



FAST RETAILING

FAST RETAILING CO., LTD.

迅銷有限公司

Interim Report 2021/22

2021.9.1–2022.2.28

Stock Code: 6288

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1. Corporate Profile

Board of Directors

Chairman

Tadashi Yanai (*President and CEO*)

Executive Directors

Takeshi Okazaki

Kazumi Yanai

Koji Yanai

Independent Non-executive Directors

Nobumichi Hattori

Masaaki Shintaku

Takashi Nawa

Naotake Ohno

Kathy Mitsuko Koll (aka Kathy Matsui)

Board of Statutory Auditors

Masaaki Shinjo

Masumi Mizusawa

Keiko Kaneko (External)

Takao Kashitani (External)

Masakatsu Mori (External)

Company Secretary

Shea Yee Man

Independent Accountants

Deloitte Touche Tohmatsu LLC

Principal Banks

Sumitomo Mitsui Banking Corporation

MUFG Bank, Ltd.

Mizuho Bank, Ltd.

The Hong Kong and Shanghai Banking Corporation Limited

Registered Office and Headquarters

10717-1 Sayama

Yamaguchi City

Yamaguchi 754-0894

Japan

Principal Place of Business in Japan

Midtown Tower 9-7-1

Akasaka, Minato-ku

Tokyo 107-6231

Japan

Principal Place of Business in Hong Kong

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

No. 132 Nathan Road

Tsim Sha Tsui

Kowloon

Hong Kong

HDR Registrar and HDR Transfer Office

Computershare Hong Kong Investor Services Limited

Shops 1712-1716, 17th Floor

Hopewell Centre

183 Queen's Road East

Wanchai

Hong Kong

Stock Code

Hong Kong: 6288

Japan: 9983

Website Address

<https://www.fastretailing.com>

2. Financial Highlights

Consolidated Financial Summary

Term	Half-yearly period of 60th Fiscal Year	Half-yearly period of 61st Fiscal Year	60th Fiscal Year
Accounting period	Six months ended 28 February 2021	Six months ended 28 February 2022	Year ended 31 August 2021
Revenue (Millions of yen)	1,202,864	1,218,977	2,132,992
Operating profit (Millions of yen)	167,982	189,278	249,011
Profit before income taxes (Millions of yen)	171,482	212,566	265,872
Profit for the period attributable to owners of the Parent (Millions of yen)	105,868	146,844	169,847
Comprehensive income attributable to owners of the Parent (Millions of yen)	127,401	194,448	215,309
Equity attributable to owners of the Parent (Millions of yen)	1,056,228	1,274,093	1,116,484
Total assets (Millions of yen)	2,501,920	2,641,596	2,509,976
Basic earnings per share (Yen)	1,036.76	1,437.41	1,663.12
Diluted earnings per share (Yen)	1,035.04	1,435.21	1,660.44
Ratio of equity attributable to owners of the Parent to total assets (%)	42.2	48.2	44.5
Net cash generated by operating activities (Millions of yen)	352,125	264,654	428,968
Net cash (used in) / generated by investing activities (Millions of yen)	(41,037)	(74,216)	(82,597)
Net cash (used in) / generated by financing activities (Millions of yen)	(201,334)	(108,025)	(302,985)
Cash and cash equivalents at end of the period (year) (Millions of yen)	1,220,854	1,297,451	1,177,736

Accounting period	Three months ended 28 February 2021	Three months ended 28 February 2022
Revenue (Millions of yen)	583,066	591,585
Profit attributable to owners of the Parent (Millions of yen)	35,487	53,252
Basic earnings per share for the period (Yen)	347.49	521.23

(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. 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 2022.

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 2022.

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 2022.

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 an increase in revenue and a large rise in profits in the first half of fiscal 2022, or the six months from 1 September 2021 to 28 February 2022, with consolidated revenue totaling 1.2189 trillion yen (+1.3% year-on-year) and operating profit rising to 189.2 billion yen (+12.7% year-on-year). That firm result can be attributed primarily to an expansion in our business operations, with strong performances reported by UNIQLO operations in the South Asia, Southeast Asia & Oceania, North America, and Europe regions. Meanwhile, UNIQLO operations in Japan and the Greater China region as well as our GU business segment reported declines in first-half revenue and profit. Fast Retailing's consolidated gross profit margin improved by 1.7 points year-on-year to 51.6% and the selling, general and administrative expense ratio increased by 1.0 points year-on-year to 36.0%. In addition, under finance income net of costs, we recorded a 23.2 billion yen foreign exchange gain on foreign-currency denominated assets and other items due to a depreciation in yen exchange rates over the six-month period. As a result, first-half profit before income taxes rose to 212.5 billion yen (+24.0% year-on-year) and profit attributable to owners of the parent increased to 146.8 billion yen (+38.7% year-on-year). Thanks to the growing diversification of our global earnings pillars, Fast Retailing achieved a record consolidated performance in the first half of fiscal 2022.

As a united Group, we are determined to strengthen initiatives designed to expand our business operations and promote sustainability as part of our quest to become a global No.1 brand. We work hard to ensure our LifeWear ultimate everyday clothing is produced in working environments that are healthy, safe, and environment conscious, and strive to help solve a variety of social issues. We are currently channeling our efforts into expanding our e-commerce, UNIQLO International, and GU businesses as key pillars of operational growth. With regards to e-commerce, we are accelerating the building of a framework that will promote our main business by melding online and physical stores so we can offer as many of the products and information that customers want, whenever they want them. We are already pressing ahead with reforms that will enable us to offer more services that combine the strengths of our physical store and e-commerce network and unify inventory management.

Regarding UNIQLO International, we are accelerating the opening of new stores in all markets and areas in which we operate, and seeking to instill deeper and more widespread empathy for UNIQLO's LifeWear concept by opening global flagship stores and large-format stores in the world's major cities. In terms of our GU segment, we are working to strengthen GU's position as a brand that offers fun fashion at amazingly low prices and seeking to expand the GU store network primarily in Japan.

UNIQLO Japan

UNIQLO Japan reported significant declines in revenue and profit in the first half of fiscal 2022, with revenue totaling 442.5 billion yen (-10.2% year-on-year) and operating profit totaling 80.9 billion yen (-17.3% year-on-year). First-half same-store sales declined by 9.0% year-on-year. This performance was being compared to a strong result in the previous year when sales of ranges such as loungewear that satisfied stay-at-home demand as well as AIRism masks proved particularly buoyant. In addition, shortages of strong-selling Winter ranges resulted in lost sales opportunities. E-commerce sales declined slightly compared to the first half of fiscal 2021 with online sales totaling 72.4 billion yen (-1.9% year-on-year). However, this figure represented an approximate 40% increase compared to the first half of fiscal 2020, so e-commerce is still trending on a favorable expansion track. UNIQLO Japan's gross profit margin improved by 0.9 point as our strategy of restricting discount sales improved discounting rates. The selling, general and administrative expense ratio increased by 2.6 points following the decline in sales.

UNIQLO International

UNIQLO International reported a significant increase in both revenue and profit in the first half of fiscal 2022, with revenue rising to 593.2 billion yen (+13.7% year-on-year) and operating profit expanding to 100.3 billion yen (+49.7% year-on-year). This impressive UNIQLO International performance was fueled primarily by large increases in both revenue and profit at UNIQLO operations in the S/SE Asia & Oceania, North America, and Europe regions. Operating profit generated by the North America and Europe regions constituted approximately 20% of the total for UNIQLO International overall. This constitutes one more earnings pillar following on from the Greater China region, which accounts for approximately 55% of the segment's operating profit. Breaking down the UNIQLO International performance into individual regions and markets, revenue declined and profit contracted significantly in the Mainland China market. This was due to weaker consumer appetite for apparel following the

implementation of restrictions to control rising COVID-19 infections. Meanwhile, the Hong Kong and Taiwan markets and UNIQLO South Korea reported rises in both revenue and profit. S/SE Asia & Oceania reported significant year-on-year rises in revenue and profit. Within that region, UNIQLO operations in Malaysia and Indonesia generated particularly strong results as the easing of COVID-19 restrictions as well as stronger digital and in-store marketing helped attract customers. UNIQLO North America reported a significant rise in revenue and moved into the black in the first half. Sales expanded as we focused on conveying pertinent information to strengthen UNIQLO branding and marketing core products. The region's gross profit margin and selling, general and administrative expense ratio improved significantly on the back of restricted discount sales and an overhaul of the operation's cost structures. UNIQLO Europe achieved significant increases in both revenue and profit as stronger marketing targeting new customers successfully broadened the customer base and the region was able to secure sufficient inventory of strong-selling core Winter ranges.

We are pursuing more determined new store openings on a global scale. We opened the UNIQLO RIVOLI Store in Paris in September 2021 and our first global flagship store in Beijing, the UNIQLO BEIJING SANLITUN Store, in November 2021. We are set to open our new UNIQLO Regent Street Store in London in April 2022. We intend to showcase the UNIQLO brand to the world from prime locations in major global cities.

GU

The GU business segment reported a decline in revenue and a considerable contraction in profit in the first half of fiscal 2022, with revenue falling to 122.8 billion yen (-7.4% year-on-year) and operating profit contracting to 9.3 billion yen (-40.9% year-on-year). First-half sales declined as persistently warm weather early on in the season stifled sales of Fall items and, despite strong sales of knitwear, bottoms, and other Winter items, delays in production and distribution prevented us from procuring strong-selling items in a timely manner and resulted in lost sales opportunities. GU's gross profit margin declined by 0.4 point as the sharp rises in raw materials prices and shipping costs resulted in a slightly higher cost of sales. GU's selling, general and administrative expense ratio increased by 3.6 points. However, this was due to a temporary increase in distribution costs linked to the launch of automated warehousing in Western Japan to help expand e-commerce operations as well as stronger marketing to boost brand recognition.

Global Brands

The Global Brands segment reported a rise in revenue and a move back into the black in the first half of fiscal 2022. The segment generated revenue of 58.9 billion yen (+8.1% year-on-year) and an operating profit of 1.0 billion yen (compared to an 8.1 billion yen loss recorded in the first half of fiscal 2021). Our Theory operation generated strong increases in both revenue and profit thanks primarily to a recovery in performance and a move back into the black for Theory in the United States. PLST reported a decline in revenue and a wider operating loss as the operation was adversely impacted by Japan's COVID-19-related state of emergency and semi-state of emergency measures and was unable to release products and convey product news that would attract customers. Our France-based Comptoir des Cotonniers operation reported higher revenue and a considerably lower operating loss in the first half as customer numbers in France recovered compared to the previous year, which was hit hard by rising COVID-19 infections. Meanwhile, the permanent closure of unprofitable stores and other structural reforms improved cost efficiencies.

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 and Implementing good corporate governance. Our main activities for the current period involved:

■ Respecting human rights in our supply chain: In order to improve the quality of life of the people working in our supply chain, in December 2021 we not only guaranteed our workers a minimum wage, but also announced targets and initiatives aimed at providing a living wage (a level of pay that meets a person's fundamental needs such as clothing, shelter and food, and allows them to lead a reasonable social life). Please see our website for more details:

https://www.fastretailing.com/jp/about/frway/pdf/LivingWageCommitment_jp.pdf

■ **Consideration for the environment:** For the second year running, we have been selected as a Supplier Engagement Leader by CDP, an international non-profit organization that provides a platform for the disclosure of environmental information. Supplier Engagement Leader is the highest rank given by the Supplier Engagement Rating, which assesses how effectively companies work with their suppliers to combat climate change. It was only awarded to the top 8% of companies surveyed globally in 2021. Fast Retailing was recognized for incorporating our climate response into our business strategy and working on reducing greenhouse gas emissions in our supply chain (<https://www.fastretailing.com/jp/sustainability/news/2202161500.html>).

■ **Strengthening communities:** The Power of Clothing Project received the METI Minister's Awards Grand Prix, the top prize in the large-enterprise category of the Japanese Ministry of Economy, Trade and Industry's 11th Career Education Awards. It also received the Judges' Commendation in the 9th Awards for Companies Promoting Experience-based Learning Activities for Young People, held by the Japanese Ministry of Education, Culture, Sports, Science and Technology. The Power of Clothing Project is a hands-on learning program for elementary, junior and high-school students, organized by Fast Retailing in partnership with the UN Refugee Agency. This year marks the project's tenth anniversary. In fiscal 2021, around 73,000 students from 625 schools took part (<https://www.fastretailing.com/jp/sustainability/news/2202281500.html>).

Following an appeal by the UN Refugee Agency, we have also made a donation of USD 10 million (approx. JPY 1.15 billion) toward their work providing emergency humanitarian aid in Ukraine and the surrounding regions. This donation will be used for urgent work to protect people in danger, including the establishment of emergency shelters, distribution of emergency supplies, and children's mental health care. We will also provide 100,000 clothing items, including UNIQLO HEATTECH blankets, HEATTECH innerwear and AIRism face masks, as well as 100,000 items of reclaimed winter clothing, etc. collected at UNIQLO stores in Japan, to refugees in regions such as Poland according to the needs of the UN Refugee Agency (<https://www.fastretailing.com/jp/ir/news/2203101800.html>).

■ **Implementing good corporate governance:** To enable rapid and transparent management, each committee is engaged in open and active discussion. The Nomination and Remuneration Advisory Committee has been restructured to further improve the committee's transparency and independence. The Board of Directors will nominate an external director to serve as the chairperson, and all independent external directors and some independent external auditors will participate as committee members. Furthermore, the Group's philosophy and spirit are the source of our growth, and we believe it is important that these are passed on, so the President will also participate as a committee member. The Human Rights Committee are discussing an action plan for an initiative to ensure that human rights are respected in the future, based on monitoring of manufacturing partners' working environments, and the findings of their factory hotlines.

(ii) Financial Position

Total assets as at 28 February 2022 were 2.6415 trillion yen, which was an increase of 131.6 billion yen relative to the end of the preceding fiscal year. The principal factors were an increase of 119.7 billion yen in cash and cash equivalents, an increase of 39.1 billion yen in other current financial assets, a decrease of 44.5 billion yen in inventories, an increase of 19.9 billion yen in derivative financial assets, an increase of 7.8 billion yen in property, plant and equipment, a decrease of 13.3 billion yen in right-of-use assets, and a decrease of 5.4 billion yen in deferred tax assets.

Total liabilities as at 28 February 2022 were 1.3197 trillion yen, which was a decrease of 27.9 billion yen relative to the end of the preceding fiscal year. The principal factors were a decrease of 12.0 billion yen in trade and other payables, an increase of 48.9 billion yen in other current financial liabilities, a decrease of 2.3 billion yen in derivative financial liabilities, an increase of 9.1 billion yen in current tax liabilities, a decrease of 7.9 billion yen in other current liabilities, a decrease of 49.8 billion yen in non-current financial liabilities, a decrease of 14.5 billion yen in lease liabilities, and an increase of 1.9 billion yen in provisions.

Total net assets as at 28 February 2022 were 1.3218 trillion yen, which was an increase of 159.5 billion yen relative to the end of the preceding fiscal year. The principal factors were an increase of 122.3 billion yen in retained earnings, and an increase of 32.7 billion yen in other components of equity.

(2) Cash Flows Information

Cash and cash equivalents as at 28 February 2022 had increased by 119.7 billion yen from the end of the preceding fiscal year, to 1.2974 trillion yen.

(Operating Cash Flows)

Net cash generated by operating activities for the six months ended 28 February 2022 was 264.6 billion yen (352.1 billion yen was generated during the six months ended 28 February 2021). The principal factors were cash inflow from profit before tax for 212.5 billion yen, depreciation and amortization for 88.2 billion yen and decrease in inventories for 50.1 billion yen, and cash outflow from income taxes paid for 55.4 billion yen and foreign exchange gains for 23.5 billion yen.

(Investing Cash Flows)

Net cash used in investing activities for the six months ended 28 February 2022 was 74.2 billion yen (41.0 billion yen was used during the six months ended 28 February 2021). The principal factors were a net increase of 35.4 billion yen in bank deposits with original maturities of three months or longer, and 26.9 billion yen in payments for property, plant and equipment.

(Financing Cash Flows)

Net cash used in financing activities for the six months ended 28 February 2022 was 108.0 billion yen (201.3 billion yen was used during the six months ended 28 February 2021). The principal factors were 66.9 billion yen in repayments of lease liabilities, and 24.4 billion yen in dividends paid to owners of the Parent.

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

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

(4) Operational and Financial Challenges to Address as Priority

There have been no significant challenges during the six months ended 28 February 2022 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 2022.

<Subsidiaries in Japan>

Company name	Type of facility	Name of business	Location	Completion date
UNIQLO CO., LTD.	UNIQLO Japan warehouses	Kobe DC Warehouses	Japan Hyogo	September 2021
UNIQLO CO., LTD.	UNIQLO Japan warehouses	Ibaraki DC Warehouses	Japan Osaka	November 2021

<Overseas Subsidiaries>

Company name	Type of facility	Name of business	Location	Completion date
UNIQLO EUROPE LIMITED	UNIQLO International store	UNIQLO Rivoli	France Paris	September 2021
UNIQLO TAIWAN LTD.	UNIQLO International store	UNIQLO Taipei	Taiwan Taipei	October 2021
FAST RETAILING (CHINA) TRADING CO., LTD	UNIQLO International store	UNIQLO BEIJING SALITUN	China Beijing	November 2021
LLC UNIQLO (RUS)	UNIQLO International store	UNIQLO Moscow	Russia Moscow	December 2021

The following are the significant facilities that were newly planned during the six months ended 28 February 2022.

<Subsidiaries in Japan>

Company name	Type of facility	Name of business	Location	Completion date
UNIQLO CO., LTD.	UNIQLO Japan warehouses	Nagareyama DC Warehouses	Japan Chiba	April 2022

<Overseas Subsidiaries>

Company name	Type of facility	Name of business	Location	Completion date
UNIQLO EUROPE LIMITED	UNIQLO International store	UNIQLO Regent Street	United Kingdom London	April 2022

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 2022	Number of shares issued as at submission date (As at 14 April 2022)	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 2021 to 28 February 2022	-	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 2022.

(5) Major Shareholders

As at 28 February 2022

Name or trade name	Location	Number of shares held (in thousands of shares)	As a percentage over total number of shares (excluding treasury stock)
The Master Trust Bank of Japan, Ltd.	2-11-3 Hamamatsu-cho, Minato-ku, Tokyo	22,962	22.47
Tadashi Yanai	Shibuya-ku, Tokyo	22,037	21.57
Custody Bank of Japan, Ltd.	1-8-12 Harumi, Chuo-ku, Tokyo	11,400	11.16
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	3.53
Teruyo Yanai	Shibuya-ku, Tokyo	2,327	2.28
STATE STREET BANK AND TRUST COMPANY (Standing proxy Mizuho Bank, Ltd.)	P.O. Box 351, Boston, Massachusetts, U.S.A., 02101 (2-15-1, Konan, Minato-ku, Tokyo)	2,186	2.14
Total	-	84,148	82.36

(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 17 January 2022 by Nomura Securities Co., Ltd. and the two parties of Nomura International PLC and Nomura Asset Management Co., Ltd., which are all joint shareholders, each party held the shares stated below as at 12 January 2022. However, since the Company has not been able to confirm the number of shares actually held as at 28 February 2022, 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	79	0.08
Nomura International PLC	1 Angel Lane, London EC4R 3AB, United Kingdom	66	0.06
Nomura Asset Management Co., Ltd.	2-2-1 Toyosu, Koto-ku, Tokyo	11,319	10.67

- In addition to the above, 3,899,687 shares of treasury stock are held by the Company (3.68% of the total number of outstanding shares).

(6) Voting Rights

(i) Shares issued

As at 28 February 2022

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 3,899,600	-	-
Shares with full voting rights (e.g., other than treasury stock)	Common stock 102,077,400	1,020,774	(Note) 1
Shares less than one unit	Common stock 96,656	-	(Notes) 1, 2
Total number of shares issued	106,073,656	-	-
Total number of voting rights of all shareholders	-	1,020,774	-

(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 87 shares of treasury stock held by the Company.

(ii) Treasury Stock

As at 28 February 2022

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	3,899,600	-	3,899,600	3.68
Total	-	3,899,600	-	3,899,600	3.68

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 2022.

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 2022, 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 2021	As at 28 February 2022
ASSETS			
Current assets			
Cash and cash equivalents		1,177,736	1,297,451
Trade and other receivables		50,546	55,861
Other financial assets	15	56,157	95,275
Inventories	6	394,868	350,348
Derivative financial assets	15	27,103	40,151
Income taxes receivable		2,992	1,391
Other assets		15,270	20,342
Total current assets		1,724,674	1,860,823
Non-current assets			
Property, plant and equipment	7,8	168,177	176,033
Right-of-use assets	8	390,537	377,152
Goodwill		8,092	8,092
Intangible assets	8	66,939	70,605
Financial assets	15	67,122	65,074
Investments in associates accounted for using the equity method		18,236	18,392
Deferred tax assets		37,125	31,645
Derivative financial assets	15	22,552	29,460
Other assets	8	6,520	4,317
Total non-current assets		785,302	780,772
Total assets		2,509,976	2,641,596
Liabilities and equity			
LIABILITIES			
Current liabilities			
Trade and other payables		220,057	208,009
Other financial liabilities	15	104,969	153,916
Derivative financial liabilities	15	2,493	764
Lease liabilities		117,083	114,532
Current tax liabilities		38,606	47,726
Provisions		2,149	2,201
Other liabilities		95,652	87,736
Total current liabilities		581,012	614,887
Non-current liabilities			
Financial liabilities	15	370,799	320,947
Lease liabilities		343,574	331,531
Provisions		39,046	40,923
Deferred tax liabilities		9,860	8,644
Derivative financial liabilities	15	1,042	397
Other liabilities		2,342	2,422
Total non-current liabilities		766,665	704,866
Total liabilities		1,347,678	1,319,754

	Notes	As at 31 August 2021	As at 28 February 2022
EQUITY			
Capital stock		10,273	10,273
Capital surplus		25,360	27,713
Retained earnings		1,054,791	1,177,178
Treasury stock, at cost		(14,973)	(14,864)
Other components of equity		41,031	73,791
Equity attributable to owners of the Parent		1,116,484	1,274,093
Non-controlling interests		45,813	47,747
Total equity		1,162,298	1,321,841
Total liabilities and equity		2,509,976	2,641,596

(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 2022

(Millions of yen)

	Notes	Six months ended 28 February 2021	Six months ended 28 February 2022
Revenue	10	1,202,864	1,218,977
Cost of sales		(602,413)	(589,891)
Gross profit		600,451	629,085
Selling, general and administrative expenses	11	(420,750)	(439,265)
Other income	12	4,446	6,652
Other expenses	8,12	(16,512)	(7,770)
Share of profit and loss of associates accounted for using the equity method		347	576
Operating profit		167,982	189,278
Finance income	13	7,059	26,694
Finance costs	13	(3,559)	(3,407)
Profit before income taxes		171,482	212,566
Income tax expense		(62,227)	(58,183)
Profit for the period		109,255	154,382
Profit for the period attributable to:			
Owners of the Parent		105,868	146,844
Non-controlling interests		3,387	7,537
Total		109,255	154,382
Earnings per share			
Basic (yen)	14	1,036.76	1,437.41
Diluted (yen)	14	1,035.04	1,435.21

Three months ended 28 February 2022

(Millions of yen)

	Notes	Three months ended 28 February 2021	Three months ended 28 February 2022
Revenue		583,066	591,585
Cost of sales		(307,436)	(301,126)
Gross profit		275,630	290,458
Selling, general and administrative expenses		(207,504)	(216,813)
Other income		2,229	2,964
Other expenses		(15,598)	(6,882)
Share of profit and loss of associates accounted for using the equity method		132	144
Operating profit		54,888	69,871
Finance income		11,168	10,171
Finance costs		(1,739)	(1,685)
Profit before income taxes		64,317	78,357
Income tax expense		(27,555)	(21,595)
Profit for the period		36,762	56,762
Profit for the period attributable to:			
Owners of the Parent		35,487	53,252
Non-controlling interests		1,275	3,510
Total		36,762	56,762
Earnings per share			
Basic (yen)	14	347.49	521.23
Diluted (yen)	14	346.91	520.41

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

(Millions of yen)

Notes	Six months ended 28 February 2021	Six months ended 28 February 2022
Profit for the period	109,255	154,382
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)	369	(57)
Total items that will not be reclassified subsequently to profit or loss	369	(57)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	18,269	16,961
Cash flow hedges	4,584	30,561
Share of other comprehensive income of associates	55	7
Total items that may be reclassified subsequently to profit or loss	22,909	47,531
Other comprehensive income / (loss), net of income tax	23,279	47,473
Total comprehensive income for the period	132,534	201,856
Attributable to:		
Owners of the Parent	127,401	194,448
Non-controlling interests	5,133	7,407
Total comprehensive income for the period	132,534	201,856

Three months ended 28 February 2022

(Millions of yen)

	Notes	Three months ended 28 February 2021	Three months ended 28 February 2022
Profit for the period		36,762	56,762
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)		31	0
Total items that will not be reclassified subsequently to profit or loss		31	0
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		11,822	938
Cash flow hedges		16,233	11,848
Share of other comprehensive income / (loss) of associates		42	5
Total items that may be reclassified subsequently to profit or loss		28,098	12,792
Other comprehensive income / (loss), net of income tax		28,130	12,793
Total comprehensive income for the period		64,893	69,556
Attributable to:			
Owners of the Parent		62,283	67,295
Non-controlling interests		2,609	2,260
Total comprehensive income for the period		64,893	69,556

(3) Interim Condensed Consolidated Statement of Changes in Equity
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	9	-	(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

For the six months ended 28 February 2022

(Millions of yen)

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

(4) Interim Condensed Consolidated Statement of Cash Flows

(Millions of yen)

	Notes	Six months ended 28 February 2021	Six months ended 28 February 2022
Cash flows from operating activities			
Profit before income taxes		171,482	212,566
Depreciation and amortization		89,004	88,254
Impairment losses	8	11,696	6,086
Interest and dividend income		(2,310)	(3,069)
Interest expenses		3,551	3,359
Foreign exchange losses / (gains)		(4,740)	(23,576)
Share of profit and loss of associates accounted for using the equity method		(347)	(576)
Losses on disposal of property, plant and equipment		609	663
(Increase) / Decrease in trade and other receivables		(420)	(4,471)
(Increase) / Decrease in inventories		70,197	50,108
Increase / (Decrease) in trade and other payables		(12,402)	(14,429)
(Increase) / Decrease in other assets		(764)	(4,364)
Increase / (Decrease) in other liabilities		60,132	1,168
Others, net		2,278	2,442
Cash generated from operations		387,964	314,159
Interest and dividends income received		2,099	2,594
Interest paid		(3,114)	(2,889)
Income taxes paid		(36,036)	(55,461)
Income taxes refunded		1,212	6,251
Net cash generated by operating activities		352,125	264,654
Cash flows from investing activities			
Amounts deposited into bank deposits with original maturities of three months or longer		(47,286)	(96,317)
Amounts withdrawn from bank deposits with original maturities of three months or longer		46,738	60,902
Payments for property, plant and equipment		(28,359)	(26,926)
Payments for intangible assets		(8,083)	(12,181)
Payments for acquisition of right-of-use assets		(666)	(382)
Payments for lease and guarantee deposits		(1,825)	(2,005)
Proceeds from collection of lease and guarantee deposits		2,057	2,511
Payments for acquisition of investments in associates		(4,232)	-
Others, net		620	183
Net cash generated by / (used in) investing activities		(41,037)	(74,216)

(Millions of yen)

	Notes	Six months ended 28 February 2021	Six months ended 28 February 2022
Cash flows from financing activities			
Proceeds from short-term loans payable		32,618	9,816
Repayment of short-term loans payable		(37,453)	(21,738)
Repayment of redemption of bonds		(100,000)	-
Dividends paid to owners of the Parent	9	(24,504)	(24,456)
Dividends paid to non-controlling interests		(1,367)	(5,250)
Repayments of lease liabilities		(70,733)	(66,907)
Others, net		106	511
Net cash generated by / (used in) financing activities		(201,334)	(108,025)
Effect of exchange rate changes on the balance of cash held in foreign currencies		17,570	37,302
Net increase in cash and cash equivalents		127,323	119,715
Cash and cash equivalents at the beginning of period		1,093,531	1,177,736
Cash and cash equivalents at the end of period		1,220,854	1,297,451

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 2021.

The interim condensed consolidated financial statements were approved on 14 April 2022 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 2021 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. While the spread of COVID-19, and 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 August 2022 for most countries and regions including Japan, with the situation taking longer to get under control for stores in certain other countries and regions.

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, and PRINCESSE TAM.TAM clothing business

For J Brand Inc, which had been included in Global Brands operations for the six months ended 28 February 2021, the corporate liquidation proceedings has been completed on 5 August 2021.

(ii) Segment revenue and results

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 six months ended 28 February 2022

(Millions of yen)

	Reportable segments				Total	Others (Note 1)	Adjustments (Note 2)	Interim Condensed Consolidated Statement of Profit or Loss
	UNIQLO Japan	UNIQLO International	GU	Global Brands				
Revenue	442,513	593,263	122,824	58,994	1,217,595	1,381	-	1,218,977
Operating profit / (loss)	80,926	100,373	9,385	1,044	191,729	(511)	(1,939)	189,278
Segment income /(loss) (i.e., profit / loss before income taxes)	82,648	101,072	9,534	865	194,120	(545)	18,990	212,566
Other disclosure: Impairment losses (Note 3)	-	3,580	1,186	524	5,292	794	-	6,086

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

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

(Note 3) Details on the Impairment losses are stated in note "8. Impairment losses".

For the 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".

For the three months ended 28 February 2022

(Millions of yen)

	Reportable segments				Total	Others (Note 1)	Adjustments (Note 2)	Interim Condensed Consolidated Statement of Profit or Loss
	UNIQLO Japan	UNIQLO International	GU	Global Brands				
Revenue	216,064	293,540	52,986	28,272	590,864	721	-	591,585
Operating profit / (loss)	32,137	40,463	475	(1,495)	71,579	(529)	(1,178)	69,871
Segment income /(loss) (i.e., profit / loss before income taxes)	32,891	41,237	441	(1,577)	72,992	(545)	5,910	78,357
Other disclosure: Impairment losses (Note 3)	-	3,514	1,186	492	5,193	794	-	5,988

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

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

(Note 3) Details on the Impairment losses are stated in note "8. Impairment losses".

6. Inventories

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

(Millions of yen)

	Six months ended 28 February 2021	Six months ended 28 February 2022
Write-down of inventories to net realizable value	7,525	4,080

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 2021	As at 28 February 2022
Buildings and structures	116,120	115,036
Machinery and equipment	11,216	22,573
Furniture, fixtures and vehicles	20,553	26,042
Land	1,927	1,927
Construction in progress	18,358	10,452
Total	168,177	176,033

8. Impairment Losses

During the six months ended 28 February 2022, the Group recognized impairment losses on certain store assets, etc., due to reductions in profitability of the respective cash-generating units ("CGU").

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

(Millions of yen)

	Six months ended 28 February 2021	Six months ended 28 February 2022
Buildings and structures	1,439	2,047
Furniture, equipment and vehicles	374	44
Subtotal on property, plant and equipment	1,814	2,092
Software	106	-
Other intangible assets	7	13
Subtotal on intangible assets	113	13
Right-of-use assets	9,765	3,978
Other non-current assets (long-term prepayments)	2	2
Total impairment losses	11,696	6,086

The Group's impairment losses during the six months ended 28 February 2022 amounted to 6,086 million yen, compared with 11,696 million yen during the six months ended 28 February 2021, and are included in "Other expenses" on the consolidated statement of profit or loss.

Six months ended 28 February 2021

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 of the stores, etc. Although the timing for the situation subsiding differs from region to region and on a case-by-case basis, we made accounting estimates involving the assumption that the impact will last 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 identifiable CGU that independently generates cash inflow. In principle, each store, including flagship stores, is considered as an individual CGU and recoverable amounts thereon are calculated based on value in use. The value in use is calculated based on the cash flow projections with estimates and growth rates approved by management, applying a discount rate of mainly 8.1 %. Theoretically, the projected cash flows cover a five-year period, and do not use a growth rate that exceeds the long-term average market growth rate. The pre-tax discount rate calculation is based on the weighted-average cost of capital.

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

Operating segment	CGU	Type
UNIQLO Japan	UNIQLO CO., LTD. stores	Buildings, structures and Right-of-use assets
UNIQLO International	UNIQLO USA LLC, UNIQLO EUROPE LIMITED etc., stores	Buildings, structures and Right-of-use assets
GU	GU (Shanghai) Trading Co., Ltd. stores	Buildings, structures and Right-of-use assets
Global Brands	COMPTOIR DES COTONNIERS S.A.S., etc., stores	Buildings, structures and Right-of-use assets

Six months ended 28 February 2022

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

Impairment losses amounting to 6,086 million yen represented write downs of the carrying amounts of store assets to the recoverable amounts, primarily due to a reduction in profitability of certain stores, including flagship stores. With the global spread of COVID-19, the Group's performance has been adversely affected due to temporarily closing of the stores, etc. Although the timing for the situation subsiding differs from region to region and on a case-by-case basis, we made accounting estimates involving the assumption that the impact will last for the fiscal year ending August 2022 for most countries and regions including Japan. For stores in other certain countries and regions, it may take longer for the situation to get under control.

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

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

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

9. Dividends

The total amount of dividends paid was as follows:

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.

For the six months ended 28 February 2022

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

Dividends were declared on 2 November 2021 and paid on 5 November 2021. The effective date of the dividend was for shareholders as at 31 August 2021.

Dividends on common stock declared subsequent to 28 February 2022 are as follows:

	Six months ended 28 February 2021	Six months ended 28 February 2022
Total dividends (Million yen)	24,511	28,608
Dividends per share (yen)	240	280

The Board has approved the dividends on common stock subsequent to 28 February 2022, and the amount is not recognized as a liability as at 28 February 2022.

10. Revenue

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

Six months ended 28 February 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.

Six months ended 28 February 2022

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

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

The designated countries and regions are classified as follows:

Greater China: Mainland China, Hong Kong, Taiwan

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

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

(Note 2) Main national and regional market: Japan

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

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

11. Selling, General and Administrative Expenses

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

(Millions of yen)

	Six months ended 28 February 2021	Six months ended 28 February 2022
Selling, general and administrative expenses		
Advertising and promotion	36,170	41,719
Lease expenses	35,456	40,172
Depreciation and amortization	89,004	88,254
Outsourcing	25,177	27,230
Salaries	141,353	146,464
Distribution	50,295	49,995
Others	43,292	45,427
Total	420,750	439,265

12. Other Income and Other Expenses

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

(Millions of yen)

	Six months ended 28 February 2021	Six months ended 28 February 2022
Other income		
Foreign exchange gains (Note)	2,366	2,197
Others	2,079	4,454
Total	4,446	6,652

(Millions of yen)

	Six months ended 28 February 2021	Six months ended 28 February 2022
Other expenses		
Loss on retirement of property, plant and equipment	609	663
Impairment losses	11,696	6,086
Others	4,207	1,020
Total	16,512	7,770

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

13. Finance Income and Finance Costs

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

(Millions of yen)

	Six months ended 28 February 2021	Six months ended 28 February 2022
Finance income		
Foreign exchange gains (Note)	4,740	23,576
Interest income	2,301	3,059
Others	16	58
Total	7,059	26,694

(Millions of yen)

	Six months ended 28 February 2021	Six months ended 28 February 2022
Finance costs		
Interest expenses	3,551	3,359
Others	7	48
Total	3,559	3,407

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

14. Earnings per Share

Six months ended 28 February 2021		Six months ended 28 February 2022	
Equity per share attributable to owners of the Parent (Yen)	10,342.04	Equity per share attributable to owners of the Parent (Yen)	12,469.85
Basic earnings per share (Yen)	1,036.76	Basic earnings per share (Yen)	1,437.41
Diluted earnings per share (Yen)	1,035.04	Diluted earnings per share (Yen)	1,435.21

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

	Six months ended 28 February 2021	Six months ended 28 February 2022
Basic earnings per share for the period		
Profit for the period attributable to owners of the Parent (Millions of yen)	105,868	146,844
Profit not attributable to common shareholders (Millions of yen)	-	-
Profit attributable to common shareholders (Millions of yen)	105,868	146,844
Average number of common stock outstanding during the period (Shares)	102,114,907	102,158,795
Diluted earnings per share for the period		
Adjustment to profit (Millions of yen)	-	-
Increase in number of common stock (Shares)	169,788	156,763
(Number of share subscription rights included in increase)	(169,788)	(156,763)

Three months ended 28 February 2021		Three months ended 28 February 2022	
Basic earnings per share (Yen)	347.49	Basic earnings per share (Yen)	521.23
Diluted earnings per share (Yen)	346.91	Diluted earnings per share (Yen)	520.41

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

	Three months ended 28 February 2021	Three months ended 28 February 2022
Basic earnings per share for the period		
Profit for the period attributable to owners of the Parent (Millions of yen)	35,487	53,252
Profit not attributable to common shareholders (Millions of yen)	-	-
Profit attributable to common shareholders (Millions of yen)	35,487	53,252
Average number of common stock outstanding during the period (Shares)	102,123,125	102,166,864
Diluted earnings per share for the period		
Adjustment to profit (Millions of yen)	-	-
Increase in number of common stock (Shares)	172,120	160,255
(Number of share subscription rights included in increase)	(172,120)	(160,255)

15. Fair value of Financial Instruments

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

(Millions of yen)

	As at 31 August 2021		As at 28 February 2022	
	Carrying amounts	Fair value	Carrying amounts	Fair value
Financial assets:				
Security deposits and guarantees	64,502	65,358	64,806	65,202
Total	64,502	65,358	64,806	65,202
Financial liabilities:				
Corporate bonds	369,471	375,144	369,530	371,913
Total	369,471	375,144	369,530	371,913

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

Notes concerning financial assets and financial liabilities for which carrying amount approximates the fair value 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 2021	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income	808	-	199	1,008
Net financial assets and financial liabilities measured at fair value through profit or loss	-	(71)	-	(71)
Net financial assets and financial liabilities designated as hedging instruments - Fair value	-	46,190	-	46,190
Fair value	808	46,118	199	47,127

(Millions of yen)

As at 28 February 2022	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income	482	-	200	682
Net financial assets and financial liabilities measured at fair value through profit or loss	-	(99)	-	(99)
Net financial assets and financial liabilities designated as hedging instruments - Fair value	-	68,550	-	68,550
Fair value	482	68,450	200	69,132

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

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

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

16. Commitments for Expenditures

The Group had the following commitments at each reporting date:

(Millions of yen)

	As at 31 August 2021	As at 28 February 2022
Commitment for the acquisition of property, plant and equipment	21,492	33,336
Commitment for the acquisition of intangible assets	1,487	2,910
Total	22,979	36,247

17. Subsequent Events

Not applicable.

2. Others

Dividends

The Company resolved to pay dividends from retained earnings at the meeting of the Board convened on 14 April 2022.

The total amount of dividends paid and the amount per share are stated under "Financial Section 1. Interim Condensed Consolidated Financial Statements, Notes to the Interim Condensed Consolidated Financial Statements 9. Dividends."

(TRANSLATION)

Independent accountant's review report

14 April 2022

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

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Hirofumi Otani

Designated Engagement Partner,
Certified Public Accountant:

Akira Kimotsuki

Accountant's Conclusion

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have reviewed the interim condensed consolidated financial statements of FAST RETAILING CO., LTD. and its consolidated subsidiaries (the "Group") included in the Financial Section, namely, the interim condensed consolidated statement of financial position as at 28 February 2022, the interim condensed consolidated statement of profit or loss and interim condensed consolidated statement of comprehensive income for the three-month and six-month periods then ended, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and the related notes.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at 28 February 2022, and its consolidated financial performance for the three-month and six-month periods then ended and its consolidated cash flows for the six-month period then ended in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" ("IAS 34"), pursuant to Article 93 of the "Rules Governing Term, Form and Preparation of Consolidated Quarterly Financial Statements".

Basis for Accountant's Conclusion

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

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

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

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

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

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

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

As part of a review in accordance with quarterly review standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the review. We also:

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

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

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

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

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

Notes to the Readers of Independent Accountant's Review Report

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