FAST RETAILING

**FAST RETAILING CO., LTD.**

**迅銷有限公司**

*(Incorporated in Japan with limited liability)*

**(Stock Code:6288)**

# INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 28 FEBRUARY 2019 AND RESUMPTION OF TRADING

The board of directors (the "Board") of FAST RETAILING CO., LTD. (the "Parent" or "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 28 February 2019.

At the request of the Company, trading in its Hong Kong depositary receipts on the Stock Exchange was halted with effect from 1:00 p.m. on Thursday, 11 April 2019, pending the release of this announcement. An application will be made by the Company to the Stock Exchange for resumption of trading in the Hong Kong depositary receipts with effect from 9:00 a.m. on Friday, 12 April 2019.

(Amounts are rounded down to the nearest million yen unless otherwise stated)

## 1. CONSOLIDATED RESULTS

### (1) Consolidated Operating Results (1 September 2018 to 28 February 2019)

*(Percentages represent year-on-year changes)*

| | Revenue | | Operating profit | | Profit before income taxes | | Profit for the period | |
|---|---|---|---|---|---|---|---|---|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Six months ended 28 February 2019 | 1,267,697 | 6.8 | 172,941 | 1.4 | 174,214 | 5.5 | 124,930 | 9.9 |
| Six months ended 28 February 2018 | 1,186,765 | 16.6 | 170,492 | 30.5 | 165,196 | 11.9 | 113,646 | 9.9 |

| | Profit attributable to owners of the Parent | | Total comprehensive income for the period | | Basic earnings per share for the period | Diluted earnings per share for the period |
|---|---|---|---|---|---|---|
| | Millions of yen | % | Millions of yen | % | Yen | Yen |
| Six months ended 28 February 2019 | 114,029 | 9.5 | 131,950 | 50.4 | 1,117.54 | 1,115.67 |
| Six months ended 28 February 2018 | 104,150 | 7.1 | 87,705 | (52.9) | 1,021.16 | 1,019.36 |

**(2) Consolidated Financial Position**

| | Total assets | Total equity | Equity attributable to owners of the Parent | Ratio of equity attributable to owners of the Parent to total assets | Equity per share attributable to owners of the Parent |
|---|---|---|---|---|---|
| | Millions of yen | Millions of yen | Millions of yen | % | Yen |
| As at 28 February 2019 | 2,015,201 | 1,009,428 | 961,680 | 47.7 | 9,423.53 |
| As at 31 August 2018 | 1,953,466 | 902,777 | 862,936 | 44.2 | 8,458.52 |

**2. DIVIDENDS**

| (Declaration date) | Dividend per share | | | | |
|---|---|---|---|---|---|
| | First quarter period end | Second quarter period end | Third quarter period end | Year end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Year ended 31 August 2018 | — | 200.00 | — | 240.00 | 440.00 |
| Year ending 31 August 2019 | — | 240.00 | | | |
| Year ending 31 August 2019 (forecast) | | | — | 240.00 | 480.00 |

*(Note) Revisions during this quarter of dividends forecast for fiscal year: None*

**3. CONSOLIDATED BUSINESS RESULTS PROJECTION FOR YEAR ENDING 31 AUGUST 2019 (1 SEPTEMBER 2018 TO 31 AUGUST 2019)**

*(% shows rate of Increase (decrease) from previous period)*

| | Revenue | | Operating profit | | Profit before income taxes | | Profit attributable to owners of the Parent | |
|---|---|---|---|---|---|---|---|---|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Year ending 31 August 2019 | 2,300,000 | 8.0 | 260,000 | 10.1 | 260,000 | 7.1 | 165,000 | 6.6 |

| | Basic earnings per share attributable to owners of the Parent |
|---|---|
| | Yen |
| Year ending 31 August 2019 | 1,616.84 |

*(Note) Revisions during this quarter of previously disclosed consolidated business results projections for the year ending 31 August 2019: Yes*

* Notes

(1) Changes of principal subsidiaries in the period: None

(2) Changes in accounting policies and changes in accounting estimates:

(i) Changes in accounting policies to conform with IFRS: Yes

(ii) Other changes in accounting policies: None

(iii) Changes in accounting estimates: None

(3) Total number of issued shares (Common stock)

| | | | | | |
|---|---|---|---|---|---|
| (i) | Number of issued shares (including treasury stock) | As at 28 February 2019 | 106,073,656 shares | As at 31 August 2018 | 106,073,656 shares |
| (ii) | Number of treasury stock | As at 28 February 2019 | 4,022,730 shares | As at 31 August 2018 | 4,053,872 shares |
| (iii) | Average number of issued shares | For the six months ended 28 February 2019 | 102,035,840 shares | For the six months ended 28 February 2018 | 101,992,395 shares |

* This interim results announcement is not subject to quarterly review procedures pursuant to the Financial Instruments and Exchange Act of Japan.

* Explanation and other notes concerning proper use of the consolidated business results projection:
Statements made in these materials, such as those pertaining to future matters, including business projections, are based on information presently available to the Company and certain assumptions determined to be reasonable. Actual business results may vary materially depending on a variety of factors. For the background, assumptions and other matters regarding the business results projection, please refer to P. 6 "(3) Qualitative Information Concerning Consolidated Business Results Projection."

## 1. Business Results

### *(1) Results of Operations*

The Fast Retailing Group reported rises in both revenue and profit in the first half of fiscal 2019, or the six months from 1 September 2018 to 28 February 2019. Consolidated revenue increased to 1.2676 trillion yen (+6.8% year-on-year), operating profit expanded to 172.9 billion yen (+1.4% year-on-year), profit before income taxes totaled 174.2 billion yen (+5.5% year-on-year), and profit attributable to owners of the parent rose to 114.0 billion yen (+9.5% year-on-year). Of those data, first-half revenue, operating profit, profit before income taxes and profit attributable to owners of the parent reached new record levels.

The Group's medium-term vision is to become the world's number one apparel retailer. In pursuit of this aim, we are focusing our efforts on expanding UNIQLO International and our GU casual fashion brand. We continue to increase UNIQLO store numbers in each country in which we operate, and open global flagship stores and large-format stores in major cities around the world to further develop UNIQLO as a global brand. Within the UNIQLO International segment, Greater China (Mainland China, Hong Kong and Taiwan) and Southeast Asia are entering a new stage of growth as key drivers of operational expansion. UNIQLO USA is working steadily towards turning a profit in fiscal 2019. In terms of our GU operation, we plan to open more GU stores in Japan, while expanding the brand's international presence, primarily in Greater China and South Korea.

**UNIQLO Japan**

UNIQLO Japan reported declines in both revenue and profit in the first half of fiscal 2019, with revenue totaling 491.3 billion yen (-0.5% year-on-year) and operating profit totaling 67.7 billion yen (-23.7% year-on-year). First-half same-store sales, including online sales, declined 0.9% year-on-year. While sales of core Winter items struggled overall in the face of especially warm winter in October and November, sales of Winter ranges such as HEATTECH, down, and fleece picked up strongly once the weather turned colder in December and January, and Spring ranges such as sweat wear, legging pants, and BLOCKTECH got off to a favorable start in February. Meanwhile, online sales continued to rise strongly, expanding by an impressive 30.3% year-on-year in the first half, and expanding their proportion of total sales from 7.5% to 9.9% of total sales. On the profit front, the continued rise in cost of sales due to a weakening in internal yen exchange rates, along with stronger discounting of Winter items, resulted in a 3.3 point year-on-year decline in the gross profit margin. In addition, the selling, general and administrative expense ratio increased by 1.0 points year-on-year. While new IC tags (radio frequency identification) helped increase productivity and reduce the personnel-to-net-sales ratio, the distribution-to-net-sales ratio rose on the back of expanding online sales, and the other expenses-to-net-sale ratio rose on the back of higher IT investment relating to our ongoing transformative Ariake Project. In October 2018, the Ariake distribution center started operating as a fully automated dedicated online sales warehouse.

**UNIQLO International**

UNIQLO International revenue and profit rose in the first half of fiscal 2019, with revenue expanding to 580.0 billion yen (+14.3% year-on-year) and operating profit increasing to 88.4 billion yen (+9.6% year-on-year). In terms of individual markets, UNIQLO Greater China generated double-digit growth in both revenue and profit in the first half of the financial year despite the dampening effect of the mild winter weather. Within that region, our operation in Mainland China continued to report strong growth in revenue and profit of approximately 20% year-on-year. UNIQLO South Korea also reported increases in both revenue and profit. UNIQLO Southeast Asia & Oceania generated significant rises in both revenue and profit thanks to strong increases in same-store sales in every single one of the region's markets. UNIQLO USA generated an operating profit in the first half. UNIQLO Europe reported a steady first-half performance. In terms of new-store activity, UNIQLO International opened its first store in the Netherlands in Amsterdam in September 2018, and its biggest Southeast Asian global flagship store in Manila, the Philippines in October 2018.

**GU**

The GU business segment achieved significantly higher revenue and profit in the first half of fiscal 2019, with revenue climbing to 117.1 billion yen (+10.7% year-on-year) and operating profit rising to 14.1 billion yen (+54.3% year-on-year). GU same-store sales rose as determined action to create mass-trend focused product mixes and pursue complementary TV and web marketing helped put the operation on a firm recovery track. The GU gross profit margin increased by 3.0 points year-on-year thanks to strong sales, strict control over discounting, and lower cost of sales resulting from aggregate purchasing of raw materials. This and a 0.5point year-on-year improvement in the selling, general and administrative expense ratio helped generate the impressive rise in operating profit.

**Global Brands**

Global Brands revenue declined while profit rose in the first half of fiscal 2019, with revenue totaling 77.7 billion yen (-0.9% year-on-year) and operating profit standing at 3.1 billion yen (compared to a 5.6 billion yen loss in the first half of fiscal 2018). The Theory fashion operation reported a considerable increase in profit, thanks to strong sales at the Theory operation in the United States. Meanwhile, the France-based Comptoir des Cotonniers fashion brand reported another loss on the back of continued sluggish sales.

**Sustainability**

In keeping with our key sustainability message, “Unlocking the power of clothing,” Fast Retailing aims to contribute to the sustainable development of global society through our core clothing business. Fast Retailing’s sustainability activities seek to promote human rights, environmental protection and broader social contributions within six clear material areas: Create new value through products and services Respect human rights in our supply chain Respect the environment Strengthen communities Support employee fulfillment and Corporate governance.

As a company with expanding global operations, we strive to uphold human rights by determining our own Fast Retailing Group Human Rights Policy that aligns closely with the UN Guiding Principles on Business and Human Rights and other international human rights principles and declarations. Across our supply chain, we use our Code of Conduct for Production Partners as a template to audit partner sewing factories and key fabric manufacturers on human rights abuses, poor labor conditions, environmental preservation practices and other issues and then disclose the results of these audits. In 2015, we joined the US-based non-profit Fair Labor Association (“FLA”) with the aim of protecting worker rights and bringing working environments in line with international standards. Fast Retailing asked FLA to monitor our working environments and give guidance to help improve our own programs. In February 2019, FLA recognized Fast Retailing’s program for monitoring working environments across the supply chain as meeting FLA standards on both structure and procedure. Also in February 2019, Fast Retailing declared its support for the footwear and apparel industry’s Commitment to Responsible Recruitment compiled in October 2018 by FLA and the American Apparel & Footwear Association (“AAFA”). The commitment is an industry wide pledge to reduce potential forced labor risk for migrant workers in the global supply chain, such as workers having to pay for their job and we at Fast Retailing are working together with our partner factories to ensure compliance.

In terms of environmental protection, we continue our efforts to reduce greenhouse gas emissions across our stores, offices and supply chain as part of our climate change response. For instance, we are cutting greenhouse gas emissions per unit area by introducing LED lighting in UNIQLO stores and GU Japan stores. In February 2019, we committed to establish science-based targets (“SBT”) within two years. SBT are tools to help to reduce greenhouse gas emissions based on targets laid out in the Paris Agreement on climate change.

***(2) Financial Position and Cash Flow Information***

*(i) Financial Position*

Total assets as at 28 February 2019 were 2,015.2 billion yen, which was an increase of 61.7 billion yen relative to total assets at the end of the preceding consolidated fiscal year. The principal factors were an increase of 111.3 billion yen in cash and cash equivalents, an increase of 23.1 billion yen in other financial assets, an increase of 11.9 billion yen in intangible assets and a decrease of 85.6 billion yen in inventories.

Total liabilities as at 28 February 2019 were 1,005.7 billion yen, which was a decrease of 44.9 billion yen relative to total liabilities at the end of the preceding consolidated fiscal year. The principal factors were a decrease of 52.6 billion yen in trade and other payables, a decrease of 11.5 billion yen in other current financial liabilities and an increase of 17.9 billion yen in current tax liabilities.

Total net assets as at 28 February 2019 were 1,009.4 billion yen, which was an increase of 106.6 billion yen relative to total net assets at the end of the preceding consolidated fiscal year. The principal factor was an increase of 89.5 billion yen in retained earnings.

*(ii) Cash Flow Information*

Cash and cash equivalents as at 28 February 2019 increased by 111.3 billion yen from the end of the preceding consolidated fiscal year to 1,111.0 billion yen.

(Operating Cash Flows)

Net cash generated by operating activities for the six months ended 28 February 2019 was 230.8 billion yen (an increase by 4.8% from the six months ended 28 February 2018), which was an increase of 10.6 billion yen from the six months ended 28 February 2018. The principal factors were a decrease of 87.2 billion yen in inventories (an increase of 66.7 billion yen from the six months ended 28 February 2018), a decrease of 52.5 billion yen in trade and other payables (an increase of 17.9 billion yen from the six months ended 28 February 2018), a decrease of 9.0 billion yen in other assets (an increase of 74.8 billion yen from the six months ended 28 February 2018) and an increase of 19.7 billion yen in other liabilities (a decrease of 150.3 billion yen from the six months ended 28 February 2018).

(Investing Cash Flows)

Net cash used in investing activities for the six months ended 28 February 2019 was 59.6 billion yen (an increase by 136.9% from the six months ended 28 February 2018), which was an increase of 34.4 billion yen from the six months ended 28 February 2018. The principal factors were 24.3 billion yen in bank deposits with original maturities over three months or longer (an increase of 22.7 billion yen from the six months ended 28 February 2018), 21.0 billion yen in payments for property, plant and equipment (an increase of 7.1 billion yen from the six months ended 28 February 2018) and 11.9 billion yen in payments for intangible assets (an decrease of 5.6 billion yen from the six months ended 28 February 2018).

(Financing Cash Flows)

Net cash used in financing activities for the six months ended 28 February 2019 was 63.2 billion yen (an increase by 187.5% from the six months ended 28 February 2018), which was an increase of 41.2 billion yen from the six months ended 28 February 2018. The principal factor was 30.0 billion yen in Repayment of redemption of bonds (an increase of 30.0 billion yen from the six months ended 28 February 2018).

### *(3) Qualitative Information Concerning Consolidated Business Results Projection*

The following adjustments were made concerning the consolidated business results projection for the year ending 31 August 2019 in consideration of the business results for the six months ended 28 February 2019.
In addition, below are the differences of the consolidated business results projections for the year ending 31 August 2019 as reported in the "First Quarterly Results Announcement for the Three Months Ended 30 November 2018 and Resumption of Trading" released on 10 January 2019.

*(Full financial year)*

| | Revenue | Operating profit | Profit before income taxes | Profit attributable to owners of the Parent | Basic earnings per share attributable to owners of the Parent |
|---|---|---|---|---|---|
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen | Yen |
| Previous forecast (A) | 2,300,000 | 270,000 | 270,000 | 165,000 | 1,617.33 |
| New forecast (B) | 2,300,000 | 260,000 | 260,000 | 165,000 | 1,616.84 |
| Difference (B–A) | - | (10,000) | (10,000) | - | - |
| Change (%) | - | (3.7) | (3.7) | - | - |
| Previous results | 2,130,060 | 236,212 | 242,678 | 154,811 | 1,517.71 |

## 2. Interim Condensed Consolidated Financial Statements and Accompanying Material Notes

### *(1) Interim Condensed Consolidated Statement of Financial Position*

*(Millions of yen)*

| | As at 31 August 2018 | As at 28 February 2019 |
|---|---|---|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | 999,697 | 1,111,067 |
| Trade and other receivables | 52,677 | 56,671 |
| Other financial assets | 35,359 | 58,541 |
| Inventories | 464,788 | 379,104 |
| Derivative financial assets | 35,519 | 38,465 |
| Income taxes receivable | 1,702 | 2,172 |
| Other assets | 28,353 | 20,317 |
| Total current assets | 1,618,097 | 1,666,339 |
| Non-current assets | | |
| Property, plant and equipment | 155,077 | 157,404 |
| Goodwill | 8,092 | 8,092 |
| Intangible assets | 46,002 | 57,938 |
| Financial assets | 79,476 | 77,577 |
| Investments in associates accounted for using the equity method | 14,649 | 14,625 |
| Deferred tax assets | 26,378 | 24,565 |
| Other assets | 5,691 | 8,657 |
| Total non-current assets | 335,368 | 348,861 |
| Total assets | 1,953,466 | 2,015,201 |
| Liabilities and equity | | |
| LIABILITIES | | |
| Current liabilities | | |
| Trade and other payables | 214,542 | 161,878 |
| Other financial liabilities | 171,854 | 160,306 |
| Derivative financial liabilities | 6,917 | 2,838 |
| Current tax liabilities | 21,503 | 39,436 |
| Provisions | 11,868 | 13,143 |
| Other liabilities | 72,722 | 77,975 |
| Total current liabilities | 499,410 | 455,578 |
| Non-current liabilities | | |
| Financial liabilities | 502,671 | 499,272 |
| Provisions | 18,912 | 18,729 |
| Deferred tax liabilities | 13,003 | 14,915 |
| Other liabilities | 16,690 | 17,278 |
| Total non-current liabilities | 551,277 | 550,194 |
| Total liabilities | 1,050,688 | 1,005,773 |
| EQUITY | | |
| Capital stock | 10,273 | 10,273 |
| Capital surplus | 18,275 | 20,466 |
| Retained earnings | 815,146 | 904,690 |
| Treasury stock, at cost | (15,429) | (15,312) |
| Other components of equity | 34,669 | 41,561 |
| Equity attributable to owners of the Parent | 862,936 | 961,680 |
| Non-controlling interests | 39,841 | 47,748 |
| Total equity | 902,777 | 1,009,428 |
| Total liabilities and equity | 1,953,466 | 2,015,201 |

***(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*

*(Millions of yen)*

| | Notes | Six months ended 28 February 2018 | Six months ended 28 February 2019 |
|---|---|---|---|
| Revenue | 3 | 1,186,765 | 1,267,697 |
| Cost of sales | | (601,126) | (660,923) |
| Gross profit | | 585,638 | 606,773 |
| Selling, general and administrative expenses | 4 | (403,638) | (433,463) |
| Other income | 5 | 910 | 2,106 |
| Other expenses | 5, 7 | (12,688) | (2,738) |
| Share of profit and loss of associates accounted for using the equity method | | 270 | 264 |
| Operating profit | | 170,492 | 172,941 |
| Finance income | 6 | 3,009 | 5,413 |
| Finance costs | 6 | (8,305) | (4,140) |
| Profit before income taxes | | 165,196 | 174,214 |
| Income tax expense | | (51,549) | (49,283) |
| Profit for the period | | 113,646 | 124,930 |
| Profit for the period attributable to: | | | |
| Owners of the Parent | | 104,150 | 114,029 |
| Non-controlling interests | | 9,495 | 10,901 |
| | | 113,646 | 124,930 |
| Earnings per share | | | |
| Basic (yen) | 8 | 1,021.16 | 1,117.54 |
| Diluted (yen) | 8 | 1,019.36 | 1,115.67 |

*Interim Condensed Consolidated Statement of Comprehensive Income*

*(Millions of yen)*

| | Six months ended 28 February 2018 | Six months ended 28 February 2019 |
|---|---|---|
| Profit for the period | 113,646 | 124,930 |
| 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) | — | (223) |
| Total items that will not be reclassified subsequently to profit or loss | — | (223) |
| Items that may be reclassified subsequently to profit or loss | | |
| Net fair value gain (loss) on available-for-sales financial assets during the period | 804 | — |
| Exchange differences on translating foreign operations | (2,140) | 3,493 |
| Cash flow hedges | (24,604) | 3,731 |
| Share of other comprehensive income of associates | — | 17 |
| Total items that may be reclassified subsequently to profit or loss | (25,940) | 7,243 |
| Other comprehensive income (loss), net of income tax | (25,940) | 7,019 |
| Total comprehensive income (loss) for the period | 87,705 | 131,950 |
| Attributable to: | | |
| Owners of the Parent | 78,846 | 120,920 |
| Non-controlling interests | 8,859 | 11,029 |
| Total comprehensive income (loss) for the period | 87,705 | 131,950 |

***(3) Interim Condensed Consolidated Statement of Changes in Equity***

For the six months ended 28 February 2018

*(Millions of yen)*

| | Capital stock | Capital surplus | Retained earnings | Treasury stock, at cost | Other components of equity: Available-for-sale reserve | Other components of equity: Foreign currency translation reserve | Other components of equity: Cash flow hedge reserve | Other components of equity: Share of other comprehensive income of associates | Other components of equity: Total | Equity attributable to owners of the Parent | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| As at 1 September 2017 | 10,273 | 14,373 | 698,584 | (15,563) | 2 | 21,806 | 2,293 | – | 24,102 | 731,770 | 30,272 | 762,043 |
| Net changes during the period | | | | | | | | | | | | |
| Comprehensive income | | | | | | | | | | | | |
| Profit for the period | – | – | 104,150 | – | – | – | – | – | – | 104,150 | 9,495 | 113,646 |
| Other comprehensive income (loss) | – | – | – | – | 804 | (2,502) | (23,605) | – | (25,304) | (25,304) | (636) | (25,940) |
| Total comprehensive income (loss) | – | – | 104,150 | – | 804 | (2,502) | (23,605) | – | (25,304) | 78,846 | 8,859 | 87,705 |
| Transactions with the owners of the Parent | | | | | | | | | | | | |
| Disposal of treasury stock | – | 782 | – | 91 | – | – | – | – | – | 874 | – | 874 |
| Dividends | – | – | (17,847) | – | – | – | – | – | – | (17,847) | (2,916) | (20,763) |
| Share-based payments | – | 1,132 | – | – | – | – | – | – | – | 1,132 | – | 1,132 |
| Increase in equity due to capital increase by consolidated subsidiary | – | – | – | – | – | – | – | – | – | – | 173 | 173 |
| Changes in ownership interests in subsidiaries without losing control | – | 1,874 | – | – | – | – | – | – | – | 1,874 | 1,754 | 3,629 |
| Total transactions with the owners of the Parent | – | 3,789 | (17,847) | 91 | – | – | – | – | – | (13,966) | (987) | (14,954) |
| Total net changes during the period | – | 3,789 | 86,303 | 91 | 804 | (2,502) | (23,605) | – | (25,304) | 64,880 | 7,871 | 72,751 |
| As at 28 February 2018 | 10,273 | 18,163 | 784,887 | (15,472) | 806 | 19,303 | (21,312) | – | (1,201) | 796,650 | 38,144 | 834,794 |

For the six months ended 28 February 2019

*(Millions of yen)*

| | Capital stock | Capital surplus | Retained earnings | Treasury stock, at cost | Other components of equity: Financial assets measured at fair value through other comprehensive income | Other components of equity: Foreign currency translation reserve | Other components of equity: Cash flow hedge reserve | Other components of equity: Share of other comprehensive income of associates | Other components of equity: Total | Equity attributable to owners of the Parent | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| As at 1 September 2018 | 10,273 | 18,275 | 815,146 | (15,429) | 37 | 15,429 | 19,202 | – | 34,669 | 862,936 | 39,841 | 902,777 |
| Net changes during the period | | | | | | | | | | | | |
| Comprehensive income | | | | | | | | | | | | |
| Profit for the period | – | – | 114,029 | – | – | – | – | – | – | 114,029 | 10,901 | 124,930 |
| Other comprehensive income (loss) | – | – | – | – | (223) | 3,489 | 3,608 | 17 | 6,891 | 6,891 | 127 | 7,019 |
| Total comprehensive income (loss) | – | – | 114,029 | – | (223) | 3,489 | 3,608 | 17 | 6,891 | 120,920 | 11,029 | 131,950 |
| Transactions with the owners of the Parent | | | | | | | | | | | | |
| Acquisition of treasury stock | – | – | – | (2) | – | – | – | – | – | (2) | – | (2) |
| Disposal of treasury stock | – | 1,109 | – | 118 | – | – | – | – | – | 1,228 | – | 1,228 |
| Dividends | – | – | (24,484) | – | – | – | – | – | – | (24,484) | (3,531) | (28,016) |
| Share-based payments | – | 1,081 | – | – | – | – | – | – | – | 1,081 | – | 1,081 |
| Incorporation of a new subsidiary | – | – | – | – | – | – | – | – | – | – | 239 | 239 |
| Changes in ownership interests in subsidiaries without losing control | – | – | – | – | – | – | – | – | – | – | 169 | 169 |
| Total transactions with the owners of the Parent | – | 2,191 | (24,484) | 116 | – | – | – | – | – | (22,177) | (3,122) | (25,299) |
| Total net changes during the period | – | 2,191 | 89,544 | 116 | (223) | 3,489 | 3,608 | 17 | 6,891 | 98,743 | 7,906 | 106,650 |
| As at 28 February 2019 | 10,273 | 20,466 | 904,690 | (15,312) | (186) | 18,919 | 22,810 | 17 | 41,561 | 961,680 | 47,748 | 1,009,428 |

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

*(Millions of yen)*

| | Note | Six months ended 28 February 2018 | Six months ended 28 February 2019 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit before income taxes | | 165,196 | 174,214 |
| Depreciation and amortization | | 21,742 | 24,090 |
| Impairment losses | 7 | 9,940 | 1,512 |
| Interest and dividend income | | (3,009) | (5,413) |
| Interest expenses | | 1,361 | 2,374 |
| Foreign exchange losses (gains) | | 6,943 | 1,765 |
| Share of profit and loss of associates accounted for using the equity method | | (270) | (264) |
| Losses on disposal of property, plant and equipment | | 289 | 129 |
| Decrease (increase) in trade and other receivables | | (6,391) | (3,538) |
| Decrease (increase) in inventories | | 20,572 | 87,283 |
| Increase (decrease) in trade and other payables | | (70,439) | (52,515) |
| Decrease (increase) in other assets | | (65,866) | 9,016 |
| Increase (decrease) in other liabilities | | 170,085 | 19,757 |
| Others, net | | 3,947 | 610 |
| Cash generated from operations | | 254,102 | 259,022 |
| Interest and dividends income received | | 3,008 | 5,194 |
| Interest paid | | (1,354) | (2,070) |
| Income taxes paid | | (35,509) | (31,246) |
| Net cash generated by operating activities | | 220,245 | 230,899 |
| | | | |
| **Cash flows from investing activities** | | | |
| Amounts deposited into bank deposits with original maturities of three months or longer | | (29,231) | (72,631) |
| Amounts withdrawn from bank deposits with original maturities of three months or longer | | 27,636 | 48,314 |
| Payments for property, plant and equipment | | (13,969) | (21,097) |
| Payments for intangible assets | | (6,276) | (11,926) |
| Payments for lease and guarantee deposits | | (2,146) | (2,951) |
| Proceeds from collection of lease and guarantee deposits | | 1,236 | 1,456 |
| Others, net | | (2,446) | (853) |
| Net cash (used in) generated by investing activities | | (25,196) | (59,688) |

*(Millions of yen)*

| | Note | Six months ended 28 February 2018 | Six months ended 28 February 2019 |
|---|---|---|---|
| **Cash flows from financing activities** | | | |
| Proceeds from short-term loans payable | | 1,361 | 8,305 |
| Repayment of short-term loans payable | | (774) | (7,483) |
| Repayment of obligations under finance leases | | (1,675) | (2,237) |
| Repayment of redemption of bonds | | — | (30,000) |
| Dividends paid to owners of the Parent | | (17,845) | (24,484) |
| Capital contributions from non-controlling interests | | 3,803 | 420 |
| Dividends paid to non-controlling interests | | (3,155) | (3,531) |
| Repayments of finance lease obligations | | (3,665) | (4,345) |
| Others, net | | (46) | 117 |
| Net cash (used in) generated by financing activities | | (21,998) | (63,240) |
| | | | |
| Effect of exchange rate changes on the balance of cash held in foreign currencies | | (8,194) | 3,399 |
| Net increase (decrease) in cash and cash equivalents | | 164,856 | 111,370 |
| Cash and cash equivalents at the beginning of period | | 683,802 | 999,697 |
| Cash and equivalents at the end of period | | 848,658 | 1,111,067 |

***(5) Notes to assumption of going concern***

Not applicable.

***(6) Notes to the Interim Condensed Consolidated Financial Statements***

*1. Changes in accounting policies*

(1) Application of IFRS 9: Financial instruments

① Financial instruments: Classification and measurement

The Group began classifying equity instruments that previously were classified as "Available-for-sale financial assets" as "Financial assets measured at fair value through other comprehensive income" from the beginning of the consolidated fiscal year ending 31 August 2019. The Group has chosen not to apply the full retrospective application of IFRS 9 on the consolidated financial statements for the consolidated fiscal year ended 31 August 2018 in accordance with the transition provisions set out in IFRS 9.

② Financial instruments: Impairment

The Group has changed the recognition of impairment of financial assets measured at amortized cost to recognize a loss allowance for expected credit losses on those financial assets.

③ Financial instruments: Hedge accounting

The Group applies IFRS 9 hedge accounting standards and considers the fulfilment of specific hedge accounting requirements under IAS 39, Financial Instruments: Recognition and Measurement, and IFRS 9 as incremental parts of a consistent hedge accounting policy.

The application of IFRS 9 has not had a significant impact on the financial position and financial performance of the Group for the six months ended 28 February 2019.

(2) Application of IFRS 15: Revenue from contracts with customers

The Group recognizes revenue in accordance with IFRS 15 by applying the following five-step approach:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The Group, as a global clothing retailer, recognizes revenue when it satisfies its performance obligation by transferring the promised goods to the customer. An asset is transferred when the customer obtains control of that asset. In addition, the Group recognizes revenue at the amount of the promised consideration that the customer would pay in accordance with a contract, less the sum of discounts, rebates and refunds or credits.

The application of IFRS 15 has not had a significant impact on the financial position and financial performance of the Group for the six months ended 28 February 2019.

*2. 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 to make decisions about the allocation of resources and to assess performance.

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

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

| | |
|---|---|
| UNIQLO Japan: | UNIQLO clothing business within Japan |
| UNIQLO International: | UNIQLO clothing business outside of Japan |
| GU: | GU clothing business in Japan and overseas |
| Global Brands: | Theory, PLST, COMPTOIR DES COTONNIERS, PRINCESSE TAM.TAM and J Brand clothing operations |

(ii) Segment revenue and results

For the six months ended 28 February 2018

*(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 | 493,674 | 507,456 | 105,860 | 78,449 | 1,185,441 | 1,323 | — | 1,186,765 |
| Operating profit | 88,729 | 80,763 | 9,155 | (5,653) | 172,995 | 117 | (2,619) | 170,492 |
| Segment income (losses) (i.e., Profit before income taxes) | 88,212 | 79,040 | 9,064 | (5,719) | 170,598 | 117 | (5,520) | 165,196 |
| Other disclosure: Impairment losses (Note 3) | 42 | 185 | 19 | 8,908 | 9,155 | — | 785 | 9,940 |

*(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) For details on Impairment losses, please refer to Note "7. Impairment losses."*

For the six months ended 28 February 2019

*(Millions of yen)*

| | Reportable segments | | | | Total | Others (Note 1) | Adjustments (Note 2) | Interim Condensed Consolidated Statement of Profit or Loss |
|---|---|---|---|---|---|---|---|---|
| | UNIQLO Japan | UNIQLO International | GU | Global Brands | | | | |
| Revenue | 491,343 | 580,006 | 117,195 | 77,745 | 1,266,290 | 1,406 | — | 1,267,697 |
| Operating profit | 67,741 | 88,486 | 14,122 | 3,125 | 173,475 | 110 | (644) | 172,941 |
| Segment income (losses) (i.e., Profit before income taxes) | 67,883 | 87,385 | 14,037 | 3,071 | 172,377 | 110 | 1,725 | 174,214 |
| Other disclosure: Impairment losses (Note 3) | 243 | 1,108 | 110 | 49 | 1,512 | — | — | 1,512 |

*(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) For details on Impairment losses, please refer to Note "7. Impairment losses."*

*3. Revenue*

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

*Six months ended 28 February 2019*

| | | Revenue (Millions of yen) | Percent of Total |
|---|---|---|---|
| | Japan | 491,343 | 38.8 |
| | Greater China | 282,484 | 22.3 |
| | Other parts of Asia & Oceania | 174,275 | 13.7 |
| | North America & Europe | 123,246 | 9.7 |
| UNIQLO (Note 1) | | 1,071,349 | 84.5 |
| GU (Note 2) | | 117,195 | 9.2 |
| Global Brands (Note 3) | | 77,745 | 6.1 |
| Others (Note 4) | | 1,406 | 0.1 |
| Total | | 1,267,697 | 100.0 |

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

The designated countries and regions are classified as follows:

Greater China: Mainland China, Hong Kong, Taiwan

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

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

*(Note 2) Main national and regional market: Japan*

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

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

*4. 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 2018 | Six months ended 28 February 2019 |
|---|---|---|
| Selling, general and administrative expenses | | |
| Advertising and promotion | 38,766 | 39,722 |
| Rental expenses | 98,762 | 104,371 |
| Depreciation and amortization | 21,742 | 24,090 |
| Outsourcing | 20,365 | 22,159 |
| Salaries | 138,596 | 146,745 |
| Others | 85,405 | 96,373 |
| Total | 403,638 | 433,463 |

*5. 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 2018 | Six months ended 28 February 2019 |
|---|---|---|
| Other income | | |
| Others | 910 | 2,106 |
| Total | 910 | 2,106 |

*(Millions of yen)*

| | Six months ended 28 February 2018 | Six months ended 28 February 2019 |
|---|---|---|
| Other expenses | | |
| Foreign exchange losses (Note) | 1,708 | 51 |
| Loss on retirement of property, plant and equipment | 289 | 129 |
| Impairment losses | 9,940 | 1,512 |
| Others | 749 | 1,046 |
| Total | 12,688 | 2,738 |

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

*6. 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 2018 | Six months ended 28 February 2019 |
|---|---|---|
| Finance income | | |
| Interest income | 3,008 | 5,365 |
| Others | 0 | 48 |
| Total | 3,009 | 5,413 |

*(Millions of yen)*

| | Six months ended 28 February 2018 | Six months ended 28 February 2019 |
|---|---|---|
| Finance costs | | |
| Foreign exchange losses (Note) | 6,943 | 1,765 |
| Interest expenses | 1,361 | 2,374 |
| Total | 8,305 | 4,140 |

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

*7. Impairment Losses*

The breakdown of Impairment losses for each reporting period is as follows:

Six months ended 28 February 2018

During the six months ended 28 February 2018, the Group recognized impairment losses that amounted to 9,940 million yen on goodwill owned by the Comptoir des Cotonniers business and a trademark owned by the Helmut Lang brand under Theory business, because it is not expected to earn profit that was estimated initially. Those impairment losses are included in “other expenses” on the consolidated statement of profit or loss.

(1) Impairment losses related to the COMPTOIR DES COTONNIERS business

Of the total impairment losses that amounted to 9,940 million yen, 7,792 million yen represented an impairment loss for goodwill owned by the COMPTOIR DES COTONNIERS business.

(2) Impairment losses related to the Helmut Lang brand under the Theory business

Of the total impairment losses that amounted to 9,940 million yen, 1,039 million yen represented an impairment loss for a trademark owned by the Helmut Lang brand.

Six months ended 28 February 2019

There have been no material impairment losses.

*8. Earnings per share*

| Six months ended 28 February 2018 | | Six months ended 28 February 2019 | |
|---|---|---|---|
| Equity per share attributable to owners of the Parent (Yen) | 7,809.69 | Equity per share attributable to owners of the Parent (Yen) | 9,423.53 |
| Basic earnings per share (Yen) | 1,021.16 | Basic earnings per share (Yen) | 1,117.54 |
| Diluted earnings per share (Yen) | 1,019.36 | Diluted earnings per share (Yen) | 1,115.67 |

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

| | Six months ended 28 February 2018 | Six months ended 28 February 2019 |
|---|---|---|
| Basic earnings per share | | |
| Profit for the period attributable to owners of the Parent (Millions of yen) | 104,150 | 114,029 |
| Profit not attributable to common shareholders (Millions of yen) | — | — |
| Profit attributable to common shareholders (Millions of yen) | 104,150 | 114,029 |
| Average number of common stock outstanding during the period (Shares) | 101,992,395 | 102,035,840 |
| Diluted earnings per share | | |
| Adjustment to Profit (loss) (Millions of yen) | — | — |
| Increase in number of common stock (Shares) | 180,861 | 171,262 |
| Number of share subscription rights included in the increase | 180,861 | (171,262) |

*9. Subsequent Events*

Not applicable.

**3. Resumption of Trading**

At the request of the Company, trading in its Hong Kong depositary receipts on the Stock Exchange was halted with effect from 1:00 p.m. on Thursday, 11 April 2019, pending the release of this announcement. An application will be made by the Company to the Stock Exchange for resumption of trading in the Hong Kong depositary receipts with effect from 9:00 a.m. on Friday, 12 April 2019.

On behalf of the Board
**FAST RETAILING CO., LTD.**
**Tadashi Yanai**
*Chairman, President and Chief Executive Officer*

Japan, 11 April 2019

*As at the date of this announcement, the Executive Director is Tadashi Yanai, the Non-executive Directors are Takeshi Okazaki, Kazumi Yanai and Koji Yanai, the Independent Non-executive Directors are Toru Hambayashi, Nobumichi Hattori, Masaaki Shintaku, Takashi Nawa and Naotake Ohno.*