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 29 FEBRUARY 2020
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 29 February 2020.

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, 9 April 2020, 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 Tuesday, 14 April 2020.

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

1. CONSOLIDATED RESULTS

The consolidated financial results were prepared in accordance with International Financial Reporting Standards ("IFRS").

(1) Consolidated Operating Results (1 September 2019 to 29 February 2020)

(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 29 February 2020	1,208,512	(4.7)	136,736	(20.9)	150,859	(13.4)	103,444	(17.2)
Six months ended 28 February 2019	1,267,697	6.8	172,941	1.4	174,214	5.5	124,930	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 29 February 2020	100,459	(11.9)	143,505	8.8	984.21	982.49
Six months ended 28 February 2019	114,029	9.5	131,950	50.4	1,117.54	1,115.67

(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 29 February 2020	2,454,296	1,064,780	1,020,308	41.6	9,994.97
As at 31 August 2019	2,010,558	983,534	938,621	46.7	9,196.61

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 2019	-	240.00	-	240.00	480.00
Year ending 31 August 2020	-	240.00			
Year ending 31 August 2020 (forecast)			-	240.00	480.00

(Note) Revisions during this quarter of dividends forecast for fiscal year: Yes

For information on dividend revision, Please refer to "Notice of FAST RETAILING CO., LTD. (the "Company") regarding the Company's Revision to its Dividend Estimate for the Year Ending August 31, 2020" announced by today (9 April 2020).

3. CONSOLIDATED BUSINESS RESULTS PROJECTION FOR YEAR ENDING 31 AUGUST 2020 (1 SEPTEMBER 2019 TO 31 AUGUST 2020)

(% 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 2020	2,090,000	(8.8)	145,000	(43.7)	145,000	(42.6)	100,000	(38.5)

	Basic earnings per share attributable to owners of the Parent
	Yen
Year ending 31 August 2020	979.60

(Note) Revisions during this quarter of previously disclosed consolidated business results projection for the year ending 31 August 2020: Yes

Given our inability to rationally estimate when COVID-19 will run its course in each individual market, it is difficult to accurately calculate business estimates at this point in time. These revised estimates have been calculated after taking into account actual business performance for the month of March and assuming that the adverse impact of COVID-19 will continue to cause a sharp decline in revenue in the months of April and May before operations gradually start to return to normal from June onwards. Please note that we may need to make further revisions to our business estimates depending on how and when COVID-19 situation is brought under control around the world.

* 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 29 February 2020	106,073,656 shares	As at 31 August 2019	106,073,656 shares
(ii)	Number of treasury stock	As at 29 February 2020	3,991,435 shares	As at 31 August 2019	4,011,921 shares
(iii)	Average number of issued shares	For the six months ended 29 February 2020	102,070,655 shares	For the six months ended 28 February 2019	102,035,840 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.7 “(3) Qualitative Information Concerning Consolidated Business Results Projection”.

1. Business Results

(1) Results of Operations

The Fast Retailing Group's revenue and profit declined in the first half of fiscal 2020, or the six months from 1 September 2019 to 29 February 2020. Consolidated revenue totaled 1.2085 trillion yen (−4.7% year-on-year) and operating profit totaled 136.7 billion yen (−20.9% year-on-year). This weaker performance was caused primarily by significant reductions in revenue and profit at UNIQLO International segment (South Korea, Mainland China, Hong Kong and Taiwan), which were adversely impacted by COVID-19 and other factors. We recorded 14.1 billion yen under finance income net of costs after reporting a net 12.1 billion yen foreign-exchange gain on our holdings of foreign-currency denominated assets. As a result, first-half profit before income taxes declined to 150.8 billion yen (−13.4% year-on-year) and profit attributable to owners of the Parent declined to 100.4 billion yen (−11.9% year-on-year).

The Group's medium-term vision is to become the world's number one apparel retailer. In pursuit of this aim, we focus our efforts on expanding UNIQLO International, as well as our GU brand and our global e-commerce operation. We continue to increase UNIQLO store numbers in each markets and areas in which we operate, and open global flagship stores and large-format stores in major cities around the world to instill deeper and more widespread empathy for UNIQLO's LifeWear concept. Within the UNIQLO International segment, Greater China (Mainland China, Hong Kong and Taiwan) and Southeast Asia are serving as the key pillars of our Group's business and growth. In terms of our GU segment, in addition to expanding the GU store network primarily in Japan, we are working to establish GU's position as a brand that offers fun fashion at amazingly low prices.

UNIQLO Japan

UNIQLO Japan segment reported a decrease in revenue but a rise in profit in the first half of fiscal 2020, with revenue declining to 463.5 billion yen (−5.7% year-on-year) and operating profit rising to 71.6 billion yen (+5.7% year-on-year). Same-store sales (including e-commerce sales) declined by 4.6% year-on-year after the warmer winter weather stifled sales of core Winter items. While e-commerce sales totaled 52.5 billion yen (+8.3% year-on-year) over the first-half period, the rate of online sales growth slowed for the same reasons as for our physical stores. UNIQLO Japan's gross profit margin improved by 2.2 points to 47.8% on the back of a continued appreciation in the yen exchange rate for merchandise purchasing. The selling, general and administrative expense ratio increased 0.5 point to 31.9%, while, in monetary terms, selling, general and administrative expenses decreased further than planned and compared to the prior fiscal year. Despite a strong launch of our new Spring ranges, revenue began to decline sharply from the latter half of February brought by the impact of COVID-19 started to adversely affect results.

UNIQLO International

UNIQLO International segment reported a sharp decline in both revenue and profit in the first half of fiscal 2020, with revenue falling to 541.2 billion yen (−6.7% year-on-year) and operating profit declining to 53.2 billion yen (−39.8% year-on-year). This was caused primarily by considerable reductions in revenue and profit at UNIQLO South Korea and UNIQLO Greater China, which were both adversely impacted by the outbreak of COVID-19 and other factors. UNIQLO International's gross profit margin contracted 2.3 points year-on-year following an early rundown of excess stock in each UNIQLO International market. The selling, general and administrative expense ratio increased 2.3 points year-on-year on the back of lower-than-planned revenue.

Looking at individual regions, UNIQLO Greater China revenue dipped, while operating profit declined sharply. Our Mainland China operation continued to generate strong results through most of January 2020, but revenue then fell sharply in the wake of the spread of COVID-19 at the end of January. In February, we temporarily closed a maximum of 395 stores resulting in a sharp fall in that month's revenue and an overall decline in both revenue and profit for the first-half as a whole. Revenue has started to recover in Mainland China from March onwards as the majority of stores reopened for business. At UNIQLO South Korea, the adverse impact of ongoing Korea-Japan tensions since July 2019 followed by the impact of COVID-19 from February 2020 resulted in a sharp decline in same-stores sales and recorded of a wider operating loss for the first half of fiscal 2020. UNIQLO South, Southeast Asia & Oceania, which includes Southeast Asian nations, Australia and India, generated double-digit growth in first-half revenue and profit. UNIQLO operations in Indonesia, the Philippines and Thailand continued to expand favorably by reporting double-digit increases in both revenue and profit. Our new Indian operation generated strong first-half sales following our entry into the market in October 2019 and the opening of our third store in new Delhi in February 2020. Following the opening of its first store in December 2019, our Vietnam operation has achieved a higher-than-expected performance thanks to the popularity of UV-cut mesh parkas, DRY-EX polo shirts, and other clothing that is well suited to the local climate. UNIQLO USA reported a first-half operating loss as warmer winter weather stifled the sales of Winter ranges. Meanwhile, UNIQLO Europe reported double-digit increases in both revenue and profit in the first half of fiscal 2020, thanks to especially strong sales in Italy and Spain and a double-digit increase in same-store sales in Russia.

GU

GU segment reported significant increases in both revenue and profit in the first half of fiscal 2020, with revenue climbing to 132.2 billion yen (+12.9% year-on-year) and operating profit expanding to 15.8 billion yen (+12.0% year-on-year). Same-store sales increased thanks to strong sales of on-target mass fashion trend items such as knitted cardigans and matching knitwear top and bottom sets along with lightweight outerwear hit products that adapted successfully to the warm winter weather. On the profit front, GU's gross profit margin improved by 0.4 point in the first half and operating profit increased significantly thanks to a decline in the cost of sales generated by further aggregate purchasing of core materials and early submission of production orders.

Global Brands

Global Brands segment revenue and profit both declined in the first half of fiscal 2020. Revenue totaled 70.1 billion yen (−9.8% year-on-year) and operating profit stood at 0.7 billion yen (−76.3% year-on-year). Our Theory fashion label reported a decline in both revenue and profit after sales of Winter items struggled during the warmer winter weather. Revenue from our Japan-based PLST brand came in flat year-on-year as warmer winter weather dampened sales of Winter-season clothing, while operating profit dipped on a more determined rundown of excess inventories during the period. Finally, our France-based Comptoir des Cotonniers brand reported a first-half operating loss of similar magnitude to the preceding fiscal year.

Sustainability

Under our slogan "The power of clothing is the power of society", we have been promoting sustainability initiatives through the clothing business by focusing on six priority areas ("materialities"). The six materialities are: (1) Creating new value through products and sales, (2) Respecting human rights and the work environment in our supply chain, (3) Respecting the environment, (4) Strengthening communities, (5) Supporting employee fulfillment, and (6) Implementing good corporate governance. Details of our main activities during the six months ended February 2020 are as follows.

■ Creating new value through products and sales: In January 2020, we began selling our "Dry-EX" high-performance quick-drying wear that uses recycled polyester derived from PET bottles. By turning recovered PET bottles into valuable resources, we reduce the use of petroleum resources. We will continue to create new value through clothing by actively applying new technologies to promote recycling of resources.

■ Respecting the environment: By the end of 2020, we aim to reduce greenhouse gas emissions at UNIQLO stores in Japan by 10% per unit of floor area (compared to 2013 emissions). As of the end of 2019, we already achieved a reduction of about 31.6%. As our next goal on environmental protection, we are currently formulating SBT (science-based targets), which are targets for reducing greenhouse gas emissions based on the Paris Agreement. In January 2020, we signed the Fashion Industry Charter for Climate Action, promoted by the secretariat of the United Nations Framework Convention on Climate Change (UNFCCC), which prescribes initiatives to be implemented in cooperation with the fashion industry as a whole.

■ Strengthening communities: In November 2019, we contributed a total of US$1 million in cash for initiatives for refugees conducted by the United Nations High Commissioner for Refugees (UNHCR) in Mali and South Sudan. In February 2020, as part of our "All Product Recycling Initiative" for collecting clothing no longer needed by customers at stores and donating them to refugees and displaced persons, UNIQLO and GU headquarters and store employees together with the UNHCR visited refugee camps in the Republic of Malawi where they distributed part of the approximately 250,000 items of clothing donated to that country.

(2) Financial Positions and Cash Flows Information

(i) Financial Positions

Total assets as at 29 February 2020 were 2,454.2 billion yen, which was an increase of 443.7 billion yen relative to the end of the preceding fiscal year. The principal factors were an increase of 390.2 billion yen in right-of-use assets, an increase of 97.7 billion yen in cash and cash equivalents and a decrease of 56.6 billion yen in inventories.

Total liabilities as at 29 February 2020 were 1,389.5 billion yen, which was an increase of 362.4 billion yen relative to the end of the preceding fiscal year. The principal factors were an increase of 444.3 billion yen in lease liabilities, an increase of 110.6 billion yen in other financial liabilities, a decrease of 129.2 billion yen in non-current financial liabilities and a decrease of 30.9 billion yen in trade and other payables.

Furthermore, the increases of right-of-use assets and lease liabilities are due to the application of IFRS 16 Leases as mentioned in "Notes to the Interim Condensed Consolidated Financial Statements 1. Changes in accounting policies".

Total net assets as at 29 February 2020 were 1,064.7 billion yen, which was an increase of 81.2 billion yen relative to the end of the preceding fiscal year. The principal factors were an increase of 45.5 billion yen in retained earnings and an increase of 33.3 billion yen in other components of equity.

(ii) Cash Flows Information

Cash and cash equivalents as at 29 February 2020 had increased by 97.7 billion yen from the end of the preceding fiscal year, to 1,184.3 billion yen.

(Operating Cash Flows)

Net cash generated by operating activities for the six months ended 29 February 2020 was 236.6 billion yen, which was an increase of 5.7 billion yen (+2.5% year-on-year) from the six months ended 28 February 2019. The principal factors were 150.8 billion yen in profit before income taxes (a decrease of 23.3 billion yen from the six months ended 28 February 2019), 87.8 billion yen in depreciation and amortization (an increase of 63.7 billion yen from the six months ended 28 February 2019), a decrease of 64.1 billion yen in inventories (a decrease of 23.1 billion yen from the six months ended 28 February 2019), a decrease of 1.2 billion yen in other liabilities (a decrease of 20.9 billion yen from the six months ended 28 February 2019), a decrease of 32.9 billion yen in trade and other payables (an increase of 19.5 billion yen from the six months ended 28 February 2019), 12.1 billion yen in foreign exchange gains (a decrease of 13.9 billion yen from the six months ended 28 February 2019), 39.5 billion yen in income taxes paid (a decrease of 8.2 billion yen from the six months ended 28 February 2019), 5.4 billion yen in impairment losses (an increase of 3.9 billion yen from the six months ended 28 February 2019) and a decrease of 0.2 billion yen in trade and other receivables (an increase of 3.7 billion yen from the six months ended 28 February 2019).

(Investing Cash Flows)

Net cash used in investing activities for the six months ended 29 February 2020 was 58.8 billion yen, which was a decrease of 0.8 billion yen (-1.4% year-on-year) from the six months ended 28 February 2019. The principal factors were a net increase of 20.2 billion yen in bank deposits with original maturity over three months (a decrease of 4.0 billion yen from the six months ended 28 February 2019), 23.8 billion yen in payments for property, plant and equipment (an increase of 2.7 billion yen from the six months ended 28 February 2019), 3.4 billion yen in proceeds from collection of lease and guarantee deposits (an increase of 1.9 billion yen from the six months ended 28 February 2019) and 1.7 billion yen in payments for right-of-use assets (an increase of 1.7 billion yen from the six months ended 28 February 2019).

(Financing Cash Flows)

Net cash used in financing activities for the six months ended 29 February 2020 was 99.1 billion yen, which was an increase of 35.9 billion yen (+56.9% year-on-year) from the six months ended 28 February 2019. The principal factors were 68.2 billion yen in repayments of lease liabilities (an increase of 63.8 billion yen from the six months ended 28 February 2019) and 30.0 billion yen in repayment of redemption of bonds for the six months ended 28 February 2019 (a decrease of 30.0 billion yen from the six months ended 28 February 2019).

(3) Qualitative Information Concerning Consolidated Business Results Projection

Based on performance for the first six months of the current fiscal year and performance in March 2020, we have revised down our full-year consolidated forecast for the fiscal year ending August 2020 announced on January 9, 2020. For details, please see the "Notice on the Revision of the Full-Year Earnings Forecast" published on April 9, 2020.

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 2019	As at 29 February 2020
ASSETS		
Current assets		
Cash and cash equivalents	1,086,519	1,184,303
Trade and other receivables	60,398	56,968
Other financial assets	44,473	66,424
Inventories	410,526	353,907
Derivative financial assets	14,787	21,117
Income taxes receivable	1,492	4,087
Other assets	19,975	15,569
Total current assets	1,638,174	1,702,379
Non-current assets		
Property, plant and equipment	162,092	133,068
Right-of-use assets	-	390,283
Goodwill	8,092	8,092
Intangible assets	60,117	66,054
Financial assets	77,026	68,497
Investments in associates accounted for using the equity method	14,587	14,344
Deferred tax assets	33,163	36,311
Derivative financial assets	9,442	27,919
Other assets	7,861	7,344
Total non-current assets	372,384	751,916
Total assets	2,010,558	2,454,296
Liabilities and equity		
LIABILITIES		
Current liabilities		
Trade and other payables	191,769	160,836
Other financial liabilities	159,006	269,688
Derivative financial liabilities	2,985	1,037
Lease liabilities	-	104,361
Current tax liabilities	27,451	39,394
Provisions	13,340	895
Other liabilities	82,103	59,605
Total current liabilities	476,658	635,820
Non-current liabilities		
Financial liabilities	499,948	370,732
Lease liabilities	-	339,951
Provisions	20,474	32,482
Deferred tax liabilities	8,822	7,418
Derivative financial liabilities	3,838	637
Other liabilities	17,281	2,473
Total non-current liabilities	550,365	753,694
Total liabilities	1,027,024	1,389,515
EQUITY		
Capital stock	10,273	10,273
Capital surplus	20,603	23,229
Retained earnings	928,748	974,342
Treasury stock, at cost	(15,271)	(15,198)
Other components of equity	(5,732)	27,661
Equity attributable to owners of the Parent	938,621	1,020,308
Non-controlling interests	44,913	44,471
Total equity	983,534	1,064,780
Total liabilities and equity	2,010,558	2,454,296

(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 2019	Six months ended 29 February 2020
Revenue	3	1,267,697	1,208,512
Cost of sales		(660,923)	(631,722)
Gross profit		606,773	576,790
Selling, general and administrative expenses	4	(433,463)	(438,798)
Other income	5	2,106	6,002
Other expenses	5	(2,738)	(7,309)
Share of profit and loss of associates accounted for using the equity method		264	51
Operating profit		172,941	136,736
Finance income	6	5,413	18,069
Finance costs	6	(4,140)	(3,946)
Profit before income taxes		174,214	150,859
Income tax expense		(49,283)	(47,414)
Profit for the period		124,930	103,444
Profit for the period attributable to:			
Owners of the Parent		114,029	100,459
Non-controlling interests		10,901	2,985
		124,930	103,444
Earnings per share			
Basic (yen)	7	1,117.54	984.21
Diluted (yen)	7	1,115.67	982.49

Interim Condensed Consolidated Statement of Comprehensive Income

(Millions of yen)

	Six months ended 28 February 2019	Six months ended 29 February 2020
Profit for the period	124,930	103,444
Other comprehensive income, 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	(223)	(231)
Total items that will not be reclassified subsequently to profit or loss	(223)	(231)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	3,493	14,715
Cash flow hedges	3,731	25,556
Share of other comprehensive income of associates	17	18
Total items that may be reclassified subsequently to profit or loss	7,243	40,291
Other comprehensive losses / (income), net of income tax	7,019	40,060
Total comprehensive income for the period	131,950	143,505
Attributable to:		
Owners of the Parent	120,920	140,153
Non-controlling interests	11,029	3,352
Total comprehensive income for the period	131,950	143,505

(3) Interim Condensed Consolidated Statement of Changes in Equity

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					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	Total			
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

For the six months ended 29 February 2020

(Millions of yen)

	Note	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Other components of equity					Equity attributable to owners of the Parent	Non-controlling interest	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	Total			
As at 1 September 2019		10,273	20,603	928,748	(15,271)	(697)	(13,929)	8,906	(11)	(5,732)	938,621	44,913	983,534
Effect of change in accounting policy	1	-	-	(30,370)	-	-	-	−	-	-	(30,370)	(1,429)	(31,800)
Net changes during the period		10,273	20,603	898,377	(15,271)	(697)	(13,929)	8,906	(11)	(5,732)	908,250	43,483	951,734
Comprehensive income													
Profit for the period		-	-	100,459	-	-	-	-	-	-	100,459	2,985	103,444
Other comprehensive income		-	-	-	-	(231)	13,727	26,178	18	39,693	39,693	366	40,060
Total comprehensive income		-	-	100,459	-	(231)	13,727	26,178	18	39,693	140,153	3,352	143,505
Transactions with the owners of the Parent													
Acquisition of treasury stock		-	-	-	(5)	-	-	-	-	-	(5)	-	(5)
Disposal of treasury stock		-	934	-	78	-	-	-	-	-	1,013	-	1,013
Dividends		-	-	(24,494)	-	-	-	-	-	-	(24,494)	(1,569)	(26,064)
Share-based payments		-	1,690	-	-	-	-	-	-		1,690	−	1,690
Transfer to non-financial assets		-	-	-	-	-	-	(6,299)	-	(6,299)	(6,299)	(794)	(7,093)
Total transactions with the owners of the Parent		-	2,625	(24,494)	73	-	-	(6,299)	-	(6,299)	(28,095)	(2,363)	(30,459)
Total net changes during the period		-	2,625	75,964	73	(231)	13,727	19,878	18	33,394	112,057	988	113,046
As at 29 February 2020		10,273	23,229	974,342	(15,198)	(928)	(202)	28,785	7	27,661	1,020,308	44,471	1,064,780

(4) Interim Condensed Consolidated Statement of Cash Flows

(Millions of yen)

	Six months ended 28 February 2019	Six months ended 29 February 2020
Cash flows from operating activities		
Profit before income taxes	174,214	150,859
Depreciation and amortization	24,090	87,871
Impairment losses	1,512	5,443
Interest and dividend income	(5,413)	(5,878)
Interest expenses	2,374	3,946
Foreign exchange losses / (gains)	1,765	(12,190)
Share of profit and loss of associates accounted for using the equity method	(264)	(51)
Losses on disposal of property, plant and equipment	129	355
(Increase) / decrease in trade and other receivables	(3,538)	207
Decrease in inventories	87,283	64,120
Decrease in trade and other payables	(52,515)	(32,925)
Decrease in other assets	9,016	10,648
Increase / (decrease) in other liabilities	19,757	(1,227)
Others, net	610	2,061
Cash generated from operations	259,022	273,241
Interest and dividends income received	5,194	5,633
Interest paid	(2,070)	(3,483)
Income taxes paid	(31,246)	(39,535)
Income taxes refunded	-	825
Net cash generated by operating activities	230,899	236,680
Cash flows from investing activities		
Amounts deposited into bank deposits with original maturities of three months or longer	(72,631)	(53,772)
Amounts withdrawn from bank deposits with original maturities of three months or longer	48,314	33,503
Payments for property, plant and equipment	(21,097)	(23,833)
Payments for intangible assets	(11,926)	(10,895)
Payments for acquisition of right-of-use assets	-	(1,759)
Payments for lease and guarantee deposits	(2,951)	(2,952)
Proceeds from collection of lease and guarantee deposits	1,456	3,437
Others, net	(853)	(2,556)
Net cash used in investing activities	(59,688)	(58,828)

(Millions of yen)

	Six months ended 28 February 2019	Six months ended 29 February 2020
Cash flows from financing activities		
Proceeds from short-term loans payable	8,305	976
Repayment of short-term loans payable	(7,483)	(847)
Repayment of long-term loans payable	(2,237)	(4,343)
Repayment of redemption of bonds	(30,000)	−
Dividends paid to owners of the Parent	(24,484)	(24,494)
Capital contributions from non-controlling interests	420	−
Dividends paid to non-controlling interests	(3,531)	(2,328)
Repayments of financial lease obligations	(4,345)	−
Repayments of lease liabilities	-	(68,231)
Others, net	117	73
Net cash used in financing activities	(63,240)	(99,195)
Effect of exchange rate changes on the balance of cash held in foreign currencies	3,399	19,127
Net increase in cash and cash equivalents	111,370	97,783
Cash and cash equivalents at the beginning of period	999,697	1,086,519
Cash and cash equivalents at the end of period	1,111,067	1,184,303

(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 16: Leases

The Group began applying IFRS 16 *Leases* (announced in January 2016; hereinafter “IFRS 16”), from the first quarter of the current fiscal year. In applying IFRS 16, the Group has adopted the cumulative catch-up approach that recognizes the cumulative effect of initial application of the standard as at the date of initial application (1 September 2019) as a transition method, without restating comparative information.

1) Definition of lease

The application of IFRS 16 requires that a judgment be made at the inception of a contract as to whether a contract is, or contains, a lease. If a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, the contract is, or contains, a lease.

To determine whether or not a contract conveys the right to control the use of an identified asset, the Group examines whether the contract includes the use of the specified asset, whether the Group has the right to obtain substantially all of the economic benefits from use of identified asset throughout the period of use, and whether the Group has the right to direct the use of the identified asset.

2) Accounting treatment of leases

2.1) Leases in which Fast Retailing Group is the lessee

Separate from short-term leases or leases for which the underlying asset is of low value, the Group accounts for each lease component within the contract as a lease and recognizes a right-of-use asset and a lease liability. On the date of commencement of a lease, the right-of-use asset is measured at cost, and the lease liability is calculated as the present value of lease payments outstanding.

The cost of the right-of-use asset is mainly composed of the initial measurement of the lease liability, initial direct costs and the amount of any prepaid lease payments. Furthermore, the discount rate used to calculate the present value of lease payments is the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee’s incremental borrowing rate is used.

The lease term is determined as the non-cancelable period which includes an option to extend the lease (if it is reasonably certain that the Group will exercise that option), or an option to cancel the lease (if it is reasonably certain that the Group will not exercise that option).

After the commencement date, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses. When depreciating right-of-use assets, the Group applies the depreciation requirements in IAS 16 Property, Plant and Equipment. In addition, the Group applies IAS 36, Impairment of Assets, to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Depreciation of right-of-use asset is measured from the commencement date to the end of the useful life of the underlying asset if ownership of the underlying asset is to be transferred to the Group by the end of the lease term, or if it is reasonably certain that the lessee purchase options will be exercised; otherwise the straight-line method will be used to calculate depreciation from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

After the commencement date, the carrying amount of the lease liability is increased to reflect the interest rates on the lease liability and reduced to reflect any lease payments made. Furthermore, any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments is remeasured.

The Group uses the straight-line basis to recognize any lease payments associated with short-term leases or leases for which an underlying asset is of low value.

2.2) Leases in which the Group is the lessor

The Group classifies a lease as either a finance lease or an operating lease at the inception of the lease contract.

To classify each lease, the Group comprehensively assesses whether all the risks and rewards incidental to ownership of the underlying asset will be substantially transferred or not. If the risks and rewards value are to be transferred, the lease is classified as a finance lease; if not, it is classified as an operating lease.

If the Group is acting as an intermediate lessor, the Group accounts for head leases and subleases separately. A sublease classification is determined by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset.

The Group recognizes lease payments from operating leases as lease income on a straight-line basis over the lease term.

Lease payments from finance leases are recognized at the commencement date as assets held under finance leases and presented as receivables at an amount equal to the net investment in the lease.

3) Treatment on transition

In applying IFRS 16, the Group applies the practical expedient in place of the judgments previously used to determine whether or not a contract is a lease. Consequently, the requirements in IFRS 16 is applied only to contracts entered into or changed on or after 1 September 2019.

3.1) Leases in which the Group is the lessee

(Leases previously classified as operating leases applying IAS 17)

Lease liabilities on transition are measured at the present value of the remaining lease payments discounted using the lessee's incremental borrowing rate as at 1 September 2019. In addition, right-of-use assets on transition are measured using one of the following methods.

- Its carrying amount calculated on the assumption that IFRS 16 was applied from the commencement of the lease. Note that the discount rate used is the lessee's incremental borrowing rate on the date of initial application of IFRS 16.
- The amount measured for the lease liability, is adjusted by the amount of any prepaid or accrued lease payments.

Note that the followings apply when IFRS 16 is applied to leases that were previously classified as operating leases IAS 17.

- A single discount rate is applied to a portfolio of leases with reasonably similar characteristics.
- Leases for which the lease term ends within 12 months of the date of initial application of IFRS 16 are accounted for in the same way as short-term leases.
- Initial direct costs are excluded from the measurement of right-of-use assets at the date of initial application of IFRS 16.
- The Group uses hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

(Leases previously classified as operating leases applying IAS 17)

The Group accounts for the carrying amount of the right-of-use asset and the lease liability at the date of initial application at the amount of the lease asset and lease liability applying IAS 17 immediately prior to the date of initial application of IFRS 16.

3.2) Leases in which the Group is the lessor

Leases in which the Group acts as lessor require no adjustment on transition to IFRS 16, except for subleases. Subleases will be accounted for in accordance with the transition provisions under IFRS 16 as stated below.

- In applying IFRS 16, the Group classifies sublease transactions as at the date of initial application as either operating leases or finance leases. This classification is determined based on the remaining contractual terms and conditions of the head lease and sublease at that date.
- Any subleases classified as operating leases applying IAS 17 but finance leases applying IFRS 16 are accounted for as new finance leases entered into at the date of initial application.

4) Impact on interim condensed consolidated financial statements

With the application of IFRS 16, the Group recognized an additional 368,722 million yen in right-of-use assets, 420,772 million yen in lease liabilities and a decrease of 30,370 million yen in retained earnings in its interim condensed consolidated statement of financial position at the start of the fiscal year.

The weighted average of the lessee's incremental borrowing rate applied to lease liabilities recognized in interim condensed consolidated statement of financial position as at the date of initial application of IFRS 16 is 0.9%.

The major factors for the difference in the commitment amount related to operating leases applying IAS 17 disclosed in interim condensed consolidated statement of financial position as at 31 August 2019 and the lease liabilities recognized in interim condensed consolidated statement of financial position as at the date of initial application of IFRS 16 are as follows.

(Unit: Million Yen)

Minimum future lease payments for non-cancelable operating lease contracts (31 August 2019)	344,888
Present value of non-cancelable operating lease contracts (31 August 2019)	337,009
Finance lease obligations (31 August 2019)	38,726
Extension or termination options that are reasonably certain to be exercised	45,036
Lease liabilities recognized in interim condensed consolidated statement of financial position as at the date of initial application of IFRS 16	420,772

(2) Application of IFRIC 23: Uncertainty over income tax treatments

IFRIC 23 interpretations are additional to the requirement of IAS 12 Income Taxes and establish accounting procedures for uncertain tax positions, such as items with no clear tax treatment or items related to matters that are not yet resolved with the tax authorities. If it is determined that the tax treatment used by the Group is not likely to be approved by the tax authorities, the Group's calculation of taxable income will recognize additional taxable income in an amount equivalent to the impact of that uncertainty, using either the most likely amount or expected value.

The application of IFRIC 23 does not have a significant impact on the Group's interim condensed consolidated financial statements.

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 of Directors (the "Board") to make decisions about the allocation of resources and to assess performance.

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

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

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

(ii) Segment revenue and results

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 (i.e., Profit before income taxes)	67,883	87,385	14,037	3,071	172,377	110	1,725	174,214

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

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

For the six months ended 29 February 2020

(Millions of yen)

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

(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.

3. 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 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.

Six months ended 29 February 2020

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

(Note 1) Revenue is classified by nation or region based on customer location.
The designated countries and regions are classified as follows:
Greater China: Mainland China, Hong Kong, Taiwan
Other parts of Asia & Oceania: South Korea, Singapore, Malaysia, Thailand, the Philippines, Indonesia, Australia, Vietnam, India
North America & Europe: United States of America, Canada, United Kingdom, France, Russia, Germany, Belgium, Spain, Sweden, the Netherlands, Denmark, Italy
(Note 2) Main national and regional market: Japan
(Note 3) Main national and regional markets: North America, Europe, Japan
(Note 4) The "Others" category includes real estate leasing operations.

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 2019	Six months ended 29 February 2020
Selling, general and administrative expenses		
Advertising and promotion	39,722	39,712
Rental expenses (Note)	104,371	38,742
Depreciation and amortization (Note)	24,090	87,871
Outsourcing	22,159	25,370
Salaries	146,745	145,931
Others	96,373	101,168
Total	433,463	438,798

(Note) The decrease of rental expenses and the increase of depreciation and amortization are due to the application of IFRS 16 Leases as mentioned in "(6) Notes to the Interim Condensed Consolidated Financial Statements 1. Changes in accounting policies".

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 2019	Six months ended 29 February 2020
Other income		
Foreign exchange gains (Note)	-	3,551
Others	2,106	2,450
Total	2,106	6,002

(Millions of yen)

	Six months ended 28 February 2019	Six months ended 29 February 2020
Other expenses		
Foreign exchange losses (Note)	51	–
Loss on retirement of property, plant and equipment	129	355
Impairment losses	1,512	5,443
Others	1,046	1,510
Total	2,738	7,309

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

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 2019	Six months ended 29 February 2020
Finance income		
Foreign exchange gains (Note)	-	12,190
Interest income	5,365	5,867
Others	48	11
Total	5,413	18,069

(Millions of yen)

	Six months ended 28 February 2019	Six months ended 29 February 2020
Finance costs		
Foreign exchange losses (Note)	1,765	–
Interest expenses	2,374	3,946
Total	4,140	3,946

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

7. Earnings per share

Six months ended 28 February 2019		Six months ended 29 February 2020	
Equity per share attributable to owners of the Parent (Yen)	9,423.53	Equity per share attributable to owners of the Parent (Yen)	9,994.97
Basic earnings per share (Yen)	1,117.54	Basic earnings per share (Yen)	984.21
Diluted earnings per share (Yen)	1,115.67	Diluted earnings per share (Yen)	982.49

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

	Six months ended 28 February 2019	Six months ended 29 February 2020
Basic earnings per share for the period		
Profit for the period attributable to owners of the Parent (Millions of yen)	114,029	100,459
Profit not attributable to common shareholders (Millions of yen)	-	–
Profit attributable to common shareholders (Millions of yen)	114,029	100,459
Average number of common stock outstanding during the period (Shares)	102,035,840	102,070,655
Diluted earnings per share for the period		
Adjustment to profit (Millions of yen)	-	–
Increase in number of common stock (Shares)	171,262	179,046
(Number of share subscription rights included in the increase)	(171,262)	(179,046)

8. Subsequent events

Impact of temporary stores closure after March 2020 due to the Global Spread of COVID-19

UNIQLO International

In response to the global spread of COVID-19, governments of various countries have asked people to exercise voluntary restraint in their daily activities and have imposed various restrictions on going outdoors and general behavior since the middle of March. As a result, we made a decision to temporarily close the following stores: all 28 stores in Singapore from 7 April 2020, all 49 stores in Malaysia from 18 March 2020, up to a maximum of all 50 stores in Thailand from 22 March 2020, all 60 stores in the Philippines from 16 March 2020, all 30 stores in Indonesia from 27 March 2020, all three stores in India from 22 March 2020, both stores in Vietnam from 28 March 2020, and all 22 stores in Australia from 2 April 2020.

In addition, all 62 UNIQLO stores in the United States and Canada temporarily closed as of 17 March 2020.

In Europe as well, in response to requests from the governments of various countries from mid-March 2020, we have temporarily closed UNIQLO stores (97 out of 98 stores) in all EU countries except Sweden.

Global Brands

The Theory business, mainly in the United States, temporarily closed all its stores as of 17 March 2020, and the COMPTOIR DES COTONNIERS business temporarily closed all stores in Europe.

UNIQLO Japan, GU

Following the declaration of a state of emergency by the Government of Japan on 7 April 2020, both UNIQLO Japan and GU are temporarily closing stores in the relevant areas in Japan. This will mainly affect stores in large shopping complexes, while all other stores in these areas will operate with shorter business hours.

For information on the impact of the spread of COVID-19 on the first six months of the current fiscal year, please refer to "1. Business Results, (1) Results of Operations."

Although a decrease in revenue is expected due to the impact of temporary store closures accompanying the spread of COVID-19, it is difficult at present to reasonably estimate the impact on the Group's financial position, business performance and cash flows after the six months ended February 29 as the extent of the impact due to the rapid global expansion of COVID-19 is unknown.

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, 9 April 2020, 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 Tuesday, 14 April 2020.

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

Japan, 9 April 2020

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.