86,939
Total current liabilities		647,455	631,623
Non-current liabilities			
Financial liabilities	9,16	370,780	370,872
Lease liabilities		351,526	350,553
Provisions		32,658	36,437
Deferred tax liabilities		7,760	9,105
Derivative financial liabilities	16	3,205	2,094
Other liabilities		2,524	2,414
Total non-current liabilities		768,455	771,478
Total liabilities		1,415,910	1,403,101

	Notes	As at 31 August 2020	As at 28 February 2021
EQUITY			
Capital stock		10,273	10,273
Capital surplus		23,365	25,220
Retained earnings		933,303	1,015,248
Treasury stock, at cost		(15,129)	(15,022)
Other components of equity		4,749	20,507
Equity attributable to owners of the Parent		956,562	1,056,228
Non-controlling interests		39,516	42,590
Total equity		996,079	1,098,819
Total liabilities and equity		2,411,990	2,501,920

(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 2021

(Millions of yen)

	Notes	Six months ended 29 February 2020	Six months ended 28 February 2021
Revenue	11	1,208,512	1,202,864
Cost of sales		(631,722)	(602,413)
Gross profit		576,790	600,451
Selling, general and administrative expenses	12	(438,798)	(420,750)
Other income	13	6,002	4,446
Other expenses	8,13	(7,309)	(16,512)
Share of profit and loss of associates accounted for using the equity method		51	347
Operating profit		136,736	167,982
Finance income	14	18,069	7,059
Finance costs	14	(3,946)	(3,559)
Profit before income taxes		150,859	171,482
Income tax expense		(47,414)	(62,227)
Profit for the period		103,444	109,255
Profit for the period attributable to:			
Owners of the Parent		100,459	105,868
Non-controlling interests		2,985	3,387
Total		103,444	109,255
Earnings per share			
Basic (yen)	15	984.21	1,036.76
Diluted (yen)	15	982.49	1,035.04

Three months ended 28 February 2021

(Millions of yen)

	Notes	Three months ended 29 February 2020	Three months ended 28 February 2021
Revenue		585,028	583,066
Cost of sales		(321,161)	(307,436)
Gross profit		263,867	275,630
Selling, general and administrative expenses		(214,699)	(207,504)
Other income		1,918	2,229
Other expenses		(5,842)	(15,598)
Share of profit and loss of associates accounted for using the equity method		(197)	132
Operating profit		45,045	54,888
Finance income		5,850	11,168
Finance costs		(2,051)	(1,739)
Profit before income taxes		48,844	64,317
Income tax expense		(17,239)	(27,555)
Profit for the period		31,604	36,762
Profit for the period attributable to:			
Owners of the Parent		29,552	35,487
Non-controlling interests		2,052	1,275
Total		31,604	36,762
Earnings per share			
Basic (yen)	15	289.51	347.49
Diluted (yen)	15	288.98	346.91

Interim Condensed Consolidated Statement of Comprehensive Income

Six months ended 28 February 2021

(Millions of yen)

	Six months ended 29 February 2020	Six months ended 28 February 2021
Profit for the period	103,444	109,255
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)	(231)	369
Total items that will not be reclassified subsequently to profit or loss	(231)	369
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	14,715	18,269
Cash flow hedges	25,556	4,584
Share of other comprehensive income of associates	18	55
Total items that may be reclassified subsequently to profit or loss	40,291	22,909
Other comprehensive income / (loss), net of income tax	40,060	23,279
Total comprehensive income for the period	143,505	132,534
Attributable to:		
Owners of the Parent	140,153	127,401
Non-controlling interests	3,352	5,133
Total comprehensive income for the period	143,505	132,534

Three months ended 28 February 2021

(Millions of yen)

	Three months ended 29 February 2020	Three months ended 28 February 2021
Profit for the period	31,604	36,762
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)	(249)	31
Total items that will not be reclassified subsequently to profit or loss	(249)	31
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	(3,286)	11,822
Cash flow hedges	5,312	16,233
Share of other comprehensive income / (loss) of associates	(0)	42
Total items that may be reclassified subsequently to profit or loss	2,024	28,098
Other comprehensive income / (loss), net of income tax	1,775	28,130
Total comprehensive income for the period	33,380	64,893
Attributable to:		
Owners of the Parent	32,524	62,283
Non-controlling interests	855	2,609
Total comprehensive income for the period	33,380	64,893

(3) Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 29 February 2020

(Millions of yen)

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

For the six months ended 28 February 2021

(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 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	-	-	105,868	-	-	-	-	-	-	105,868	3,387	109,255
Other comprehensive income / (loss)	-	-	-	-	369	16,389	4,717	55	21,533	21,533	1,746	23,279
Total comprehensive income / (loss)	-	-	105,868	-	369	16,389	4,717	55	21,533	127,401	5,133	132,534
Transactions with the owners of the Parent												
Acquisition of treasury stock	-	-	-	(4)	-	-	-	-	-	(4)	-	(4)
Disposal of treasury stock	-	1,215	-	111	-	-	-	-	-	1,327	-	1,327
Dividends	10	-	(24,504)	-	-	-	-	-	-	(24,504)	(1,367)	(25,871)
Share-based payments	-	639	-	-	-	-	-	-	-	639	-	639
Transfer to non-financial assets	-	-	-	-	-	-	(5,193)	-	(5,193)	(5,193)	(691)	(5,884)
Transfer to retained earnings	-	-	581	-	(581)	-	-	-	(581)	-	-	-
Total transactions with the owners of the Parent	-	1,855	(23,923)	106	(581)	-	(5,193)	-	(5,774)	(27,735)	(2,058)	(29,794)
Total net changes during the period	-	1,855	81,945	106	(211)	16,389	(475)	55	15,758	99,665	3,074	102,740
As at 28 February 2021	10,273	25,220	1,015,248	(15,022)	173	7,900	12,429	4	20,507	1,056,228	42,590	1,098,819

(4) Interim Condensed Consolidated Statement of Cash Flows

(Millions of yen)

	Note	Six months ended 29 February 2020	Six months ended 28 February 2021
Cash flows from operating activities			
Profit before income taxes		150,859	171,482
Depreciation and amortization		87,871	89,004
Impairment losses	8	5,443	11,696
Interest and dividend income		(5,878)	(2,310)
Interest expenses		3,946	3,551
Foreign exchange losses / (gains)		(12,190)	(4,740)
Share of profit and loss of associates accounted for using the equity method		(51)	(347)
Losses on disposal of property, plant and equipment		355	609
(Increase) / Decrease in trade and other receivables		207	(420)
(Increase) / Decrease in inventories		64,120	70,197
Increase / (Decrease) in trade and other payables		(32,925)	(12,402)
(Increase) / Decrease in other assets		10,648	(764)
Increase / (Decrease) in other liabilities		(1,227)	60,132
Others, net		2,061	2,278
Cash generated from operations		273,241	387,964
Interest and dividends income received		5,633	2,099
Interest paid		(3,483)	(3,114)
Income taxes paid		(39,535)	(36,036)
Income taxes refunded		825	1,212
Net cash generated by operating activities		236,680	352,125
Cash flows from investing activities			
Amounts deposited into bank deposits with original maturities of three months or longer		(53,772)	(47,286)
Amounts withdrawn from bank deposits with original maturities of three months or longer		33,503	46,738
Payments for property, plant and equipment		(23,833)	(28,359)
Payments for intangible assets		(10,895)	(8,083)
Payments for acquisition of right-of-use assets		(1,759)	(666)
Payments for lease and guarantee deposits		(2,952)	(1,825)
Proceeds from collection of lease and guarantee deposits		3,437	2,057
Payments for acquisition of investments in associates		-	(4,232)
Others, net		(2,556)	620
Net cash generated by / (used in) investing activities		(58,828)	(41,037)

(Millions of yen)

	Note	Six months ended 29 February 2020	Six months ended 28 February 2021
Cash flows from financing activities			
Proceeds from short-term loans payable		976	32,618
Repayment of short-term loans payable		(847)	(37,453)
Repayment of long-term loans payable		(4,343)	-
Repayment of redemption of bonds	9	-	(100,000)
Dividends paid to owners of the Parent	10	(24,494)	(24,504)
Dividends paid to non-controlling interests		(2,328)	(1,367)
Repayments of lease liabilities		(68,231)	(70,733)
Others, net		73	106
Net cash generated by / (used in) financing activities		(99,195)	(201,334)
Effect of exchange rate changes on the balance of cash held in foreign currencies		19,127	17,570
Net increase in cash and cash equivalents		97,783	127,323
Cash and cash equivalents at the beginning of period		1,086,519	1,093,531
Cash and cash equivalents at the end of period		1,184,303	1,220,854

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 9 April 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 to our non-financial assets, in the first quarter of the consolidated accounting period, we had assumed that the impact of the COVID-19 pandemic would continue to be felt through to the end of August 2021, on the basis of the assumption that business activities would gradually return to normal. However, there is continued uncertainty around the future economic outlook owing to concerns such as the spread of the virus, and the timing for the situation subsiding differs from region to region and on a case-by-case basis. As such, we made accounting estimates involving the assumption that the impact will last until the end of February 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.

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 six months ended 29 February 2020

(Millions of yen)

	Reportable segments				Total	Others (Note 1)	Adjustments (Note 2)	Interim Condensed Consolidated Statement of Profit or Loss
	UNIQLO Japan	UNIQLO International	GU	Global Brands				
Revenue	463,568	541,248	132,293	70,100	1,207,211	1,301	-	1,208,512
Operating profit / (loss)	71,626	53,267	15,823	741	141,458	278	(5,000)	136,736
Segment income / (loss) (i.e., profit / loss before income taxes)	73,470	54,159	15,711	517	143,858	279	6,721	150,859
Other disclosure: Impairment losses (Note 3)	596	4,377	100	368	5,443	-	-	5,443

(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 2021

(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	492,519	521,826	132,671	54,561	1,201,579	1,284	-	1,202,864
Operating profit / (loss)	97,870	67,070	15,888	(8,188)	172,641	44	(4,703)	167,982
Segment income / (loss) (i.e., profit / loss before income taxes)	98,499	65,995	15,811	(8,436)	171,870	45	(432)	171,482
Other disclosure: Impairment losses (Note 3)	839	9,035	434	1,386	11,696	-	-	11,696

(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 29 February 2020

(Millions of yen)

	Reportable segments				Total	Others (Note 1)	Adjustments (Note 2)	Interim Condensed Consolidated Statement of Profit or Loss
	UNIQLO Japan	UNIQLO International	GU	Global Brands				
Revenue	230,536	260,499	59,344	33,987	584,368	659	-	585,028
Operating profit / (loss)	33,068	15,431	3,446	(1,128)	50,818	311	(6,084)	45,045
Segment income / (loss) (i.e., profit / loss before income taxes)	34,017	17,138	3,333	(1,252)	53,236	312	(4,705)	48,844
Other disclosure: Impairment losses (Note 3)	-	4,206	51	349	4,607	-	-	4,607

(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 2021

(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	238,667	261,196	56,157	26,493	582,514	552	-	583,066
Operating profit / (loss)	37,787	25,649	2,284	(7,965)	57,756	61	(2,929)	54,888
Segment income / (loss) (i.e., profit / loss before income taxes)	38,703	25,250	2,315	(8,090)	58,179	62	6,075	64,317
Other disclosure: Impairment losses (Note 3)	845	8,961	434	1,322	11,563	-	-	11,563

(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 29 February 2020	Six months ended 28 February 2021
Write-down of inventories to net realizable value	4,121	7,525

7. Property, Plant and Equipment

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 28 February 2021
Buildings and structures	104,201	110,733
Furniture, equipment and vehicles	16,773	18,492
Land	1,927	1,927
Construction in progress	13,220	20,721
Total	136,123	151,875

8. Impairment Losses

The Group's impairment losses during the six months ended 28 February 2021 amounted to 11,696 million yen, compared with 5,443 million yen during the six months ended 29 February 2020, and are included in "other expenses" on the Interim condensed consolidated statement of profit or loss.

The breakdown of impairment losses is as follows:

For the six months ended 29 February 2020

Impairment losses are mainly due to a reduction in profitability of store assets at UNIQLO Japan and UNIQLO International, and no material impairment losses are recognized.

For the six months ended 28 February 2021

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

(Millions of yen)

	Six months ended 28 February 2021
Buildings and structures	1,439
Furniture, equipment and vehicles	374
Subtotal on property, plant and equipment	1,814
Software	106
Other intangible assets	7
Subtotal on intangible assets	113
Right-of-use assets	9,765
Other non-current assets (long-term prepayments)	2
Total impairment losses	11,696

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

Impairment losses amounting to 11,696 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 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 until the end of February 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 cash-generating unit ("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 by discounting the cash flow projections based on estimates and growth rates approved by management at a discount rate of mainly 8.1%. Theoretically, the projected cash flows cover a maximum period of five years, and do not use a growth rate that exceeds the long-term average market growth rate. The pre-tax discount rate calculation is primarily 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 Japan	UNIQLO CO., LTD. stores	Buildings, structures and right-of-use assets etc.
UNIQLO International	UNIQLO USA LLC, UNIQLO EUROPE LIMITED etc., stores	Buildings, structures and right-of-use assets etc.
GU	GU (Shanghai) Trading Co., Ltd. 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.

9. Corporate Bonds

The 2nd non-collateralized corporate bonds of 100,000 million yen (interest rate: 0.291%; date of maturity: 18 December 2020) was repaid during the 6 months ended 28 February 2021.

10. Dividends

The total amount of dividends paid was as follows:

For the six months ended 29 February 2020

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

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

For the six months ended 28 February 2021

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.

Dividends on common stock declared subsequent to 28 February 2021 are as follows:

	Six months ended 29 February 2020	Six months ended 28 February 2021
Total dividends (Million yen)	24,499	24,511
Dividends per share (yen)	240	240

The Board has approved the dividends on common stock subsequent to 28 February 2021, and the amount is not recognized as a liability as at 28 February 2021.

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 29 February 2020

	Revenue (Millions of yen)	Percent of Total (%)
Japan	463,568	38.4
Greater China	270,334	22.4
Other parts of Asia & Oceania	135,428	11.2
North America & Europe	135,485	11.2
UNIQLO (Note 1)	1,004,816	83.1
GU (Note 2)	132,293	10.9
Global Brands (Note 3)	70,100	5.8
Others (Note 4)	1,301	0.1
Total	1,208,512	100.0

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

The designated countries and regions are classified as follows:

Greater China: Mainland China, Hong Kong, Taiwan

Other parts of Asia & Oceania: South Korea, Singapore, Malaysia, Thailand, the Philippines, Indonesia, Australia, Vietnam, India

North America & Europe: United States of America, Canada, United Kingdom, France, Russia, Germany, Belgium, Spain, Sweden, the Netherlands, Denmark, Italy

(Note 2) Main national and regional market: Japan

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

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

Six months ended 28 February 2021

	Revenue (Millions of yen)	Percent of Total (%)
Japan	492,519	40.9
Greater China	310,807	25.8
Other parts of Asia & Oceania	110,032	9.1
North America & Europe	100,986	8.4
UNIQLO (Note 1)	1,014,346	84.3
GU (Note 2)	132,671	11.0
Global Brands (Note 3)	54,561	4.5
Others (Note 4)	1,284	0.1
Total	1,202,864	100.0

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

The designated countries and regions are classified as follows:

Greater China: Mainland China, Hong Kong, Taiwan

Other parts of Asia & Oceania: South Korea, Singapore, Malaysia, Thailand, the Philippines, Indonesia, Australia, Vietnam, India

North America & Europe: United States of America, Canada, United Kingdom, France, Russia, Germany, Belgium, Spain, Sweden, the Netherlands, Denmark, Italy

(Note 2) Main national and regional market: Japan

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

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

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 29 February 2020	Six months ended 28 February 2021
Selling, general and administrative expenses		
Advertising and promotion	39,712	36,170
Lease expenses	38,742	35,456
Depreciation and amortization	87,871	89,004
Outsourcing	25,370	25,177
Salaries	145,931	141,353
Distribution	54,124	50,295
Others	47,044	43,292
Total	438,798	420,750

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 29 February 2020	Six months ended 28 February 2021
Other income		
Foreign exchange gains (Note)	3,551	2,366
Others	2,450	2,079
Total	6,002	4,446

(Millions of yen)

	Six months ended 29 February 2020	Six months ended 28 February 2021
Other expenses		
Loss on retirement of property, plant and equipment	355	609
Impairment losses	5,443	11,696
Others	1,510	4,207
Total	7,309	16,512

(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 29 February 2020	Six months ended 28 February 2021
Finance income		
Foreign exchange gains (Note)	12,190	4,740
Interest income	5,867	2,301
Others	11	16
Total	18,069	7,059

(Millions of yen)

	Six months ended 29 February 2020	Six months ended 28 February 2021
Finance costs		
Interest expenses	3,946	3,551
Others	-	7
Total	3,946	3,559

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

15. Earnings per Share

Six months ended 29 February 2020		Six months ended 28 February 2021	
Equity per share attributable to owners of the Parent (Yen)	9,994.97	Equity per share attributable to owners of the Parent (Yen)	10,342.04
Basic earnings per share (Yen)	984.21	Basic earnings per share (Yen)	1,036.76
Diluted earnings per share (Yen)	982.49	Diluted earnings per share (Yen)	1,035.04

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

	Six months ended 29 February 2020	Six months ended 28 February 2021
Basic earnings per share for the period		
Profit for the period attributable to owners of the Parent (Millions of yen)	100,459	105,868
Profit not attributable to common shareholders (Millions of yen)	-	-
Profit attributable to common shareholders (Millions of yen)	100,459	105,868
Average number of common stock outstanding during the period (Shares)	102,070,655	102,114,907
Diluted earnings per share for the period		
Adjustment to profit (Millions of yen)	-	-
Increase in number of common stock (Shares)	179,046	169,788
(Number of share subscription rights included in increase)	(179,046)	(169,788)

Three months ended 29 February 2020		Three months ended 28 February 2021	
Basic earnings per share (Yen)	289.51	Basic earnings per share (Yen)	347.49
Diluted earnings per share (Yen)	288.98	Diluted earnings per share (Yen)	346.91

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

	Three months ended 29 February 2020	Three months ended 28 February 2021
Basic earnings per share for the period		
Profit for the period attributable to owners of the Parent (Millions of yen)	29,552	35,487
Profit not attributable to common shareholders (Millions of yen)	-	-
Profit attributable to common shareholders (Millions of yen)	29,552	35,487
Average number of common stock outstanding during the period (Shares)	102,076,667	102,123,125
Diluted earnings per share for the period		
Adjustment to profit (Millions of yen)	-	-
Increase in number of common stock (Shares)	186,765	172,120
(Number of share subscription rights included in increase)	(186,765)	(172,120)

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 2020		As at 28 February 2021	
	Carrying amounts	Fair value	Carrying amounts	Fair value
Financial assets:				
Security deposits and guarantees	63,639	64,341	64,377	65,108
Total	63,639	64,341	64,377	65,108
Financial liabilities:				
Corporate bonds	469,342	470,938	369,411	371,951
Total	469,342	470,938	369,411	371,951

Notes concerning financial assets and financial liabilities for which book values approximate fair values have been omitted.

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 security deposits and guarantees and corporate bonds 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 28 February 2021	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income	787	-	213	1,001
Net financial assets and financial liabilities measured at fair value through profit or loss	-	459	-	459
Net financial assets and financial liabilities designated as hedging instruments - Fair value	-	16,401	-	16,401
Fair value	787	16,861	213	17,862

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.

17. Commitments for Expenditures

The Group had the following commitments at each reporting date:

(Millions of yen)

	As at 31 August 2020	As at 28 February 2021
Commitment for the acquisition of property, plant and equipment	24,942	19,745
Commitment for the acquisition of intangible assets	2,139	2,781
Total	27,081	22,527

18. Subsequent Events

Not applicable.

2. Others

Dividends

The Company resolved to pay dividends from retained earnings at the meeting of the Board convened on 8 April 2021.

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

9 April 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 28 February 2021, 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, and the interim condensed consolidated statement of changes in equity and 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 2021, and the consolidated results of their operations for the three-month and six-month periods then ended and their cash flows for the six-month period then ended in 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.