FAST RETAILING

FAST RETAILING CO., LTD.

迅 銷 有 限 公 司

(Incorporated in Japan with limited liability)

(Stock Code:6288)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 AUGUST 2020
AND
RESUMPTION OF TRADING

The board of directors (the "Board") of FAST RETAILING CO., LTD. (the "Company" or "Parent") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 August 2020 together with the comparative figures for the year ended 31 August 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, 15 October 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 Friday, 16 October 2020.

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

1. CONSOLIDATED FINANCIAL RESULTS

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

(1) Consolidated Operating Results (1 September 2019 to 31 August 2020)

(Percentages represent year-on-year changes)

	Revenue		Operating profit		Profit before income taxes		Profit for the year	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended 31 August 2020	2,008,846	(12.3)	149,347	(42.0)	152,868	(39.4)	90,398	(49.2)
Year ended 31 August 2019	2,290,548	7.5	257,636	9.1	252,447	4.0	178,046	5.1

	Profit attributable to owners of the Parent		Total comprehensive income for the year		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Year ended 31 August 2020	90,357	(44.4)	109,085	(29.6)	885.15	883.62
Year ended 31 August 2019	162,578	5.0	155,049	(14.3)	1,593.20	1,590.55

	Ratio of profit to equity attributable to owners of the Parent	Ratio of profit before income taxes to total assets	Ratio of operating profit to revenue
	%	%	%
Year ended 31 August 2020	9.5	6.9	7.4
Year ended 31 August 2019	18.0	12.7	11.2

(References) Share of profits and losses of associates Year ended 31 August 2020: 321 million yen
Year ended 31 August 2019: 562 million yen

(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 31 August 2020	2,411,990	996,079	956,562	39.7	9,368.83
As at 31 August 2019	2,010,558	983,534	938,621	46.7	9,196.61

(3) Consolidated Cash Flows

	Net cash generated by operating activities	Net cash used in investing activities	Net cash used in financing activities	Cash and cash equivalents at the end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended 31 August 2020	264,868	(75,981)	(183,268)	1,093,531
Year ended 31 August 2019	300,505	(78,756)	(102,429)	1,086,519

2. DIVIDENDS

	Dividends per share					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to equity attributable to owners of the Parent (consolidated)
	First quarter period end	Second quarter period end	Third quarter period end	Year-end	Full year			
	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
Year ended 31 August 2019	-	240.0	-	240.0	480.0	48,987	30.1	5.4
Year ended 31 August 2020	-	240.0	-	240.0	480.0	49,003	54.2	5.2
Year ending 31 August 2021 (forecast)	-	240.0	-	240.0	480.0		29.7	

3. CONSOLIDATED BUSINESS RESULTS PROJECTION FOR YEAR ENDING 31 AUGUST 2021 (1 SEPTEMBER 2020 TO 31 AUGUST 2021)

(% shows rate of increase/decrease from previous year)

	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 2021	2,200,000	9.5	245,000	64.0	245,000	60.3	165,000	82.6

	Basic earnings per share attributable to owners of the Parent
	Yen
Year ending 31 August 2021	1,616.05

* Notes

(1) Changes in principal subsidiaries (i.e., changes in specified subsidiaries): None

(2) Changes in accounting policies and accounting estimates:

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

(ii) Other changes in accounting policies: None

(iii) Change in accounting estimates: None

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

(i)	Number of issued shares (including treasury stock)	As at 31 August 2020	106,073,656 shares	As at 31 August 2019	106,073,656 shares
(ii)	Number of treasury stock	As at 31 August 2020	3,973,113 shares	As at 31 August 2019	4,011,921 shares
(iii)	Average number of shares outstanding	For the year ended 31 August 2020	102,081,609 shares	For the year ended 31 August 2019	102,045,645 shares

(REFERENCE INFORMATION)

NON-CONSOLIDATED FINANCIAL RESULTS

The non-consolidated financial results were prepared in accordance with generally accepted accounting principles in Japan.

(1) Non-consolidated Operating Results (1 September 2019 to 31 August 2020)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended 31 August 2020	156,356	(15.4)	75,316	(36.8)	78,211	(26.2)	62,422	(41.2)
Year ended 31 August 2019	184,910	(4.2)	119,101	(12.8)	106,000	(24.1)	106,113	(13.1)

	Net income per share	Diluted net income per share
	Yen	Yen
Year ended 31 August 2020	611.50	610.44
Year ended 31 August 2019	1,039.87	1,038.14

(2) Non-consolidated Financial Position

	Total assets	Net assets	Ratio of shareholders' equity to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As at 31 August 2020	1,063,356	538,954	50.0	5,207.74
As at 31 August 2019	1,054,758	521,706	48.9	5,053.07

(References) Shareholders' equity As at 31 August 2020: 531,713 million yen
As at 31 August 2019: 515,724 million yen

* This annual results announcement is not subject to auditing procedures pursuant to the Financial Instruments and Exchange Act of Japan.

* Explanation and other notes concerning proper use of consolidated business results projection:
Statements made in these materials pertaining to future matters including business projections are based on information currently available to the Company and certain assumptions determined to be reasonable. Actual business results may vary substantially depending on a variety of factors.

1. Business Results

(1) Analysis of Business Results for the year ended 31 August 2020

The Fast Retailing Group's revenue and profit declined in fiscal 2020, or the twelve months from 1 September 2019 to 31 August 2020. Consolidated revenue totaled 2.0088 trillion yen (-12.3% year-on-year) and operating profit totaled 149.3 billion yen (-42.0% year-on-year). This weak performance was caused primarily by large falls in both revenue and profit in the second half from 1 March to 31 August 2020 due to COVID-19, which prompted us to temporarily close stores in markets worldwide over a period of a few months and knocked customer visits lower as people refrained from going out. This worsening in business performance also prompted the recording of impairment losses on stores and others of 23.0 billion yen for the full business year. The consolidated gross profit margin declined by 0.3 point year-on-year in fiscal 2020 and the selling, general and administrative expense ratio rose by 2.8 points year-on-year. We recorded a net 3.5 billion yen from foreign-exchange gains, finance income, and other items under finance income net of costs. As a result, profit before income taxes declined to 152.8 billion yen (-39.4% year-on-year) and profit attributable to owners of the Parent declined to 90.3 billion yen (-44.4% year-on-year) in the twelve months to 31 August 2020.

Capital expenditure declined by 2.4 billion yen year-on-year in fiscal 2020 to 82.7 billion yen. That figure can be broken down into 17.8 billion yen for UNIQLO Japan, 23.5 billion for UNIQLO International, 8.5 billion yen for GU, 2.4 billion yen for Global Brands, and 30.4 billion yen for systems, etc. While we increased our investment in IT system and warehousing as part of our Groupwide transformative Ariake Project and invested more heavily in global flagship stores and large-format stores at UNIQLO Japan, the overall capital expenditure figure declined slightly year-on-year due to a reduction in new stores openings primarily at UNIQLO International.

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

UNIQLO Japan

UNIQLO Japan reported a decline in revenue but a rise in profit in fiscal 2020, with revenue declining to 806.8 billion yen (-7.6% year-on-year) and operating profit expanding to 104.6 billion yen (+2.2% year-on-year). Meanwhile, fiscal 2020 same-store sales (including e-commerce) declined 6.8% year-on-year. In the first half from 1 September 2019 through 29 February 2020, same-store sales declined 4.6% year-on-year after sales of warm clothing struggled during the warm winter weather. In the second half from 1 March through 31 August 2020, same-store sales declined by 9.6% year-on-year as the spread of COVID-19 prompted us to temporarily close a maximum of 311 stores during the period from late March through early May 2020, and customer visits declined as people were encouraged to stay at home. However, same-store sales rebounded by an impressive 20.2% year-on-year in the fourth quarter from 1 June through 31 August 2020 after we reopened our stores thanks to strong sales of core Summer ranges, products designed to satisfy stay-at-home demand, and AIRism face masks.

Meanwhile, UNIQLO Japan e-commerce sales increased 29.3% year-on-year in fiscal 2020 to 107.6 billion yen, raising the proportion of online sales to total revenue from 9.5% to 13.3%. Of particular note in the second half, we successfully strengthened our ability to convey e-commerce information through digital advertising and TV commercials and significantly increased the number of new online customers by launching limited-period special prices for our registered app users. These elements helped generate an impressive 54.7% year-on-year increase in second-half e-commerce sales. The UNIQLO Japan gross profit margin rose 2.4 points year-on-year in fiscal 2020 as yen-based exchange rates on product purchasing continued to appreciate and we decided to restrict any excessive discounting of products to attract customers. UNIQLO Japan's selling, general and administrative expense ratio increased by 1.0 point year-on-year in fiscal 2020, but those expenses declined year-on-year in monetary terms. As a result of the above, UNIQLO Japan was able to record a slight increase in operating profit for the full business year.

UNIQLO International

UNIQLO International recorded significant declines in both revenue and profit in fiscal 2020, with revenue falling to 843.9 billion yen (-17.7% year-on-year) and operating profit contracting to 50.2 billion yen (-63.8% year-on-year). This weak performance was due primarily to large declines in revenue and profit in the second half on the back of COVID-19 and the recording of full-year impairment losses for the segment of 15.8 billion yen mainly on operations in South Korea and the United States. However, e-commerce sales increased by roughly 20% year-on-year as our online operations continue to expand favorably in all markets.

Breaking down the UNIQLO International performance into individual regions and markets, UNIQLO Greater China (Mainland China, Hong Kong, and Taiwan) reported a decline in revenue and a significant contraction in operating profit, with revenue for the year totaling 455.9 billion yen (-9.3% year-on-year) and operating profit totaling 65.6 billion yen (-26.3% year-on-year). However, Greater China performance improved at a faster pace than predicted from March onwards as local support for our LifeWear concept grew and customers increasingly recognized LifeWear products as essential items for daily living. Greater China e-commerce sales continued strong, expanding by approximately 20% year-on-year in fiscal 2020. Sales at UNIQLO South, Southeast Asia & Oceania (Southeast Asian nations, Australia, and India) declined by approximately 13% year-on-year to 150.0 billion yen and operating profit shrank by approximately 40% year-on-year in fiscal 2020. Having performed extremely well in the first half to generate double-digit growth in both revenue and profit, the region was heavily impacted by COVID-19 in the second half. While it will take some time for sales to recover in the Philippines and Indonesia, which were hit especially hard by COVID-19, sales in other parts of the region began recovering favorably from June onwards. In South Korea, same-store sales declined significantly and the operation posted an operating loss on the back of ongoing Japan-South Korea tensions and the impact of COVID-19. In North America (USA and Canada), nearly all our stores were closed from the middle of March through to the end of June. Changes in the social climate from June onwards and a resurgence in COVID-19 infections resulted in a large decline in revenue and a wider operating loss for the full year through 31 August 2020. UNIQLO Europe was also hit hard by COVID-19 with many stores being closed temporarily and a huge decline in tourist numbers knocking revenue lower and resulting in a slight operating loss for the full year.

Fast Retailing continued to aggressively enter new markets over the period with the first UNIQLO store opening in Milan, Italy in September 2019, the first store opening in New Delhi, India in October 2019, and the first store opening in Ho Chi Minh City, Vietnam in December 2019. While all those markets were impacted by COVID-19, UNIQLO Italy managed to post a full-year profit, and the Vietnam operation, which was only launched in December 2019, turned a profit in the second half.

GU

Our GU segment recorded an increase in revenue but a decline in profit in fiscal 2020, with revenue reaching 246.0 billion yen (+3.1% year-on-year) and operating profit totaling 21.8 billion yen (-22.5% year-on-year).

GU Japan same-store sales (excluding e-commerce sales) increased in the first half on the back of strong sales of knitwear that perfectly captured the mass fashion trend as well as lightweight outerwear. However, the impact of COVID-19 in the second half resulted in a 5.2% year-on-year decline in GU Japan same-store sales for the full year. That said, same-store sales did start to recover favorably in the fourth quarter, recording a 2.2% year-on-year increase for that quarter on the back of standout sales of products that captured mass fashion trends and products that fulfilled stay-at-home demand. Full-year e-commerce sales performed strongly, expanding by approximately 60% year-on-year on the back of fewer shortages of popular products and more powerful transmission of attractive product-related information. The GU gross profit margin declined 0.7 point year-on-year in fiscal 2020 compared to the extremely strong performance in the previous year and also due to our continued rundown of excess Spring Summer inventories. The GU selling, general and administrative expense ratio rose 1.8 points year-on-year in fiscal 2020 following a large decline in revenue in the second half.

Global Brands

The Global Brands segment reported large declines in both revenue and profit in fiscal 2020, with revenue totaling 109.6 billion yen (-26.9% year-on-year) and the segment reporting an operating loss of 12.7 billion yen compared to a 3.6 billion yen operating profit in the previous year. This weak performance was due primarily to the large impact of COVID-19 in the United States and Europe, which resulted in continued losses for our France-based Comptoir des Cotonniers and Princesse tam.tam brands and our US-based J Brand label and also forced our Theory operation into the red. That new operating loss for Theory was generated by a significant decline in revenue resulting from temporary store closures and stay-at-home practices as well as strong discounting of stock. Our PLST brand also saw revenue decline due to COVID-19, resulting in a slight full-year operating loss. Comptoir des Cotonniers stores were temporarily closed for nearly two whole months resulting in a large decline in revenue and continued operating losses for the full business year.

Sustainability

We continue to promote sustainability activities globally through our clothing business under the motto "From the power of clothing to the power of society," focusing on six main areas (materialities). Our main activities for the current period are outlined below.

■ Consideration for the environment: During 2020, we plan to reduce the use of plastic in shopping bags and product packaging by 85% (about 7,800 tons) across the entire Fast Retailing Group by decreasing the amount of plastic we use and switching to environmentally friendly materials such as recycled paper. In addition to our existing re-use initiatives for UNIQLO products, UNIQLO in Japan has been reclaiming old down and reusing the feathers in new down products since November 2019, as part of our goal to utilize raw materials more efficiently. UNIQLO also launched the high-performance, fast-drying "DRY-EX" line of polo shirts, developed in cooperation with Toray Industries, Inc. using recycled polyester from PET bottles, in the 2020 spring/summer season.

■ Respect for human rights and working conditions in the supply chain: To help keep our manufacturing partners and factory employees safe and secure from COVID-19 infection, we provide thorough guidance on preventing the spread of infection while working in factories. We have also established a help desk for wage compensation and other employment-related issues arising from the closure of our factories, to help support and compensate our employees fairly.

■ Community co-existence and mutual support: We have donated around 15 million masks to medical facilities around the world that are battling the virus, and about 1.2 million isolation gowns (a piece of protective equipment for use in medical settings) to healthcare organizations in Japan. We have also donated around 520,000 items of UNIQLO clothing (as of the end of July), including AIRism and HEATTECH products and down jackets, to organizations supporting vulnerable members of society and medical institutions. In Japan, we provide support for those affected by various natural disasters. We have donated relief supplies, including disposable masks, UNIQLO products and sneakers, to around 20,000 people affected by the Kyushu floods in July 2020.

■ Employee satisfaction: In our stores, we are prioritizing the health of customers and employees by instituting policies such as health checks for staff members, mask-wearing and hand-sanitizing, to help prevent the spread of COVID-19. In order to make our locations a safe and secure place for our employees to work, we are providing masks and disinfectant, and increasing ventilation. We are also promoting working from home for relevant roles.

■ New value creation through products and sales: Masks have become an essential part of people's lives to help prevent the spread of COVID-19, so in June 2020 we launched the AIRism Mask in UNIQLO stores around the world. We are continuing to listen to customer feedback, and utilizing it to develop better masks.

■ Good management (governance): The Risk Management Committee is continually discussing and planning our response to issues such as COVID-19, the risk of major disasters such as an earthquake occurring in Tokyo, and information security risks. The Human Rights Committee is also in discussion over anti-harassment measures and the development of training programs.

(2) Financial Positions

Total assets as at 31 August 2020 were 2.4119 trillion yen, which was an increase of 401.4 billion yen relative to the end of the preceding fiscal year. The principal factors were an increase of 399.9 billion yen in right-of-use assets, a decrease of 25.9 billion yen in property, plant and equipment and an increase of 12.2 billion yen in deferred tax assets.

Total liabilities as at 31 August 2020 were 1.4159 trillion yen, which was an increase of 388.8 billion yen relative to the end of the preceding fiscal year. The principal factors were an increase of 466.1 billion yen in lease liabilities, a decrease of 129.1 billion yen in non-current financial liabilities and an increase of 54.2 billion yen in other current financial liabilities.

Furthermore, the increases of right-of-use assets and lease liabilities are due to the application of IFRS 16 *Leases* ("IFRS16") as mentioned in "3. Consolidated Financial Statements (6) Notes to the Consolidated Financial Statements 1. Changes in accounting policies."

Total net assets as at 31 August 2020 were 996.0 billion yen, which was an increase of 12.5 billion yen relative to the end of the preceding fiscal year. The principal factors were an increase of 10.4 billion yen in other components of equity, a decrease of 5.3 billion yen in non-controlling interests, an increase of 4.5 billion yen in retained earnings and an increase of 2.7 billion yen in capital surplus.

(3) Cash Flows Information

Cash and cash equivalents as at 31 August 2020 increased by 7.0 billion yen from the end of the preceding fiscal year, to 1.0935 trillion yen.

(Operating Cash Flows)

Net cash generated by operating activities for the year ended 31 August 2020 was 264.8 billion yen, which was a decrease of 35.6 billion yen (-11.9 % year-on-year) from the year ended 31 August 2019. The principal factors were 177.8 billion yen in depreciation and amortization (an increase of 129.3 billion yen from the year ended 31 August 2019), 152.8 billion yen in profit before income taxes (a decrease of 99.5 billion yen from the year ended 31 August 2019), a decrease of 44.5 billion yen in other liabilities (a decrease of 81.4 billion yen from the year ended 31 August 2019), an increase of 2.6 billion yen in inventories (a decrease of 40.8 billion yen from the year ended 31 August 2019) and an increase of 18.6 billion yen in trade and other payables (an increase of 35.0 billion yen from the year ended 31 August 2019).

(Investing Cash Flows)

Net cash used in investing activities for the year ended 31 August 2020 was 75.9 billion yen, which was a decrease of 2.7 billion yen (-3.5 % year-on-year) from the year ended 31 August 2019. The principal factors were a net increase of 5.2 billion yen in bank deposits with original maturity over three months (a decrease of 6.1 billion yen from the year ended 31 August 2019), 46.5 billion yen in payments for property, plant and equipment (an increase of 4.9 billion yen from the year ended 31 August 2019), and 21.0 billion yen in payments for intangible assets (a decrease of 3.1 billion yen from the year ended 31 August 2019).

(Financing Cash Flows)

Net cash used in financing activities for the year ended 31 August 2020 was 183.2 billion yen, which was an increase of 80.8 billion yen (+78.9 % year-on-year) from the year ended 31 August 2019. The principal factors were 141.2 billion yen in repayments of lease liabilities (an increase of 141.2 billion yen from the year ended 31 August 2019), 30.0 billion yen in repayment of redemption of bonds in last fiscal year (a decrease of 30.0 billion yen from the year ended 31 August 2019), and 35.0 billion yen in proceeds from short-term loans payable (a decrease of 17.8 billion yen from the year ended 31 August 2019).

(4) Outlook for the Coming Year

In fiscal 2021, the Fast Retailing Group expects to achieve consolidated revenue of 2.2 trillion yen (+9.5% year-on-year), operating profit of 245.0 billion yen (+64.0% year-on-year), profit before income taxes of 245.0 billion yen (+60.3% year-on-year) and profit attributable to owners of the Parent of 165.0 billion yen (+82.6% year-on-year).

These forecasts assume revenue will decline in the first half from 1 September 2020 to 28 February 2021 based primarily on expectations that people's ability to move around will continue to be restricted and travel demand will continue to decline in Southeast Asia, the United States, and Europe. Our estimates for the second half of FY2021 from 1 March to 31 August 2021 assume COVID-19 infections will have been brought under control, enabling us to achieve a large increase in revenue and a significant improvement in operating profit across all our business segments.

We forecast the overall Fast Retailing Group network will expand to a total 3,725 stores by the end of August 2021: 813 stores (including franchise stores) at UNIQLO Japan, 1,558 stores at UNIQLO International, 445 stores at GU and 909 stores at Global Brands.

Our business estimates for the year to 31 August 2021 are based on the premise that stores in all markets will be operating normally. Please understand that these estimates may need to be revised if we see a resurgence in the number of COVID-19 infections, stores are unable to operate normally, or other circumstances change.

2. Basic Concept Regarding Selection of Accounting Standards

The Group has adopted IFRS to the Group's consolidated financial statements since the year ended 31 August 2014.

3. Consolidated Financial Statements

(1) Consolidated Statement of Financial Position

(Millions of yen)

	Notes	As at 31 August 2019	As at 31 August 2020
ASSETS			
Current assets			
Cash and cash equivalents		1,086,519	1,093,531
Trade and other receivables		60,398	67,069
Other financial assets		44,473	49,890
Inventories		410,526	417,529
Derivative financial assets		14,787	14,413
Income taxes receivable		1,492	2,126
Other assets		19,975	10,629
Total current assets		1,638,174	1,655,191
Non-current assets			
Property, plant and equipment	7	162,092	136,123
Right-of-use assets	7	-	399,944
Goodwill		8,092	8,092
Intangible assets	7	60,117	66,833
Financial assets		77,026	67,770
Investments in associates accounted for using the equity method		14,587	14,221
Deferred tax assets		33,163	45,447
Derivative financial assets		9,442	10,983
Other assets	7	7,861	7,383
Total non-current assets		372,384	756,799
Total assets		2,010,558	2,411,990
LIABILITIES AND EQUITY			
LIABILITIES			
Current liabilities			
Trade and other payables		191,769	210,747
Other financial liabilities		159,006	213,301
Derivative financial liabilities		2,985	2,763
Lease liabilities		-	114,652
Current tax liabilities		27,451	22,602
Provisions		13,340	752
Other liabilities		82,103	82,636
Total current liabilities		476,658	647,455
Non-current liabilities			
Financial liabilities		499,948	370,780
Lease liabilities		-	351,526
Provisions		20,474	32,658
Deferred tax liabilities		8,822	7,760
Derivative financial liabilities		3,838	3,205
Other liabilities		17,281	2,524
Total non-current liabilities		550,365	768,455
Total liabilities		1,027,024	1,415,910
EQUITY			
Capital stock		10,273	10,273
Capital surplus		20,603	23,365
Retained earnings		928,748	933,303
Treasury stock, at cost		(15,271)	(15,129)
Other components of equity		(5,732)	4,749
Equity attributable to owners of the Parent		938,621	956,562
Non-controlling interests		44,913	39,516
Total equity		983,534	996,079
Total liabilities and equity		2,010,558	2,411,990

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

Consolidated Statement of Profit or Loss

(Millions of yen)

	Notes	Year ended 31 August 2019	Year ended 31 August 2020
Revenue	3	2,290,548	2,008,846
Cost of sales		(1,170,987)	(1,033,000)
Gross profit		1,119,561	975,845
Selling, general and administrative expenses	4	(854,394)	(805,821)
Other income	5	4,533	7,954
Other expenses	5,7	(12,626)	(28,952)
Share of profit and loss of associates accounted for using the equity method		562	321
Operating profit		257,636	149,347
Finance income	6	12,293	11,228
Finance costs	6	(17,481)	(7,707)
Profit before income taxes		252,447	152,868
Income taxes		(74,400)	(62,470)
Profit for the year		178,046	90,398
Profit for the year attributable to:			
Owners of the Parent		162,578	90,357
Non-controlling interests		15,467	40
		178,046	90,398
Earnings per share			
Basic (yen per share)	8	1,593.20	885.15
Diluted (yen per share)	8	1,590.55	883.62

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Year ended 31 August 2019	Year ended 31 August 2020
Profit for the year	178,046	90,398
Other comprehensive income/(loss), net of income taxes		
Items that will not be reclassified subsequently to profit or loss		
Financial assets measured at fair value through other comprehensive income/(loss)	(734)	(630)
Total items that will not be reclassified subsequently to profit or loss	(734)	(630)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	(33,649)	5,227
Cash flow hedges	11,398	14,130
Share of other comprehensive income of associates	(11)	(39)
Total items that may be reclassified subsequently to profit or loss	(22,262)	19,318
Total other comprehensive income/(loss), net of income taxes	(22,997)	18,687
Total comprehensive income for the year	155,049	109,085
Attributable to:		
Owners of the Parent	140,900	110,134
Non-controlling interests	14,148	(1,049)
Total comprehensive income for the year	155,049	109,085

(3) Consolidated Statement of Changes in Equity

For the year ended 31 August 2019

(Millions of yen)

					Other components of equity							
	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Financial assets measured at fair value through other comprehensive income/(loss)	Foreign currency translation reserve	Cash-flow hedge reserve	Share of other comprehensive income of associates	Total	Equity attributable to owners of the Parent	Non-controlling interests	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 year												
Comprehensive income												
Profit for the year	-	-	162,578	-	-	-	-	-	-	162,578	15,467	178,046
Other comprehensive income/(loss)	-	-	-	-	(734)	(29,359)	8,427	(11)	(21,678)	(21,678)	(1,318)	(22,997)
Total comprehensive income	-	-	162,578	-	(734)	(29,359)	8,427	(11)	(21,678)	140,900	14,148	155,049
Transactions with the owners of the Parent												
Acquisition of treasury stock	-	-	-	(2)	-	-	-	-	-	(2)	-	(2)
Disposal of treasury stock	-	1,558	-	159	-	-	-	-	-	1,718	-	1,718
Dividends	-	-	(48,976)	-	-	-	-	-	-	(48,976)	(9,218)	(58,195)
Share-based payments	-	769	-	-	-	-	-	-	-	769	-	769
Incorporation of a new subsidiary	-	-	-	-	-	-	-	-	-	-	239	239
Changes in ownership interests in subsidiaries without losing control	-	-	-	-	-	-	-	-	-	-	353	353
Transfer to non-financial assets	-	-	-	-	-	-	(18,723)	-	(18,723)	(18,723)	(451)	(19,175)
Total transactions with the owners of the Parent	-	2,328	(48,976)	157	-	-	(18,723)	-	(18,723)	(65,215)	(9,076)	(74,292)
Total net changes during the year	-	2,328	113,602	157	(734)	(29,359)	(10,296)	(11)	(40,402)	75,685	5,071	80,757
As at 31 August 2019	10,273	20,603	928,748	(15,271)	(697)	(13,929)	8,906	(11)	(5,732)	938,621	44,913	983,534

For the year ended 31 August 2020

(Millions of yen)

						Other components of equity							
	Note	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Financial assets measured at fair value through other comprehensive income/(loss)	Foreign currency translation reserve	Cash-flow hedge reserve	Share of other comprehensive income of associates	Total	Equity attributable to owners of the Parent	Non-controlling interests	Total equity
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	-	-	(35,094)	-	-	-	-	-	-	(35,094)	(1,331)	(36,426)
Balance after adjustment		10,273	20,603	893,653	(15,271)	(697)	(13,929)	8,906	(11)	(5,732)	903,526	43,581	947,108
Net changes during the year													
Comprehensive income													
Profit for the year		-	-	90,357	-	-	-	-	-	-	90,357	40	90,398
Other comprehensive income/(loss)		-	-	-	-	(630)	5,440	15,007	(39)	19,776	19,776	(1,089)	18,687
Total comprehensive income		-	-	90,357	-	(630)	5,440	15,007	(39)	19,776	110,134	(1,049)	109,085
Transactions with the owners of the Parent													
Acquisition of treasury stock		-	-	-	(5)	-	-	-	-	-	(5)	-	(5)
Disposal of treasury stock		-	1,496	-	148	-	-	-	-	-	1,644	-	1,644
Dividends		-	-	(48,994)	-	-	-	-	-	-	(48,994)	(2,038)	(51,032)
Share-based payments		-	1,265	-	-	-	-	-	-	-	1,265	-	1,265
Transfer to non-financial assets		-	-	-	-	-	-	(11,008)	-	(11,008)	(11,008)	(976)	(11,985)
Transfer to retained earnings		-	-	(1,713)	-	1,713	-	-	-	1,713	-	-	-
Total transactions with the owners of the Parent		-	2,761	(50,708)	142	1,713	-	(11,008)	-	(9,294)	(57,098)	(3,015)	(60,113)
Total net changes during the year		-	2,761	39,649	142	1,082	5,440	3,998	(39)	10,482	53,036	(4,064)	48,971
As at 31 August 2020		10,273	23,365	933,303	(15,129)	385	(8,489)	12,905	(51)	4,749	956,562	39,516	996,079

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Note	Year ended 31 August 2019	Year ended 31 August 2020
Cash flows from operating activities			
Profit before income taxes		252,447	152,868
Depreciation and amortization		48,476	177,848
Impairment losses	7	3,444	23,074
Interest and dividends income		(12,293)	(9,724)
Interest expenses		4,369	7,706
Foreign exchange losses/(gains)		13,107	(1,503)
Share of profit and loss of associates accounted for using the equity method		(562)	(321)
Losses on disposal of property, plant and equipment		650	1,125
(Increase)/Decrease in trade and other receivables		(6,302)	(4,164)
(Increase)/Decrease in inventories		38,145	(2,665)
Increase/(Decrease) in trade and other payables		(16,426)	18,600
(Increase)/Decrease in other assets		2,932	10,686
Increase/(Decrease) in other liabilities		36,881	(44,567)
Others, net		1,719	8,776
Cash generated from operations		366,589	337,738
Interest and dividends income received		10,533	8,546
Interest paid		(3,848)	(6,783)
Income taxes paid		(74,263)	(75,460)
Income taxes refunded		1,493	827
Net cash generated by operating activities		300,505	264,868
Cash flows from investing activities			
Amounts deposited into bank deposits with original maturities of three months or longer		(103,619)	(88,714)
Amounts withdrawn from bank deposits with original maturities of three months or longer		92,252	83,502
Payments for property, plant and equipment		(41,567)	(46,500)
Payments for intangible assets		(24,177)	(21,008)
Payments for acquisition of right-of-use assets		-	(1,808)
Payments for lease and guarantee deposits		(7,490)	(7,171)
Proceeds from collection of lease and guarantee deposits		4,304	6,394
Others, net		1,541	(673)
Net cash used in investing activities		(78,756)	(75,981)

(continued)

(Millions of yen)

	Year ended 31 August 2019	Year ended 31 August 2020
Cash flows from financing activities		
Proceeds from short-term loans payable	17,145	35,019
Repayment of short-term loans payable	(16,789)	(21,546)
Repayment of long-term loans payable	(4,433)	(4,343)
Repayment of redemption of bonds	(30,000)	-
Dividends paid to owners of the Parent	(48,975)	(48,995)
Capital contributions from non-controlling interests	592	-
Dividends paid to non-controlling interests	(8,773)	(2,328)
Repayments of finance lease obligations	(11,377)	-
Repayments of lease liabilities	-	(141,216)
Others, net	182	142
Net cash used in financing activities	(102,429)	(183,268)
Effect of exchange rate changes on the balance of cash held in foreign currencies	(32,496)	1,393
Net increase in cash and cash equivalents	86,822	7,011
Cash and cash equivalents at the beginning of year	999,697	1,086,519
Cash and cash equivalents at the end of year	1,086,519	1,093,531

(5) Notes regarding Going Concern Assumptions

Not applicable.

(6) Notes to the Consolidated Financial Statements

1. Changes in Accounting Policies

(1) Application of IFRS 16: Leases

The Group began applying IFRS 16, from the beginning 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 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 International Accounting Standards ("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 *Leases* ("IAS17"))

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 finance 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 consolidated financial statements

With the application of IFRS 16, the Group recognized an additional 375,541 million yen in right-of-use assets, 428,631 million yen in lease liabilities and a decrease of 35,094 million yen in retained earnings in its 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 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 consolidated statement of financial position as at 31 August 2019 and the lease liabilities recognized in consolidated statement of financial position as at the date of initial application of IFRS 16 are as follows.

(Millions of 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
Cancellable operating lease commitments	52,894
Lease liabilities recognized in consolidated statement of financial position as at the date of initial application of IFRS 16	428,631

5) COVID-19-Related Rent Concessions

In accordance with the amendment to IFRS 16 issued in May 2020, a rent concession arising as a direct result of the COVID-19 pandemic and which also meets all of the following conditions will not be considered as a lease modification and accounted for variable lease payments.

・The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.

・ Any reduction in lease payments affects only payments originally due on or before 30 June 2021.

・There is no substantive change to other terms and conditions of the lease.

Any recognized gain or loss from rent concessions, that are not related to a lease modification, did not have a significant impact on the Group's consolidated financial statements.

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

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 consolidated financial statements.

2. Segment Information

(1) Description of reportable segments

The Group's reportable segments are components for which discrete financial information is available and is 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 brand clothing business in Japan and overseas
Global Brands: Theory, PLST, COMPTOIR DES COTONNIERS, PRINCESSE TAM. TAM and J Brand clothing operations

(2) Segment revenue and results

Year ended 31 August 2019

(Millions of yen)

	Reportable segments				Total	Others (Note 1)	Adjustments (Note 2)	Consolidated Statement of Profit or Loss
	UNIQLO Japan	UNIQLO International	GU	Global Brands				
Revenue	872,957	1,026,032	238,741	149,939	2,287,671	2,877	−	2,290,548
Operating profit/(loss)	102,474	138,904	28,164	3,685	273,228	122	(15,715)	257,636
Segment income/(loss) (i.e., profit/(loss) before income taxes)	101,393	139,624	27,968	3,570	272,557	123	(20,233)	252,447
Other disclosure:								
Depreciation and amortization	10,357	19,861	5,432	2,525	38,177	11	10,287	48,476
Impairment losses (Note 3)	574	1,979	364	302	3,220	−	223	3,444

(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. "

Year ended 31 August 2020

(Millions of yen)

	Reportable segments				Total	Others (Note 1)	Adjustments (Note 2)	Consolidated Statement of Profit or Loss
	UNIQLO Japan	UNIQLO International	GU	Global Brands				
Revenue	806,887	843,937	246,091	109,633	2,006,550	2,295	-	2,008,846
Operating profit/(loss)	104,686	50,234	21,835	(12,743)	164,013	(81)	(14,585)	149,347
Segment income/(loss) (i.e., profit/(loss) before income taxes)	104,648	50,417	21,581	(13,226)	163,421	(79)	(10,473)	152,868
Other disclosure:								
Depreciation and amortization (Note 3)	52,997	70,524	21,574	10,473	155,569	11	22,267	177,848
Impairment losses (Note 4)	2,413	15,847	1,305	3,523	23,090	13	(28)	23,074

(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) Depreciation and amortization recognized due to the application of IFRS 16 mentioned in " (6) Notes to the Consolidated Financial Statements 1. Changes to Accounting Policies" are included in "Depreciation and amortization".

(Note 4) 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.

Year ended 31 August 2019

		Revenue (Millions of yen)	Percent of Total (%)
	Japan	872,957	38.1
	Greater China	502,565	21.9
	Other parts of Asia & Oceania	306,510	13.4
	North America & Europe	216,956	9.5
UNIQLO (Note 1)		1,898,990	82.9
GU (Note 2)		238,741	10.4
Global Brands (Note 3)		149,939	6.5
Others (Note 4)		2,877	0.1
Total		2,290,548	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, Denmark

(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.

Year ended 31 August 2020

		Revenue (Millions of yen)	Percent of Total (%)
	Japan	806,887	40.2
	Greater China	455,986	22.7
	Other parts of Asia & Oceania	204,537	10.2
	North America & Europe	183,412	9.1
UNIQLO (Note 1)		1,650,825	82.2
GU (Note 2)		246,091	12.3
Global Brands (Note 3)		109,633	5.5
Others (Note 4)		2,295	0.1
Total		2,008,846	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 year is as follows:

(Millions of yen)

	Year ended 31 August 2019	Year ended 31 August 2020
Selling, general and administrative expenses		
Advertising and promotions	74,436	68,307
Rental expenses (Note)	197,840	53,617
Depreciation and amortization (Note)	48,476	177,848
Outsourcing	46,197	49,686
Salaries	301,456	277,556
Distribution	93,702	94,018
Others	92,284	84,787
Total	854,394	805,821

(Note) The decrease of "Rental expenses" and the increase of "Depreciation and amortization" are due to the application of IFRS 16 as mentioned in “(6) Notes to the Consolidated Financial Statements 1. Changes in accounting policies”.

5. Other Income and Other Expenses

The breakdowns of other income and other expenses for each year are as follows:

(Millions of yen)

	Year ended 31 August 2019	Year ended 31 August 2020
Other income		
Foreign exchange gains (Note)	-	1,576
Others	4,533	6,378
Total	4,533	7,954

(Millions of yen)

	Year ended 31 August 2019	Year ended 31 August 2020
Other expenses		
Foreign exchange losses (Note)	6,020	-
Losses on retirement of property, plant and equipment	650	1,125
Impairment losses	3,444	23,074
Others	2,510	4,752
Total	12,626	28,952

(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 breakdowns of finance income and finance costs for each year are as follows:

(Millions of yen)

	Year ended 31 August 2019	Year ended 31 August 2020
Finance income		
Foreign exchange gains (Note)	-	1,503
Interest income	12,202	9,673
Others	90	50
Total	12,293	11,228

(Millions of yen)

	Year ended 31 August 2019	Year ended 31 August 2020
Finance costs		
Foreign exchange losses (Note)	13,107	-
Interest expenses	4,369	7,706
Others	4	1
Total	17,481	7,707

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

7. Impairment Losses

During the year ended 31 August 2020, the Group recognized impairment losses on certain store assets, etc., due to reductions in profitability of the respective cash-generating units("CGU").

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

(Millions of yen)

	Year ended 31 August 2019	Year ended 31 August 2020
Buildings and structures	2,375	3,715
Furniture and equipment	271	655
Leased assets (Note 1,2)	501	-
Subtotal on property, plant and equipment	3,148	4,370
Software	239	0
Trademark (Note 3)	-	1,312
Other intangible assets	55	333
Subtotal on intangible assets	295	1,646
Right-of-use assets	-	17,041
Other non-current assets (long-term prepayments)	0	15
Total impairment losses	3,444	23,074

(Note 1) Leased assets include furniture, equipment and carrier.

(Note 2) Leased assets are transferred to right-of-use assets due to the application of IFRS 16 as mentioned in "(6) Notes to the Consolidated Financial Statements 1. Changes in accounting policies".

(Note 3) 612 million yen represented impairment losses on trademark of the Helmut Lang brand and 700 million yen represented impairment losses on trademark of the J Brand.

The Group’s impairment losses during the year ended 31 August 2020 amounted to 23,074 million yen, compared with 3,444 million yen during the year ended 31 August 2019, and are included in “other expenses” on the consolidated statement of profit or loss.

Year ended 31 August 2019

Property, plant and equipment

Out of total impairment losses amounting to 3,444 million yen, 3,148 million yen represented write downs of the carrying amounts of store assets to the recoverable amounts, primarily due to a reduction in profitability of certain stores, including flagship stores.

The grouping of assets is based on the smallest CGU that independently generates cash inflow. In principle, each store, including flagship stores, is considered as an individual CGU and recoverable amounts thereon are calculated based on value in use.

The value in use is calculated based on the cash flow projections with estimates and growth rates approved by management, applying a discount rate of 15.9%. In principal, the projected cash flows cover a five-year period, and do not use a growth rate that exceeds the long-term average market growth rate. The pre-tax discount rate calculation is based on the weighted-average cost of capital.

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

Operating segment	CGU	Type
UNIQLO Japan	UNIQLO CO., LTD. stores	Buildings and structures
UNIQLO International	UNIQLO EUROPE LTD., etc., stores	Buildings and structures
GU	G.U. CO., LTD., etc., stores	Buildings and structures
Global Brands	COMPTOIR DES COTONNIERS S.A.S, etc., stores	Buildings and structures

Year ended 31 August 2020

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

Out of total impairment losses amounting to 23,074 million yen, 21,411 million yen represented write downs of the carrying amounts of store assets to the recoverable amounts, primarily due to a reduction in profitability of certain stores, including flagship stores. With the global spread of COVID-19, the Group's performance has been adversely affected to due to temporarily closing stores, etc. We measured impairment losses on the assumption that the impact of the COVID-19 pandemic will continue to be felt through to the end of August 2021.

The grouping of assets is based on the smallest CGU that independently generates cash inflow. In principle, each store, including flagship stores, is considered as an individual CGU and recoverable amounts thereon are calculated based on value in use.

The value in use is calculated based on the cash flow projections with estimates and growth rates approved by management, applying a discount rate of 7.1%. In principal, the projected cash flows cover a five-year period, and do not use a growth rate that exceeds the long-term average market growth rate. The pre-tax discount rate calculation is based on the weighted-average cost of capital.

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

Operating segment	CGU	Type
UNIQLO Japan	UNIQLO CO., LTD. stores	Buildings, structures and right-of-use assets
UNIQLO International	UNIQLO USA LLC、 FRL Korea Co., Ltd. etc., stores	Buildings, structures and right-of-use assets
GU	G.U. CO., LTD., FRL Korea Co., Ltd. etc., stores	Buildings, structures and right-of-use assets
Global Brands	Theory LLC., COMPTOIR DES COTONNIERS S.A.S., etc stores	Buildings, structures and right-of-use assets

8. Earnings per share

Year ended 31 August 2019		Year ended 31 August 2020	
Equity per share attributable to owners of the Parent (Yen)	9,196.61	Equity per share attributable to owners of the Parent (Yen)	9,368.83
Basic earnings per share for the year (Yen)	1,593.20	Basic earnings per share for the year (Yen)	885.15
Diluted earnings per share for the year (Yen)	1,590.55	Diluted earnings per share for the year (Yen)	883.62

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

	Year ended 31 August 2019	Year ended 31 August 2020
Basic earnings per share for the year		
Profit attributable to owners of the Parent for the year (Millions of yen)	162,578	90,357
Profit not attributable to common shareholders (Millions of yen)	-	-
Profit attributable to common shareholders (Millions of yen)	162,578	90,357
Average number of common stock outstanding during the year (Shares)	102,045,645	102,081,609
Diluted earnings per share for the year		
Adjustment to profit (Millions of yen)	-	-
Increase in number of common stock (Shares)	169,956	177,082
(Number of share subscription rights included in the increase)	(169,956)	(177,082)

9. Subsequent Events

Not applicable.

4. Others

Changes in officers

(1) Change in representative

Not applicable.

(2) Other changes in executives scheduled for 26 November 2020

Changes in directors assume approval by the General Meeting of Shareholders for the 59th fiscal term, scheduled to be held on 26 November 2020.

(i) Candidates for reappointment as directors

Director	Tadashi Yanai	(current Chairman, President, and Chief Executive Officer)
Director	Toru Hambayashi	(current Director)
Director	Nobumichi Hattori	(current Director)
Director	Masaaki Shintaku	(current Director)
Director	Takashi Nawa	(current Director)
Director	Naotake Ohno	(current Director)
Director	Takeshi Okazaki	(current Director)
Director	Kazumi Yanai	(current Director)
Director	Koji Yanai	(current Director)

Note: Tadashi Yanai is expected to be reappointed Chairman, President, and Chief Executive Officer after re-election by the General Meeting of Shareholders scheduled for 26 November 2020.

Toru Hambayashi, Nobumichi Hattori, Masaaki Shintaku, Takashi Nawa, and Naotake Ohno are External Directors as stipulated in Article 2-15 of the Companies Act.

(ii) Candidate for new appointment as statutory auditor

Statutory Auditor Masakatsu Mori

Masakatsu Mori is an External Director as stipulated in Article 2-15 of the Companies Act.

(iii) Candidate for reappointment as statutory auditor

Statutory Auditor	Masaaki Shinjo	(current Statutory Auditor)
Statutory Auditor	Keiko Kaneko	(current External Statutory Auditor)

5. 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, 15 October 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 Friday, 16 October 2020.

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

Japan, 15 October 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.