FAST RETAILING CO., LTD.
迅 銷 有 限 公 司

Year-end Report 2022/23

2022.9.1 - 2023.8.31

Stock Code: 6288

Contents

1. Corporate Information

Board of Directors
Representative Executive Director
Tadashi Yanai *(Chairman, President and CEO)*

Executive Directors
Takeshi Okazaki
Kazumi Yanai
Koji Yanai

Independent Non-executive Directors
Nobumichi Hattori
Masaaki Shintaku
Naotake Ono
Kathy Mitsuko Koll (aka Kathy Matsui)
Joji Kurumado
Yutaka Kyoya

Audit & Supervisory Board
Masaaki Shinjo
Masumi Mizusawa
Tomohiro Tanaka (appointed on 30 November 2023)
Keiko Kaneko (External)
Takao Kashitani (External)
Masakatsu Mori (External)

Company Secretary
Shea Yee Man

Independent Auditor
Deloitte Touche Tohmatsu LLC

Principal Banks
Sumitomo Mitsui Banking Corporation
MUFG Bank, Ltd.
Mizuho Bank, Ltd.
The Hong Kong and Shanghai Banking Corporation Limited

Registered Office and Headquarters
10717-1 Sayama
Yamaguchi City
Yamaguchi 754-0894
Japan

Principal Place of Business in Japan
Midtown Tower 9-7-1
Akasaka, Minato-ku
Tokyo 107-6231
Japan

Principal Place of Business in Hong Kong
702-706, 7th Floor, Mira Place Tower A
No. 132 Nathan Road
Tsim Sha Tsui
Kowloon
Hong Kong

HDR Registrar and HDR Transfer Office
Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen’s Road East
Wanchai
Hong Kong

Stock Code
Hong Kong: 6288
Japan: 9983

Website Address
http://www.fastretailing.com

2. Financial Highlights

A. Consolidated Financial Summary

Term	International Financial Reporting Standards (“IFRS”)				
	58th Year	59th Year	60th Year	61st Year	62nd Year
Accounting Period	Year ended 31 August 2019	Year ended 31 August 2020	Year ended 31 August 2021	Year ended 31 August 2022	Year ended 31 August 2023
Revenue (Millions of yen)	2,290,548	2,008,846	2,132,992	2,301,122	2,766,557
Operating profit (Millions of yen)	257,636	149,347	249,011	297,325	381,090
Profit before income taxes (Millions of yen)	252,447	152,868	265,872	413,584	437,918
Profit attributable to owners of the Parent (Millions of yen)	162,578	90,357	169,847	273,335	296,229
Comprehensive income attributable to owners of the Parent (Millions of yen)	140,900	110,134	215,309	554,833	423,601
Equity attributable to owners of the Parent (Millions of yen)	938,621	956,562	1,116,484	1,561,652	1,821,405
Total assets (Millions of yen)	2,010,558	2,411,990	2,509,976	3,183,762	3,303,694
Equity per share attributable to owners of the Parent (Yen)	9,196.61	9,368.83	10,930.42	5,093.97	5,939.33
Basic earnings per share for the year (Yen)	1,593.20	885.15	1,663.12	891.77	966.09
Diluted earnings per share for the year (Yen)	1,590.55	883.62	1,660.44	890.43	964.48
Ratio of equity attributable to owners of the Parent to total assets (%)	46.7	39.7	44.5	49.1	55.1
Ratio of profit to equity attributable to owners of the Parent (%)	18.0	9.5	16.4	20.4	17.5
Price earnings ratio (times)	39.1	71.5	43.6	30.6	34.7
Net cash generated by operating activities (Millions of yen)	300,505	264,868	428,968	430,817	463,216
Net cash (used in) / generated by investing activities (Millions of yen)	(78,756)	(75,981)	(82,597)	(212,226)	(574,402)
Net cash (used in) / generated by financing activities (Millions of yen)	(102,429)	(183,268)	(302,985)	(213,050)	(364,562)
Cash and cash equivalents at end of year (Millions of yen)	1,086,519	1,093,531	1,177,736	1,358,292	903,280
Number of employees:	56,523	57,727	55,589	57,576	59,871
(Separate, average number of temporary employees)	(80,758)	(70,765)	(63,136)	(56,113)	(54,349)

(Notes) 1. FAST RETAILING CO., LTD and its consolidated subsidiaries (the “Group”) prepare the consolidated financial statements in accordance with IFRS.

2. Our common stock has been split on a 3-to-1 basis, effective 1 March 2023. Equity per share attributable to owners of the Parent, basic earnings per share, and diluted earnings per share have been calculated assuming this stock split was conducted at the beginning of the previous fiscal year.

B. Non-Consolidated Financial Summary

Term	58th Year	59th Year	60th Year	61st Year	62nd Year
Accounting period	Year ended 31 August 2019	Year ended 31 August 2020	Year ended 31 August 2021	Year ended 31 August 2022	Year ended 31 August 2023
Operating revenue (Millions of yen)	184,910	156,356	278,605	283,165	327,932
Ordinary profit (Millions of yen)	106,000	78,211	208,221	295,957	251,097
Net income (Millions of yen)	106,113	62,422	175,286	258,203	209,145
Capital stock (Millions of yen)	10,273	10,273	10,273	10,273	10,273
Total number of shares issued (shares)	106,073,656	106,073,656	106,073,656	106,073,656	318,220,968
Total net assets (Millions of yen)	521,706	538,954	667,569	877,273	1,012,475
Total assets (Millions of yen)	1,054,758	1,063,356	1,100,398	1,362,278	1,392,070
Equity per share (Yen)	5,053.07	5,207.74	6,463.08	2,836.19	3,279.26
Dividends per share (Figures in parentheses indicate interim dividends) (Yen)	480.00 (240.00)	480.00 (240.00)	480.00 (240.00)	206.67 (93.33)	290.00 (125.00)
Basic earnings per share (Yen)	1,039.87	611.50	1,716.37	842.40	682.08
Diluted earnings per share (Yen)	1,038.14	610.44	1,713.61	841.14	680.95
Equity ratio (%)	48.9	50.0	60.0	63.8	72.2
Earnings on equity (%)	21.8	11.9	29.4	33.8	22.3
Price earnings ratio (Times)	59.5	103.5	42.3	32.4	49.1
Dividend ratio (%)	46.2	78.5	28.0	24.5	42.5
Number of employees: (Separate, average number of temporary employees) (Persons)	1,389 (11)	1,589 (8)	1,617 (10)	1,698 (12)	1,707 (13)
Total shareholder return (%) (Compared with TOPIX Total Return Index) (%)	121.1 (89.2)	124.0 (97.9)	142.8 (121.2)	162.2 (124.3)	199.5 (151.7)
Highest share price (Yen)	70,230	70,180	110,500	88,230	37,550 (86,920)
Lowest share price (Yen)	47,040	39,910	62,860	54,310	26,410 (71,070)

(Notes) 1. The highest and lowest share prices were recorded on the Tokyo Stock Exchange (Prime Market) on and after April 4, 2022, and prior to that, on the Tokyo Stock Exchange (1st Section).

2. Our common stock has been split on a 3-to-1 basis, effective 1 March 2023. Equity per share, dividends per share (figures in parentheses indicate interim dividends), basic earnings per share, and diluted earnings per share have been calculated assuming this stock split was conducted at the beginning of the previous fiscal year. Highest and lowest share price of 62nd Year are after stock split, and the number in () indicate highest and lowest share price before stock split.

3. Corporate Profile

A. History

In March 1949, Hitoshi Yanai, the father of our current Chairman, President, and CEO Tadashi Yanai, founded Men's Shop Ogori Shoji in Ube City, Yamaguchi Prefecture. To solidify the management foundation, the business later became incorporated in May 1963 under the name Ogori Shoji Co., Ltd.

In June 1984, the Fukuromachi Store, a store specializing in casual clothing, opened its doors in Hiroshima City, Hiroshima Prefecture as the first UNIQLO.

The Company's history:

Date	Summary
May 1963	Tadashi Yanai takes over the family business and transforms it into Ogori Shoji Co., Ltd., capitalized at 6 million yen, with headquarters at 63-147 Ogushi Village, Ube City, Yamaguchi Prefecture (now 2-12-12 Chuo-cho, Ube City, Yamaguchi Prefecture).
June 1984	UNIQLO's first location, the Fukuromachi Store, opens in Hiroshima (closed in 1991), marking the move into casual wear retailing with stores named UNIQLO.
September 1991	Ogori Shoji Co., Ltd. changes its name to FAST RETAILING CO., LTD., to embody its approach to business.
April 1992	The main Ogori Shoji store, selling menswear, is converted to the UNIQLO Onda store (closed in 2001). All the stores are completely renovated as casual clothing stores matching the UNIQLO brand.
April 1994	The number of UNIQLO stores in Japan rises above 100 (109 directly operated stores, 7 franchises).
July 1994	FAST RETAILING CO., LTD. lists its shares on the Hiroshima Stock Exchange.
April 1997	FAST RETAILING CO., LTD. lists its shares on the second section of the Tokyo Stock Exchange.
February 1998	Construction of the head office is finished (717-1 Sayama, Yamaguchi City, Yamaguchi Prefecture) to expand the Company's headquarters capacity.
November 1998	The first urban UNIQLO store opens in Shibuya-ku, Tokyo (UNIQLO Harajuku store, closed in 2007).
February 1999	FAST RETAILING CO., LTD. lists its shares on the first section of the Tokyo Stock Exchange.
April 1999	UNIQLO Shanghai office opens to further enhance production management.
April 2000	Tokyo headquarters opens in Shibuya-ku, Tokyo.
October 2000	Online store launches to open a new sales channel and make shopping easier for customers.
March 2001	Fast Retailing establishes the Social Contribution Office.
September 2001	FAST RETAILING (U.K) LTD. opens first four UNIQLO stores in London.
December 2001	Starts providing clothing support to Afghan refugees.
September 2002	Fast Retailing (Jiangsu) Apparel Co., Ltd. opens first two UNIQLO China stores in Shanghai.
January 2004	FAST RETAILING CO., LTD. invests in LINK HOLDINGS CO., LTD. (now LINK THEORY JAPAN CO., LTD.), the developer of Theory brand business apparel.
May 2004	Starts monitoring working environments at partner factories.
August 2004	Capital reserves of ¥7 billion integrated into capital, increasing total capital to ¥10.273 billion.
November 2004	Establishment of UNIQLO USA, Inc.
March 2005	Establishment of UNIQLO HONG KONG, LIMITED.
April 2005	Establishment of FR FRANCE S.A.S. (now FAST RETAILING FRANCE S.A.S.) and GLOBAL RETAILING FRANCE S.A.S. (now UNIQLO EUROPE LIMITED).
May 2005	Acquires management control of Nelson Finance S.A.S. (now CRÉATIONS NELSON S.A.S.), the developer of the COMPTOIR DES COTONNIERS brand, and makes it a subsidiary.
November 2005	Adopts a holding company structure to reinforce the UNIQLO brand and develop new business opportunities.
December 2005	Fast Retailing Establishes Group CSR Department.
February 2006	Makes equity investment in, and makes a subsidiary of, PETIT VEHICULE S.A.S. (now PRINCESSE TAM. TAM S.A.S.), developer of PRINCESSE TAM.TAM, a well-known brand of lingerie in France.

Date	Summary
March 2006	Establishes G.U. CO., LTD. to manage a new brand of less expensive casual clothing to follow UNIQLO.
September 2006	Starts All-Product Recycling Campaign (which becomes RE.UNIQLO from 2020).
November 2006	UNIQLO Soho New York Store opens as the brand’s first global flagship store.
November 2007	UNIQLO 311 Oxford Street Store opens in London as the brand’s first global flagship store in Europe.
December 2007	First UNIQLO France store opens in the Paris suburbs La Defense.
March 2009	LINK THEORY HOLDINGS CO., LTD. (now LINK THEORY JAPAN CO., LTD.) becomes a subsidiary through a takeover bid.
April 2009	First UNIQLO Singapore store opens in the Tampines 1 Mall (closed in 2021).
October 2009	UNIQLO Paris Opera Store opens in France as a global flagship store.
March 2010	UNIQLO establishes a wholly owned subsidiary in Taiwan.
April 2010	First UNIQLO Russia store, UNIQLO Atrium, opens in Moscow.
May 2010	UNIQLO Shanghai West Nanjing Road Store opens in China as a global flagship store.
October 2010	First UNIQLO Taiwan store opens in Taipei.
November 2010	First UNIQLO Malaysia store opens in Kuala Lumpur.
February 2011	Fast Retailing agrees to conclude a global partnership with the United Nations High Commissioner for Refugees (UNHCR) to strengthen All-Product Recycling Campaign and other activities.
September 2011	First UNIQLO Thailand store opens in Bangkok.
October 2011	UNIQLO Fifth Avenue Store opens in New York as a global flagship store.
November 2011	UNIQLO Myeongdong Jungang Store opens in Seoul, South Korea as a global flagship store (closed in 2021).
March 2012	UNIQLO Ginza Store opens in Tokyo as a global flagship store.
June 2012	First UNIQLO Philippines store opens in Manila.
April 2013	UNIQLO Lee Theatre opens in Hong Kong as a global flagship store.
June 2013	UNIQLO Lotte Shopping Avenue Store opens as the first UNIQLO Store in the Republic of Indonesia.
September 2013	UNIQLO global flagship store opens in Shanghai.
September 2013	First GU overseas store opens in Shanghai.
March 2014	HDRs (Hong Kong Depository Receipts) listed on the Main Board of The Stock Exchange of Hong Kong Limited.
April 2014	First UNIQLO Australia store opens in Melbourne.
April 2014	First UNIQLO Germany store opens in Berlin, Tauenzienstrasse as a global flagship store.
October 2014	UNIQLO global flagship store, UNIQLO OSAKA, opens.
July 2015	Fast Retailing joins the Fair Labor Association (FLA).
October 2015	First UNIQLO Belgium store opens in Antwerp.
December 2015	Fast Retailing issues ¥250 billion in unsecured straight bonds.
March 2016	The newly refurbished 311 Oxford Street global flagship store opens in London.

Date	Summary
April 2016	Construction completed on state-of-the-art distribution center in Ariake, Tokyo.
September 2016	UNIQLO Orchard Road Store opens as the first UNIQLO global flagship store in Southeast Asia.
September 2016	First UNIQLO Canada store opens in Toronto.
November 2016	Changes the name of the CSR Department to the Sustainability Department
February 2017	UNIQLO CITY TOKYO Ariake Office opens. UNIQLO product and commercial functions moved from Roppongi Office to Ariake Office.
February 2017	Publishes a list of major garment factories.
September 2017	First UNIQLO Spain store opens in Barcelona.
June 2018	Issues ¥250 billion worth of unsecured straight bonds.
August 2018	Sweden’s first UNIQLO store opens in Stockholm.
September 2018	The Netherlands’ first UNIQLO store opens in Amsterdam.
October 2018	UNIQLO Manila Store, UNIQLO’s global flagship store, opens in the Philippines.
October 2018	Fast Retailing entered into a logistics-related strategic global partnership with Daifuku Co., Ltd.
November 2018	Signs the United Nations Global Compact.
November 2018	Publishes a list of major materials factories.
April 2019	Denmark’s first UNIQLO store opens in Copenhagen.
September 2019	Italy’s first UNIQLO store opens in Milan.
September 2019	Office functions of GU and PLST move to Ariake Office.
October 2019	India’s first UNIQLO store opens in New Delhi.
November 2019	Fast Retailing entered into a logistics-related strategic global partnership with MUJIN, Inc. and Exotec Solutions SAS.
December 2019	First UNIQLO Vietnam store opens in Ho Chi Minh City.
June 2020	Opening of UNIQLO TOKYO, Japan's largest global flagship store, in Ginza.
April 2021	In-house photography studio, new customer service center, and mock-up UNIQLO stores open at the Ariake headquarters.
October 2021	Reopens the newly refurbished UNIQLO Mingyao global flagship store under the new name of UNIQLO TAIPEI store.
November 2021	UNIQLO global flagship store, UNIQLO Beijing Sanlitun, opens in Mainland China.
December 2021	Establishes FY2030 sustainability targets and action plan.
April 2022	Company listing moves to the Tokyo Stock Exchange Prime Market.
April 2023	UNIQLO opens a new roadside store, the "UNIQLO Maebashi Minami Inter Store"
October 2023	UNIQLO opens its first store in Luxembourg

B. Our Business

The Group consists of FAST RETAILING CO., LTD. (the “Company”, the “Parent”, or the “Reporting entity”), 125 consolidated subsidiaries, and 3 associates accounted for using the equity method.

Details of the Group’s businesses as well as the positioning of the Company and its main associates relative to the businesses are as follows.

The segment categories in this section of the report are the same as the segment categories in the section headed “9. Financial Information (6) Notes to the consolidated financial statements.”

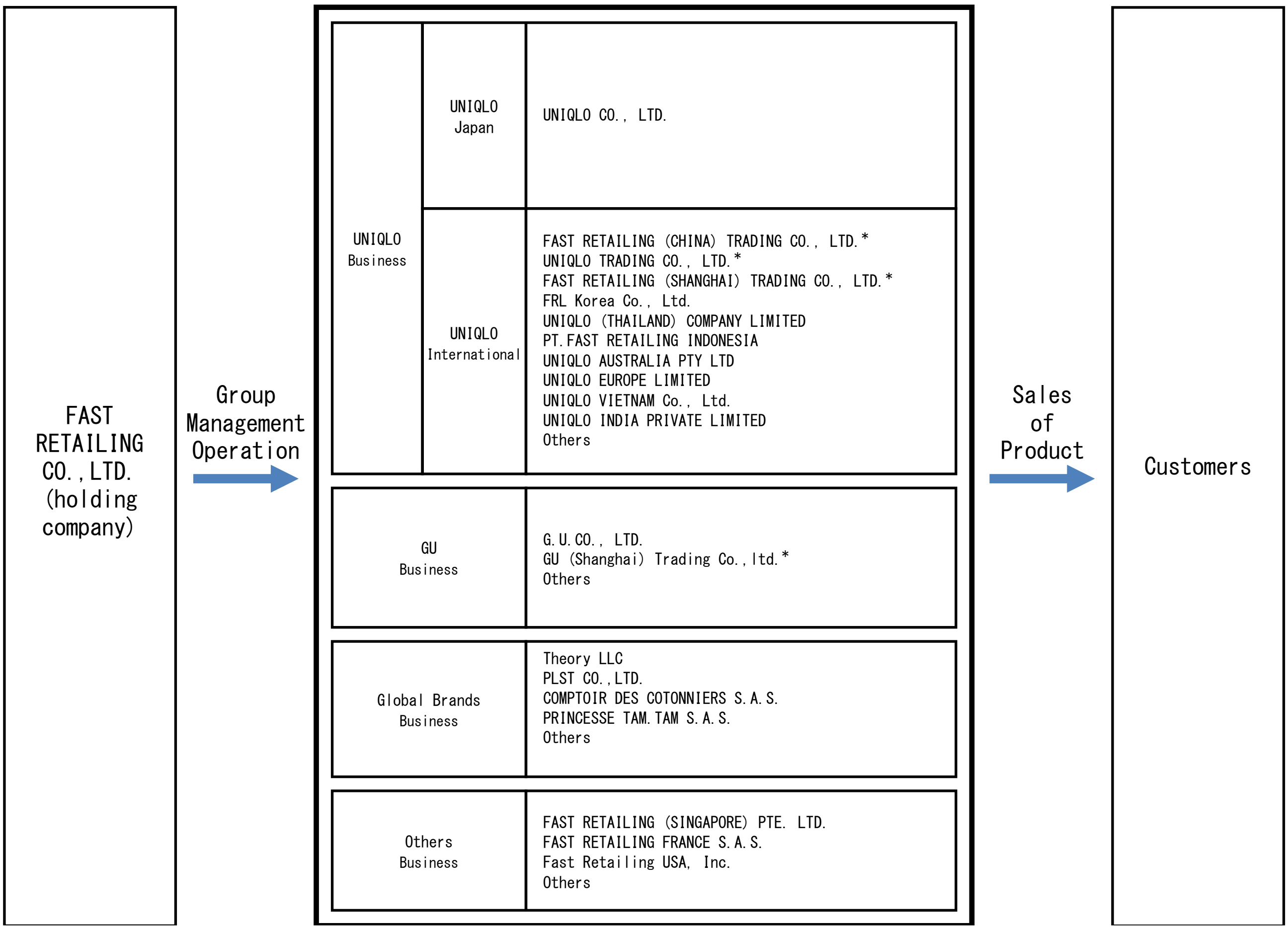
Category	Company name	Reportable Segment
Holding company	FAST RETAILING CO., LTD.	Others
Major Consolidated subsidiaries	UNIQLO CO., LTD.	UNIQLO Japan
	FAST RETAILING (CHINA) TRADING CO., LTD.*	UNIQLO International
	UNIQLO TRADING CO., LTD.*	UNIQLO International
	FAST RETAILING (SHANGHAI) TRADING CO., LTD.*	UNIQLO International
	FRL Korea Co., Ltd.	UNIQLO International
	FAST RETAILING (SINGAPORE) PTE. LTD.	Others
	UNIQLO (THAILAND) COMPANY LIMITED	UNIQLO International
	PT. FAST RETAILING INDONESIA	UNIQLO International
	UNIQLO AUSTRALIA PTY LTD	UNIQLO International
	Fast Retailing USA, Inc.	Others
	UNIQLO EUROPE LIMITED	UNIQLO International
	UNIQLO VIETNAM Co., Ltd.	UNIQLO International
	UNIQLO INDIA PRIVATE LIMITED	UNIQLO International
	G.U. CO., LTD.	GU
	GU (Shanghai) Trading Co., Ltd.*	GU
	FAST RETAILING FRANCE S.A.S.	Others
	Theory LLC	Global Brands
	PLST CO., LTD.	Global Brands
	COMPTOIR DES COTONNIERS S.A.S.	Global Brands
	PRINCESSE TAM.TAM S.A.S.	Global Brands
	Other consolidated subsidiaries (105 companies)	UNIQLO International / GU / Global Brands / Others
Associates accounted for using the equity method	Associates accounted for using the equity-method (3 companies)	Others

* The English names of all subsidiaries established in the People’s Republic of China (“PRC”) are translated for identification only.

(Notes) 1. "UNIQLO" business means the retail business of UNIQLO brand casual apparel in Japan and overseas.
2. "GU" business means the retail business of GU brand casual apparel in Japan and overseas.
3. "Global Brands" business means the planning, retail, and manufacturing of apparel in Japan and overseas.
4. "Others" includes real estate leasing businesses.
5. The Company corresponds to a specified listed company, etc. as stipulated in Article 49-2 of the Cabinet Office Ordinance on Restrictions on Securities Transactions. As a result, assessment of the minimal standard for material facts under the insider trading regulations is based on the consolidated numerical data.

The organizational structure is as follows:

Business Structure



* The English names of all subsidiaries established in PRC are translated for identification only.

C. Subsidiaries and Associates

Name	Location	Nominal value of issued ordinary / registered share capital (Thousands)	Details of main businesses	Ownership ratio of voting rights	Relationship
(Consolidated subsidiaries) UNIQLO CO., LTD.	Yamaguchi City, Yamaguchi Prefecture	JPY1,000,000	UNIQLO Japan	100.0%	Concurrent directorships Lending and borrowing of funds Receipt of service fee etc. Receipt of lease payments
FAST RETAILING (CHINA) TRADING CO., LTD.*	Shanghai, PRC	USD20,000	UNIQLO International	100.0%	Concurrent directorships Receipt of service fee etc.
UNIQLO TRADING CO., LTD.*	Shanghai, PRC	USD30,000	UNIQLO International	100.0%	Concurrent directorships Receipt of service fee etc.
FAST RETAILING (SHANGHAI) TRADING CO., LTD.*	Shanghai, PRC	USD35,000	UNIQLO International	100.0%	Concurrent directorships Receipt of service fee etc.
FRL Korea Co., Ltd.	Seoul, South Korea	KRW24,000,000	UNIQLO International	51.0%	Concurrent directorships Receipt of service fee etc.
FAST RETAILING (SINGAPORE) PTE. LTD.	Republic of Singapore	SGD86,000	Others	100.0%	Concurrent directorships Receipt of service fee etc.
UNIQLO (THAILAND) COMPANY LIMITED	Bangkok, Kingdom of Thailand	THB1,820,000	UNIQLO International	75.0% (75.0%)	Receipt of service fee etc.
PT. FAST RETAILING INDONESIA	Jakarta, Republic of Indonesia	IDR115,236,000	UNIQLO International	75.0% (75.0%)	Concurrent directorships Receipt of service fee etc.
UNIQLO AUSTRALIA PTY LTD	Melbourne, Australia	AUD21,000	UNIQLO International	100.0% (100.0%)	Lending of funds Receipt of service fee etc.
Fast Retailing USA, Inc.	New York, United States of America	USD 5,241,621	Others	100.0%	Concurrent directorships Guarantees Receipt of service fee etc.
UNIQLO EUROPE LIMITED	London, United Kingdom	GBP40,000	UNIQLO International	100.0%	Concurrent directorships Receipt of service fee etc.
UNIQLO VIETNAM Co., Ltd.	Ho Chi Minh, Vietnam	USD15,800	UNIQLO International	75.0% (75.0%)	Receipt of service fee etc.
UNIQLO INDIA PRIVATE LIMITED	New Delhi, Republic of India	INR2,000,000	UNIQLO International	100.0%	Lending of funds Receipt of service fee etc.
G.U. CO., LTD.	Yamaguchi City, Yamaguchi Prefecture	JPY10,000	GU	100.0%	Concurrent directorships Lending and borrowing of funds Receipt of service fee etc. Receipt of lease payments
GU (Shanghai) Trading Co.,Ltd.*	Shanghai, PRC	USD20,000	GU	100.0%	Concurrent directorships Lending of funds Receipt of service fee etc.
FAST RETAILING FRANCE S.A.S.	Paris, France	EUR101,715	Others	100.0%	Concurrent directorships Lending of funds Guarantees Receipt of service fee etc.
Theory LLC	New York, United States of America	USD116,275	Global Brands	100.0% (100.0%)	Concurrent directorships Receipt of service fee etc.
PLST CO., LTD.	Yamaguchi City, Yamaguchi Prefecture	JPY10,000	Global Brands	100.0%	Concurrent directorships Lending and borrowing of funds Receipt of service fee etc. Receipt of lease payments
COMPTOIR DES COTONNIERS S.A.S.	Paris, France	EUR24,593	Global Brands	100.0% (100.0%)	Guarantees
PRINCESSE TAM.TAM S.A.S.	Paris, France	EUR20,464	Global Brands	100.0% (100.0%)	Guarantees
Other consolidated subsidiaries (105 companies)	-	-	-	-	-
Associates accounted for using the	-	-	-	-	-

equity method (3 companies)					

* The English names of all subsidiaries established in the PRC are translated for identification only.

(Notes) 1. The information given in the “Details of main businesses” column is the name of the business segment.

2. UNIQLO CO., LTD., FAST RETAILING (CHINA) TRADING CO., LTD., UNIQLO TRADING CO., LTD., FAST RETAILING (SHANGHAI) TRADING CO., LTD., FRL Korea Co., Ltd., FAST RETAILING (SINGAPORE) PTE. LTD., UNIQLO (THAILAND) COMPANY LIMITED, PT. FAST RETAILING INDONESIA, UNIQLO AUSTRALIA PTY LTD, Fast Retailing USA, Inc., UNIQLO EUROPE LIMITED, UNIQLO VIETNAM Co., Ltd., UNIQLO INDIA PRIVATE LIMITED, G.U. CO., LTD., GU (Shanghai) Trading Co., Ltd., FAST RETAILING FRANCE S.A.S., COMPTOIR DES COTONNIERS S.A.S., and PRINCESSE TAM. TAM S.A.S. are specified subsidiaries.

3. Figures in parentheses in the “Ownership ratio of voting rights” column indicate the ratio of voting rights held by a Group subsidiary.

4. Net sales (excluding internal sales between other member companies of the consolidated Group) of UNIQLO CO., LTD. and FAST RETAILING (CHINA) TRADING CO., LTD. are greater than 10% of consolidated revenue. Key elements of profit / loss and financial position for the year ended 31 August 2023 are as below.

UNIQLO CO., LTD.

(1) Revenue	890,427 million yen
(2) Profit before income taxes	155,686 million yen
(3) Profit for the year	110,853 million yen
(4) Total equity	272,861 million yen
(5) Total assets	854,207 million yen

FAST RETAILING (CHINA) TRADING CO., LTD.

(1) Revenue	444,934 million yen
(2) Profit before income taxes	74,790 million yen
(3) Profit for the year	55,941 million yen
(4) Total equity	210,930 million yen
(5) Total assets	323,078 million yen

D. Employees

(a) The Group

As at 31 August 2023

Name of segment	Number of employees	
UNIQLO Japan	12,482	(22,781)
UNIQLO International	35,666	(17,999)
GU	5,419	(12,766)
Global Brands	3,316	(657)
Total for reportable segments	56,883	(54,203)
Others	1,281	(133)
All companies (shared)	1,707	(13)
Total	59,871	(54,349)

(Notes) 1. The number of employees does not include operating officers, junior employees, or part-time workers.
2. The average number of registered personnel for junior employees and part-time workers for the year are shown in brackets ( ).
3. The number of employees given as "All companies (shared)" represents administrative employees who could not be categorized in a specific business segment.

(b) The Company

As at 31 August 2023

Number of employees		Average age	Average number of years with the Company	Average annual wages (thousands of yen)
1,707	(13)	38 years old and 10 months	4 years and 11 months	11,476

(Notes) 1. The number of employees does not include operating officers, junior employees, or part-time workers.
2. The average number of registered personnel for junior employees and part-time workers for the year are shown in brackets ( ).
3. Figures for average annual wages include bonuses and other non-standard payments.
4. All of the Company's employees are categorized as "All companies (shared)."
5. When an employee is transferred from a subsidiary, the average years of service does not include the number of years spent at the subsidiary.

(c) Status of labor unions

There are no labor unions at the Company, but unions have been formed at some subsidiary companies. Management-labor relations have been smooth, and there are no special items to report.

(d) Diversity-related indicators

The diversity-related indicators for the current consolidated fiscal year are as follows.

	Percentage of female workers in management positions (%)	Percentage of males taking childcare leave, etc. (%)	Gender wage gap (%)		
			All workers	Full-time employment workers	Part-time and fixed-term workers
FAST RETAILING CO., LTD.	22.4	39.3	58.6	64.0	63.1
UNIQLO CO., LTD.	32.0	31.3	80.9	60.3	105.9
G.U. CO., LTD.	22.1	50.8	88.6	73.5	116.3
LINK THEORY JAPAN CO., LTD.	56.7	33.3	78.2	79.7	68.7
PLST CO., LTD.	30.4	100.0	66.9	72.6	90.1
INNOVATION FACTORY CO., LTD.	-	-	80.6	87.9	85.0

(Notes)1. The percentage of female workers in managerial positions and the gender wage gap are calculated in accordance with the provisions of the "Act on Promotion of Women's Participation and Advancement in the Workplace" (Act No. 64 of 2015). Management positions refer to block leaders, area managers and branch managers above a certain grade in the Sales Department, and general managers and leaders at headquarters.

2. The percentage of males taking childcare leave, etc. is the ratio of the number of males who have taken childcare leave in the current period (excluding paid vacation taken for childcare purposes) to the number of male employees whose partner has given birth in the current period, calculated based on the "Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Act No. 76 of 1991) and Article 71(4)(1) of the "Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Ordinance of the Ministry of Labor No. 25 of 1991).

3. Full-time employment workers are executive officers (excluding directors), national employees and regional regular employees.

4. Part-time and fixed-term workers are associate employees, part-time employees, contract employees and temporary employees. The number of employees who work shorter hours is not converted and calculated based on working hours.

5. All workers include full-time employment workers and part-time and fixed-term workers.

6. “-“ indicates that there is no population.

Supplementary explanation on differences

1. Management position ratio

In order to realize an environment in which female employees can play a more active role, we are reforming our personnel system and conducting training for management and female management candidates to dispel unconscious bias.

2. Percentage of males taking childcare leave

In order to ensure that leave can be taken more flexibly by males who wish to take leave, we collect and provide examples of our own employees taking childcare leave and paternity leave after becoming parents, and also conduct training on childcare leave and paternity leave, etc.

3. Gender wage gap

Each group company has adopted a grading system that defines the skills and requirements sought for each position level, and conducts evaluations and promotions based on individual abilities, regardless of attributes such as gender. We apply a fair wage system in which the same wage is given to both males and females of the same grade; there are no gender-based differences in wages within the same grades. However, due to there being a large number of female local full-time employees who support store operations, as well as there being fewer females at the higher grades, there is a gender wage gap caused by differences in the proportion of males and females in each respective grade.

4. Management Discussion and Analysis

A. Business Plan

The statements with regard to the future are based on management decision and projections made by the Company based on information available at the time of the publication of this report (30 November 2023).

The Fast Retailing Group aims to provide all people around the world with the joy, happiness, and satisfaction of wearing great clothes based on its corporate philosophy: Changing clothes. Changing conventional wisdom. Change the world.

Our LifeWear (ultimate everyday clothing) epitomizes our clothes creation concept for simple, high-quality clothing that enriches people's lives and is carved from a desire to satisfy everyday life needs. Given today's desire for comfortable clothes that fit well and clothes that don't waste precious resources, we are noticing more and more customers sympathizing with our LifeWear concept and global support for LifeWear is rising. UNIQLO International revenue has increased by five times over the past ten years, and the segment's contribution to total sales has risen significantly from approximately 22% to roughly 52%. UNIQLO International operations are growing markedly thanks to growing brand visibility and a wider customer base not only in the Greater China region where UNIQLO has already established a strong brand position, but also in Southeast Asia, India & Australia, North America, and Europe. We intend to turn these changes into opportunities to develop into a truly global company by setting and challenging new long-term targets.

Our ultimate aim is to develop into an essential brand for everyday life that is trusted by customers the world over. That means striving to become a leading global brand not only by expanding operations, but also by making qualitative improvements, including corporate culture.
During its initial founding stage (1984-2004), Fast Retailing established the UNIQLO operation and a basic SPA structure. The second creative stage (2005-2012) was marked not only by an expansion of operations in Japan, but also by a genuine push into international markets in order to develop into a global brand. The third stage (2013-2022) involved accelerating the development of global operations based on our LifeWear concept and strengthening our Group brands, while establishing the fundamental platforms for a digital consumer retailing industry. The Company experienced considerable growth as revenue roughly tripled over each of the creative stages. The fourth creative period began in FY2023 with an aim to expand revenue to 10 trillion yen over the next 10 years. We are currently working towards the interim aim of expanding revenue to 5 trillion yen over the next few years.

Issues We Need to Address

(1) Responding to Customer Needs and Creating New Customers

・Strengthen customer-oriented product manufacturing

We are further advancing our goal to develop a digital consumer retailing industry that enables customers to immediately buy the clothes they really want, when they want them. We intend to utilize our global app membership base and our store network to directly connect with customers worldwide so we can develop products based on customer feedback. We also aim to compile full and appropriate product ranges that befit a truly global brand by strengthening our global R&D bases.

・Promote supply chain reform

We are refining our product planning, volume planning, and inventory control, while also working to reduce lead times on additional production. We are also introducing automated warehouses on a global scale and improving distribution efficiency.

・Facilitate new purchasing experiences

We are building a new purchasing experience that fuses our physical stores and e-commerce network. In addition to establishing a system that offers various forms of purchasing and delivery to suit customer needs, we are strengthening the transmission of e-commerce information to serve as a platform for communicating with customers.

(2) Diversifying Our Global Earnings Pillars

・Accelerate growth of UNIQLO International

We plan to open 80 new stores in the Greater China region each year and consistently expand operations through our scrap and build policy of replacing smaller, less profitable stores with larger, better located stores. We will accelerate the pace of new store openings by opening roughly 60 stores in the Southeast Asia, India & Australia region and 30 stores each in

North America and Europe each year. We will accelerate growth by creating product lineups that meet customer needs in each region and conducting high-level store management.

・Continued stable growth for UNIQLO business in Japan

We are aiming to ensure stable revenue growth at UNIQLO Japan by optimizing our store network through our scrap and build policy, enhancing community-focused local store management, and developing product lineups and services designed to satisfy local demand. We will maintain high profit margins by appealing the value of our products, controlling discounting, and improving operational efficiency.

・Transforming operational management at global bases

We will ensure all national and regional operations and global headquarters are in constant contact, and promote the discovery and resolution of issues and the making of decisions through global bases. Our management teams will constantly tour the globe to ensure management is focused on frontline operations, actual products, and on-the-ground realities. As part of that effort, we plan to strengthen the functions of our New York global headquarters to put that center on par with Tokyo.

(3) Pursue a Business Model in which Our Business Development Contributes to Sustainability

・Respect human rights across the supply chain

We have established a system for confirming the traceability of all products right back to the raw material level, and have started operating that system with some products. In addition, we started monitoring working conditions at spinning mills in 2023 as well as sewing factories and fabric producers and we started conducting regular traceability surveys. We will continue to accelerate our efforts to address human rights issues in the supply chain.

・Build a circular business model

We will work on developing new services and technologies, such as repair, reuse, and recycling to ensure clothes can be used for a long time. We aim to build a circular business model that takes responsibility not only for the production and sale processes, but also for the fate of UNIQLO and GU clothes after sale.

・Address climate change

We have set FY2030 targets and are pursuing initiatives designed to help our overall mission to reduce greenhouse gas (GHG) emissions to net zero by 2050. Those FY2030 targets seek to reduce GHG emissions from stores and major offices by 90% vs. FY2019 levels and by 20% in the UNIQLO and GU supply chain over the same period.

(4) Expand Group Brands

・GU

We aim to achieve high growth by refining the development of highly finished products that capture mass trends. We will build a solid brand position by providing unique GU value to customers based on the operation’s special ability to offer fun fashion at amazingly low prices. We will seek to expand the GU operation by improving the accuracy of production plans, establishing production systems to shorten lead times, accelerating new store openings in Japan and internationally, and expanding e-commerce sales.

・Global Brands

We will aim to improve the management prowess of each business and establish a solid brand position in each country and region by leveraging the business principles cultivated at UNIQLO and our digital consumer retailing industry platforms.

(5) Enhance Human Capital

We will provide opportunities for all employees to grow, regardless of their specific attributes, and promote the creation of environments in which diverse human resources can play a leading role and demonstrate their abilities. We will strengthen our efforts and prioritize the acquisition and nurturing of in-store sales staff who can truly satisfy customer needs, global management personnel, and world-class highly specialized human talent.

B. Sustainability Approach and Initiative

Fast Retailing's corporate philosophy is to "Changing clothes, Changing conventional wisdom, Change the world." We continue our business activities with the aim of changing the world for the better by creating and selling good clothing. When we say, "good clothing," we mean clothes that are simple, high quality, long-lasting, and can enrich the lives of all people. This phrase also refers to clothes that are made using revolutionary technologies to facilitate our co-existence with the natural world and do not impose an undue burden on the Earth. These clothes are hand-made by a diverse array of people working energetically in environments that carefully protect their health, safety, and human rights. LifeWear is a brand that gives form to these ideas.

The apparel industry has been criticized for its negative impact on the environment caused by issues like increased use of resources, energy and water stemming from mass production and mass consumption, the shortening of clothing life cycles, and the production of large quantities of industrial waste, as well as issues with work environments due to long and complicated supply chains. Fast Retailing has been engaged in a variety of sustainability activities for quite some time: in 2001 we established our Social Contributions Office (now the Sustainability Department), in 2004 we implemented our Production Partner Code of Conduct as well as work environment monitoring, and in 2006 we engaged in recycling activities for all of our products and provided support for refugees. We believe that the concept of LifeWear is sustainability itself, and we will create a 'new industry' that not only includes clothing as a product, but also the process of producing and selling it and clothing after sale, presenting the world with an unprecedented way of fashion. Through these efforts, we will both contribute to society and grow our business.

Below, we will be discussing the ① governance, ② strategy, ③ risk management, and ④ metrics and targets associated with (1) sustainability in general, (2) climate change, and (3) human capital and diversity.

(1) Sustainability in general

(i) Governance

Fast Retailing has established a Sustainability Committee to promote sustainability activities in tandem with our business operations. Sustainability Committee meetings are attended by our internal directors (including our representative director), external directors, audit & supervisory board members, external experts, and relevant executive officers, and involve discussions regarding various sustainability policies and measures from a variety of different perspectives, and also serve as opportunities to provide advice, recommendations, and supervision to departments executing business operations. Meetings for the Committee were held four times this consolidated fiscal year, and were host to discussions regarding sustainability activities pertaining to matters like climate change, biodiversity, and circular economy. The Committee also discussed how best to communicate with customers and other stakeholders in order to solicit their participation in our social contribution activities.

We also engage in debate, offer advice, and conduct supervision regarding risk associated with key matters such as the environment and human rights during meetings of committees attended by internal and external directors, audit & supervisory board members, external experts, and executive officers like the Risk Management Committee, the Human Resources Committee, the Human Rights Committee, the Code of Conduct Committee, and the Corporate Transaction Ethics Committee. Furthermore, the Audit & Supervisory Board recognizes various issues pertaining to sustainability as risks, and requests reports from departments executing business operations as appropriate.

Additionally, evaluation standards of variable compensation for directors and executive officers in charge of sustainability-related matters include the evaluation of results pertaining to quantitative and qualitative goals set for the matters for which they are responsible.

In order to steadily implement sustainability activities throughout the Group, the management of each business unit and each company takes the lead in implementing and promoting initiatives in cooperation with the Sustainability Department. For example, as part of the Ariake Project, which aims to immediately commercialize and provide what customers are looking for, we have positioned sustainability activities as an important issue. Each department involved in supply chain management, including those responsible for store sales, e-commerce sales, production, and logistics, have appointed managers who are tasked with handling sustainability-related issues, such as the reduction of greenhouse gas emissions, reduction of waste, development of products that utilize recycled materials, and ensuring traceability. These departments have also established targets and KPIs in advancing their initiatives.

(ii) Strategy

As part of our management strategy, Fast Retailing has identified six priority areas (materialities) in our sustainability activities. To specify these priority areas, we identified key issues by referencing the Sustainable Development Goals (SDGs) announced by the United Nations as well as the indicators defined by ESG evaluation organizations, extracted the most critical factors in light of their importance to the Company, and the impact they would have on our customers and other stakeholders (as well as their expectations regarding those factors), and engaged in deliberations within the Sustainability Committee. These six priority areas (materialities) and their primary initiatives are as follows.

Priority Areas (Materialities)	Primary Initiatives
1. Creating new value through products and services	-Defining LifeWear as the concept underpinning our clothing production, we will pursue timeless designs from the design stage, and create finished clothing that is simple, high quality, highly functional, and will enjoy preferential use for a long period of time. -In addition to pursuing functionality and quality of clothing, we will work to resolve social issues and environmental problems, and create new value. -Through the development of recyclable products that utilize recycled materials, and repair and remaking efforts conducted via RE.UNIQLO STUDIO, we are working to encourage consumers to enjoy wearing their clothing longer, and striving to reduce our impact on the environment.

2. Respecting human rights and working environments in our supply chain	-As we respect the human rights of all individuals who work in our supply chain, and believe that preparing proper working environments is a core responsibility of our company, we are working to both ensure traceability and enhance transparency. -We ask that our business partners observe our "Production Partner Code of Conduct" at their factories, and implement regular monitoring of their work environments in accordance with this Code.
3. Respecting the environment	-We have set the following priority areas: "address climate change," "improve energy efficiency," "address biodiversity," "mana water resources," "manage chemical substances," and "manage waste, maximize resource efficiency," along with targets for each area, and are now engaged in relevant initiatives. -At our core garment factories and fabric mills, we utilize the Sustainable Apparel Coalition's environmental evaluation tool (the Higgs Index) to measure environmental impacts and risks in seven areas, including energy, water, and waste, and use this information to work alongside these factories to reduce our impact on the environment. -For information on our climate change initiatives, please see "(2) Climate Change."
4. Coexisting and mutually prospering with communities	-We continue to provide support for people around the world placed in difficult situations, such as refugees, by donating clothes, providing employment, and supporting their efforts to become self-reliant. -We are donating all profits obtained through our "PEACE FOR ALL" charity t-shirt project to international humanitarian organizations. -We are providing educational and social advancement support in order to help empower the children and youth who will lead in the future.
5. Supporting employee fulfillment	-We are engaging in diversity and inclusion efforts at the global level, centered around gender equality, diversity of race, ethnicity, and nationality, promotion of active participation by people with disabilities, and promoting the understanding of sexual diversity (LGBTQ+). -We provide all of our employees with growth opportunities, and are engaged in efforts to develop personnel who are capable of playing an active role at the global stage. -See "(3) Human capital and diversity" for our human capital initiatives.
6. Managing correctly	-We are enhancing the independence and supervisory functions of the Board of Directors by ensuring that a majority of the directors are from outside the Company. -The Board of Directors is supported by various committees that supplement the functions of the Board, and these committees engage in open and vibrant deliberations. -See IV. [Status of Submitting Companies], 4. [Status of Corporate Governance, etc.], and (1) [Corporate Governance Overview] for details.

(iii) Risk management

Fast Retailing has established a Risk Management Committee to regularly identify potential risks that may befall our business activities, identify important risks, and strengthen the systems intended to manage them. See C. Risk for details on risk management, including individual risks.

(ix) Metrics and targets

Fast Retailing has established fiscal 2030 targets and action plans for key sustainability areas. Our targets and the progress we have made on primary initiatives are as follows.

Items	Targets	Progress on primary initiatives
Making clothes that cares for the environment		
Reducing greenhouse gas emissions	Our Company's areas: -Reduce greenhouse gas emissions by 90% compared to their fiscal 2019 levels by fiscal 2030 -Increase ratio of renewable energy used at our stores and main offices of Fast Retailing group to 100% by fiscal 2030	-Reduced greenhouse gas emissions by 45.7% compared to their fiscal 2019 levels by the year ending August 2022 *1 -As of the year ending August 2022, renewable energy use ratio was 42.4%. Achieved substantively 100% renewable energy use at UNIQLO in Europe (excluding certain countries), North America, and Vietnam *1
	Supply chain areas: Reduce greenhouse gas emissions by 20% compared to their fiscal 2019 levels by fiscal 2030	-Reduced greenhouse gas emissions by 6.2% compared to their fiscal 2019 levels by the year ending August 2022 *1
	Product areas: Increase the proportion of recycled materials and materials with low greenhouse gas emissions to approximately 50% by fiscal 2030	- Proportion of recycled materials and materials with low greenhouse gas emissions for 2022 products has risen to 8.5% for all planned products for 2023. Recycled polyester accounts for 30.0% of all polyester usage
Reduced water use	Reduce per-unit water usage by 10% at end 2025 compared to 2020 levels at each of the major garment and materials factories accounting for 80% of the water used to make our products	In terms of 2021 results, 32% of the target factories achieved their targets *2
Waste reduction	Realize zero operational waste from our facilities to landfills or incineration without energy recovery in earlier stages by reducing, replacing, reusing, and recycling materials (product packaging, cardboard during shipping, plastic bags, hangers etc.) used in the process of delivering clothes to our customers	-Promoted projects to reduce and recycle plastic used to package products during delivery -Took initiatives to reduce plastic use, such as investigating switching to alternative materials like paper for hangers and other items made of plastic
Elimination of hazardous chemical emissions	Eliminate emissions of hazardous chemicals in products and in production processes by the end of 2030	As of the end of 2022, the ZDHC wastewater standard compliance rate for major sewing and fabric factories was 99.9 percent
Making clothes that cares for people and society		

Improving transparency and traceability in the supply chain	-Enhance transparency in the supply chain and ensure traceability to the raw materials level -Identify and definitively address human rights, working environments, and environmental problems in the supply chain as a whole -By 2025, identify and sequentially disclose the information necessary for customers to make an informed decision when closing products	-Published a list of major garment factories in 2017, and expanded this publication to include major fabric mills in 2018. Publicly disclosed all garment factories with which we have ongoing transactions in March 2022 -Established a mechanism to ascertain and confirm the supply chain plans and results for each product, and systematically put this mechanism into operation in partnership with the factories starting in the fall and winter seasons of 2022. From the 2023 spring/summer season, understand traceability of all UNIQLO products down to the raw material level -Executed a Code of Conduct with major spinning mills in addition to garment factories and fabric mills, and advanced regular working environment audits and confirmed traceability information -Established an "Impact on the Earth and Society" corner for individual product pages on the UNIQLO (Japan, United States) and G.U. (Japan) online stores and published countries of origin for products starting in August 2023
Procure raw materials in an ethical and responsible manner	Advance procurement of raw materials in an ethical and responsible manner by defining procurement policies for plant-based materials and animal-based materials	Defined recommended and prohibited materials for each plant-based and animal-based material. Going forward, plan to start clarifying procedures for checking the status of compliance with Raw Material Procurement Guidelines that stipulate procurement policies
Global promotion of social contribution activities	-In collaboration with Fast Retailing, the Fast Retailing Foundation, and the Yanai Tadashi Foundation, further expand social contribution activities through clothing business on a global scale -Invest at a scale of 10 billion yen in social contribution activities by fiscal 2025. -Implement community contribution activities at all stores around the globe to support 10 million refugees and other socially vulnerable people, people of the next generation, and those in the areas of culture, the arts, and sports. Expand clothing support to 10 million articles of clothing per year	-In the year ending August 2023, we donated 5.4 billion yen to social contribution activities, and provided support in the form of 1.13 million articles of clothing. 1.82 million people benefited from our efforts *Includes activities by the FR Group, the FR Foundation, and the Tadashi Yanai Foundation, as well as activities by individuals -Revenues for UNIQLO's "PEACE FOR ALL" activities totaled 697 million yen between their start in June 2022 and the end of August 2023
Promotion of diversity and inclusion	Increase the ratio of women in all management positions globally to 50% by fiscal 2030	The ratio of women in management positions throughout the Group increased to 44.7% as of the end of August 2023

(Notes 1)We plan to publish the results of the year ending August 2023 on the Company's Sustainability Website by April 2024.
(Notes 2)We plan to publish the results for 2022 on the Company's Sustainability Website by around December 2023.
https://www.fastretailing.com/eng/sustainability/environment/

(2) Climate Change (Initiatives with Respect to TCFD Recommendations)

In order to reduce our impact on climate change and biodiversity, we are working to identify and reduce greenhouse gas emissions in our business activities across the board, including every stage from production to disposal of products. In promoting our initiatives, we respect the long-term goal (the Paris Agreement) of reducing greenhouse gas emissions by 2050, which was formulated based on the United Nations Framework Convention on Climate Change, and we set specific targets and promote activities geared toward achieving this goal.

(i) Governance and (iii) risk management

See (1) Sustainability in general (i) Governance and (iii) Risk management.

(ii) Strategy

In order to achieve the standards of the Paris Agreement, we are enhancing our initiatives to curb the rise in global average temperatures. We also understand the impact of climate-related risks and opportunities on our business, and are formulating and executing relevant strategies.

(Initiatives to Reduce Greenhouse Gas Emissions)

Advancement of the Ariake Project	-By promoting the Ariake Project and executing it at a greater level, we will realize the goal of "neither creating, delivering, nor selling wasteful things," increase customer satisfaction, and reduce our impact on the environment. -We create products based on customer needs by analyzing a vast amount of information, including customer demands gathered through stores and e-commerce around the world. Functional clothing such as Airism, Ultra Light Down, and HEATTECH not only make customers' everyday life more comfortable, but also helps them reduce their amount of energy use by reducing their excessive use of air conditioning and heating.
Our Company's areas (Stores and Primary Offices)	-At our stores, we are working to save energy by directly reducing the use of electricity and to create energy that generates its own electricity. We will also continue to verify and open stores that conserve and create energy by, for example, opening roadside stores (UNIQLO Maebashi Minami Inter Store) that reduce energy consumption through the application of various energy conserving technologies and generate energy using solar panels. -In order to achieve our target of using 100% renewable energy, we are, among other efforts, installing solar power generation facilities, purchasing renewable energy menus provided by electric power companies, and purchasing renewable energy certificates.
Supply chain areas	-At UNIQLO and G.U.'s main plants, which account for approximately 90% of UNIQLO and G.U. production, we are steadily promoting energy-saving measures, decarbonization, and the introduction of renewable energy by understanding individual issues that vary by country, region and plant characteristics, and by carefully responding and working to resolve them.
Product areas	- We are currently working to switch to materials with low greenhouse gas emissions, with our initiatives being focused on polyester at the present. As recycling technology for chemical fibers is relatively advanced, we are moving forward with efforts to switch to recycled materials. We are also working on research and development for natural materials like cotton and wool with our business partners, and are engaged in the development of materials that can offer the same quality and comfort as our existing products. -We are also focusing on the development of products that use new technologies and recycled materials, such as fleece and polo shirts that use recycled polyester made from collected PET bottles, and recycled down jackets that reuse down feathers from recovered down products.
Advancement of RE.UNIQLO	-At UNIQLO, we are engaged in the "RE.UNIQLO" customer-participatory initiative where we recover clothes that customers no longer need and transition them to their next users after providing them with new value. -In addition to providing clothing support (REUSE) to refugees and internally displaced persons, we are also promoting recycling efforts that involve the revival of collected clothing as new clothes and materials (RECYCLE). We are also connecting these initiatives into efforts to reduce excess waste, greenhouse gas emissions, and resource use throughout a product's life cycle (REDUCE). -Additionally, at UNIQLO's "RE.UNIQLO STUDIO" we provide customization services such as the repairing (REPAIR) and remaking (REMAKE) of clothing articles to enable our customers to wear their favorite clothes with care.

(Scenario Analysis of Risks and Opportunities Related to Climate Change)

At Fast Retailing, we believe that the key to ensuring sustainable business operations is anticipating, preventing, appropriately managing, and responding to existing and potential business risks. As for our mainstay UNIQLO operations, which constitute approximately 80% of our sales, we evaluated the risks and opportunities that climate change poses to the Company and our supply chain, along with possible countermeasures, for scenarios where the average temperature increase by 2100 is under 2°C, and scenarios where the average temperature increase by 2100 is 4°C, up to the year 2030.

-International Energy Agency (IEA) "Sustainable Development Scenario" and "Below 2°C Scenario (B2DS)" -Intergovernmental Panel on Climate Change (IPCC) "Fifth Assessment Report (RCP8.5)"

(Risks and Opportunities Related to Climate Change)

Items		Risks	Opportunities
Below 2°C Scenario			
Regulations	Carbon tax, carbon pricing, and regulations	The risk of cost increases in the supply chain caused by stronger carbon tax and other taxation systems or tighter regulations, which would result in higher production costs	Control cost rises in the supply chain by promoting energy conservation and introducing renewable energy, which would result in lower production costs
		The risk of higher costs at Fast Retailing stores caused by stronger carbon tax and other taxation systems or tighter regulations	-Control cost rises at Fast Retailing stores by introducing renewable energy and promoting energy conservation, which would result in lower costs -Improve brand image by improving reputation among customers
		The risk of an increase in distribution costs relating to EU fuel economy and emissions regulations, or a tightening in regulations in the markets where our production bases are located, such as China, Vietnam, Bangladesh, and Indonesia, or the markets where we retail clothing, such as Japan, Southeast Asia, and the EU	Realize more efficient distribution through the promotion of our Ariake Project business model transition
Markets	Changing customer values	The risk of a decline in sales and reputation if Fast Retailing customers start to prefer materials, products, and services that have a low environmental impact and we are not able to meet those changing needs	Create new demand and improve our reputation among customers by developing new materials with low GHG emissions
			Increased demand for products that address environmental change
			Create new demand and improve our reputation among customers by accelerating recycling activities
			Improve our reputation among customers by strengthening our sustainability activities
4°C Scenario			
Acute and chronic	More frequent natural disasters	The impact of natural disasters on raw materials, damage to production facilities, production stoppages caused by supply chain disruptions	-Fast Retailing has the capacity to mount a strong response as a specialty retailer of private-label apparel (SPA) that manages the whole clothes-making process from materials procurement through planning, production, distribution, sales and inventory management, etc. That enables us to minimize and reduce risk, and to maintain and potentially create demand ・Minimize damage in the event of a disaster (build a resilient business) by building strong partnerships with suppliers and business partners and seeking to strengthen our adaptation strategies
	Increasing temperatures	A decline in sales caused by a product mix that does not respond sufficiently to changing temperatures	Create new demand with new functional materials

(Strategies for Addressing Risks and Opportunities Related to Climate Change)

- We believe that demand for our clothing, especially LifeWear, will remain the same regardless of whether the less-than 2 °C temperature increase scenario or the 4°C temperature increase scenario is realized. By developing products that meet customer needs, such as materials with lower greenhouse gas emissions, recyclable products, and climate-friendly products (such as HEATTECH and Airism), we believed that we will be able to improve our market superiority and expand our sales.
- If the below 2°C scenario is realized, we face risks of increase production and store prices, including increased taxes such as carbon taxes, tightened regulations, and increased electricity prices, but we can decrease these risks by promoting energy conservation and renewable energy use. Although there is a risk that logistics costs will rise if regulations such as fuel efficiency and exhaust gas regulations for automobiles and trucks are tightened in the EU and other countries around the world, we can reduce these risks by promoting the transition to hybrid and electric vehicles, and increasing logistics efficiency via the Ariake Project, among other efforts.
- If the 4°C scenario becomes a reality, the number of extreme weather events such as droughts and heavy rains, as well as physical risks such as water shortages may have overwhelming impact on the overall supply chain for production, logistics, and sales, but by diversifying suppliers such as raw materials suppliers and production factories, and engaging in long-term agreements and partnerships, we can reduce these risks. With regard to logistics and stores, physical risks can be minimized through regional dispersion, location selection from the perspective of BCP, and disaster training.
- As Fast Retailing is an SPA, we can flexibly address both potential and existing risks. We are implementing various responsive measures in anticipation of scenarios where temperature increase is not contained due to a failure to implement countermeasures against climate change, such as creating clothing that addresses changes to customer needs, dispersing suppliers of raw materials and production factories, diversifying transportation methods, and incorporating BCP perspectives in our selection of logistics bases and the locations of our existing stores.
- By engaging in appropriate information disclosures and holding discussions with our institutional investors and other stakeholders regarding the appropriateness of and our progress on these strategies, and addressing various ESG evaluation indicators, we believe we will be able to sustainably increase our corporate value.

(ix) Metrics and Targets

Fast Retailing has established the following FY 2030 targets and action plan with respect to climate change.

-90% reduction (compared to fiscal 2019 levels) of greenhouse gas emissions stemming from energy use at our operating facilities, such as our stores ad primary offices (Scope 1 and Scope 2) by fiscal 2030
-20% reduction (compared to fiscal 2019 levels) of greenhouse gas emissions stemming from raw materials production, materials production, and sewing associated with UNIQLO and G.U. products (Scope 3, Category 1) by fiscal 2030

The international Science Based Targets initiative approved these goals as science-based targets (SBTs) — greenhouse-gas emissions reduction targets based on the targets set in the Paris Agreement. In addition, we will be strengthening our efforts toward realizing substantively zero greenhouse gas emissions by 2050.

Our greenhouse gas emissions have been calculated in accordance with the "GHG Protocol," and the actual levels up through fiscal 2022 are as follows.

The actual levels for fiscal 2023 will be published on our Company's Sustainability Website by April 2024.

https://www.fastretailing.com/eng/sustainability/environment/climatechange.html

Our Company (Stores, Offices, etc.)

Unit: t-CO2e, Range: Fast Retailing Group

Scope	Items		Fiscal 2019 (September 2018 to August 2019)	Fiscal 2020 (September 2019 to August 2020)	Fiscal 2021 (September 2020 to August 2021)	Fiscal 2022 (September 2021 to August 2022)
Scope 1 (directly emitted by the Company)	Gas		12,295	13,026	10,029	9,738
Scope 2 (indirectly emitted by the Company)	Electricity	Location-based	308,691	298,205	291,190	286,113
		Market-based	298,566	279,281	275,419	159,047
Comparison with fiscal2019 (progress in reducing total Scope 1 and Scope 2 market-based values)			-	-6.0%	-8.2%	-45.7%

Our Scope 1 and Scope 2 emissions have received third-party verification by SGS Japan Inc. for further credibility.
Scope of verification: Only primary domestic offices and domestic UNIQLO and G.U. stores until fiscal 2020, Fast Retailing Group from fiscal 2021 onward

Outside of Our Company (Supply Chain, etc.)

Unit: t-CO2e, Range: Fast Retailing Group

Categories in Scope 3	Fiscal 2019 (September 2018 to August 2019)	Fiscal 2020 (September 2019 to August 2020)	Fiscal 2021 (September 2020 to August 2021)	Fiscal 2022 (September 2021 to August 2022)
1. Purchased Products and Services	4,694,117	4,373,497	4,161,926	4,243,676
Category 1 emissions related to raw material production, material production, and sewing for products (UNIQLO and G.U., target range for fiscal 2030)	4,165,738	3,944,349	3,883,960	3,906,500
Compared to fiscal 2019	-	-5.3%	-6.8%	-6.2%
2. Capital Goods (not applicable)	-	-	-	-
3. Fuel and Energy-related Activities (those not in Scope 1 or Scope 2)	43,836	41,613	42,546	24,815
4. Upstream Transportation and Distribution	355,654	379,042	378,114	552,711
5. Waste Generated in the Course of Business	120,006	109,636	107,578	83,335*
6. Business Trips	6,655	7,139	7,060	14,822*
7. Employee Commutes	61,120	65,314	56,402	54,554
8. Upstream Leased Assets (recorded in Scope 1 and 2)	-	-	-	-
9. Downstream Transportation and Distribution	-	-	-	-
10. Processing of Sold Products (not applicable)	-	-	-	-
11. Use of Sold Products (not applicable)	-	-	-	-
12. Post-use Processing of Sold Products	438,926	463,751	429,219	764,228*
13. Downstream Leased Assets (not applicable)	-	-	-	-
14. Franchises	10,086	5,655	3,405	2,731
15. Investments (not applicable)	-	-	-	-

(Note) Changes have been made to the emissions units or activity level boundaries.
Our Scope 3 emissions have received third-party verification by SGS Japan Inc. for further credibility.
Scope of verification: Only Category 1 emissions for UNIQLO and G.U. product raw materials production, materials production, and sewing up through fiscal 2021, all applicable categories for Fast Retailing Group for fiscal 2022

(3) Human capital and diversity

(i) Governance and (iii) risk management

See (1) sustainability in general (i) Governance and (iii) Risk management.

(ii) Strategy

Fast Retailing operates under the "One Globe: All Managers" policy where all employees, regardless of attributes such as gender, nationality, religion, race, age, affiliation, and period of employment are provided growth opportunities. We also contribute more broadly to society by realizing our corporate philosophy of "Changing clothes. Changing conventional wisdom. Change the world" through the creation of a work environment that allows a diverse array of personnel to shine and make full use of their capabilities.

Priority Areas for Securing and Developing Human Resources

Fast Retailing's growth is driven by employees who are active around the world. We believe that personnel who can think for themselves under high standards and ideals based on the common values of "trust, goodness, and beauty" and "customers first" are the people who will help us achieve our goal of becoming the most beloved brand among customers throughout the world by continuously challenging themselves, taking action, and realizing accomplishments. To this end, we will strengthen our efforts to acquire and develop human resources in the following three areas.

◇ **In-store salespeople who meet the true needs of our customers**

In-store salespersons who think for themselves and provide truly pleasant service that best fit the realities of the community and the true needs of customers

◇ **Global management personnel**

Global management personnel, including store managers, who exercise global leadership that transcends the boundaries of countries, communities, and business areas to achieve tangible results and contribute to society

◇ **World-class, highly specialized human resources**

Personnel who, in addition to possessing world-class expertise in the digital, IT, creative, and global supply chain areas, among others, are capable of developing new functions and mechanisms at a global standard meant to forge the future without being restricted by existing concepts

Initiatives to secure personnel

◇ **Promotion of Diversity**

■ To continue creating LifeWear that fits into the lifestyles of all people, we will promote the development of a diverse organization that unifies individuals with a rich array of unique characteristics and talents. We actively recruit women and non-Japanese people who can become executive members of the Group, appoint employees who seek challenges and bring new ideas into management and key roles regardless of their nationality or experience, and proactively support their growth through appropriate evaluations and helping them as necessary.

■ We are advancing various measures to ensure that diverse human resources can work with peace of mind.

-Held regular female personnel development meetings, and career sessions with female executives and officers as initiatives meant to help promote women in the workplace

-Implemented human resource systems and measures that will allow all employees to choose work styles and form careers that fit their stage in life, such as babysitter subsidy systems and childcare support systems

-Implemented mentoring systems and intimate roundtable discussions with executive officers to support the career development of foreign employees stationed at Tokyo Headquarters

-To better respect diversity in sexual orientation and gender identity, formed a partner registration system in 2019, formed the LGBTQ+ network organization "Symphony," and published an in-house magazine to promote understanding of LGBTQ+ issues

-Actively worked to hire employees with disabilities, resulting in an employment rate of people with disabilities at the Fast Retailing Group of 4.89% in Japan in 2023 (the ratio required by law in Japan is 2.3%). These employment efforts are currently expanding globally, including in Southeast Asia and Europe, and roughly 1,500 employees in the Group overall (as of August 2023) are people with disabilities

◇ **Advancement and Diversification of New Graduate Recruitment**

■ By changing our hiring system from systems that differed by brand or sales division to one that is uniform across the Group, we have secured the level of personnel demanded by the Company that transcend the boundaries of brands. We will also hire high-level professionals in digital, IT, creative, global supply chain management, and other positions from among new graduates, and train them regardless of nationality.

■ We promote the recruitment of talented personnel who are motivated to work at our stores on a global scale. We will deepen students' understanding of and identification with our business model and the essence of our trade by providing internships and workshops in collaboration with universities around the world. Through these measures, we will identify talented personnel who can play an active role in the field and develop them as candidates for management.

◇ **Strengthening Mid-career Recruitment of Highly Skilled Professionals**

We will strengthen our recruitment of world-class, highly specialized human resources. We will hire administrative personnel from around the world who will lead the development of new functions and expansions of business in the digital, IT, creative, and global supply chain management areas, among others.

◇ **Securing Talented In-store Salespeople**

We will work to secure talented sales personnel who can embody the “digital customer retailing industry” on-site, meaning that they strive to connect with customers, convert their opinions into products, and deliver those products in an optimal manner. By raising compensation levels to draw in superior and driven personnel, and preparing diverse career paths that match their capabilities and growth, we intend to retain a staff of superior personnel.

Initiatives for Personnel Development and Fair Evaluation

◇ **Providing Global Growth Opportunities, Optimizing Staffing, and Promoting Organizational Diversity**

■ **Global Job Rotation**

Our goal is to enhance our management structures in each country by optimizing our allocation of administrative personnel at the global level. In addition, talented personnel in each country will be strategically provided with growth opportunities at a global scale that transcends the boundaries of their affiliated business operations and countries, and those who achieve results will be appointed to the administrative management of each country.

■ **Global Internal Recruitment**

The internal recruitment system, which was previously operating within each country, shall be expanded to the Group and global scale. We have established a global open recruitment system that clearly indicates the positions required at the Group and global scale in which employees can apply for positions regardless of the employee's brand, country, or department of affiliation. This system thus expands opportunities for employees to develop their careers at the global level.

■ **Expanding Training Dispatches to Japan**

Motivated and talented personnel overseas working at our stores throughout the world will be afforded opportunities to be dispatched to Japan for training after they are hired. This will help them gain a first-hand understanding of the standards of customer satisfaction achieved by Japanese store managers and salespeople, as well as the Fast Retailing philosophies and Japanese culture that underly those standards, thereby helping train them as management candidates for the Company at the global level.

◇ **Dynamic and Fair Personnel Evaluations and Promotions**

The Company has adopted a grading system that defines the skills and requirements sought for each position level, and conducts evaluations and promotions every six months based on individual abilities, regardless of personal attributes. We will help bolster the growth of our employees by giving them significant promotions that may involve skipping grades depending on their growth as employees. Furthermore, in order to ensure the fairness and transparency of evaluations, evaluations will not just be conducted by direct supervisors to the employee in question, and will instead be conducted at a department-based evaluation meeting that will also include HR personnel, while evaluations of employees of certain grades and above will be conducted at a global evaluation meeting that is comprised of all executive officers of the Group.

◇ **Training Salespeople and Preparing Diverse Career Paths**

Our salespeople are provided fair evaluations, and can take advantage of promotion systems and career paths that accommodate their capabilities. We also provide training essential to their growth as salespeople, such as "Fast Retailing Philosophy and Values Training" and "Training to Develop Product Proposal Capabilities that Fit the Needs of Customers and Go Beyond Knowledge of Existing Products," at appropriate times in order to make sure that our employees can work in environments that foster growth and long careers. Furthermore, if an employee is sufficiently motivated and capable, they can advance their career from salesperson to store manager, and even into becoming management-level personnel. This availability of diverse career paths has been a strength of the Company since our founding, and our policy is to expand on this even further.

Bolstering Our Internal Environment

◇ **FR Management & Innovation Center**

At the FR Management & Innovation Center, we promote the creation of an organization where diverse human resources understand Fast Retailing's management philosophy and business principles, and can demonstrate their abilities in day-to-day business activities based on these ideas. Specifically, Mr. Tadashi Yanai, Representative Director, Chairman, and President of the Company, conducted training sessions using "Notes for Becoming a Corporate Executive," "The Spirit and Execution of FR," and "What Has FR Changed?" In addition, we also offer opportunities for direct sessions with executive officers, such as the CEOs of each nation including Mr. Yanai himself, and various educational and training programs. In addition, we hold "FR Conventions" twice a year for all global store managers, head office employees, and talented store salespeople, in order to disseminate company-wide strategies and important management messages.

◇ **Expanding Global Headquarters Functions**

By expanding Global Headquarters functions outside of Japan and into the United States, etc., among other locations, we will establish a system where a diverse array of personnel can work in optimal locations while connected to the Company's core functions and the world.

◇ **Implementing Employee Engagement Surveys**

In order to promote the creation of an environment in which each and every employee can work enthusiastically and grow with urgency, we conduct an annual engagement survey of employees around the world. The survey results are analyzed by business and by department, and issues are identified to establish KPIs for improvement measures, and promote initiatives to improve the working environment. We also measure the progress and results of these efforts in order to connect them to further improvements.

◇ **Creating Work Environments Where Each Employee Can Actively Contribute in a Healthy and Safe Manner**

■ Fast Retailing Group Health and Safety Declaration

In order to become the world's safest and healthiest company for our employees, we have established eight basic health and safety policies and action guidelines (Fast Retailing Group Health and Safety Declaration)

■ Occupational health and safety management system

We have established the Fast Retailing Wellness Center, and are working with industrial physicians, public health nurses, industrial counselors and related departments to implement various safety and hygiene measures, provide mental healthcare, and otherwise support our employees. In addition to our efforts to expand these functions globally, we are also striving to develop appropriate operations and systems for these functions by managing and operating them in a manner separate from business management.

■ Reducing working hours

We keep comply with international standards and local laws and regulations regarding working hours, rest periods, and holidays, and advance work styles that presume there will be no overtime work. In addition to having managerial staff in each department oversee the monthly working hours of their employees, we are working to eliminate long working hours by enhancing cross-departmental management and supervision of working hours through the human resource departments of each country and each business.

(ix) Metrics and Targets

The main indicators to measure our progress on the above policies (targets and results for fiscal 2030) are as follows.

Ratio of Women in Management Positions (as of the end of August 2023)

	Ratio of Women		Results Breakdown	
	Targets	Results	Total Number of Promotees	Of Which are Women
Management (Global) (Note)	50%	44.7%	2,144	958
Of Which are Executive Officers (Global)	30%	9.6%	52	5

(Note) Management positions refer to block leaders, area managers and branch managers above a certain grade in the Sales Department, and executive officers, general managers and leaders at headquarters

Ratio of Non-Japanese Individuals in Management Positions (as of the end of August 2023)

	Ratio of Foreign Individuals		Results Breakdown	
	Targets	Results	Total Number of Promotees	Of Which are Non-Japanese Individuals
Management (Global) (Note)	80%	56.4%	2,144	1,210
Of Which are Executive Officers (Global)	40%	19.2%	52	10

(Note) Management positions refer to block leaders, area managers and branch managers above a certain grade in the Sales Department, and executive officers, general managers and leaders at headquarters

FR Group Engagement Survey Scores (for 2023)

Looking at the fiscal 2023 survey results, the composite index was 74.3% (of 35,058 eligible potential respondents, 32,115 answered the survey, resulting in a 92% response rate). Based on these results, we are working to investigate issues and improve them from the perspective of engagement. We plan to continue issuing this survey in the future.

Number of Eligible Potential Respondents	35,058
Number of Respondents	32,115
Response Rate	92%
Composite Index(*)	74.3%

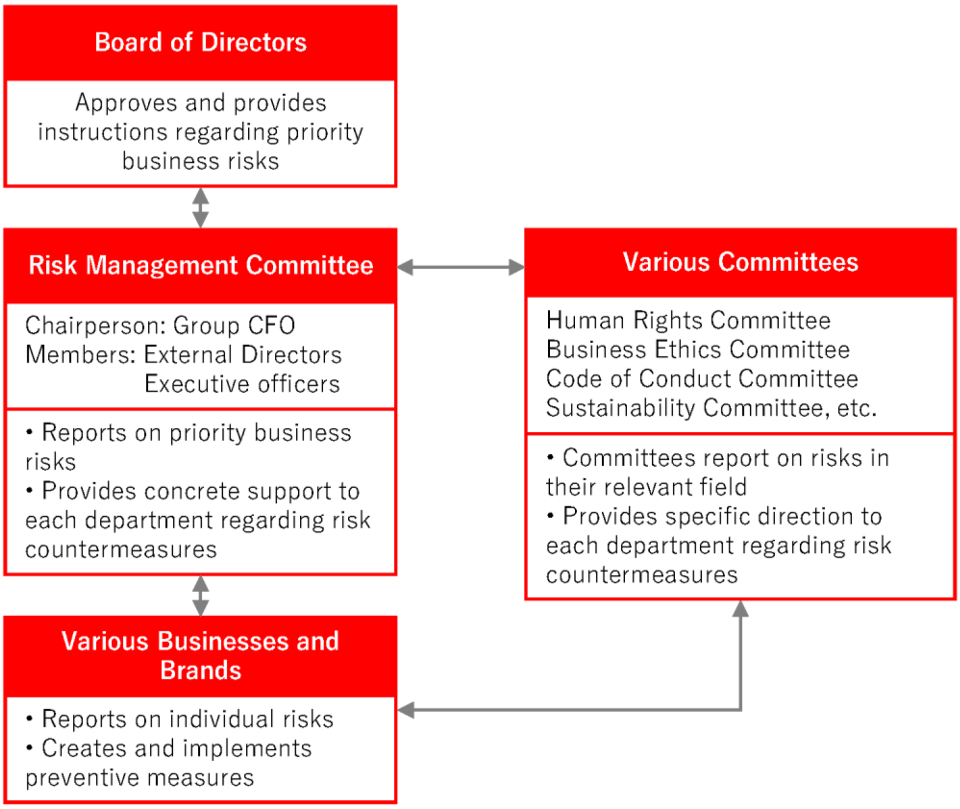
(Note) The percentage of employees who responded positively to engagement-related questions

C. Risk

(1) Policy

We believe that preventing and appropriately managing apparent and potential risks, in addition to anticipating unexpected risks such as large-scale disasters and leaks of customer information, is essential for sustainable business growth. Therefore, we regularly identify potential risks in our business activities, pinpoint critical risks, and constantly make improvements to our systems for managing those risks.

The Risk Management Committee has been established directly under the Board of Directors. Chaired by the Group CFO, the Risk Management Committee centrally manages risk for the entire Company. The Risk Management Committee analyzes and evaluates how much and how often a risk impacts on business, and discusses countermeasures, starting with the most significant risks and risks for which systems are not yet fully in place, with the aim of keeping those risks in check before they can occur. It also reports critical risks to the Board of Directors and provides concrete support to each department regarding risk countermeasures.



(2) Individual risks

Of the risks pertaining to the status of businesses and accounting as described in the year-end report, the following are the main risks that it is recognized would have a particularly large impact on the Group's operating results and financial situation. Future risks discussed in the descriptions below are based on the Group's assessment as of the date of publication of this document. In addition, the following list of risks is not exhaustive and may be affected in the future by risks that are unforeseeable or not perceived to be critical as of the date of publication of this document. Furthermore, risks that are not indicated to have "materialized" in the "Risks and their Effects" column have not yet resulted in material risks, and both the likelihood and timing of their materialization remains uncertain.

Risk Item	Risks and their Effects	Main Initiatives
Management personnel risk	Members of the Group's management team, led by Chairman, President and CEO Tadashi Yanai, play a major role in their respective areas of responsibility. If any officer becomes unable to fulfill his or her duties and the Group is unable to find any personnel who can take on those important responsibilities, this could have an adverse impact on business performance.	・ In each of the Group's businesses, we have established a team-based executive management structure to ensure that decision-making and execution of duties are not dependent on specific management personnel. ・ In each business, the managers themselves personally train the management personnel who will be their successors in those positions. ・ We also actively recruit globally active management talent on an ongoing basis, and we have established dedicated educational institutions to educate and train our hired talent into managers.

Risk Item	Risks and their Effects	Main Initiatives
Country risks and risks pertaining to international affairs	The Group's infrastructure for the production, supply, and sale of products may be adversely impacted by events in countries and regions in which we manufacture products and conduct business, due to factors including changes in political or economic conditions, social disorder or deterioration of public safety due to terrorism or conflicts, changes in legal or tax systems, or the occurrence of large-scale natural disasters such as earthquakes, strong winds, floods, and infectious diseases on a global scale.	· The Group is moving forward with establishing a supply chain that can respond flexibly to changes in international conditions. This includes dispersing production sites across multiple countries and regions, as well establishing production management offices at our main production hubs to enable the timely monitoring of and quick response to local circumstances. · We have accounting, tax, and legal specialists stationed at Group companies' offices to ensure that we can provide quick and appropriate responses and communication in the event that a risk materializes. · With respect to cross-border tensions and deteriorating racial relations in specific countries and regions, the Group as a global company aims to contribute to the resolution of social issues in countries and regions in which we operate, and to achieve a lasting peaceful co-existence and co-prosperity in the communities within each region and country.
Environmental risks	· A delay in the Group's response to climate change by, for instance, reducing greenhouse gas emissions or switching to renewable energies, a delayed response to biodiversity, managing water resources, managing chemical substances, reducing waste emissions, and shifting to a circular business model, among other issues, or the failure to appropriately implement the above responses may result in losing the public trust in the Group brand. · There is the risk that the increase in extreme weather due to climate change may adversely affect our product supply systems and our business as a whole.	· We persist in continually implementing concrete and highly effective initiatives under our Environmental Policy, in six priority areas: addressing climate change, improving energy efficiency, addressing biodiversity, managing water resources, managing chemical substances, and improving waste management and resource efficiency. · In order to reduce our impact on climate change, we will work to identify and reduce greenhouse gas emissions in our business activities across the board, including every stage from production to disposal of products. For more information on specific initiatives, please see: 2. Our Sustainability Approach and Initiatives (2) Climate Change (ii) Strategy. · We will strengthen our efforts based on our Biodiversity Conservation Policy in order to avoid or minimize any negative impact on biodiversity throughout our value chain and to conserve and restore biodiversity.

Risk Item	Risks and their Effects	Main Initiatives
Large-scale disaster risks	Large-scale disasters such as earthquakes, typhoons, volcanic eruptions, fires, storms and floods, explosions, and collapsed buildings can adversely affect our supply and sales systems, and also our management infrastructure in areas where there are head offices, retail stores, and production plants for products sold by the Group.	Led by the Risk Management Committee, we are committed to establishing an infrastructure by which, in the event of an actual or potential major earthquake or other major disaster, we have an emergency command system prepared, run by the Emergency Response Headquarters to: ensure the safety of customers, employees, and related personnel; mitigate damage to business resources; prevent secondary disasters; develop system infrastructure and decentralized restoration bases for quickly restoring business; prepare crisis management manuals and promote the global implementation of those manuals.
Risks related to resource management and the procurement of raw materials	Disasters, climate change, and other factors may cause escalating prices or difficulty in procuring the raw materials (such as cotton, cashmere, down, etc.) used in the products sold by the Group's businesses. If these risks materialize, the Group's product supply systems and performance may be adversely affected.	We have entered into procurement agreements with multiple suppliers so that we are able to source reasonably priced raw materials, without having to rely on a specific supplier for a specific raw material.
Foreign currency risks	· As many of the products handled by each of the Group's businesses are imported from overseas production plants, fluctuations in the currencies of settlement may have an adverse effect on the performance of each of our businesses in some countries or regions. · As the Group as a whole has financial assets in a variety of currencies in line with where we operate our businesses, fluctuations in exchange rates against the Japanese yen, which is our functional currency, can have a major impact on financial gains and losses.	· In order to mitigate foreign exchange volatility in our international businesses, we have forward exchange contracts based on our procurement forecasts regarding each country and regional business. In this process, the Group Board of Directors discusses and approves specific hedging policies such as hedge ratios, time periods, and other aspects, taking into account their contribution to our financial security. · The Board of Directors deliberates on the viability of the currencies in which our financial assets are held.
Information security risks	· If sensitive information such as customer information (including personal information) and trade secrets, etc. were to be leaked or lost, we would need to respond by recovering the information, and apologizing and paying damages. This may adversely affect our business performance and lead to loss of trust among our customers. · If a government were to determine that we are in violation of legal regulations that restrict the transfer of personal information between countries and regions, such as the EU's General Data Protection Regulation (GDPR), we may lose customers' trust and be subject to significant fines that would negatively impact our business performance.	· In order to ensure that confidential information is properly managed, we have established an Information Security Office under the direction of a Chief Security Officer (CSO) who oversees the entire group, and works in cooperation with the IT and legal departments of each country and region in which we operate. · The Information Security Office builds and improves the infrastructure needed to properly manage sensitive information (especially customers' personal information) in anticipation of external attacks, internal fraud and various other incidents. This is done by putting in place infrastructure, evaluating our administrative processes and

		ours contractors, establishing and standardizing internal rules, and conducting regular educational and awareness activities in each business division.

Risk Item	Risks and their Effects	Main Initiatives
Intellectual property risks	・ Intellectual property rights apply in relation to the Group's products and the latest technologies used in all kinds of areas, including product management, store operations, and e-commerce websites. These rights not being licensed to us by their owners would present difficulties in our use of these technologies or in supplying products. ・ If these technologies or products were to infringe on the intellectual property rights of others, we may be liable to pay substantial damages or license fees that may adversely affect our business performance. ・ If the Group's products were to be copied by third parties and sold at lower prices, this may negatively impact our business.	・ The Group has a dedicated department in place dealing with intellectual property. This department investigates infringements during product development and during the implementation of technologies, and in an effort to prevent infringements of intellectual property rights also runs education and awareness activities for Group employees. ・ We actively take steps to acquire the rights to new technologies that we develop. Furthermore, we monitor markets in the countries and regions in which we operate or plan to expand, and cooperate with local legal departments, local law firms, and government agencies to gather information about counterfeit products and other intellectual property infringements. ・ If an infringement is confirmed or we fear such an infringement may have occurred, we work with local legal departments and local law firms to quickly consider our course of action, including a legal response.

Risk Item	Risks and their Effects	Main Initiatives
Human rights risks	・ Within the Group or its supply chain, deterioration in working environment or in health and safety, human rights violations such as forced labor, child labor, harassment or discriminatory behavior, or other such acts that significantly infringe on the human rights of those affected may result in the Group losing the trust of our customers and suppliers, and may negatively impact the supply and sale of our products. ・ In Europe, the United States, and other countries and regions, tighter regulations and legislation aimed at protecting human rights in the supply chain may have a negative impact on the production, transportation and sales systems for the Group's products.	・ Fast Retailing Group's human rights policy is based on our view that our most important responsibility is to respect the basic human rights of all people affected by the Group's businesses, whether they are employees of the Group or of our business partners, and to ensure those employees' physical and mental health, safety, and peace of mind. ・ We have established a Human Rights Committee as an advisory and supervisory function, and we prevent human rights violations through implementing human rights due diligence, human rights training, and points of contact for reporting. ・ Led by our Sustainability Department, we are committed to maintaining and improving suitable working environments with regard to our supply chain, through monitoring work environments at supplier factories, and operating hotlines for the employees of those factories. We are also promoting the procurement of raw materials for which the production processes have been confirmed to properly protect human rights and working conditions, in accordance with international standards. ・ Going forward, we will establish traceability down to the raw materials procurement level for all countries and regions, and we will build a system that allows us to confirm for ourselves that there are no issues with human rights or working conditions throughout the entire supply chain. In addition, we will make use of third-party certification to objectively verify that human rights and working conditions are being properly protected. ・ In the event that a human rights violation does occur, in addition to the Human Rights Committee investigating and deliberating on the matter as necessary, we also have in place a framework for providing mental healthcare for the victim.

Risk Item	Risks and their Effects	Main Initiatives
Risks originating from business partners	· There are a variety of risks associated with business partners involved in product planning, production, transportation, and sales. · These risks include the possibility that our partners may not share the values and principles of the Group, which may lead to a drop in business efficiency, or the possibility that it could be difficult for us to adequately collect on receivables. These possibilities can have an adverse effect on our business performance, and may result in our unintentionally engaging in business with anti-social organizations (e.g. criminal groups and individuals) or violations of laws on the part of our partners. If these risks were to materialize, they may lead to a loss of trust in the Group among our customers and society. · In addition, for example during the transportation and delivery of products by delivery operators or while products are being stored at a warehouse, products may be destroyed, damaged, or stolen as a result of a natural disaster or human behavior, or it may not be possible to hand over products due to a problem arising with our partner or with local laws and regulations.	· In order to avoid entering into business relationships with inappropriate partners, all Group companies carry out credit checks as necessary when entering into a transaction with a new business partner. · In addition, in order to build appropriate business relationships with all of our partners, we have established Business Partner Conduct Guidelines and conduct business only with those partners who agree to and comply with those guidelines. · In response to the risks associated with dealing with delivery operators and warehouse operators, each of our businesses has logistics personnel in place who are in constant communication with our delivery and warehouse-operating business partners. These personnel are on-hand to promptly report any problems that arise in product shipping or storage to local management and the Global Logistics Headquarters, a system which enables them to promptly consider and action a response.
Impairment risks	If profitability decreases due to changes in the business environment, impairment losses may be recorded under property, plant, and equipment and right-of-use assets, among others.	· We apply impairment accounting to quickly identify signs of impairment, quickly identify unprofitable stores, and to ensure proper accounting. · We identify the underlying causes of a store's drop in profitability, and develop fundamental profitability improvement plans for them.

Risk Item	Risks and their Effects	Main Initiatives
Risks arising from changes in the business environment	In each country and region in which the Group's businesses operates, changes in the business environment, such as inclement weather and changes in consumption trends, may result in drops in product sales and the accumulation of excess inventory, negatively impacting our business performance.	We collect timely information on the products required by customers in the countries and regions in which the Group's businesses operate. We have the infrastructure in place to immediately commercialize those products as well as to produce and sell the quantity required, responding to changes in the business environment as flexibly as possible.

D. Management's Discussion and Analysis of Consolidated Financial Condition, Results of Operations and Cash Flows

(1) Summary of Business Results

(a) Business Results

Analysis of Business Results for the year ended 31 August 2023

The Fast Retailing Group reported a record high performance in fiscal 2023, or the twelve months from 1 September 2022 to 31 August 2023, with revenue rising considerably to 2.7665 trillion yen (+20.2% year-on-year) and operating profit expanding significantly to 381.0 billion yen (+28.2% year-on-year). UNIQLO International generated strong rises in both revenue and profits in all markets. UNIQLO International revenue surpassed 50% of consolidated revenue for the first time, and operating profit expanded to approximately 60% of the consolidated total. UNIQLO operations in North America, Europe, and Southeast Asia continue to expand their customer bases and have entered a solid growth phase. Meanwhile, business performance recovered in the Greater China region from the second half of the fiscal year and entered a renewed growth phase. With all UNIQLO International operations and our GU operation now on a solid track, we have made further progress on diversifying our earnings pillars. We recorded 56.8 billion yen in finance income net of costs, comprising primarily of 31.5 billion yen in interest net income and 25.3 billion yen in foreign exchange gains on foreign-currency denominated assets. As a result, profit before income taxes increased to 437.9 billion yen (+5.9% year-on-year) and profit attributable to owners of the parent expanded to 296.2 billion yen (+8.4% year-on-year) in fiscal 2023, which represented a new record high performance for the third consecutive year.

Capital expenditure increased by 15.5 billion yen year-on-year in fiscal 2023 to 102.0 billion yen. That figure can be broken down into 23.6 billion yen for UNIQLO Japan, 33.3 billion yen for UNIQLO International, 8.7 billion yen for GU, 1.8 billion yen for Global Brands, and 34.4 billion yen for systems, etc. We are establishing a solid global operational base by investing in new store openings, while also continuing to invest in automated warehousing.

The Fast Retailing Group has been focusing on a number of areas as part of its quest to become a global No.1 brand that is essential to daily living and is trusted by all customers around the world. Those measures include (1) Further progressing the development of a digital consumer retailing industry, (2) Diversifying global earnings pillars, (3) Pursuing a business model in which the development of business itself helps advance sustainability, (4) Expanding the GU business segment, as well as Theory and other Group brands, and (5) Strengthening human capital. We aim to enhance our product development and branding and accelerate new store openings at UNIQLO International in particular as the growth pillar of the Fast Retailing Group. We are also committed to creating clothing that prizes our LifeWear concept for ultimate everyday clothes in order to help build a sustainable society. Our aim is to create high-quality clothing that lasts a long time, clothing that exerts a lower impact on the planet and is made in healthy and safe working environments, and circular clothing that can be recycled or reused.

UNIQLO Japan

UNIQLO Japan reported increases in both revenue and profit in fiscal 2023, with revenue totaling 890.4 billion yen (+9.9% year-on-year) and operating profit totaling 117.8 billion yen (+9.2% year-on-year). Full-year same-store sales (including e-commerce) expanded by 7.6% year-on-year. In the first half from 1 September 2022 through 28 February 2023, same-store sales expanded by a considerable 10.0% year-on-year thanks to strong sales of HEATTECH innerwear and other Winter items as the weather remained cold. Same-store sales subsequently increased by 4.7% year-on-year in the second half from 1 March through 31 August 2023 on strong sales of AIRism innerwear, AirSense Jacket (Ultra Light Jacket), and Pleated Pants. Meanwhile, full-year e-commerce sales expanded by 2.3% year-on-year in fiscal 2023 to 133.8 billion yen, constituting 15.0% of total revenue.

The UNIQLO Japan gross profit margin contracted by 1.0 point year-on-year in fiscal 2023. This was due to a 2.2 point year-on-year contraction in the first-half gross profit margin following a considerable weakening in the yen spot exchange rates used for additional production orders. Meanwhile, the second-half gross profit margin improved by 0.4 point year-on-year on the back of improved discounting rates and cost of sales in the fourth quarter from June to August 2023. The selling, general and administrative expense ratio improved by 0.6 point in fiscal 2023 as strong sales helped improve component cost ratios such as store rents and distribution.

UNIQLO International

UNIQLO International reported a record high performance in fiscal 2023 on the back of significant increases in both revenue and profit, with revenue rising to 1.4371 trillion yen (+28.5% year-on-year) and operating profit expanding to 226.9 billion yen (+43.3% year-on-year).

Breaking down the UNIQLO International performance into individual regions and markets, the Greater China region reported significant increases in both revenue and profit, with revenue rising to 620.2 billion yen (+15.2% year-on-year) and operating profit totaling 104.3 billion yen (+25.0% year-on-year). While sales in the region struggled in the first half due to COVID-19, performance recovered to a greater degree than expected in the second half, which resulted in a record full-year performance. UNIQLO South Korea and UNIQLO Southeast Asia, India & Australia reported significantly higher revenue and profits, with revenue for those markets rising to 449.8 billion yen (+46.1% year-on-year) and operating profit totaling 78.2 billion yen (+36.4% year-on-year). Revenue and profit at UNIQLO South Korea increased after the operation successfully strengthened communication of pertinent information about core products. UNIQLO Southeast Asia, India & Australia reported considerable rises in both revenue and profit. First-half revenue and profit rose significantly on the back of strong sales primarily of core products that were generated by an expansion in the operation's customer base and a recovery in travel-related demand. While the region reported a large increase in second-half revenue, second-half operating profit contracted slightly on the back of a decline in the gross profit margin. This decline was due to our decision to conduct a certain amount of discount sales in the second half of fiscal 2023 compared to the second half of fiscal 2022 when supply disruptions resulted in insufficient inventory, making it impossible to conduct special sales promotions. The second-half gross profit margin was also adversely impacted by safeguard measures in Indonesia. UNIQLO North America achieved a large increase in revenue and profit in fiscal 2023, with revenue totaling 163.9 billion yen (+43.7% year-on-year) and operating profit totaling 21.1 billion yen (+91.9% year-on-year). The operation managed to maintain strong sales throughout the period by holding sufficient volumes of products targeted for strategic sales and enhancing the communication of pertinent product information. UNIQLO Europe achieved large increases in revenue and profit in fiscal 2023, with revenue totaling 191.3 billion yen (+49.1% year-on-year) and operating profit coming in at 27.3 billion yen (+82.5% year-on-year) as European customers developed an even deeper affinity for our LifeWear concept and the region's customer base expanded as a result.

GU

Our GU segment reported large increases in both revenue and profit in fiscal 2023, with revenue totaling 295.2 billion yen (+20.0% year-on-year) and operating profit totaling 26.1 billion yen (+56.8% year-on-year). GU was able to generate strong sales throughout the period by successfully narrowing down the number of product items on offer and strategically preparing a sufficient supply of products that captured mass fashion trends. Sales of Heavy Weight Sweat wear, Super Wide Cargo Pants, Pull-on Pants, and other products proved especially strong. GU's selling, general and administrative expense ratio also improved on the large rise in sales and stronger cost controls, which led to a 2.1 point improvement in the operating profit margin.

Global Brands

In fiscal 2023, the Global Brands segment reported a rise in revenue to 141.6 billion yen (+15.0% year-on-year) and a move back into the black after posting a business profit of 0.5 billion yen (compared to a loss of 0.2 billion yen in fiscal 2022). The segment's operating loss expanded to 3.0 billion yen (compared to a loss of 0.7 billion yen in fiscal 2022) but that was due to the recording of impairment losses relating to the closure of unprofitable stores and the cost of structural reforms at the Comptoir des Cotonniers label. Our Theory label reported significant increases in both revenue and profit, which were fueled by strong performances from the label's Asian and Japanese operations. Sales of jackets, pants, dresses, and other "going-out" attires proved particularly strong after we focused primarily on appealing the value of the brand's core ranges. Our PLST label reported an increase in revenue and a smaller operating loss in fiscal 2023. Finally, our Comptoir des Cotonniers brand reported a decline in revenue and a wider operating loss for the year.

Sustainability

Fast Retailing is advancing its LifeWear concept—the ultimate in everyday clothing, designed to make everyone's life better—to create apparel that not only emphasizes quality, design, and price but also meets the definition of good clothing from the standpoint of the environment, people, and society. Our sustainability activities focus on six priority material areas: Creating new value through products and services; Respecting human rights and labor environment in our supply chain; Respecting the environment; Strengthening communities; Supporting employee fulfillment; and Implementing good corporate governance. The main company activities during the current consolidated fiscal year are as follows.

■ Creating new value through products and services:

UNIQLO is promoting the PEACE FOR ALL initiative, in which graphic T-shirts designed by celebrities who agree with our desire to take action for world peace are sold worldwide at UNIQLO stores and online, with all profits (equivalent to 20% of the sale price per shirt) donated to the three organizations with which we have formed a partnership. Donations are used to support activities that help those affected by poverty, discrimination, violence, conflict, and war. Since the start of the initiative in June 2022, 29 groups of celebrities have participated, with proceeds reaching 697 million yen by the end of August 2023.

In addition, UNIQLO's RE.UNIQLO STUDIO, which provides customized services including repairing and remaking, opened in Japan at the UNIQLO Setagaya Chitosedai store in October 2022, and at the Maebashi Minami IC store and Tenjin store in April 2023. As of the end of August 2023, the total number of RE.UNIQLO STUDIO stores has increased to 25 stores in 13 countries and regions. As they help to promote UNIQLO's clothing concept of LifeWear and to support customers to enjoy their favorite clothes, we will further develop the concept by opening six stores in Japan this September.

■ Respecting human rights and working environments in our supply chain:

We are also continually improving our efforts to address human rights and labor issues throughout our entire supply chain. At garment factories and fabric mills, we carry out checks on the working environment and other conditions independently or through third-party organizations, and results of these checks are disclosed on our website. In FY2023, we have expanded the scope of our Code of Conduct to also include major textile mills upstream in our supply chain to ensure regular working environment audits are conducted and confirm traceability information. A hotline is also available so that employees at major garment factories and fabric mills can speak directly with Fast Retailing anonymously and in their local language. The number of cases and a summary of complaints are disclosed on our website. We are also continuing our support through the Female Empowerment Program at our partner garment factories, with the aim of improving the status of women in the apparel industry.

■ Respecting the environment:

Efforts are steadily being made by individual project teams to reduce greenhouse gas emissions across stores and major offices by 90%, and by 20% across the supply chain, by FY2030 (compared to FY2019), to switch about 50% of our total raw material usage to recycled materials, and to reduce water consumption in cotton production. Of the UNIQLO products planned for spring/summer 2023, about 6% of all materials used were recycled, and about 24% of the polyester used was recycled. Regarding the entire supply chain's impact on biodiversity, we are also working to lessen out impact on the environment by looking into how production farms for cashmere and other materials affect the natural environment. As a result of our proactive initiatives and transparency on climate change and water security, in 2022 we were recognized as an "A-List" company by the Carbon Disclosure Project (CDP), an international non-profit organization that provides a platform for environmental information disclosure. The UNIQLO Maebashi Minami IC store that opened in April 2023 has become a role model for energy efficiency for its efforts including reducing power consumption through a variety of energy-saving technologies and generating electricity using solar panels. We will continue to push on with verification and increase the number of energy-saving stores.

■ Strengthening communities:

In September 2022 we partnered with the United Nations High Commissioner for Refugees (UNHCR) to start a project promoting self-reliance for 1,000 female Rohingya refugees in Cox's Bazar, Bangladesh—the largest refugee camp in the world—by giving them sewing skills training so that they can start producing fabric sanitary napkins and other products. The project produces about 2 million fabric sanitary napkins and 430,000 women's shorts, which are distributed within the refugee camp as relief supplies. We are also making donations and providing clothing supplies to victims of the major earthquake that struck Türkiye and Syria, as well as those affected by floods in Japan.

■ Supporting employee fulfillment:

We are implementing various initiatives to promote diversity in four priority areas of gender, Global One Team, disabilities, and LGBTQ+, including the introduction of systems and training programs to support relevant parties. In February 2023, we received a diversity score of 96 points (out of 100) and received the highest possible rating of "Best Workplace" in the 2022 D&I Awards, which evaluate companies' efforts to promote diversity and inclusion. This award recognizes our efforts to create a work environment that respects the individuality of each employee and provides equal opportunities to take on challenges and expand individuals' potential.

■ Implementing good corporate governance:

Each committee is engaged in open and active discussion to enable rapid and transparent management. The Nomination and Remuneration Advisory Committee discussed policies regarding appointment of directors and corporate auditors, as well as long-term incentives for directors. The Human Rights Committee reported on the results of working environment monitoring audits conducted at textile mills and on future measures to be taken. They also discussed the human rights due diligence framework for our partners in the distribution area. The Risk Management Committee has been discussing countermeasures for information security and other risks, and has strengthened risk management in business activities.

(b) Cash Flow Information

Cash and cash equivalents as at 31 August 2023 had decreased by 455.0 billion yen from the end of the preceding fiscal year to 903.2 billion yen.

(Operating Cash Flows)

Net cash generated by operating activities for the year ended 31 August 2023 was 463.2 billion yen (430.8 billion yen was generated during the year ended 31 August 2022). The principal factors were cash inflow from profit before tax for 437.9 billion yen, depreciation and amortization for 186.8 billion yen and decrease in inventories for 46.9 billion yen, and cash outflow from foreign exchange gains for 25.3 billion yen and income taxes paid for 160.3 billion yen.

(Investing Cash Flows)

Net cash used in investing activities for the year ended 31 August 2023 was 574.4 billion yen (212.2 billion yen was used during the year ended 31 August 2022). The principal factors were 204.8 billion yen of net increase in bank deposits with original maturities of three months or longer and 271.7 billion yen in payments for acquisition and proceeds from sale and redemption of investment securities.

(Financing Cash Flows)

Net cash used in financing activities for the year ended 31 August 2023 was 364.5 billion yen (213.0 billion yen was used during the year ended 31 August 2022). The principal factors were 130.0 billion yen in repayment of redemption of bonds, 73.0 billion yen in dividends paid to owners of the Parent and 140.6 billion yen in repayments of lease liabilities.

(2) Summary of Revenue and Purchasing

(a) Revenue by division

Division	Year ended 31 August 2022 (From 1 September 2021 to 31 August 2022)		Year ended 31 August 2023 (From 1 September 2022 to 31 August 2023)	
	Revenue (Millions of yen)	Percentage of total (%)	Revenue (Millions of yen)	Percentage of total (%)
Men's clothing	347,504	15.1	387,194	14.0
Women's clothing	349,723	15.2	392,864	14.2
Children's & babies' clothing	63,902	2.8	65,434	2.4
Goods and other items	31,629	1.4	37,596	1.4
Total sales of UNIQLO Japan	792,759	34.5	883,090	31.9
Franchise-related income & alteration charges	17,501	0.8	7,337	0.3
Total UNIQLO Japan operations	810,261	35.2	890,427	32.2
UNIQLO International operations	1,118,763	48.6	1,437,147	51.9
Total UNIQLO operations	1,929,024	83.8	2,327,575	84.1
GU operations	246,055	10.7	295,206	10.7
Global Brands operations	123,162	5.4	141,685	5.1
Other operations	2,880	0.1	2,090	0.1
Total	2,301,122	100.0	2,766,557	100.0

(Notes) 1. "Franchise-related income" refers to the proceeds from garment sales to franchise stores and royalty income. "Alteration charges" refers to income generated from embroidery prints and alterations to the length of pants.

2. "UNIQLO operations" covers the selling of UNIQLO brand casual clothing.

3. "GU operations" covers the selling of GU brand casual clothing.

4. "Global Brands operations" consists of Theory operations (selling of the Theory and other brands clothing), PLST operations (selling of the PLST and other brands clothing), COMPTOIR DES COTONNIERS operations (selling of the COMPTOIR DES COTONNIERS and other brands clothing), and PRINCESSE TAM. TAM operations (selling of the PRINCESSE TAM. TAM and other brands clothing).

5. "Other operations" includes the real estate leasing business, etc.

6. E-commerce revenue from UNIQLO Japan

Fiscal year ended 31 August 2022: 130,918 million yen;

Fiscal year ended 31 August 2023: 133,894 million yen.

(b) Sales per unit

Summary		Year ended 31 August 2023 (From 1 September 2022 to 31 August 2023)	Year-on-year change (%)
Revenue		2,186,343 million yen	122.8
Sales per m^2	Sales floor area (average)	2,862,882 m^2	103.6
	Sales per m^2 (yearly)	763 thousand yen	118.5
Sales per employee	Number of employees (average)	89,377 persons	97.1
	Sales per employee (yearly)	24,462 thousand yen	126.5

(Notes) 1. These figures are solely for UNIQLO Japan operations and UNIQLO International operations.
2. Sales figures indicate store sales, and do not include internet sales, products supplied to franchise stores, management and administrative fees, or alteration charges.
3. "Sales floor area (average)" is the average number of the sales floor area as at current year end and previous year end.
4. "Number of employees (average)" includes junior employees, part-time workers, contract workers, or temporary staff seconded from other companies, but does not include operating officers. The number of junior employees and part-time workers is stated at the average number of registered personnel.

(c) Purchases

By product category	Year ended 31 August 2023 (From 1 September 2022 to 31 August 2023)		
	Purchases (Millions of yen)	Year-on-year change (%)	Percentage of total (%)
Men's clothing	185,813	94.7	14.4
Women's clothing	199,042	107.0	15.4
Children's & babies' clothing	31,122	89.5	2.4
Goods and other items	16,880	110.7	1.3
Total UNIQLO Japan operations	432,858	100.1	33.5
UNIQLO International operations	643,252	115.6	49.7
Total UNIQLO operations	1,076,111	108.8	83.2
GU operations	159,686	119.7	12.3
Global Brands operations	57,725	91.4	4.5
Total	1,293,522	109.1	100.0

(Notes) 1. "UNIQLO operations" covers the selling of UNIQLO brand casual clothing.
2. "GU operations" covers the selling of GU brand casual clothing.
3. "Global Brands operations" consists of Theory operations (selling of the Theory and other brands clothing), PLST operations (selling of the PLST and other brands clothing), COMPTOIR DES COTONNIERS operations (selling of the COMPTOIR DES COTONNIERS and other brands clothing), and PRINCESSE TAM. TAM operations (selling of the PRINCESSE TAM. TAM and other brands clothing).
4. There are businesses other than the above, mainly real estate leasing, but they do not involve purchasing due to the nature of the activity.

(3) Consideration of Performance Conditions on Management's Perspective

(a) Significant accounting policies and estimations

The Group's consolidated financial statements were prepared in accordance with IFRS. Accounting estimates are necessary for the preparation of consolidated financial statements, so when judging the recoverability of impaired non-financial assets or deferred tax assets, etc., estimates are either made based on past performance, or based on assumptions that are judged to be reasonable under the circumstances. Please see "9. Financial Information (6) Notes to the consolidated financial statements" for details.

(b) Analysis of management performance for the year ended 31 August 2023

Please see "D. Management's Discussion and Analysis of Consolidated Financial Condition, Results of Operations and Cash Flows (1) Summary of Business Results" for analysis of management performance.

(c) Sources of funding and analysis of fund liquidity

(i) Basic Approach to Financial Strategy

For the Group, the guiding principle behind the financial strategy is to maximize free cash flow through the Group's business activities while maintaining a strong financial standing, and also to ensure investment capital for growth, and on-hand liquidity, while preserving a certain level of shareholder returns for each fiscal year.

In order to maintain a strong financial standing, we will ensure adequate on-hand liquidity to enable us to withstand the unexpected, such as inclement weather and infection, while continuing to adhere to the principle of funding investment capital through our operating cash flows. In addition, we will also ensure stable external funding.

(ii) Cash Flow and Liquidity Information

As a feature of apparel retailing industry, the Group is committed to ensuring on-hand liquidity of three to five months' worth of sales in order to prepare for unexpected circumstances on working capital or inclement weather. Cash and cash equivalents amount to 903.2 billion yen at the end of the consolidated fiscal year under review, against revenue of 2.7665 trillion yen for the consolidated fiscal year under review. We believe the current on-hand liquidity is adequate.

(iii) Key Details of Funding Needs

In terms of capital expenditure used in operating activities, the Group's funding needs include stock, logistics, advertising and promotion, rental expenses (rent for stores, etc.), and labor costs.

In addition, capital expenditure for investment activities includes investing in logistics warehouses and IT investments (self-checkouts in-store, investments in e-commerce and supply-chain-related systems) to promote the Ariake Project, in addition to store-related investments (opening new stores and renovating existing stores).

(iv) Funding

In order to stably and swiftly secure the funds required to maintain and expand the Group's businesses, we are striving to maximize free cash flow through our business activities while also making effective use of internal and external funds.

To maintain a strong financial standing, we are funding investment capital through our operating cash flow in principle.

However, we also plan to diversify our funding and improve capital efficiency, and also make use of corporate bonds (past cumulative total of 500 billion yen) to raise capital. We will continue to consider procuring corporate bonds in a timely and appropriate manner, while also investing the funds into expansion of our overseas business and promotion of various projects.

Recognizing that sustaining and improving stable external funding is an important management issue, the Group has obtained S&P (Standard & Poor's) and JCR (Japan Credit Rating Agency) ratings. At the time of publishing, our S&P rating is "A+" (stable) and our JCR rating is "AA" (positive). We also maintain good business relationships with key financial institutions.

During the consolidated fiscal year under review, sales and profits increased. We have been able to ensure sufficient liquidity without the need for additional external funding due to reduction of our costs and use of inventories.

Going forward, we will continue to maintain a strong financial standing and endeavor to sustain and improve stable external funding.

E. Major Contracts

Not applicable.

F. Research and Development

Not applicable.

5. Capital Expenditures

A. Capital Expenditures

UNIQLO Japan opened 34 new stores. UNIQLO International opened 77 stores in the Greater China, 8 in South Korea, 5 in Singapore, 4 in Malaysia, 12 in Thailand, 9 in the Philippines, 15 in Indonesia, 7 in Australia, 7 in Vietnam, 3 in India, 6 in United States of America, 2 in Canada, 2 in United Kingdom, and 1 in Spain. GU opened 52 new stores. In addition, Global Brands opened 41 new stores.

As a result, the Group's capital expenditure increased by 15.5 billion yen year-on-year in fiscal 2023 to 102.0 billion yen. That figure can be broken down into 23.6 billion yen for UNIQLO Japan, 33.3 billion for UNIQLO International, 8.7 billion yen for GU, 1.8 billion yen for Global Brands, and 34.4 billion yen for systems, etc. In addition to store openings, we are establishing a global business foundation by continuing to invest in automated warehouses.

The above figures do not include consumption tax, etc. In addition, the investments in right-of-use assets relating to lease payments are not included.

B. Important Facilities

As at 31 August 2023, the Group's important facilities were shown as below:

(1) Information about the Reporting Entity

Company name	Type of facility	Location	Area (m^2)	Capital expenditure (Millions of yen)						Number of employees
			Land	Land	Buildings	Right-of-use assets	Deposits / Guarantees	Others	Total	
FAST RETAILING CO., LTD.	Head office	Yamaguchi City, Yamaguchi Prefecture	95,255.83	1,047	673	-	-	96	1,817	41
	Commercial establishments	Chuo-ku, Fukuoka City, etc.	-	-	43	4,032	1,231	5,358	10,665	-
	Others		29,308.87	76	16,463	91,120	5,214	5,967	118,842	1,666

(2) Subsidiaries in Japan

Company name	Type of facility	Location	Area (m^2)	Capital expenditure (Millions of yen)						Number of employees
			Land	Land	Buildings	Right-of-use assets	Deposits / Guarantees	Others	Total	
UNIQLO CO., LTD.	Stores in Japan, etc.	Yamaguchi City, Yamaguchi Prefecture etc.	2,591.06	450	18,587	43,429	26,168	2,673	91,308	8,744
	UNIQLO Japan, others		19,960.76	353	7,718	44,051	4,070	30,401	86,595	3,738
	Total for UNIQLO Japan		22,551.82	803	26,305	87,480	30,238	33,075	177,903	12,482
G.U. CO., LTD.	Stores in Japan, etc.	Yamaguchi City, Yamaguchi Prefecture, etc.	-	-	13,423	22,499	10,019	2,459	48,402	4,908
LINK THEORY JAPAN CO., LTD.	Stores in Japan, etc.	Yamaguchi City, Yamaguchi Prefecture, etc.	-	-	229	285	198	60	774	841
PLST CO., LTD.	Stores in Japan, etc.	Yamaguchi City, Yamaguchi Prefecture, etc.	-	-	242	297	822	98	1,461	584

(3) Overseas subsidiaries

Company name	Type of facility	Location	Area (m^2)	Capital expenditure (Millions of yen)						Number of employees
			Land	Land	Buildings	Right-of-use assets	Deposits / Guarantees	Others	Total	
FAST RETAILING (CHINA) TRADING CO., LTD	UNIQLO International store, etc.	Shanghai, PRC	-	-	23,443	11,969	5,209	11,978	52,601	13,591
UNIQLO TRADING CO., LTD.	UNIQLO International store, etc.	Shanghai, PRC	-	-	980	1,066	457	380	2,885	823
FAST RETAILING (Shanghai) TRADING CO., LTD	UNIQLO International store, etc.	Shanghai, PRC	-	-	1,071	1,420	356	245	3,093	449
FRL Korea Co., Ltd.	UNIQLO International store, etc.	Seoul, South Korea	-	-	2,893	2,920	5,063	972	11,851	1,642
FAST RETAILING (SINGAPORE) PTE. Ltd.	Office, etc.	Republic of Singapore	-	-	-	76	14	0	91	3
UNIQLO (THAILAND) COMPANY LIMITED	UNIQLO International store, etc.	Bangkok, Kingdom of Thailand	-	-	2,229	3,429	1,528	1,185	8,373	1,705
PT. Fast Retailing Indonesia	UNIQLO International store, etc.	Jakarta, Indonesia	-	-	3,080	1,874	661	1,598	7,215	1,896
UNIQLO Australia Pty Ltd.	UNIQLO International store, etc.	Melbourne, Australia	-	-	2,880	14,111	12	5,145	22,150	961
Fast Retailing USA, Inc.	Office, etc.	New York, U.S.A.	-	-	6,301	48,691	576	8,846	64,415	2,318
UNIQLO EUROPE LIMITED	UNIQLO International store	London, United Kingdom	-	-	14,424	32,366	595	4,529	51,916	3,365
UNIQLO VIETNAM CO., LTD.	UNIQLO International store, etc.	Ho Chi Minh, Vietnam	-	-	3,542	4,042	201	933	8,719	946
UNIQLO INDIA PRIVATE LIMITED	UNIQLO International store, etc.	New Delhi, Republic of India	-	-	1,693	1,389	288	458	3,829	483
GU (Shanghai) Trading Co., Ltd.	International store, etc.	Shanghai, PRC	-	-	134	180	59	23	397	79
Fast Retailing France S.A.S.	Office, etc.	Paris, France	-	-	-	574	30	40	644	216
COMPTOIR DES COTONNIERS S.A.S.	International store, etc.	Paris, France	-	-	188	698	302	29	1,219	229
PRINCESSE TAM.TAM S.A.S.	International store, etc.	Paris, France	-	-	112	554	198	36	902	163

(Notes) 1. When facilities are subleased within the Group, the accompanying documentation is included in the documentation disclosed to the sublessor.

2. Most items in the "Others" category for the reporting entity are Ariake head office (Koto-ku, Tokyo), Roppongi head office (Minato-ku, Tokyo), the old head office (Ube City, Yamaguchi), lands and buildings for store use subleased to UNIQLO CO., LTD. and G.U. CO., LTD. by the sublessor company (Chuo-ku, Tokyo and Yokohama City, Kanagawa) and logistics warehouses (Ibaraki City, Osaka).

3. Monetary amounts are reported at book value.

4. The number of employees does not include operating officers, junior employees, or part-time workers.

5. Assets are not expressed as allocated among business segments.

C. Plans for new facility construction, old facility removal

The following are the important new facility construction and / or facility removal projects planned as at 31 August 2023. In addition, the investments in right-of-use assets relating to lease payments are not included.

(1) Important new facilities

The capital investment plans (new facility construction, expansion) for each segment for the year ending 31 August 2024 (1 September 2023 – 31 August 2024) are as follows.

Segment	Capital investment (Millions of yen)	Details of investment
UNIQLO Japan	9,710	New store openings (approx. 40 stores)
UNIQLO International	38,397	New store openings (approx. 180 stores)
GU	5,596	New store openings (approx. 43 stores)
Global Brand Business	853	New store openings (approx. 27 stores)
Others	26,800	IT-related investments, warehouses, etc.
Total	81,356	

(Notes) It is expected that the Group will be able to meet its funding needs from equity capital, corporate bonds, borrowings, etc.

There were no planned construction of important facilities as at 31 August 2023.

(2) Planned removals of important facilities

There were no planned removals of important facilities as at 31 August 2023.

6. Stock Information and Dividend Policy

A. Stock Information

(1) Number of Shares

(a) Total number of shares

Type	Total number of authorized shares (shares)
Common stock	900,000,000
Total	900,000,000

(b) Shares issued

Type	Shares issued as at 31 August 2023 (shares)	Number of shares issued as at submission date (shares) (30 November 2023)	Name of financial instrument exchange of listing or authorized financial instruments firms association	Details
Common stock	318,220,968	318,220,968	Prime Market of the Tokyo Stock Exchange and the Main board of The Stock Exchange of Hong Kong Limited (Note)	100 shares as one unit
Total	318,220,968	318,220,968	-	-

(Note) Hong Kong Depositary Receipts (“HDRs”) are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

(2) Share Subscription Rights

(a) Details of the Stock Option Program

The Company has instituted a stock option program that grants rights to acquire new shares pursuant to the Companies Act of Japan. Matters stated below are details of the program current as at the final day of the current fiscal year (31 August 2023). Details of changes made during the period from the final day of the current fiscal year until the end of the previous month (31 October 2023) on the submission date are shown in brackets [ ].

(i) Share subscription rights A type

	4th	5th	6th
Resolution date	10 October 2013	9 October 2014	8 October 2015
Class and number of recipients	Employees of the Company: 19 Employees of the Group subsidiaries: 11	Employees of the Company: 36 Employees of the Group subsidiaries: 16	Employees of the Company: 15 Employees of the Group subsidiaries: 19
Number of stock options (Shares)	1,392 [398]	6,495 [6,372]	357 [357]
Type of shares to be issued upon exercise of share subscription rights	Common stock	Same as left	Same as left
Number of shares to be issued upon exercise of share subscription rights (Shares)	4,176 [1,194]	19,485 [19,116]	1,071 [1,071]
Amount to be paid upon exercise of share subscription rights (Yen)	Number of shares allocated times ¥1 exercise price per share for all shares to be obtained through exercise of the share subscription rights.	Same as left	Same as left
Exercise period of share subscription rights	From 3 December 2016 to 2 December 2023	From 14 November 2017 to 13 November 2024	From 13 November 2018 to 12 November 2025
Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen)	Issue price: 12,370 Paid-in capital: 6,185	Issue price: 14,125 Paid-in capital: 7,062	Issue price: 15,219 Paid-in capital: 7,609
Exercise conditions of share subscription rights	If a holder of share subscription rights waives the right to acquire shares, the share subscription rights shall be forfeited and may not be exercised.	Same as left	Same as left
Matters pertaining to transfer of share subscription rights	Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors.	Same as left	Same as left
Matters pertaining to issuing of share subscription rights in conjunction with reorganization	(Note 1)	Same as left	Same as left

	7th	8th	9th
Resolution date	13 October 2016	12 October 2017	11 October 2018
Class and number of recipients	Employees of the Company: 16 Employees of the Group subsidiaries: 23	Employees of the Company: 19 Employees of the Group subsidiaries: 27	Employees of the Company: 17 Employees of the Group subsidiaries: 32
Number of stock options (Shares)	835 [835]	2,596 [2,596]	2,166 [2,166]
Type of shares to be issued upon exercise of share subscription rights	Common stock	Same as left	Same as left
Number of shares to be issued upon exercise of share subscription rights (Shares)	2,505 [2,505]	7,788 [7,788]	6,498 [6,498]
Amount to be paid upon exercise of share subscription rights (Yen)	Number of shares allocated times ¥1 exercise price per share for all shares to be obtained through exercise of the share subscription rights.	Same as left	Same as left
Exercise period of share subscription rights	From 11 November 2019 to 10 November 2026	From 10 November 2020 to 9 November 2027	From 9 November 2021 to 8 November 2028
Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen)	Issue price: 11,561 Paid-in capital: 5,780	Issue price: 12,549 Paid-in capital: 6,274	Issue price: 19,425 Paid-in capital: 9,712
Exercise conditions of share subscription rights	If a holder of share subscription rights waives the right to acquire shares, the share subscription rights shall be forfeited and may not be exercised.	Same as left	Same as left
Matters pertaining to transfer of share subscription rights	Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors.	Same as left	Same as left
Matters pertaining to issuing of share subscription rights in conjunction with reorganization	(Note 1)	Same as left	Same as left

	10th	11th	12th
Resolution date	10 October 2019	15 October 2020	14 October 2021
Class and number of recipients	Employees of the Company: 11 Employees of the Group subsidiaries: 46	Employees of the Company: 18 Employees of the Group subsidiaries: 47	Employees of the Company: 19 Employees of the Group subsidiaries: 47
Number of stock options (Shares)	2,038 [2,038]	1,746 [1,746]	2,479 [2,479]
Type of shares to be issued upon exercise of share subscription rights	Common stock	Same as left	Same as left
Number of shares to be issued upon exercise of share subscription rights (Shares)	6,114 [6,114]	5,238 [5,238]	7,437 [7,437]
Amount to be paid upon exercise of share subscription rights (Yen)	Number of shares allocated times ¥1 exercise price per share for all shares to be obtained through exercise of the share subscription rights.	Same as left	Same as left
Exercise period of share subscription rights	From 8 November 2022 to 7 November 2029	From 13 November 2023 to 12 November 2030	From 12 November 2024 to 11 November 2031
Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen)	Issue price: 22,019 Paid-in capital: 11,010	Issue price: 25,853 Paid-in capital: 12,926	Issue price: 24,391 Paid-in capital: 12,195
Exercise conditions of share subscription rights	If a holder of share subscription rights waives the right to acquire shares, the share subscription rights shall be forfeited and may not be exercised.	Same as left	Same as left
Matters pertaining to transfer of share subscription rights	Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors.	Same as left	Same as left
Matters pertaining to issuing of share subscription rights in conjunction with reorganization	(Note 1)	Same as left	Same as left

	13th
Resolution date	15 December 2022
Class and number of recipients	Officers of the Company: 37
Number of stock options (Shares)	7,783 [7,783]
Type of shares to be issued upon exercise of share subscription rights	Common stock
Number of shares to be issued upon exercise of share subscription rights (Shares)	23,349 [23,349]
Amount to be paid upon exercise of share subscription rights (Yen)	Number of shares allocated times ¥1 exercise price per share for all shares to be obtained through exercise of the share subscription rights.
Exercise period of share subscription rights	From 20 January 2026 to 19 January 2033
Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen)	Issue price: 23,605 Paid-in capital: 11,803
Exercise conditions of share subscription rights	If a holder of share subscription rights waives the right to acquire shares, the share subscription rights shall be forfeited and may not be exercised.
Matters pertaining to transfer of share subscription rights	Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors.
Matters pertaining to issuing of share subscription rights in conjunction with reorganization	(Note 1)

(Note 1) Upon any reorganization of the Company (collectively referred to as “Reorganization”) consisting of merger (limited to cases where the Company becomes extinct thereby), absorption-type company split or incorporation-type company split (in each event, limited to cases where the Company is the entity resulting from the company split), or exchange or transfer of shares (in each event, limited to cases where the Company becomes a wholly owned subsidiary), parties holding share subscription rights in existence immediately preceding the effective date of such Reorganization (hereinafter referred to as “Outstanding Share Subscription Rights”) shall, in each applicable case, be issued share subscription rights for shares of the resulting company as prescribed in Article 236 (1) viii of the Companies Act of Japan (hereinafter referred to as the “Company Resulting From Reorganization”). In such event, any Outstanding Share Subscription Rights shall lapse and the Company Resulting From Reorganization shall issue new share subscription rights; provided, however, that terms and conditions stipulating that the Company Resulting From Reorganization shall issue share subscription rights that prescribe the matters stated below shall be included in any absorption merger agreement, new merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement, or transfer of shares plan.

1. Number of share subscription rights to be issued by the Company Resulting From Reorganization:
   Each holder of Outstanding Share Subscription Rights shall be issued the same number thereof.
2. Type of shares of the Company Resulting From Reorganization underlying the share subscription rights:
   Common stock of the Company Resulting From Reorganization.
3. Number of shares of the Company Resulting From Reorganization underlying the share subscription rights:
   A proposal stating the conditions for Reorganization and the like shall include a finalized statement of the type and number of shares underlying the above-mentioned share subscription rights.
4. Value of property to be incorporated upon exercise of the share subscription rights:
   The value of property to be incorporated upon exercise of share subscription rights that are issued shall be the amount obtained by multiplying the exercise price after reorganization prescribed below by the number of shares of the Company Resulting From Reorganization underlying the share subscription rights that have been finalized as stated in No. 3. above. The exercise price after Reorganization shall be 1 yen per share of the Company Resulting From Reorganization that can be issued upon exercise of each share subscription right that is issued.
5. Period during which share subscription rights can be exercised:
   The period from the later of either the first day of the period during which share subscription rights can be exercised as prescribed above or the day on which a Reorganization takes effect through the final day of the period during which share subscription rights can be exercised as prescribed above.
6. Matters pertaining to the increase of capital and capital reserve resulting from the issuance of shares upon exercise of the share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.
7. Restrictions on acquisition of share subscription rights by transfer:
   Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors of the Company Resulting From Reorganization.
8. Terms and conditions for acquisition of share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.
9. Conditions for exercise of share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.

(Note 2) Based on the resolution of the Board of Directors meeting held on 15 December 2022, our common stock has been split on a 3-to-1 basis, effective 1 March 2023. As a result, the number of shares to be issued upon exercise of share subscription rights, the fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights have been adjusted.

(ii) Share subscription rights B type

	4th	5th	6th
Resolution date	10 October 2013	9 October 2014	8 October 2015
Class and number of recipients	Employees of the Company: 180 Employees of the Group subsidiaries: 706	Employees of the Company: 223 Employees of the Group subsidiaries: 785	Employees of the Company: 274 Employees of the Group subsidiaries: 921
Number of stock options (Shares)	1,622 [668]	4,240 [4,126]	4,932 [4,654]
Type of shares to be issued upon exercise of share subscription rights	Common stock	Same as left	Same as left
Number of shares to be issued upon exercise of share subscription rights (Shares)	4,866 [2,004]	12,720 [12,378]	14,796 [13,962]
Amount to be paid upon exercise of share subscription rights (Yen)	Number of shares allocated times ¥1 exercise price per share for all shares to be obtained through exercise of the share subscription rights.	Same as left	Same as left
Exercise period of share subscription rights	From 3 January 2014 to 2 December 2023	From 14 December 2014 to 13 November 2024	From 13 December 2015 to 12 November 2025
Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen)	Issue price: 12,505 Paid-in capital: 6,252	Issue price: 14,266 Paid-in capital: 7,133	Issue price: 15,382 Paid-in capital: 7,691
Exercise conditions of share subscription rights	If a holder of share subscription rights waives the right to acquire shares, the share subscription rights shall be forfeited and may not be exercised.	Same as left	Same as left
Matters pertaining to transfer of share subscription rights	Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors.	Same as left	Same as left
Matters pertaining to issuing of share subscription rights in conjunction with reorganization	(Note 1)	Same as left	Same as left

	7th	8th	9th
Resolution date	13 October 2016	12 October 2017	11 October 2018
Class and number of recipients	Employees of the Company: 339 Employees of the Group subsidiaries: 1,096	Employees of the Company: 395 Employees of the Group subsidiaries: 1,152	Employees of the Company: 419 Employees of the Group subsidiaries: 1,267
Number of stock options (Shares)	7,363 [6,937]	13,190 [12,820]	11,795 [11,500]
Type of shares to be issued upon exercise of share subscription rights	Common stock	Same as left	Same as left
Number of shares to be issued upon exercise of share subscription rights (Shares)	22,089 [20,811]	39,570 [38,460]	35,385 [34,500]
Amount to be paid upon exercise of share subscription rights (Yen)	Number of shares allocated times ¥1 exercise price per share for all shares to be obtained through exercise of the share subscription rights.	Same as left	Same as left
Exercise period of share subscription rights	From 11 December 2016 to 10 November 2026	From 10 December 2017 to 9 November 2027	From 9 December 2018 to 8 November 2028
Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen)	Issue price: 11,722 Paid-in capital: 5,861	Issue price: 12,711 Paid-in capital: 6,355	Issue price: 19,630 Paid-in capital: 9,815
Exercise conditions of share subscription rights	If a holder of share subscription rights waives the right to acquire shares, the share subscription rights shall be forfeited and may not be exercised.	Same as left	Same as left
Matters pertaining to transfer of share subscription rights	Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors.	Same as left	Same as left
Matters pertaining to issuing of share subscription rights in conjunction with reorganization	(Note 1)	Same as left	Same as left

	10th	11th	12th
Resolution date	10 October 2019	15 October 2020	14 October 2021
Class and number of recipients	Employees of the Company: 528 Employees of the Group subsidiaries: 1,389	Employees of the Company: 694 Employees of the Group subsidiaries: 1,435	Employees of the Company: 736 Employees of the Group subsidiaries: 1,521
Number of stock options (Shares)	14,616 [14,228]	9,806 [9,413]	16,495 [15,945]
Type of shares to be issued upon exercise of share subscription rights	Common stock	Same as left	Same as left
Number of shares to be issued upon exercise of share subscription rights (Shares)	43,848 [42,684]	29,418 [28,239]	49,485 [47,835]
Amount to be paid upon exercise of share subscription rights (Yen)	Number of shares allocated times ¥1 exercise price per share for all shares to be obtained through exercise of the share subscription rights.	Same as left	Same as left
Exercise period of share subscription rights	From 8 December 2019 to 7 November 2029	From 13 December 2020 to 12 November 2030	From 12 December 2021 to 11 November 2031
Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen)	Issue price: 22,244 Paid-in capital: 11,122	Issue price: 26,079 Paid-in capital: 13,039	Issue price: 24,616 Paid-in capital: 12,308
Exercise conditions of share subscription rights	If a holder of share subscription rights waives the right to acquire shares, the share subscription rights shall be forfeited and may not be exercised.	Same as left	Same as left
Matters pertaining to transfer of share subscription rights	Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors.	Same as left	Same as left
Matters pertaining to issuing of share subscription rights in conjunction with reorganization	(Note 1)	Same as left	Same as left

(Note 1) Upon any reorganization of the Company (collectively referred to as “Reorganization”) consisting of merger (limited to cases where the Company becomes extinct thereby), absorption-type company split or incorporation-type company split (in each event, limited to cases where the Company is the entity resulting from the company split), or exchange or transfer of shares (in each event, limited to cases where the Company becomes a wholly owned subsidiary), parties holding share subscription rights in existence immediately preceding the effective date of such Reorganization (hereinafter referred to as “Outstanding Share Subscription Rights”) shall, in each applicable case, be issued share subscription rights for shares of the resulting company as prescribed in Article 236 (1) viii of the Companies Act of Japan (hereinafter referred to as the “Company Resulting From Reorganization”). In such event, any Outstanding Share Subscription Rights shall lapse and the Company Resulting From Reorganization shall issue new share subscription rights; provided, however, that terms and conditions stipulating that the Company Resulting From Reorganization shall issue share subscription rights that prescribe the matters stated below shall be included in any absorption merger agreement, new merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement, or transfer of shares plan.

1. Number of share subscription rights to be issued by the Company Resulting From Reorganization:
   Each holder of Outstanding Share Subscription Rights shall be issued the same number thereof.
2. Type of shares of the Company Resulting From Reorganization underlying the share subscription rights:
   Common stock of the Company Resulting From Reorganization.
3. Number of shares of the Company Resulting From Reorganization underlying the share subscription rights:
   A proposal stating the conditions for Reorganization and the like shall include a finalized statement of the type and number of shares underlying the above-mentioned share subscription rights.
4. Value of property to be incorporated upon exercise of the share subscription rights:
   The value of property to be incorporated upon exercise of share subscription rights that are issued shall be the amount obtained by multiplying the exercise price after reorganization prescribed below by the number of shares of the Company Resulting From Reorganization underlying the share subscription rights that have been finalized as stated in No. 3. above. The exercise price after Reorganization shall be 1 yen per share of the Company Resulting From Reorganization that can be issued upon exercise of each share subscription right that is issued.
5. Period during which share subscription rights can be exercised:
   The period from the later of either the first day of the period during which share subscription rights can be exercised as prescribed above or the day on which a Reorganization takes effect through the final day of the period during which share subscription rights can be exercised as prescribed above.
6. Matters pertaining to the increase of capital and capital reserve resulting from the issuance of shares upon exercise of the share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.
7. Restrictions on acquisition of share subscription rights by transfer:
   Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors of the Company Resulting From Reorganization.
8. Terms and conditions for acquisition of share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.
9. Conditions for exercise of share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.

(Note 2) Based on the resolution of the Board of Directors meeting held on 15 December 2022, our common stock has been split on a 3-to-1 basis, effective 1 March 2023. As a result, the number of shares to be issued upon exercise of share subscription rights, the fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights have been adjusted.

(iii) Share subscription rights C type

	11th	12th
Resolution date	15 October 2020	14 October 2021
Class and number of recipients	Employees of the Company: 41	Employees of the Company: 39
Number of stock options (Shares)	2,865 [2,865]	2,576 [2,576]
Type of shares to be issued upon exercise of share subscription rights	Common stock	Same as left
Number of shares to be issued upon exercise of share subscription rights (Shares)	8,595 [8,595]	7,728 [7,728]
Amount to be paid upon exercise of share subscription rights (Yen)	Number of shares allocated times ¥1 exercise price per share for all shares to be obtained through exercise of the share subscription rights.	Same as left
Exercise period of share subscription rights	13 November 2023	12 November 2024
Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen)	Issue price: 26,397 Paid-in capital: 13,199	Issue price: 24,934 Paid-in capital: 12,467
Exercise conditions of share subscription rights	If a holder of share subscription rights waives the right to acquire shares, the share subscription rights shall be forfeited and may not be exercised.	Same as left
Matters pertaining to transfer of share subscription rights	Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors.	Same as left
Matters pertaining to issuing of share subscription rights in conjunction with reorganization	(Note 1)	Same as left

(Note 1) Upon any reorganization of the Company (collectively referred to as “Reorganization”) consisting of merger (limited to cases where the Company becomes extinct thereby), absorption-type company split or incorporation-type company split (in each event, limited to cases where the Company is the entity resulting from the company split), or exchange or transfer of shares (in each event, limited to cases where the Company becomes a wholly owned subsidiary), parties holding share subscription rights in existence immediately preceding the effective date of such Reorganization (hereinafter referred to as “Outstanding Share Subscription Rights”) shall, in each applicable case, be issued share subscription rights for shares of the resulting company as prescribed in Article 236 (1) viii of the Companies Act of Japan (hereinafter referred to as the “Company Resulting From Reorganization”). In such event, any Outstanding Share Subscription Rights shall lapse and the Company Resulting From Reorganization shall issue new share subscription rights; provided, however, that terms and conditions stipulating that the Company Resulting From Reorganization shall issue share subscription rights that prescribe the matters stated below shall be included in any absorption merger agreement, new merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement, or transfer of shares plan.

1. Number of share subscription rights to be issued by the Company Resulting From Reorganization:
   Each holder of Outstanding Share Subscription Rights shall be issued the same number thereof.
2. Type of shares of the Company Resulting From Reorganization underlying the share subscription rights:
   Common stock of the Company Resulting From Reorganization.
3. Number of shares of the Company Resulting From Reorganization underlying the share subscription rights:
   A proposal stating the conditions for Reorganization and the like shall include a finalized statement of the type and number of shares underlying the above-mentioned share subscription rights.
4. Value of property to be incorporated upon exercise of the share subscription rights:
   The value of property to be incorporated upon exercise of share subscription rights that are issued shall be the amount obtained by multiplying the exercise price after reorganization prescribed below by the number of shares of the Company Resulting From Reorganization underlying the share subscription rights that have been finalized as stated in No. 3. above. The exercise price after Reorganization shall be 1 yen per share of the Company Resulting From Reorganization that can be issued upon exercise of each share subscription right that is issued.
5. Period during which share subscription rights can be exercised:
   The period from the later of either the day on which share subscription rights can be exercised as prescribed above or the day on which a Reorganization takes effect.
6. Matters pertaining to the increase of capital and capital reserve resulting from the issuance of shares upon exercise of the share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.
7. Restrictions on acquisition of share subscription rights by transfer:
   Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors of the Company Resulting From Reorganization.
8. Terms and conditions for acquisition of share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.
9. Conditions for exercise of share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.

(Note 2) Based on the resolution of the Board of Directors meeting held on 15 December 2022, our common stock has been split on a 3-to-1 basis, effective 1 March 2023. As a result, the number of shares to be issued upon exercise of share subscription rights, the fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights have been adjusted.

(iv) 13th share subscription rights F type

Resolution date	15 December 2022
Class and number of recipients	Officers of the Company: 2
Number of stock options (Shares)	18,305 [18,305]
Type of shares to be issued upon exercise of share subscription rights	Common stock
Number of shares to be issued upon exercise of share subscription rights (Shares)	54,915 [54,915]
Amount to be paid upon exercise of share subscription rights (Yen)	Number of shares allocated times ¥1 exercise price per share for all shares to be obtained through exercise of the share subscription rights.
Exercise period of share subscription rights	From 20 January 2028 to 19 January 2033
Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen)	Issue price: 23,410 Paid-in capital: 11,705
Exercise conditions of share subscription rights	If a holder of share subscription rights waives the right to acquire shares, the share subscription rights shall be forfeited and may not be exercised.
Matters pertaining to transfer of share subscription rights	Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors.
Matters pertaining to issuing of share subscription rights in conjunction with reorganization	(Note 1)

(Note 1) Upon any reorganization of the Company (collectively referred to as “Reorganization”) consisting of merger (limited to cases where the Company becomes extinct thereby), absorption-type company split or incorporation-type company split (in each event, limited to cases where the Company is the entity resulting from the company split), or exchange or transfer of shares (in each event, limited to cases where the Company becomes a wholly owned subsidiary), parties holding share subscription rights in existence immediately preceding the effective date of such Reorganization (hereinafter referred to as “Outstanding Share Subscription Rights”) shall, in each applicable case, be issued share subscription rights for shares of the resulting company as prescribed in Article 236 (1) viii of the Companies Act of Japan (hereinafter referred to as the “Company Resulting From Reorganization”). In such event, any Outstanding Share Subscription Rights shall lapse and the Company Resulting From Reorganization shall issue new share subscription rights; provided, however, that terms and conditions stipulating that the Company Resulting From Reorganization shall issue share subscription rights that prescribe the matters stated below shall be included in any absorption merger agreement, new merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement, or transfer of shares plan.

1. Number of share subscription rights to be issued by the Company Resulting From Reorganization:
   Each holder of Outstanding Share Subscription Rights shall be issued the same number thereof.
2. Type of shares of the Company Resulting From Reorganization underlying the share subscription rights:
   Common stock of the Company Resulting From Reorganization.
3. Number of shares of the Company Resulting From Reorganization underlying the share subscription rights:
   A proposal stating the conditions for Reorganization and the like shall include a finalized statement of the type and number of shares underlying the above-mentioned share subscription rights.
4. Value of property to be incorporated upon exercise of the share subscription rights:
   The value of property to be incorporated upon exercise of share subscription rights that are issued shall be the amount obtained by multiplying the exercise price after reorganization prescribed below by the number of shares of the Company Resulting From Reorganization underlying the share subscription rights that have been finalized as stated in No. 3. above. The exercise price after Reorganization shall be 1 yen per share of the Company Resulting From Reorganization that can be issued upon exercise of each share subscription right that is issued.
5. Period during which share subscription rights can be exercised:
   The period from the later of either the day on which share subscription rights can be exercised as prescribed above or the day on which a Reorganization takes effect.
6. Matters pertaining to the increase of capital and capital reserve resulting from the issuance of shares upon exercise of the share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.
7. Restrictions on acquisition of share subscription rights by transfer:
   Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors of the Company Resulting From Reorganization.
8. Terms and conditions for acquisition of share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.
9. Conditions for exercise of share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.

(Note 2) Based on the resolution of the Board of Directors meeting held on 15 December 2022, our common stock has been split on a 3-to-1 basis, effective 1 March 2023. As a result, the number of shares to be issued upon exercise of share subscription rights, the fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights have been adjusted.

(v) 13th share subscription rights G type

Resolution date	15 December 2022
Class and number of recipients	Officers of the Company: 7
Number of stock options (Shares)	48,815 [48,815]
Type of shares to be issued upon exercise of share subscription rights	Common stock
Number of shares to be issued upon exercise of share subscription rights (Shares)	146,445 [146,445]
Amount to be paid upon exercise of share subscription rights (Yen)	Number of shares allocated times ¥1 exercise price per share for all shares to be obtained through exercise of the share subscription rights.
Exercise period of share subscription rights	From 20 January 2028 to 19 January 2063
Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen)	Issue price: 20,670 Paid-in capital: 10,335
Exercise conditions of share subscription rights	If a holder of share subscription rights waives the right to acquire shares, the share subscription rights shall be forfeited and may not be exercised.
Matters pertaining to transfer of share subscription rights	Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors.
Matters pertaining to issuing of share subscription rights in conjunction with reorganization	(Note 1)

(Note 1) Upon any reorganization of the Company (collectively referred to as “Reorganization”) consisting of merger (limited to cases where the Company becomes extinct thereby), absorption-type company split or incorporation-type company split (in each event, limited to cases where the Company is the entity resulting from the company split), or exchange or transfer of shares (in each event, limited to cases where the Company becomes a wholly owned subsidiary), parties holding share subscription rights in existence immediately preceding the effective date of such Reorganization (hereinafter referred to as “Outstanding Share Subscription Rights”) shall, in each applicable case, be issued share subscription rights for shares of the resulting company as prescribed in Article 236 (1) viii of the Companies Act of Japan (hereinafter referred to as the “Company Resulting From Reorganization”). In such event, any Outstanding Share Subscription Rights shall lapse and the Company Resulting From Reorganization shall issue new share subscription rights; provided, however, that terms and conditions stipulating that the Company Resulting From Reorganization shall issue share subscription rights that prescribe the matters stated below shall be included in any absorption merger agreement, new merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement, or transfer of shares plan.

1. Number of share subscription rights to be issued by the Company Resulting From Reorganization:
   Each holder of Outstanding Share Subscription Rights shall be issued the same number thereof.
2. Type of shares of the Company Resulting From Reorganization underlying the share subscription rights:
   Common stock of the Company Resulting From Reorganization.
3. Number of shares of the Company Resulting From Reorganization underlying the share subscription rights:
   A proposal stating the conditions for Reorganization and the like shall include a finalized statement of the type and number of shares underlying the above-mentioned share subscription rights.
4. Value of property to be incorporated upon exercise of the share subscription rights:
   The value of property to be incorporated upon exercise of share subscription rights that are issued shall be the amount obtained by multiplying the exercise price after reorganization prescribed below by the number of shares of the Company Resulting From Reorganization underlying the share subscription rights that have been finalized as stated in No. 3. above. The exercise price after Reorganization shall be 1 yen per share of the Company Resulting From Reorganization that can be issued upon exercise of each share subscription right that is issued.
5. Period during which share subscription rights can be exercised:
   The period from the later of either the day on which share subscription rights can be exercised as prescribed above or the day on which a Reorganization takes effect.
6. Matters pertaining to the increase of capital and capital reserve resulting from the issuance of shares upon exercise of the share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.
7. Restrictions on acquisition of share subscription rights by transfer:
   Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors of the Company Resulting From Reorganization.
8. Terms and conditions for acquisition of share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.
9. Conditions for exercise of share subscription rights:
   To be determined in order to align with the conditions applicable to the subject share subscription rights.

(Note 2) Based on the resolution of the Board of Directors meeting held on 15 December 2022, our common stock has been split on a 3-to-1 basis, effective 1 March 2023. As a result, the number of shares to be issued upon exercise of share subscription rights, the fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights have been adjusted.

(b) Content of Rights Plan
Not applicable.

(c) Other Share Subscription Rights
Not applicable.

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

Not applicable.

(4) Change in Total Number of Shares Issued, Capital Stock

Date	Increase / decrease in total number of shares issued (Shares)	Balance of total number of shares issued (Shares)	Increase / decrease in capital stock (Millions of yen)	Balance of capital stock (Millions of yen)	Increase / decrease in capital reserve (Millions of yen)	Balance of capital reserve (Millions of yen)
1 March 2023 (Note)	212,147,312	318,220,968	-	10,273	-	4,578

(Note) The increase in total number of shares issued is due to our common stock being split on a 3-to-1 basis on 1 March 2023 based on a resolution at the Board of Directors meeting held on 15 December 2022.

(5) Status by Type of Holder

As at 31 August 2023

Class	Shares (One unit = 100 shares)								Shares less than one unit (shares)
	Government, municipal entities	Financial institutions	Traders of financial products	Other corporations	Foreign corporations, etc.		Individuals & others	Total	
					Excl. individuals	Individuals			
Number of shareholders (persons)	-	61	37	196	948	46	10,356	11,644	-
Number of shares held (trading units)	-	1,018,065	65,779	254,772	730,891	117	1,111,117	3,180,741	146,868
Percentage of shares held (%)	-	32.01	2.07	8.01	22.98	0.00	34.93	100.00	-

(Notes) 1. The 11,552,700 shares of treasury stock include 115,527 units of shares held by individuals and others.

2. Figures shown in the columns “Other corporations” and “Shares less than one unit” include 83 units of shares and 52 shares, respectively, in the name of Japan Securities Depository Center, Inc.

(6) Major Shareholders

As at 31 August 2023

Name or trade name	Address	Number of shares held (Thousand shares)	Percentage of total number of shares issued (%)
The Master Trust Bank of Japan, Ltd.	2-11-3 Hamamatsu-cho, Minato-ku, Tokyo	67,016	21.85
Tadashi Yanai	Shibuya-ku, Tokyo	59,751	19.48
Custody Bank of Japan, Ltd.	1-8-11 Harumi, Chuo-ku, Tokyo	32,868	10.72
TTY Management B.V.	De Entree 99, 1101HE Amsterdam, The Netherlands	15,930	5.19
Kazumi Yanai	New York, U.S.A.	14,345	4.68
Koji Yanai	Shibuya-ku, Tokyo	14,343	4.68
Fight & Step Co., Ltd.	1-4-3 Mita, Meguro-ku, Tokyo	14,250	4.65
MASTERMIND, LLC	1-4-3 Mita, Meguro-ku, Tokyo	10,830	3.53
STATE STREET BANK AND TRUST COMPANY (Standing proxy Mizuho Bank, Ltd.)	P.O. Box 351, Boston, Massachusetts, U.S.A., 02101 (2-15-1, Konan, Minato-ku, Tokyo)	8,429	2.75
JP MORGAN CHASE BANK (Standing proxy Mizuho Bank, Ltd.)	25 Bank Street, Canary Wharf, London E14 5JP, United Kingdom (2-15-1, Konan, Minato-ku, Tokyo)	7,436	2.43
Total	-	245,202	79.95

(Notes) 1. “Number of shares held” is rounded down to the nearest unit of thousand shares.

2. The shares held by The Master Trust Bank of Japan, Ltd. and Custody Bank of Japan, Ltd. are all held in conjunction with trust business.

3. According to the report of large shareholdings (report of change of composition) submitted on 20 October 2022 by Sumitomo Mitsui Trust Asset Management Co., Ltd. and Nikko Asset Management Co., Ltd., which are all as joint holders, each party was holding the shares stated below as at 14 October 2022. However, since the Company has not been able to confirm the number of shares actually held as at 31 August 2023, of the end of the term, these shareholdings have not been included in the statement of principal shareholders above.

Name or trade name	Address	Number of shares held (Thousand shares)	Percentage of total number of shares issued (%)
Sumitomo Mitsui Trust Asset Management Co., Ltd.	1-1-1, Shibakoen, Minato-ku, Tokyo	1,414	1.33
Nikko Asset Management Co., Ltd.	9-7-1, Akasaka, Minato-ku, Tokyo	5,310	5.01

4. According to the report of large shareholdings (report of change of composition) submitted on 12 July 2023 by Nomura Securities Co., Ltd. and Nomura Asset Management Co., Ltd., which are all as joint holders, each party was holding the shares stated below as at 6 July 2023. However, since the Company has not been able to confirm the number of shares actually held as at 31 August 2022, of the end of the term, these shareholdings have not been included in the statement of principal shareholders above.

Name or trade name	Address	Number of shares held (Thousand shares)	Percentage of total number of shares issued (%)
Nomura Securities Co., Ltd.	1-13-1 Nihonbashi, Chuo-ku, Tokyo	335	0.11
Nomura Asset Management Co., Ltd.	2-2-1 Toyosu, Koto-ku, Tokyo	32,179	10.11

5. In addition to the above, 11,552,700 shares of treasury stock are held by the Company.

(7) Voting Rights

(a) Shares issued

As at 31 August 2023

Class	Number of shares (Shares)	Number of voting rights (Number)	Details
Non-voting shares	-	-	-
Shares subject to restrictions on voting rights (treasury stock, etc.)	-	-	-
Shares subject to restrictions on voting rights (others)	-	-	-
Shares with full voting rights (treasury stock, etc.)	(Shares held as treasury stock) Common stock 11,552,700	-	-
Shares with full voting rights (others)	Common stock 306,521,400	3,065,214	(Note)
Shares less than one unit	Common stock 146,868	-	(Note)
Total number of shares issued	318,220,968	-	-
Total number of voting rights of all Shareholders	-	3,065,214	-

(Note) The columns for the number of shares of "Shares with full voting rights (others)" and "Shares less than one unit" include, 8,300 shares and 52 shares, respectively, held in the name of Japan Securities Depository Center, Inc.

(b) Treasury Stock

As at 31 August 2023

Name or trade name of Holder	Holder's address	Number of shares held in own name (Shares)	Number of shares held in other's name (Shares)	Total number of shares held (Shares)	Percentage of total number of shares issued (%)
FAST RETAILING CO., LTD.	10717-1 Sayama, Yamaguchi-City, Yamaguchi	11,552,700	-	11,552,700	3.63
Total	-	11,552,700	-	11,552,700	3.63

B. Treasury Stock Information

Type of Shares: Buybacks of common stock under Companies Act of Japan, Article 155-7

(1) Purchases approved by General Meeting of Shareholders

Not applicable.

(2) Purchases approved by Board of Directors

Not applicable.

(3) Details of items not based on General Meeting of Shareholders or Board of Directors' resolutions

Purchases of shares less than one unit pursuant to Companies Act of Japan, Article 192-1.

Class	Number of shares (Shares)	Total paid (Thousand yen)
Treasury stock purchased in the fiscal year ended 31 August 2023	974	27,977
Treasury stock purchased from 1 September 2023 to the submission date	18	624

(Note) 1. Our common stock has been split on a 3-to-1 basis, effective 1 March 2023. The 974 shares of treasury stock purchased in the fiscal year ended 31 August 2023 consist of 35 shares before the stock split and 939 shares after the stock split.

2. "Treasury stock purchased from 1 September 2023 to the submission date" does not include shares of less than one unit purchased between 1 November 2023 and the submission date of this report.

(4) Status of treasury stock purchased

Class	Fiscal year ended 31 August 2023		From 1 September 2023 to the submission date	
	Number of shares (Shares)	Total disposal value (Thousands of yen)	Number of shares (Shares)	Total disposal value (Thousands of yen)
Treasury stock purchases for which subscribers were solicited	-	-	-	-
Treasury stock cancelled after purchase	-	-	-	-
Treasury stock transferred due to mergers, share exchange, share issuance, or company split	-	-	-	-
Other (Note)	51,557	127,548	14,610	18,608
Number of Treasury shares held	11,552,700	-	11,538,108	-

(Note) The breakdown of figures for the year ended 31 August 2023 reflects the exercise of 51,557 share subscription rights, a share disposal value of 127,548 thousand yen.

Our common stock has been split on a 3-to-1 basis, effective 1 March 2023. Share subscription rights were exercised for 24,353 shares before the stock split and 27,204 shares after the stock split.

The breakdown of figures for the current year reflects the exercise of share subscription rights, and does not include shares of less than one unit purchased between 1 November 2023 and the submission date of this report.

C. Dividend Policy

The Company regards the distribution of profits to all shareholders as one of its most important management issues, and our basic policy is to constantly improve performance and to continually distribute profits in an appropriate manner based on performance. Our policy is to pay high dividends based on performance after taking into consideration (i) demand for funds needed to expand business and improve revenues of the Group and (ii) the financial health of the Group. Our basic policy for dividends from surplus is to pay two dividends annually, an interim dividend and a year-end dividend. These dividends are decided by the Board of Directors, unless otherwise stipulated by laws and regulations.

The year-end dividend was 165 yen per share and the interim dividend was 125 yen per share (375 yen per share prior to the stock split indicated below), so the annual dividend was 290 yen per share. Note that our common stock has been split on a 3-to-1 basis, effective March 1, 2023. Taking into account the stock split, the dividend increased by 83.3 yen from the previous fiscal year. We intend to effectively utilize internal reserves and free cash flow for financial investment and loans to strengthen the operational base of the Group companies, and we will endeavor to achieve continual and stable growth.

The payment of an interim dividend under Article 454-5 of the Companies Act of Japan is stipulated by the Company's Articles of Incorporation.

Dividends for the current fiscal year are as follows:

Resolution date	Total dividends (Millions of yen)	Dividends per share (Yen)
Board of Directors resolution made at the meeting held on 13 April 2023	38,330	375
Board of Directors resolution made at the meeting held on 6 November 2023	50,600	165

(Note) Our common stock was split on a 3-to-1 basis, effective 1 March 2023. However, the dividend per share is listed as it was prior to the stock split because the dividends that were resolved by the Board of Directors on 13 April 2023 were paid on 28 February 2023 (as the record date).

D. Waiver from compliance with Rule 19B. 21

The Hong Kong Stock Exchange has granted us, subject to certain conditions, a waiver from Rule 19B. 21 of the Hong Kong Listing Rules regarding certain requirements for cancellation of HDRs upon a share repurchase. The Company has complied with the relevant conditions for the year ended 31 August 2023.

7. Corporate Governance Report

A. Basic Thinking on Corporate Governance

In keeping with our corporate statement—Changing clothes. Changing conventional wisdom. Change the world—Fast Retailing is strengthening its business expansion and sustainability initiatives in tandem as it seeks to become a global No.1 brand. We are focusing on (1) Creating customer-centric products, (2) Accelerating global store openings, (3) Building purchasing experiences that fuse the best of our physical stores and e-commerce operation, and (4) solving various social issues on a global scale.

B. Details of Company organization and internal control systems

(1) Details of company organization

The Company has built a corporate governance system consisting of the Board of Directors, the Audit & Supervisory Board, and various committees. As a key element to strengthen our corporate governance systems, the Company has instituted a system to entrust operating officers (transferring some management authority away from the Board of Directors), to separate management decision-making from operations performance functions.

Six of the ten members of the Board of Directors are external Directors, with the CEO acting as chairman of the Board of Directors. The external Directors have an abundance of knowledge and experience in corporate management and other fields. In accordance with internal regulations regarding matters to be discussed in and reported to the Board, the Board of Directors resolves, or receives reports, on Company management policy and matters relating to the execution of important business or items examined by resolution of the General Meeting of Shareholders as well as matters stipulated by laws and regulations or the Company's Articles of Incorporation. In FY2023, the Board of Directors resolved or discussed a range of items including approving the annual budget and financial results, executive appointments, business and store opening plans for the Global Brands segment, funding plans, and fund management policy.

The majority of the Directors on the Board are external in order to heighten the Board's independence and strengthen its supervisory function. The external Directors all participate actively in Board discussions and offer their opinions without reservation.

The Board of Directors meets at least once a month. In FY2023, the Board met 13 times. The attendance rate of each Director is listed below.

Name	Held	Attendance
Tadashi Yanai	13	13
Nobumichi Hattori	13	13
Masaaki Shintaku	13	13
Naotake Ono	13	12
Kathy Mitsuko Koll	13	13
Joji Kurumado	10	10
Yutaka Kyoya	10	9
Takeshi Okazaki	13	13
Kazumi Yanai	13	13
Koji Yanai	13	13
Takashi Nawa	3	1

(Note) Takashi Nawa retired from his position as director at the conclusion of the General Meeting of Shareholders for the year ended August 31, 2022 held on November 24, 2022.

The Audit & Supervisory Board consists of six Audit & Supervisory Board Members, including three external Audit & Supervisory Board Members, with a full-time Audit & Supervisory Board Member acting as chairperson. The external Audit & Supervisory Board Members are fully independent and they have ample knowledge and experience as attorneys and certified public accountants. Through their participation in the Board of Directors, the Audit & Supervisory Board Members are fully aware of the decision-making process of the Board of Directors and are able to fulfill their supervisory obligations. They also supervise the Directors' performance of their executive duties through regular conversations with the Directors, other executive officers, other employees, and auditors of subsidiary corporations. The Audit & Supervisory Board meets at least once a month to make decisions about audit policies and planning. It meets quarterly to receive briefings and reports from the Independent Auditor. In FY2023, the Audit & Supervisory Board met 13 times. The attendance rate of each Audit & Supervisory Board Member is listed below.

Name of Audit & Supervisory Board Member	Number of Meetings	Number of Attendances
Masaaki Shinjo	13	13
Masumi Mizusawa	13	13
Keiko Kaneko	13	12
Takao Kashitani	13	12
Masakatsu Mori	13	13

The various committees complement the work of the Board of Directors. The External Directors and External Audit & Supervisory Board Members also serve as members of these committees. The name, purpose, authority, details of activities, and status of activities of each of the committees are shown below.

Human Resources Committee
The Human Resources Committee discusses important organizational changes and adjustments to human resource systems across the Group, and offers views and suggestions to the Board of Directors. The committee met five times during FY2023.

Sustainability Committee
The Sustainability Committee discusses and determines Fast Retailing's overall sustainability strategy, environmental protection, social responsibility, response to human rights issues, diversity, and other considerations. The head of the Sustainability Department chairs the committee and committee members are made up of outside experts, directors, Audit & Supervisory Board Members, and executive officers. The committee met four times during FY2023.

Disclosure Committee
The Disclosure Committee, chaired by the Company official in charge of disclosing information to the Tokyo Stock Exchange (TSE), is tasked with boosting management transparency by "disclosing information that is timely, accurate, fair, and easy to understand." The Committee is responsible for both timely and voluntary disclosures to the TSE and the Stock Exchange of Hong Kong regarding matters that may materially impact investor and shareholder investment decisions. The committee met twelve times during FY2023.

IT Investment Committee

The IT Investment Committee debates and advises on the IT investments that will best achieve our targets for sweeping changes to our information systems and business operations. That means deliberating the efficacy of each individual investment, and reviewing whether IT investment budgets submitted by external specialist organizations are reasonable and appropriate. The IT Investment Committee is chaired by the President, and the members and observers include outside experts, external directors, and executives. The committee met three times during FY2023.

Code of Conduct Committee

The Code of Conduct Committee considers how best to resolve any violations of the Fast Retailing Group Code of Conduct, and when to make improvements to it. It offers guidance on educating executives and employees about the requirements of the CoC, and on operating the confidential hotline. The committee is chaired by the head of the Legal Department, and committee members include External Audit & Supervisory Board Members qualified as lawyer and executive officers. The committee met twelve times during FY2023.

Business Ethics Committee

This committee ensures the Group does not use an advantageous position to exert undue pressure on business counterparts such as partner factories and suppliers. The committee provides advice and counsel to departments based on external field inspections and partner company surveys. The committee is chaired by the head of the Sustainability Department, and includes Audit & Supervisory Board Members (including External Audit & Supervisory Board Members) and executive officers. The committee met eleven times during FY2023.

Risk Management Committee

In order to identify latent risks in business activities on a regular basis and to strengthen systems for detecting and managing material risks, this committee analyzes and assesses the impact and frequency of risks on business, and discusses countermeasures for high-risk business areas to prevent any risk before it occurs or ensure a swift response if a risk does materialize. The committee is chaired by the Group CFO and committee members include external directors and executive officers. The committee met four times during FY2023.

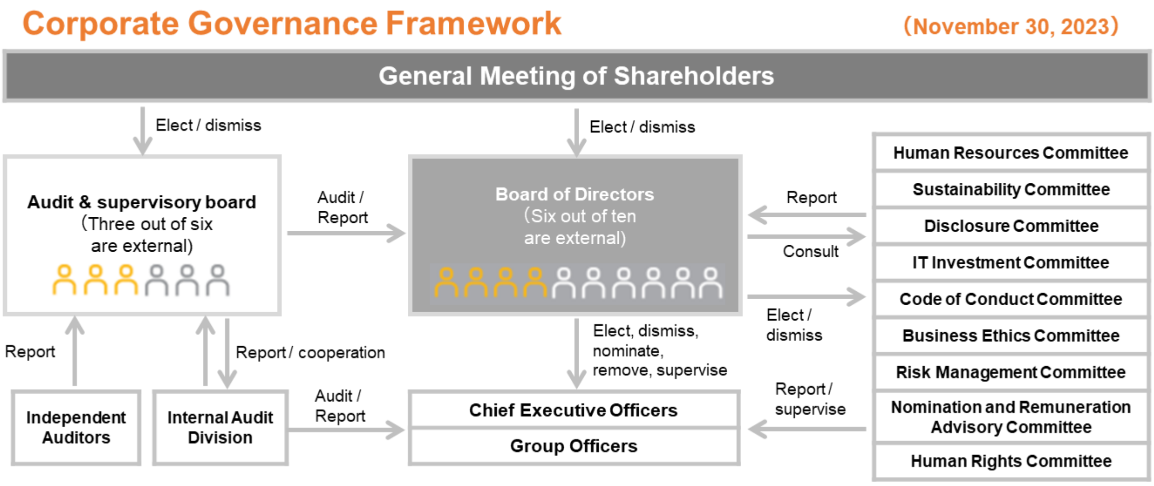
Nomination and Remuneration Advisory Committee

With the aim of strengthening Fast Retailing governance, the committee discusses and advises the Board of Directors on important items relating to Fast Retailing corporate governance, such as the requirements and nomination policy regarding candidates for director and auditor positions, the policy for determining director remuneration, requirements relating to the Company's chief executive officer, and smooth management succession planning. The committee is chaired by an external director nominated by the Board. All the Company’s independent external directors and some of the external Audit & Supervisory Board Members serve as committee members. We believe that Fast Retailing’s corporate statement and corporate spirit represent vital sources of growth and that it is important to pass on those commitments and values. For that reason, the Company’s representative director also serves on the committee. The committee met twice during FY2023, during which policies relating to the nomination of candidates for director and Audit & Supervisory Board member and the determination of remuneration for directors were discussed. All committee members attended both committee

Human Rights Committee

Chaired by an outside expert, this committee deliberates and advises on the execution of human rights due diligence. The committee also provides counselling and conducts education and awareness-raising activities for departments involved in the execution of business to ensure that we fulfil our obligations to respect human rights under the Fast Retailing Group Human Rights Policy established in 2018, and conduct business operations appropriately. In addition, the committee is responsible for providing recommendations and supervision as well as conducting investigations and taking remedial measures when a human rights violation occurs. The committee met six times during FY2023.

Below is a diagram of our corporate governance system.



The members and chairs of the Board of Directors, Audit & Supervisory Board and other committees are as follows:

Title	Name	Board of Directors	Audit & Supervisory Board	Human Resources Committee	Sustainability Committee	Disclosure Committee	IT Investment Committee	Code of Conduct Committee	Business Ethics Committee	Risk Management Committee	Nomination and Remuneration Advisory Committee	Human Rights Committee
Executive Directors	Tadashi Yanai	Chairman		Chair	○	○	Chair				○	
	Takeshi Okazaki	○		△	○	Chair	○			Chair		○
	Kazumi Yanai	○			○							
	Koji Yanai	○			Chair							
Independent Non-executive Directors	Nobumichi Hattori	○								○	○	
	Masaaki Shintaku	○		○			△				Chair	
	Naotake Ono	○									○	
	Kathy Mitsuko Koll	○			○						○	
	Joji Kurumado	○									○	
	Yutaka Kyoya	○			○						○	
Audit & Supervisory Board Members	Masaaki Shinjo	△	○	○		△	△		○			
	Masumi Mizusawa	△	○		○	△		○		△		○
	Tanaka Tomohiro	△	○									
External Audit & Supervisory Board Members	Keiko Kaneko	△	○	○				○				○
	Takao Kashitani	△	○						○		○	
	Masakatsu Mori	△	○						△			
Senior Executive Directors	John C Jay			△	○							
	Noriaki Koyama	△		○	○			○		○		○
	Shuichi Nakajima				○				○	○		○
	Takahiro Wakabayashi			○	○							
	Takao Kuwahara									○		○
	Takahiro Kinoshita				○							
Executive Directors	Hidetsugu Asada									○		
	Alisha											○
	Yukihiro Nitta				○			○	Chair	○		○
	Shimpei Otani						○					
	Serena Peck											○
	Takahiro Tambara						○			○		
	Dai Tanaka						○					
	Yasuyuki Terashi							○				
	Xiaozhou Wang									○		
	Masahiro Yubisui								△			

Title	Name	Board of Directors	Audit & Supervisory Board	Human Resources Committee	Sustainability Committee	Disclosure Committee	IT Investment Committee	Code of Conduct Committee	Business Ethics Committee	Risk Management Committee	Nomination and Remuneration Advisory Committee	Human Rights Committee
Subsidiary Auditors	Toshiharu Ura							○				
	Kiyomi Iwamura								○			
	Miyuki Isozaki								○			
Chairpersons of Internal Committee	General Manager of Legal Dept.					○		Chair	○	○		○
	General Manager of Public Relations Division					○						
	General Manager of Production Division (GU)								△			
	General Manager of President’s Office							○		△		
	General Manager of IR					○						
	Legal Manager								△			
External Experts	Kenji Shiratsuchi				△							
	Toru Murayama						△					
	Yoshinori Tomita											Chair

(Note) 1. ○: Member △: Non-member attendee (including observers)
2. As of 30 November 2023

(2) Outline of External Director’s limited liability agreements

The Company has entered into agreements with its Non-Executive Directors, external Audit & Supervisory Board Members, and Independent Auditor limiting their liabilities based on provisions in Article 427, Paragraph 1 of the Companies Act, which limits the liabilities for damages as provided for in Article 423, Paragraph 1 of the Companies Act. These agreements state that liabilities for damages shall be limited to the higher amount of either 5 million yen or the amount stipulated by law. For Deloitte Touche Tohmatsu LLC, the limit of liabilities for damages shall be limited to the highest of the following amounts multiplied by two: the total economic benefits received or to be received from the Company as remuneration and payment received for performance of duties in each business year during its service as the Independent Auditor.

(3) Summary of Indemnity Liability Insurance Contract for Executive Officers, etc.

Fast Retailing forms an indemnity liability insurance contract for executive and other officers with an insurance company as prescribed in Article 430, Paragraph 3, Item 1 of the Company’s Act. Any damages suffered through damage claims originating from action taken by insured parties based on his/her corporate position will be compensated under this aforementioned insurance contract, which is renewed on an annual basis. However, there are some exemptions to the contract that mean damages would not be compensated if the insured persons profited illegally or acquired some benefit or if the damages were caused by a criminal act, malpractice, or fraud, etc.

The insured persons under the insurance contract include officers in charge of major business execution, such as directors, Audit & Supervisory Board Members, and executive officers of the Group. The insured persons do not have to pay the insurance premiums.

We plan to renew the insurance contract with the same content when it next comes up for renewal.

(4) Establishing internal control systems

The Company seeks to ensure its business operations are legitimate, fair, and efficient by establishing a system of internal controls that covers the entire Fast Retailing Group (FR Group) and which adheres strictly to the Group's policies and rules, including the Group's management principles, the Fast Retailing Way (FR Way), and the Fast Retailing Group Code of Conduct (FR Code of Conduct).

(a) Ensuring FR Group Directors' Duties Comply with Laws, Regulations, and Articles of Incorporation

1. Directors and Group officers (collectively, Directors) of all FR Group companies comply faithfully with the Group's management principles, the FR Way, the FR Code of Conduct, and other internal Company rules and regulations, and promote strict adherence to corporate ethics and compliance across the Group as a whole. The Directors also ensure the effectiveness of the Company's rules and principles by reviewing them regularly and revising them when necessary to reflect changes in society and Company business activities, and the operation of the FR Code of Conduct.

2. The Company appoints either the Group officer overseeing the Legal Department or the head of the Legal Department as the compliance officer, tasked with establishing Company and Group-wide compliance frameworks and resolving compliance-related issues.

3. The Company promotes fairness and transparency in senior management decision-making by appointing two or more External Directors to the Board of Directors. Audit & Supervisory Board Members for the Company or Group subsidiaries may attend the Board of Directors meetings of companies they audit and express timely opinions. Company or Group subsidiary Directors may engage external lawyers, certified public accountants, etc. to avoid potential violation of laws and implement preventive measures. If Company or Group subsidiary Directors discover another Director has acted illegally, they must report immediately to the Audit & Supervisory Board Members, the President, and the compliance officer.

(b) Ensuring FR Group Employees' Duties Comply with Laws, Regulations, and Articles of Incorporation

1. Company and Group subsidiary Directors are responsible for establishing a framework to ensure that all Group employees comply with the management principles, the FR Way, the FR Code of Conduct, and other internal company rules. They are also responsible for training employees in compliance awareness.

2. The Company has an Internal Audit Department that supervises the FR Group's internal control systems, and a Legal Department that oversees compliance.

3. If Directors of the Company or Group subsidiaries discover a legal or compliance violation, they should report the matter immediately to other Directors. Any serious legal violation should be reported immediately to the Audit & Supervisory Board Members, the President, and the compliance officer.

4. The Company has set up an internal reporting system (hotline) for Directors and employees of the Company or Group subsidiaries to report illegal actions or compliance violations.

5. The Code of Conduct Committee, which includes external specialists such as lawyers and certified public accountants, conducts regular reviews of compliance maintenance and hotline operation, and makes necessary improvements. If Directors of the Company or Group subsidiaries detect a problem with the hotline operation, they should apply to the Code of Conduct Committee and request improvements.

(c) Data Storage and Management Relating to Execution of FR Group Directors' Duties

The documents listed below relating to the Company and the Group subsidiary Directors' duties are retained as proof of decision making and business-execution processes, as stipulated by law, Articles of Incorporation, and Board of Directors and Company regulations and guidelines on document management and confidential information. These documents are stored and managed appropriately and can be easily retrieved for reference or inspection during the legally required storage period.

- Shareholders' meeting minutes and relevant documentation
- Board meeting minutes and relevant documentation
- Minutes of important meetings held by Directors and relevant documentation
- Minutes of meetings held by other important employees and relevant documentation

(d) Managing Risk of Losses to FR Group

1. The Company regularly analyzes risks relating to the Company and Group subsidiaries to identify risks that could, directly or indirectly, cause financial loss, interrupt or stop business, damage brand images or the credibility of the Company or FR Group, and manages any risks accordingly.

2. If unforeseen circumstances should arise, a task force headed by the President or a Director appointed by the President shall be established to prevent increased losses and minimize damage. For a faster response, the task force may organize an external advisory team including lawyers and certified public accountants.

(e) Ensuring Efficient Execution of Director Duties

1. To ensure that the duties of the Company and Group subsidiary Directors are performed efficiently, the Company holds regular monthly meetings of the Board of Directors, which includes a number of External Directors, and holds ad hoc meetings when necessary. Group subsidiaries which have their own Board of Directors also hold Board meetings as stipulated by law.

2. Important matters concerning Company and Group management policy and management strategy shall be discussed beforehand at the weekly management meeting (Monday meeting) chaired by the President, and decisions made after due deliberation.

3. The execution of decisions made by the Board of Directors shall be conducted efficiently and appropriately by the operating officers designated by the Board.

(f) Ensuring Reliable FR Group Financial Reports

Systems have been established to ensure reliable financial reporting of Company and FR Group subsidiary activities, and the appropriate acquisition, holding, and disposal of assets. These activities are closely monitored. The Company has also established a Disclosure Committee to ensure the Company and Group subsidiaries disclose information in a timely and appropriate fashion.

(g) Ensuring Proper Execution of Corporate Groups Formed by Company and FR Group Subsidiaries

1. To ensure appropriate operations of FR Group companies, all Group companies are required to uphold the management principles, the FR Way, and the FR Code of Conduct. These principles also underpin the rules and regulations used when establishing entrusted individual Group companies. While respecting their autonomy, the Company oversees affiliated companies by determining their rules of business and requiring them to refer important items to the Company for consultation or final determination. The Company monitors affiliates if necessary. If Directors of Group subsidiaries discover any legal violations or serious compliance breaches, they should report them to the Audit & Supervisory Board Members, the President, and compliance officer.

2. If Directors of Group subsidiaries consider the Company's management principles or guidelines violate the law, undermine corporate ethics in a specific country, or create a compliance problem, they shall report to the Internal Audit Department or the Legal Department. Those departments shall report swiftly to the Audit & Supervisory Board, the President, and the compliance officer, and request appropriate improvements.

(h) Employee Assistants Requested by Audit & Supervisory Board Members and Ensuring the Independence and Effectiveness of Audit & Supervisory Board Members' Instructions to Employee Assistants

1. Upon receiving a request from the Audit & Supervisory Board, the Company shall establish rules to determine which employees assist the Audit & Supervisory Board Members with their duties, and assign appropriate internal personnel to the Audit & Supervisory Board Members or employ external lawyers or certified public accountants. To ensure assistants are independent of the Directors, their performance will be evaluated by Audit & Supervisory Board Members, and the Audit & Supervisory Board will approve decisions made by the Board of Directors on their assignment, dismissal, transfer, and wages, etc.

2. Assistants shall report directly to the Audit & Supervisory Board Members and may not hold concurrent positions that involve the execution of Company business.

(i) Director and Employee Reporting to Audit & Supervisory Board Members and Other Reports

1. Directors and employees of the Company and Group subsidiaries shall report any important matters that might impact the Company's operations or corporate performance to the Audit & Supervisory Board Members. Irrespective of these rules, the Audit & Supervisory Board Members may request reports from Directors or employees of the Company, or Directors, employees, and Audit & Supervisory Board Members of Group subsidiaries if necessary.

2. The Company and Group subsidiaries shall uphold the Group's management principles, the FR Way, and the FR Code of Conduct, and maintain frameworks for reporting legal violations or breaches of compliance rules to the Audit & Supervisory Board Members. If the Audit & Supervisory Board Members judge there is a problem with this framework, they can inform the Directors and the Board of Directors and request improvements.

3. The Company has made it widely known to Directors and employees across the entire FR Group that using reports submitted to Audit & Supervisory Board Members to penalize the submitter is forbidden. Submitted reports are protected by strict information management systems.

4. Audit & Supervisory Board Members communicate closely with the Independent Auditor, the Internal Audit Department, and Audit & Supervisory Board Members at Group companies through regular meetings and information exchange.

(j) Policy on Prepayment or Reimbursement of Expenses for Audit & Supervisory Board Members

If Audit & Supervisory Board Members submit requests for prepayment or reimbursement of expenses incurred during the course of their duties, the Company shall pay invoices or settle debts swiftly, unless it proves the requested expenses or debt were not necessary to the performance of the Audit & Supervisory Board Member's duties.

(k) Other Matters Ensuring Efficient Audits by Audit & Supervisory Board Members

1. Audit & Supervisory Board Members attend Board of Directors meetings and other important meetings to observe the reporting and discussion of significant issues. They may voice opinions if necessary.

2. The President meets regularly with Audit & Supervisory Board Members to consult on pressing issues, ensure appropriate auditing environments, and exchange views on significant issues highlighted in the auditing process.

(l) Eliminating Anti-social Forces

The Company works to extinguish anti-social forces by incorporating the following content in the FR Code of Conduct, and informing all executives and employees of its uncompromising stance:

1. The Company adopts a firm stance against and refuses to engage with anti-social forces. The Company forbids the use of financial payments to resolve unreasonable claims from anti-social forces.

2. The Company forbids the use of anti-social forces for Company or individual gain.

(5) Other stipulations in the Company's articles of incorporation

(a) Number of directors

The Company's articles of incorporation stipulate that the number of directors shall be at least three but not more than ten.

(b) Election criteria for directors

The Company's articles of incorporation stipulate that the election of directors shall not be based on cumulative voting. Also, the articles of incorporation stipulate that elections shall be based on a majority vote by shareholders, with at least one-third of eligible shareholders participating.

(c) Procedure for deciding dividends from surplus

Regarding the payment of dividends from surplus pursuant to the Companies Act, Article 459-1, the Company's articles of incorporation stipulate that dividends are decided by a resolution of the Board of Directors, and not by a resolution of the General Meeting of Shareholders, unless otherwise stipulated by law. The authority to decide payments of dividends from surplus is granted to the Board of Directors to give flexibility in the return of cash to shareholders.

(d) Interim dividend

As part of the Company's efforts to be flexible in the return of cash to shareholders, and pursuant to the stipulations of Companies Act Article 454-5, and under the Company's articles of incorporation, an interim dividend may be paid at the end of February every year by a resolution of the Board of Directors.

(e) Limitation of liabilities for Directors and Audit & Supervisory Board Members

Under the stipulations of the Company's Articles of Incorporation (Article 426-1 of the Companies Act), the Company may exempt, by decision of the Board of Directors, Directors (including former Directors) and Audit & Supervisory Board Members (including former Audit & Supervisory Board Members) from liabilities for actions described in Article 423-1 of the Companies Act, to the extent allowed by law. The purpose of this action is to create an environment where Directors and Audit & Supervisory Board Members can perform their duties and pursue their expected roles to the full extent of their abilities.

(f) Special resolutions of the General Meeting of Shareholders

Regarding extraordinary resolutions of the General Meeting of Shareholders based on the Companies Act, Article 309-2, the Company's articles of incorporation stipulate that these resolutions shall be passed by two-thirds vote of the shareholders, in which at least one-third of the eligible shareholders participate. This easing of the quorum rules for extraordinary resolutions by the General Meeting of Shareholders is meant to ensure the smooth functioning of the General Meeting of Shareholders.

8. Board of Directors

A. Board of Directors

Male: 13 persons Female: 3 persons (18.7% of officers are female)

Position	Responsibilities	Name	Date of birth	Brief biography		Term of office	Number of shares held (Thousand shares)
Representative director, chairman, and president	CEO	Tadashi Yanai	7 February 1949	August 1972	Joined FAST RETAILING CO., LTD.	Note 4	59,751
				September 1972	Director, FAST RETAILING CO., LTD.		
				August 1973	Senior Managing Director, FAST RETAILING CO., LTD.		
				September 1984	President & CEO, FAST RETAILING CO., LTD.		
				June 2001	External Director, SOFTBANK GROUP CORP. （Retired Dec. 31, 2019）		
				November 2002	Chairman and CEO, FAST RETAILING CO., LTD.		
				September 2005	Chairman, President, and CEO, FAST RETAILING CO., LTD. (current)		
				November 2005	Chairman, President, and CEO, UNIQLO CO., LTD.		
				September 2008	Director and Chairman, GOV RETAILING CO., LTD. (currently G.U. CO., LTD.)		
				June 2009	External Director, Nippon Venture Capital Co., Ltd. (current)		
				November 2011	Director, LINK THEORY JAPAN CO., LTD. (current)		
				November 2018	Representative Director, the Fast Retailing Foundation (current)		
				September 2023	Chairman and CEO, UNIQLO CO., LTD. (current)		

Position	Responsibilities	Name	Date of birth	Brief biography		Term of office	Number of shares held (Thousand shares)
Director		Nobumichi Hattori	25 December 1957	April 1981 June 1989 November 1998 October 2003 June 2005 November 2005 October 2006 April 2009 March 2015 June 2015 July 2016	Joined NISSAN MOTOR CO.,LTD. Joined Goldman Sachs and Company, Headquarters (New York) Managing Director of Goldman Sachs and Company, Headquarters (New York), and M&A Advisory of Goldman Sachs Japan Co., Ltd. Visiting Associate Professor, Graduate School of International Corporate Strategy, Hitotsubashi University External Director, Miraca Holdings Inc. (currently H.U. Group Holdings, Inc.) External Director, FAST RETAILING CO., LTD. (current) Visiting Professor, Graduate School of International Corporate Strategy, Hitotsubashi University Visiting Professor, Waseda Graduate School of Finance, Accounting and Law (current) External Auditor, Frontier Management Inc. (current) External Director, Hakuhodo DY Holdings Inc. (current) Visiting Professor, Graduate School of Business Administration, Keio University (current)	Note 4	-

Position	Responsibilities	Name	Date of birth	Brief biography		Term of office	Number of shares held (Thousand shares)
Director		Masaaki Shintaku	10 September 1954	April 1978 December 1991 August 2000 January 2001 April 2008 June 2008 November 2009 March 2019 June 2020 June 2021 April 2023	Joined IBM Japan, Ltd. Joined Oracle Corporation Japan President & CEO, Oracle Corporation Japan Executive Vice President, Oracle Corporation Vice Chairman, Special Olympics Nippon (currently Special Olympics Nippon Foundation) Chairman, Oracle Corporation Japan External Director, FAST RETAILING CO., LTD. (current) Counselor, Special Olympics Nippon Foundation External Director, NTT DOCOMO, INC. (current) External Director, NTT Communications Corporation (current) External Audit Committee, Juntendo University School of Medicine Juntendo Clinic (current)	Note 4	-
Director		Naotake Ono	28 October 1948	April 1971 June 2000 April 2004 April 2007 April 2011 November 2017 June 2018 November 2018 April 2021 May 2021	Joined Daiwa House Industry Co., Ltd. Director, Daiwa House Industry Co., Ltd . Senior Managing Director, Deputy Director, Sales Division, Daiwa House Industry Co., Ltd. Representative Director and Vice President, Director, Sales Division, Daiwa House Industry Co., Ltd. Representative Director and President, Daiwa House Industry Co., Ltd. Special Consultant, Daiwa House Industry Co., Ltd. (retired as of March 2021) Part-time Director, Nomura Management School Foundation (current) External Director, FAST RETAILING CO., LTD. (current) Special Advisor, ASAI KEN ARCHITECTUAL RESEARCH INC. (current) Special Advisor, PATIENCE CAPITAL GROUP (current)	Note 4	-

Position	Responsibilities	Name	Date of birth	Brief biography		Term of office	Number of shares held (Thousand shares)
Director		Kathy Mitsuko Koll	2 February 1965	January 1990 March 1994 January 1998 January 2000 April 2015 November 2018 May 2021 July 2021 November 2021 November 2021	Joined Barclays de Zoete Wedd, Limited (current Barclays Capital) Joined Goldman Sachs Japan Co., Ltd. Managing Director, Goldman Sachs Japan Co., Ltd. Partner, Goldman Sachs Japan Co., Ltd. Vice Chairman, Goldman Sachs Japan Co., Ltd. (retired as of December 2020) Director, the Fast Retailing Foundation General Partner, MPower Partners Fund L.P. (current) External Director, Paidy Inc. Council member, the Fast Retailing Foundation (current) External Director, FAST RETAILING CO., LTD. (current)	Note 4	-
Director		Joji Kurumado	23 April 1956	April 1981 January 1982 April 2012 April 2013 May 2014 April 2015 April 2017 April 2022 September 2022 November 2022	Joined TAKENAKA CORPORATION Registered, First-Class Architect General Manager of Design Division, TAKENAKA CORPORATION Executive Officer and General Manager of Design Division, TAKENAKA CORPORATION Director, Architectural Institute of Japan (AIJ Building Committee) Executive Officer in charge of design, TAKENAKA CORPORATION Managing Executive Officer, TAKENAKA CORPORATION Adviser, TAKENAKA CORPORATION (Retired 26 March 2023) Adjunct and part-time teacher, Architecture Course of WASEDA UNIVERSITY (current) External Director, FAST RETAILING CO., LTD. (current)	Note 4	-
Director		Yutaka Kyoya	7 January 1962	April 1984 April 2013 May 2013 April 2014	Joined Mitsubishi Corporation Division COO, Foods (Commodity) Division, Mitsubishi Corporation Director, Lawson Executive Officer, Division COO, Living Essential	Note 4	-

					Resources Division, Mitsubishi Corporation		
				November 2015	Director, OLAM INTERNATIONAL LIMITED		
				April 2016	Executive Vice President, Group CEO, Living Essential Group, Mitsubishi Corporation		
				April 2019	Executive Vice President, Group CEO, Consumer Industry Group, Mitsubishi Corporation (retired 31 March 2021)		
				June 2021	Representative Director, President and CSO, Mitsubishi Shokuhin		
				April 2022	Representative Director, President and CEO, CSO and CHO, Mitsubishi Shokuhin (current)		
				November 2022	External Director, FAST RETAILING CO., LTD. (current)		

Position	Responsibilities	Name	Date of birth	Brief biography		Term of office	Number of shares held (Thousand shares)
Director	CFO	Takeshi Okazaki	9 July 1965	April 1988 July 1998 January 2005 August 2011 August 2011 September 2012 November 2018 November 2018 June 2023	Joined Long Term Credit Bank of Japan, Limited Joined McKinsey & Company Partner, McKinsey & Company Joined FAST RETAILING Co., Ltd. Group Executive Officer & CFO, Group Senior Executive Officer & CFO, FAST RETAILING Co., Ltd. (current) Council member, the Fast Retailing Foundation (current) Director, FAST RETAILING CO., LTD. (current) Representative Director, PLST CO., LTD. (current)	Note 4	3
Director		Kazumi Yanai	23 April 1974	September 1997 July 2004 September 2009 January 2012 November 2012 November 2013 November 2015 July 2017 November 2018 June 2020 August 2022	Joined Goldman Sachs and Company Joined Link Theory Holdings (US) Inc. (currently Theory LLC), Headquarters (New York) Joined FAST RETAILING Co., Ltd. Chairman, Theory LLC (current) Group Executive Director, FAST RETAILING Co., Ltd. UNIQLO USA LLC COO Chairman, UNIQLO USA LLC (current) CEO, Chairman and President, J BRAND HOLDINGS, LLC Director, FAST RETAILING CO., LTD (current) Executive Officer, FAST RETAILING CO., LTD (current) Chairman, President, and CEO, LINK THEORY JAPAN CO., LTD. (current)	Note 4	14,345
Director		Koji Yanai	19 May 1977	April 2001 April 2009 September 2012 May 2013 September 2013 November 2018 June 2020	Joined Mitsubishi Corporation Seconded to Princes Limited (food business subsidiary in Great Britain) Joined FAST RETAILING Co., Ltd., responsible for UNIQLO Sports Marketing Director, UNIQLO Global Marketing Group Executive Officer, FAST RETAILING Co., Ltd. Director, FAST RETAILING CO., LTD (current) Executive Officer, FAST	Note 4	14,343

					RETAILING CO., LTD (current)		

Position	Responsibilities	Name	Date of birth	Brief biography		Term of office	Number of shares held (Thousand shares)
Standing Audit & Supervisory Board Member		Masaaki Shinjo	28 January 1956	April 1983 February 1994 September 1998 September 2005 January 2008 March 2009 September 2009 January 2010 March 2011 November 2012	Joined ASAHIPEN CORPORATION Joined FAST RETAILING CO., LTD. Entrusted operating officer, manager of administration, FAST RETAILING CO., LTD. General Manager, Group Auditing, FAST RETAILING CO., LTD. Director, Onezone Corp (currently G.U. CO., LTD.) General Manager, Corporate Administration, FAST RETAILING CO., LTD. Audit & Supervisory Board Member, GOV Retailing Co., Ltd. (currently G.U. CO., LTD.) General Manager, Sales Support Management Division, UNIQLO CO., LTD. General Manager, Corporate Planning & Management, FAST RETAILING CO., LTD. Audit & Supervisory Board Member, FAST RETAILING CO., LTD. (current)	Note 6	-
Standing Audit & Supervisory Board Member		Masumi Mizusawa	22 July 1959	November 1981 March 1988 October 2001 February 2004 November 2019 November 2020	Joined the International Department of Yamaichi Securities Co., Ltd. Joined the Research Department of Kleinwort Benson Securities (the Tokyo branch of Dresdner Kleinwort Wasserstein (Japan) Ltd.) Joined the Investor Relations Department of FAST RETAILING CO., LTD. General Manager, Global Corporate Management and Control Investor Relations Division, FAST RETAILING CO., LTD. Audit & Supervisory Board Member, FAST RETAILING CO., LTD. (current) Audit & Supervisory Board Member, LINK THEORY JAPAN CO., LTD. (current)	Note 7	1

Position	Responsibilities	Name	Date of birth	Brief biography		Term of office	Number of shares held (Thousand shares)
Standing Audit & Supervisory Board Member		Tomohiro Tanaka	13 March 1991	April 2013 September 2015 February 2017 July 2018 March 2020 November 2021 March 2023 November 2023	Joined Ernst & Young ShinNihon LLC (current EY Ernst & Young ShinNihon LLC) Qualification of Certified Public Accountants Joined PwC Advisory LLC Joined FAST RETAILING CO., LTD. Corporate Management and Control Dept. Manager, FAST RETAILING CO., LTD. Global Corporate Management and Control Consolidated Accounting General Manager, Finance department UNIQLO TAIWAN LLC CFO, UNIQLO TAIWAN Audit & Supervisory Board Member, FAST RETAILING CO., LTD. (current)	Note 7	0
Audit & Supervisory Board Member		Keiko Kaneko	11 November 1967	April 1991 April 1999 April 1999 January 2007 April 2007 November 2012 November 2012 June 2013 June 2019	Joined Mitsubishi Corporation Registered as a member of Japan Federation of Bar Associations Joined Anderson, Mori & Tomotsune (AM&T) law firm Partner, AM&T (current) Guest associate professor, Tokyo University Graduate School of Law External Audit & Supervisory Board Member, FAST RETAILING CO., LTD. (current) External Audit & Supervisory Board Member, UNIQLO CO., LTD. (current) External Audit & Supervisory Board Member, The Asahi Shimbun Company (current) External Director, Daifuku Co., Ltd. (current)	Note 6	-
Audit & Supervisory Board Member		Takao Kashitani	7 November 1948	February 1975 January 1986 April 1986 March 1989 April 2002	Kashitani Public Accountant Office (current) Representative, CENTURY Audit Corporation (currently Ernst & Young ShinNihon LLC) Representative Director & CEO, Brain Core Co., Ltd. (current) Representative Director & CEO, F P Brain Co., Ltd. (current) Specially appointed professor, Chuo University Graduate School of International Accounting	Note 5	-

					Department of Research (professional graduate school)		
				June 2012	External Director, Tokyo Electric Power Company (currently Tokyo Electric Power Company Holdings)		
				June 2012	External Director, Japan Freight Railway Company (current)		
				November 2018	External Audit & Supervisory Board Member, FAST RETAILING CO., LTD. (current)		

Position	Responsibilities	Name	Date of birth	Brief biography		Term of office	Number of shares held (Thousand shares)
Audit & Supervisory Board Member		Masakatsu Mori	22 January 1947	May 1972	Acquired qualification as a certified public accountant	Note 6	0
				February 1989	Japan Country Manager, Anderson Consulting (currently Accenture)		
				December 1995	President, Anderson Consulting (currently Accenture)		
				April 2003	Chairman, Accenture		
				September 2007	Senior Advisor, Accenture		
				October 2009	President, International University of Japan (IUJ)		
				June 2010	External Director, Stanley Electric Co., Ltd. (current)		
				June 2013	External Director, YAMATO HOLDINGS CO., LTD. (retired as of 23 June 2022)		
				November 2013	Deputy Vice President, IUJ		
				April 2018	Special Advisor, IUJ (current)		
				March 2019	External Director, Kirin Holdings Company, Limited (current)		
				November 2020	External Audit & Supervisory Board Member, FAST RETAILING CO., LTD. (current)		
Total							88,446

(Notes) 1. Directors Nobumichi Hattori, Masaaki Shintaku, Naotake Ono, Kathy Mitsuko Koll, Joji Kurumado and Yutaka Kyoya are External Directors as provided for in Article 2, Paragraph 15 of the Companies Act.

2. Directors Kazumi Yanai and Koji Yanai are relatives in the second degree of Tadashi Yanai, Representative Director, Chairman and President.

3. Auditors Keiko Kaneko, Takao Kashitani and Masakatsu Mori are External Audit & Supervisory Board Members as provided for in Article 2, Paragraph 16 of the Companies Act.

4. For a one-year term beginning at the conclusion of the Ordinary General Meeting of Shareholders on 30 November 2023.

5. For a four-year term beginning at the conclusion of the Ordinary General Meeting of Shareholders on 24 November 2022.

6. For a four-year term beginning at the conclusion of the Ordinary General Meeting of Shareholders on 26 November 2020.

7. For a four-year term beginning at the conclusion of the Ordinary General Meeting of Shareholders on 30 November 2023.

B. External Directors and External Audit & Supervisory Board Members

(1) Functions, roles and selection of External Directors and External Audit & Supervisory Board Members

The Company has six External Directors and three External Audit & Supervisory Board Members.

It is the Company's expectation that the External Directors will keep an eye on the management monitoring function. From a business perspective, the advice of these individuals, with their abundance of experience and expertise, makes a major contribution to enhance the value of our enterprise.

It is also expected that External Audit & Supervisory Board Members will monitor the performance of the Board of Directors. The Company receives valuable advice based on their rich experience in a wide variety of fields.

Director Kathy Mitsuko Koll serves as a council member on the Fast Retailing Foundation. Fast Retailing has concluded a contract with the Foundation pertaining to the lease of office space, etc.

Audit & Supervisory Board Member Keiko Kaneko serves as an external director of Daifuku Co., Ltd., a company with which Fast Retailing and its group subsidiaries engage in business in regard to warehouse automation equipment.

Shares of the Company held by External Audit & Supervisory Board Members are stated in the "Number of shares held" column under the section "Board of Directors."

Aside from the above, there are no distinctive interests between the Company and other External Directors or External Audit & Supervisory Board Members.

The External Directors and External Audit & Supervisory Board Members receive reports at the Board of Directors meeting regarding internal audits, the operation of internal controls, audits by Audit & Supervisory Board Members, and the results of accounting audits.

With regard to the selection of External Directors and External Audit & Supervisory Board Members, the Company has no specific standards on independence from the Company, but it is the Company's responsibility to reflect their advice and counsel in its decision-making processes in an objective and independent fashion. For many years now, the Company has chosen many External Directors with rich experience as corporate managers in industry, with broad-ranging expertise and discerning views. In addition, to incorporate wide range of stakeholders' views in the audits of our business activities, we value both the independence and the diversity of our External Audit & Supervisory Board Members in various fields.

(2) Independent Directors

Six of the ten members of the Fast Retailing Board are external directors, and all of those six are recognized as Independent Directors in accordance with the rules of the Tokyo Stock Exchange. The majority of the directors on the Board are external in order to heighten the Board's independence and strengthen its supervisory function.

In addition to the independence criteria set by the Tokyo Stock Exchange, Fast Retailing has set the following independence standards and qualifications for external officers, including External Directors: A person shall not qualify as an Independent Director of Fast Retailing, if:

(a) he/she is, or has been within the past three years, a Business Partner*1 or an Executive Officer*2 of a Business Partner*2 of the Fast Retailing Group, whose annual business dealings with Fast Retailing Group during the most recent business year constituted 2% or more of the Fast Retailing Group's consolidated revenue;

(b) he/she is, or has been within the past three years, a Business Partner*1 of the Fast Retailing Group or an Executive Officer of a Business Partner*2 of Fast Retailing, whose annual business dealings with the Fast Retailing Group during the most recent business year constituted 2% or more of the Business Partner's consolidated revenue;

(c) he/she is a consultant, an accountant, or an attorney who receives, or has received over the past three years, any monies or property equivalent to 10 million yen or more from the Fast Retailing Group, except for remuneration for a director or an auditor; or

(d) he/she is, or has been over the past three years, a partner, an associate, or an employee of an accounting auditor of Fast Retailing or its subsidiaries.

*1 "Business Partner" includes law firms, auditing firms, tax accounting firms, consultants, and any other organizations.

*2 "Executive Officer" means (i) for corporations, Executive Directors (as defined in the Companies Act of Japan), Executive Officers (shikko-yaku, as defined in the Companies Act of Japan), corporate officers, and employees, and (ii) for non-corporate entities (including general incorporated associations (shadan-hojin), general incorporated foundations (zaidan-hojin), and partnerships), directors with executive functions, officers, partners, associates, staff, and other employees.

(3) Supervision or auditing by External Directors or External Audit & Supervisory Board Members; mutual cooperation between internal auditing, Audit & Supervisory Board Member auditing, and accounting audits; and relationship with the Internal Control Department

At meetings of the Board of Directors, the Audit & Supervisory Board, and various committees, etc., external directors and External Audit & Supervisory Board Member receive reports about the operating status of internal auditing and internal control systems, the results of Audit & Supervisory Board Members audit and accounting audits, and other important matters, and they offer remarks and suggestions based on their respective areas of expertise, experience, and knowledge.

At meetings of the Board of Directors, the Audit & Supervisory Board, various committees, etc., Audit & Supervisory Board Members cooperate with external directors and External Audit & Supervisory Board Members in a timely manner and exchange opinions as well as share information necessary for the supervision and auditing of management.

For details regarding mutual cooperation between the External Audit & Supervisory Board Members, the Internal Audit Department, and the accounting auditor and the relationship with the Internal Control Department, please refer to (1) Status of Auditor's Audit under C. Status of Auditing.

C. Status of Auditing

(1) Status of Audit & Supervisory Board Member's Audit

Audit & Supervisory Board Members always attend Board of Directors meetings and audit the status of management execution. The Audit & Supervisory Board consists of three internal full-time Audit & Supervisory Board Members and three external Audit & Supervisory Board Members. Audit & Supervisory Board Members receive reports about important matters related to auditing on a regular and on-demand basis from the Internal Audit Department and accounting auditors, and they discuss those important matters and always maintain a state of cooperation. Both Audit & Supervisory Board Member Takao Kashitani and Audit & Supervisory Board Member Masakatsu Mori hold the qualification of certified public accountant and have substantial knowledge related to finance and accounting.

Matters discussed in the Audit & Supervisory Board include the current status and challenges of the Sustainability Department, the report on annual activities by the Human Resources Committee, the current status and challenges of the Finance Department, and the current status and challenges of the FR-MIC training organization.

In addition, the role of full-time Audit & Supervisory Board Members includes the timely on-site auditing of stores run by key operating companies, attending domestic and international store audit briefing sessions, and attending regular and extraordinary Board of Directors meetings and other employee meetings.

(2) Status of internal auditing

The Company's Internal Audit Department audits the operations and management of the Company and Group companies based on internal regulations and audit plans. The department also establishes internal control systems and processes including internal control of financial reporting based on the Financial Instruments and Exchange Act, and evaluates the operational status of those systems. Meanwhile, the department discloses any points discovered during its audits to the relevant audited target and requests and monitors corrective measures. In FY2023, the Internal Audit Department conducted audits of operating companies and production sites in South Asia, Southeast Asia, China, South Korea, the United States, and Europe.

The head of the Internal Audit Department reports the audit results and details of any corrective measures to the Representative Director when required, reports monthly to full-time Audit & Supervisory Board Members, and reports once every six months to the Audit & Supervisory Board.

As at 31 August 2023, the Internal Audit Department had 54 dedicated staff members across the Group.

(3) Accounting audits

(a) Name of audit firm

Deloitte Touche Tohmatsu LLC

(b) Continuous auditing period

6 years

(c) Name of Certified Public Accountants

Hirofumi Otani, Akira Kimotsuki

(d) Group of assistants to the independent auditor

Based on the audit plan formulated by Deloitte Touche Tohmatsu LLC, the group of assistants to the independent auditor consists of 20 CPAs, 4 successful Certified Public Accountant applicants and 54 others.

(e) Policy and reasons for selecting audit corporation

Based on the "Practical Guidelines for Auditors, etc. Concerning the Formulation of Evaluation and Selection Standards for Accounting Auditors" (Japan Audit & Supervisory Board Members Association; 13 October, 2017), the Audit & Supervisory Board selected Deloitte Touche Tohmatsu LLC to be the accounting auditor after comprehensively examining their quality control systems, audit team independence, communication systems, group audit systems, handling of fraud risks, and the like in accordance with the prescribed selection standards and evaluation standards for accounting auditors. Regarding the policy for determining the dismissal or non-reappointment of an accounting auditor, in the event that it is acknowledged that an item prescribed in an item under Article 340-1 of the Companies Act is applicable, the Audit & Supervisory Board will pass a resolution to the effect that the Audit & Supervisory Board will dismiss the accounting auditor based on the consent of all Audit & Supervisory Board Members, and in the event that it is acknowledged that it is difficult for the accounting auditor to perform an appropriate audit due to an event arising that otherwise impairs the accounting auditor's competence or independence, the Audit & Supervisory Board will pass a resolution to the effect that the Audit & Supervisory Board will make a proposal to the General Meeting of Shareholders to dismiss or not reappoint the accounting auditor.

(f) Evaluation of the accounting auditor by Audit & Supervisory Board Members and the Audit & Supervisory Board

In addition to auditing and examining the independence, quality-control status, suitability of the system for performing duties, and status of implementing accounting audits in the current fiscal year of the accounting auditor, the Audit & Supervisory Board conducts evaluations by receiving reports from the accounting auditor on the status of performing its duties and requesting explanations when necessary.

(4). Details of Independent Auditor's remuneration

(a) Details of remuneration for Independent Auditor

Class	Year ended 31 August 2022	Year ended 31 August 2023
	Remuneration for audit and certification duties (Millions of yen)	Remuneration for audit and certification duties (Millions of yen)
Reporting Entity	211	251
Consolidated subsidiaries	41	45
Total	252	297

(b) Details of remuneration for member firms of the Deloitte global network (except (a))

Class	Year ended 31 August 2022		Year ended 31 August 2023	
	Remuneration for audit and certification duties (Millions of yen)	Remuneration for duties other than audit (Millions of yen)	Remuneration for audit and certification duties (Millions of yen)	Remuneration for duties other than audit (Millions of yen)
Reporting Entity	-	627	-	324
Consolidated subsidiaries	351	66	417	62
Total	351	694	417	386

Year ended 31 August 2022 (1 September 2021 - 31 August 2022)
The non-audit services paid for by the Company and the Company's subsidiaries to organizations belonging to the same network as audit-certified public accountants, etc., comprise advisory services related to the e-commerce platform.

Year ended 31 August 2023 (1 September 2022 - 31 August 2023)
The non-audit services paid for by the Company and the Company's subsidiaries to organizations belonging to the same network as audit-certified public accountants, etc., comprise advisory services related to the e-commerce platform.

(c) Other important details regarding remuneration for audit and certification duties
Not applicable.

(d) Policies for determination of accounting audit remuneration
The Company's articles of incorporation stipulate that remuneration to independent auditor for audit services is determined by the representative director, with the consent of the Audit & Supervisory Board.

(e) Reasons for agreement of the Audit & Supervisory Board to the remuneration of the Independent Auditor
The Audit & Supervisory Board agreed to the remuneration of the independent auditor as stipulated in Article 399, Item 1 of the Companies Act, after checking auditing estimates versus actual performance in previous business years, including itemized auditing hours and remuneration, and investigating whether the estimates for the year ended 31 August 2023 were reasonable, based on the practical guidelines relating to independent auditor published by the Japan Audit & Supervisory Board Members Association.

D. Directors' Remuneration

(1) Policies and process for determination of directors' remuneration

The maximum annual remuneration for Directors has been capped at 2,000 million yen (including an annual figure of 200 million yen for external Directors) as determined by shareholder resolution at the 60th annual General Meeting of Shareholders held on 25 November 2021 (the resolution covers ten Directors of which six are external Directors).

Meanwhile, the maximum annual remuneration for Audit & Supervisory Board Members is capped at 100 million yen as determined by shareholder resolution at the 42nd annual General Meeting of Shareholders held on 26 November 2003 (the resolution covers five Audit & Supervisory Board Members).

The Company, with reference to the appropriate shareholder resolutions, determines the composition of individual Directors' compensation at Board of Directors' meetings according to the policy detailed below.

The amount of individual remuneration for internal Directors (meaning Directors who are not external Directors; and the same shall apply hereinafter) shall be deliberated by the Nomination and Remuneration Advisory Committee, which consists of all external Directors, based on the amount calculated in accordance with their respective prescribed calculation method. After said deliberations, the Chairman, President & CEO Tadashi Yanai shall be entrusted by the Board of Directors to make the final decision within the framework of the total amount of remuneration approved by the General Meeting of Shareholders.

The remuneration of external Directors shall be a fixed amount, and the said fixed amount shall be determined by the Board of Directors.

The Board of Directors entrusts Chairman, President & CEO Tadashi Yanai with the determination of the amount of individual remuneration for each internal Director. This delegation of responsibility is based on the judgement that Chairman, President & CEO Tadashi Yanai is the appropriate person to evaluate the duties and responsibility of each Director while also taking a comprehensive view of the Company's overall performance. Individual remuneration is determined based on the discussions of the Nomination and Remuneration Advisory Committee, which consists of all external Directors, so the Company believes that its authority is exercised appropriately.

The amount of remuneration for Audit & Supervisory Board Members is determined through discussions among the Audit & Supervisory Board Members within the confines of the maximum amount of remuneration for Audit & Supervisory Board Members approved at the aforementioned General Meeting of Shareholders.

(2) Total remuneration including compensation for each director classification at the Company, remuneration by type, and number of recipient directors

Executive category	Entity category	Total amount of remuneration (Millions of yen)	Total amount of remuneration, by type (Millions of yen)			Number of executives (Persons)
			Basic Compensation	Short-term performance-linked remuneration	Long-term performance-linked remuneration	
Directors (excluding external directors)	the Company	732	361	220	151	4
	the subsidiaries	242	154	53	35	
External directors	the Company	87	87	-	-	7
Audit & Supervisory Board Members (excluding External Audit & Supervisory Board Members)	the Company	34	34	-	-	2
External Audit & Supervisory Board Members	the Company	42	42	-	-	3
	the subsidiaries	3	3	-	-	

1. The performance-related remuneration figures are provisional calculations made prior to the evaluation of results for the fiscal year ended August 31, 2023 after accounting for costs. The actual amounts paid are calculated and decided based on performance evaluations of individual directors.
2. Remuneration for internal directors whose mainly serve as officers of consolidated subsidiaries is paid by the consolidated subsidiary companies.
3. Remuneration for external directors is fixed at an annual amount of 15 million yen.
4. The remuneration for individual Directors for the current fiscal year is determined according to the process described in (4) Details of methods for determining director remuneration amounts. The Board of Directors judges whether the details of remuneration, etc. for directors in the current fiscal year is in line with the above-determined policy.

(b) Total amount of consolidated remuneration, etc., for each officer: note that this is to be more than 100 million yen.

Name	Total amount of remuneration (Millions of yen)	Entity category	Total amount of remuneration, by type (Millions of yen)		
			Basic Compensation	Short-term performance-linked remuneration	Long-term performance-linked remuneration
Executive Director Tadashi Yanai	400	the Company	240	160	-
Director Takeshi Okazaki	331	the Company	120	60	151
Director Kazumi Yanai	142	the Company	2	-	-
		Theory LLC, etc.	103	24	13
Director Koji Yanai	102	Uniqlo CO., LTD. etc.	50	30	23

(Note) As stated below, short-term performance-linked compensation will be calculated based on performance evaluations from the previous fiscal year.

(3) Salaries for key personnel serving concurrently as an employee and an officer

Not applicable.

(4) Details of methods for determining director remuneration amounts

(a) Remuneration for Audit & Supervisory Board Members is calculated within the total amount approved by the General Meeting of Shareholders as explained above and then discussed and decided by Audit & Supervisory Board Members.

(b) The remuneration of external Directors shall be a fixed amount, and the said fixed amount shall be determined by the Board of Directors.

(c) Remuneration for internal Directors is made up of (1) a basic compensation component, and (2) a performance-related compensation component (short-term and long-term performance-related compensation), the details of which are described below. The method of calculation and the timing of payment of each remuneration type is discussed in the above-mentioned Nomination and Remuneration Advisory Committee and then decided by the Board of Directors.

<Basic remuneration>

The basic remuneration component is calculated according to a predefined compensation table based on each individual's grade within the Company and split into equal monthly payments. The individual grade for each internal director is discussed in the Nomination and Remuneration Advisory Committee and then decided by the Board of Directors.

<Short-term performance-related remuneration>

The targeted short-term performance-related remuneration amount is determined according to a table of short-term performance-related remuneration by employee grade. It is calculated according to the following payment standard table after selecting a ranking from five available levels generated by our target management system to reflect the degree of target achievement during the previous fiscal period. The target management system determines targets based on corporate performance, organizational, and individual director targets.

Grade	Definition	Percentage of Target Achieved
A	Targets greatly surpassed and many superb courses of action are evident	200%
AB	Targets achieved and superb courses of action are evident	150%
B	Targets achieved, or superb courses of action adequate for achieving target are evident	100%
BC	Targets not achieved, but it is acknowledged that efforts have been made that may lead to future developments	75%
C	Targets not achieved and the anticipated course of action was lacking	50%

<Long-term performance-related remuneration>

The target amount of long-term variable Remuneration is determined based on the long-term variable remuneration table established for each grade.

Target long-term variable remuneration will be granted as phantom stock, a stock-linked remuneration, to link up with the Fast Retailing Group's corporate value. Phantom stock is a cash-settled remuneration linked to the Company's share price. The stock can be exercised three years after the grant date, and an amount of cash equivalent to the Company's share price as of the date of exercise will be paid. Dividends or amounts equivalent to dividends will not be paid.

In addition to the above, a special long-term, incentive-based remuneration has been granted to some Executive Directors during the fiscal year under review as part of their long-term variable remuneration. Such remuneration has been granted as phantom stock, a stock-linked remuneration. Such phantom stock is a cash-settled compensation linked to the Company's share price. The stock can be exercised upon retirement five years after the grant date, and the amount of cash equivalent to the Company's share price as of the date of exercise will be paid. Dividends or amounts equivalent to dividends will not be paid.

E. Status of share holdings

(1) Criteria and approach to “investment share” categories

The Company categorizes shareholdings that are deemed to contribute to improving medium-to-long-term corporate value as “investment shares with a purpose other than net investment” and other shares as “investment shares for the purpose of net investment.”

(2) Investment shares for which the investment purpose is a purpose other than net investment

(a) In principle, the Group has a policy of not having any cross-holdings; however, on occasion these holdings may occur - but only in the minimum number of shares required. Each year, the Board of Directors verifies the economic rationality, etc., for any cross-holdings; this is done for each individual stock and includes any medium-to-long term trading relationships. The Board then makes a comprehensive judgment on the significance of the holdings. The specific contents of the verifications are not disclosed due to the trading relationships with the corporation(s) in which shares are held.

(b) Number of stocks and amounts included in the balance sheet

	Number of stocks	Amounts included in the balance sheet (Millions of yen)
Unlisted shares	3	189
Shares other than unlisted shares	-	-

(Stock for which the number of shares increased in the current business year)

No applicable matters

(Stocks for which the number of shares decreased in the current business year)

	Number of stocks	Amounts included in the balance sheet (Millions of yen)
Unlisted shares	-	-
Shares other than unlisted shares	1	279

(c) Information on the number of shares and balance sheet difficulties for “specified investment shares” and “deemed shares” - by individual stock

Specified Investment Shares:

Stock	Current business year	Previous business year	Holding purpose, outline of alliance, quantitative holding effect, and reason for increase in number of shares	Holding the Company’s shares
	Number of shares	Number of shares		
	Balance sheet amount (Millions of yen)	Balance sheet amount (Millions of yen)		
Crystal International Group Ltd.	-	6,465,000	These shares were held to try to strengthen ties in the medium-term, as a strategic partner.	No
	-	301		

(Notes) We are unable to disclose the quantitative effects of our holdings, as they include information such as transaction volumes with companies in which we have invested. See (a) for more information on how we tested the rationality behind our holdings.

Deemed Shares: Not applicable.

(3) Investment shares held for the investment purpose

Not applicable.

9. Financial Information

A. Preparation of consolidated financial statements

(1) Since the Company meets all criteria of a “specific company” defined in Articles 1-2 of the Rules Governing Term, Form and Preparation of Consolidated Financial Statements (Financial Ministerial Order 28, 1976) (hereinafter referred to as the “Rules on Consolidated Financial Statements”), the consolidated financial statements of the Group were prepared in accordance with IFRS pursuant to Article 93 of the Rules on Consolidated Financial Statements.

(2) The financial statements of the Company were prepared in accordance with the Rules Governing Term, Form and Presentation of Non-consolidated Financial Statements (Financial Ministerial Order 59, 1963) (hereinafter referred to as the “Rules on Non-consolidated Financial Statements”).

The non-consolidated financial statements are prepared in accordance with the provisions set out in Article 127 of the Rules on Non-Consolidated Financial Statements, etc., as the Company is categorized as a company that may be allowed to prepare its financial statements according to special provisions.

(3) In this report, amounts are rounded down to the nearest million yen.

B. Audit and certification

The Company’s consolidated and non-consolidated financial statements for the fiscal year from 1 September 2022 - 31 August 2023 have been audited by Deloitte Touche Tohmatsu LLC in accordance with auditing standards generally accepted in Japan pursuant to Article 193-2-1 of the Financial Instruments and Exchange Act. Deloitte Touche Tohmatsu LLC also conducted the audit of consolidated financial statements of the Company in accordance with International Standards on Auditing (ISA).

C. Special measures for ensuring the accuracy of our consolidated financial statements and a framework for ensuring consolidated financial statements are appropriately prepared in accordance with IFRS.

The Company has taken special measures to ensure the appropriateness of our consolidated financial statements and has established a framework to ensure our consolidated financial statements are appropriately prepared in accordance with IFRS. Details of these are given below.

(1) To establish a framework capable of adapting appropriately to changes in accounting standards, the Company has made efforts to build specialist knowledge by appointing employees who are well versed in IFRS, joining the Accounting Standards Board of Japan and similar organizations, and participating in training programs.

(2) To ensure that we appropriately prepared consolidated financial statements in accordance with IFRS, we drafted the Group guidelines for accounting practices based on IFRS, and have been conducting accounting procedures based on these guidelines. We regularly obtain standards and press releases published by the International Accounting Standards Board (“IASB”), study the latest standards and their potential impact on our Company, and update our Group guidelines for accounting practices accordingly.

D. Consolidated Financial Statements

(1) Consolidated statement of financial position

(Millions of yen)

	Notes	As at 31 August 2022	As at 31 August 2023
ASSETS			
Current assets			
Cash and cash equivalents	8,30	1,358,292	903,280
Trade and other receivables	9,30	60,184	66,831
Other financial assets	11,30	123,446	576,194
Inventories	10	485,928	449,254
Derivative financial assets	30	124,551	132,101
Income taxes receivable		2,612	23,660
Other assets	12	23,835	25,372
Total current assets		2,178,851	2,176,695
Non-current assets			
Property, plant and equipment	13,15	195,226	221,877
Right-of-use assets	15,17	395,634	389,183
Goodwill	14	8,092	8,092
Intangible assets	14,15	76,621	87,300
Financial assets	11,30	164,340	240,363
Investments in associates accounted for using the equity method	16	18,557	18,974
Deferred tax assets	18	8,506	38,208
Derivative financial assets	30	134,240	114,151
Other assets	12,15	3,690	8,846
Total non-current assets		1,004,911	1,126,998
Total assets		3,183,762	3,303,694
Liabilities and equity			
LIABILITIES			
Current liabilities			
Trade and other payables	19,30	350,294	338,901
Other financial liabilities	11,28,30	209,286	61,913
Derivative financial liabilities	30	1,513	3,600
Lease liabilities	17,28,30	123,885	126,992
Current tax liabilities		77,162	65,428
Provisions	20	2,581	2,642
Other liabilities	12	111,519	129,782
Total current liabilities		876,242	729,260
Non-current liabilities			
Financial liabilities	11,28,30	241,022	241,068
Lease liabilities	17,28,30	356,840	338,657
Provisions	20	47,780	50,888
Deferred tax liabilities	18	44,258	67,039
Derivative financial liabilities	30	44	1,410
Other liabilities	12	2,171	2,007
Total non-current liabilities		692,117	701,072
Total liabilities		1,568,360	1,430,333

(continued)

(Millions of yen)

	Notes	As at 31 August 2022	As at 31 August 2023
EQUITY			
Capital stock	21	10,273	10,273
Capital surplus	21	27,834	28,531
Retained earnings	21	1,275,102	1,498,348
Treasury stock, at cost	21	(14,813)	(14,714)
Other components of equity	21	263,255	298,965
Equity attributable to owners of the Parent		1,561,652	1,821,405
Non-controlling interests		53,750	51,955
Total equity		1,615,402	1,873,360
Total liabilities and equity		3,183,762	3,303,694

(2) Consolidated statement of profit or loss

(Millions of yen)

	Notes	Year ended 31 August 2022	Year ended 31 August 2023
Revenue	22	2,301,122	2,766,557
Cost of sales		(1,094,263)	(1,330,196)
Gross profit		1,206,859	1,436,360
Selling, general and administrative expenses	23	(900,154)	(1,054,368)
Other income	24	16,951	12,197
Other expenses	15,24	(27,391)	(14,238)
Share of profit and loss of associates accounted for using the equity method	16	1,059	1,139
Operating profit		297,325	381,090
Finance income	25	123,820	66,716
Finance costs	25	(7,560)	(9,888)
Profit before income taxes		413,584	437,918
Income tax expense	18	(128,834)	(122,746)
Profit for the year		284,750	315,171
Profit for the year attributable to:			
Owners of the Parent		273,335	296,229
Non-controlling interests		11,415	18,941
Total		284,750	315,171
Earnings per share			
Basic (Yen)	27	891.77	966.09
Diluted (Yen)	27	890.43	964.48

(3) Consolidated statement of comprehensive income

(Millions of yen)

	Notes	Year ended 31 August 2022	Year ended 31 August 2023
Profit for the year		284,750	315,171
Other comprehensive income / (loss), net of income tax			
Items that will not be reclassified subsequently to profit or loss			
Financial assets measured at fair value through other comprehensive income / (loss)	26	(41)	(11)
Total items that will not be reclassified subsequently to profit or loss		(41)	(11)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations	26	98,118	47,587
Cash flow hedges	26	193,303	80,997
Share of other comprehensive income / (loss) of associates	26	116	172
Total items that may be reclassified subsequently to profit or loss		291,538	128,756
Other comprehensive income / (loss), net of income tax		291,497	128,745
Total comprehensive income for the year		576,247	443,916
Attributable to:			
Owners of the Parent		554,833	423,601
Non-controlling interests		21,414	20,315
Total comprehensive income for the year		576,247	443,916

(4) Consolidated statement of changes in equity

For the year ended 31 August 2022

(Millions of yen)

						Other components of equity							
	Notes	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 2021		10,273	25,360	1,054,791	(14,973)	271	9,855	30,890	13	41,031	1,116,484	45,813	1,162,298
Net changes during the year													
Comprehensive income													
Profit for the year		-	-	273,335	-	-	-	-	-	-	273,335	11,415	284,750
Other comprehensive income / (loss)	26	-	-	-	-	(41)	90,731	190,691	116	281,497	281,497	9,999	291,497
Total comprehensive income / (loss)		-	-	273,335	-	(41)	90,731	190,691	116	281,497	554,833	21,414	576,247
Transactions with the owners of the Parent													
Acquisition of treasury stock	21	-	-	-	(12)	-	-	-	-	-	(12)	-	(12)
Disposal of treasury stock	21	-	2,089	-	172	-	-	-	-	-	2,261	-	2,261
Dividends	21	-	-	(53,123)	-	-	-	-	-	-	(53,123)	(13,152)	(66,275)
Share-based payments	21	-	384	-	-	-	-	-	-	-	384	-	384
Transfer to non-financial assets		-	-	-	-	-	-	(59,174)	-	(59,174)	(59,174)	(727)	(59,902)
Transfer to retained earnings		-	-	99	-	(99)	-	-	-	(99)	-	-	-
Changes in ownership interests in subsidiaries without losing control		-	-	-	-	-	-	-	-	-	-	402	402
Total transactions with the owners of the Parent		-	2,473	(53,024)	159	(99)	-	(59,174)	-	(59,273)	(109,665)	(13,478)	(123,143)
Total net changes during the year		-	2,473	220,310	159	(140)	90,731	131,516	116	222,223	445,167	7,936	453,103
As at 31 August 2022		10,273	27,834	1,275,102	(14,813)	131	100,587	162,407	129	263,255	1,561,652	53,750	1,615,402

For the year ended 31 August 2023

(Millions of yen)

						Other components of equity							
	Notes	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 2022		10,273	27,834	1,275,102	(14,813)	131	100,587	162,407	129	263,255	1,561,652	53,750	1,615,402
Net changes during the year													
Comprehensive income													
Profit for the year		-	-	296,229	-	-	-	-	-	-	296,229	18,941	315,171
Other comprehensive income / (loss)	26	-	-	-	-	(11)	45,444	81,766	172	127,371	127,371	1,373	128,745
Total comprehensive income / (loss)		-	-	296,229	-	(11)	45,444	81,766	172	127,371	423,601	20,315	443,916
Transactions with the owners of the Parent													
Acquisition of treasury stock	21	-	-	-	(27)	-	-	-	-	-	(27)	-	(27)
Disposal of treasury stock	21	-	1,650	-	127	-	-	-	-	-	1,778	-	1,778
Dividends	21	-	-	(73,074)	-	-	-	-	-	-	(73,074)	(21,648)	(94,723)
Share-based payments	21	-	(953)	-	-	-	-	-	-	-	(953)	-	(953)
Transfer to non-financial assets		-	-	-	-	-	-	(91,570)	-	(91,570)	(91,570)	(775)	(92,346)
Transfer to retained earnings		-	-	90	-	(90)	-	-	-	(90)	-	-	-
Changes in ownership interests in subsidiaries without losing control		-	-	-	-	-	-	-	-	-	-	314	314
Total transactions with the owners of the Parent		-	696	(72,983)	99	(90)	-	(91,570)	-	(91,661)	(163,848)	(22,109)	(185,958)
Total net changes during the year		-	696	223,246	99	(102)	45,444	(9,804)	172	35,710	259,752	(1,794)	257,958
As at 31 August 2023		10,273	28,531	1,498,348	(14,714)	28	146,031	152,602	302	298,965	1,821,405	51,955	1,873,360

(5) Consolidated statement of cash flows

(Millions of yen)

	Notes	Year ended 31 August 2022	Year ended 31 August 2023
Cash flows from operating activities			
Profit before income taxes		413,584	437,918
Depreciation and amortization		180,275	186,872
Impairment losses	15	23,150	3,958
Interest and dividend income		(9,495)	(41,330)
Interest expenses		7,560	9,791
Foreign exchange losses / (gains)		(114,324)	(25,385)
Share of profit and loss of associates accounted for using the equity method		(1,059)	(1,139)
Losses on disposal of property, plant and equipment		1,136	917
(Increase) / Decrease in trade and other receivables		(2,651)	(7,535)
(Increase) / Decrease in inventories		(50,896)	46,908
Increase / (Decrease) in trade and other payables		114,600	(15,909)
(Increase) / Decrease in other assets		(7,125)	8,354
Increase / (Decrease) in other liabilities		(9,531)	(3,700)
Others, net		(27,211)	10,617
Cash generated from operations		518,010	610,338
Interest and dividend income received		8,520	22,613
Interest paid		(7,557)	(9,861)
Income taxes paid		(95,867)	(160,368)
Income taxes refunded		7,711	493
Net cash generated by operating activities		430,817	463,216
Cash flows from investing activities			
Amounts deposited into bank deposits with original maturities of three months or longer		(143,517)	(387,720)
Amounts withdrawn from bank deposits with original maturities of three months or longer		126,774	182,882
Payments for property, plant and equipment		(51,271)	(61,764)
Payments for intangible assets		(28,335)	(33,542)
Payments for acquisition of right-of-use assets		(796)	(1,851)
Payments for investment securities		(117,521)	(481,399)
Proceeds from sale and redemption of investment securities		-	209,662
Payments for lease and guarantee deposits		(5,973)	(4,865)
Proceeds from collection of lease and guarantee deposits		5,112	5,578
Others, net		3,301	(1,381)
Net cash generated by / (used in) investing activities		(212,226)	(574,402)

(continued)

(Millions of yen)

	Notes	Year ended 31 August 2022	Year ended 31 August 2023
Cash flows from financing activities			
Proceeds from short-term loans payable	28	14,059	6,511
Repayment of short-term loans payable	28	(26,210)	(7,314)
Repayment of redemption of bonds	28	-	(130,000)
Dividends paid to owners of the Parent	21	(53,091)	(73,064)
Dividends paid to non-controlling interests		(11,623)	(20,460)
Repayments of lease liabilities	28	(136,889)	(140,646)
Others, net		705	413
Net cash generated by / (used in) financing activities		(213,050)	(364,562)
Effect of exchange rate changes on the balance of cash held in foreign currencies		175,015	20,735
Net increase / (decrease) in cash and cash equivalents		180,556	(455,011)
Cash and cash equivalents at the beginning of year	8	1,177,736	1,358,292
Cash and cash equivalents at the end of year	8	1,358,292	903,280

(6) Notes to the consolidated financial statements

1. Reporting Entity

FAST RETAILING CO., LTD. is a company incorporated in Japan. The locations of the registered headquarters and principal offices of the Company are disclosed at the Group's website (http://www.fastretailing.com/eng/).

The principal activities of the Group are the UNIQLO business (casual wear retail business operating under the "UNIQLO" brand in Japan and overseas), GU business (casual wear retail business operating under the "GU" brand in Japan and overseas) and Theory business (apparel designing and retail business in Japan and overseas), etc.

2. Basis of Preparation

A. Compliance with IFRS

The consolidated financial statements of the Group have been prepared in compliance with IFRS issued by the IASB.

The Group meets all criteria of a "specified company" defined under Article 1-2 of the Rules Governing Term, Form, and Preparation of Consolidated Financial Statements accordingly, applies Article 93 of the Rules Governing Term, Form, and Preparation of Consolidated Financial Statements.

B. Approval of the Consolidated Financial Statements

The consolidated financial statements were approved on 30 November 2023 by Tadashi Yanai, Chairman, President, and CEO, and Takeshi Okazaki, Group Senior Vice President and CFO.

C. Basis of Measurement

The consolidated financial statements have been prepared on a historical cost basis, except for certain assets, liabilities, and financial instruments which are measured at fair value as indicated in "3. Significant Accounting Policies."

D. Functional Currency and Presentation Currency

The presentation currency for the Group's consolidated financial statements is yen (in units of millions of yen), which is also the Company's functional currency. All values are rounded down to the nearest million yen, except when otherwise indicated.

E. Use of Estimates and Judgments

The preparation of the consolidated financial statements in accordance with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. The effects of the review of accounting estimates are recognized in the accounting period in which the estimates were reviewed and in future accounting periods.

Information about important estimates and judgments that have significant effects on the amounts recognized in the consolidated financial statements is as follows:

• Valuation of inventories (3. Significant Accounting Policies F. and Note 10)
• Valuation of property, plant and equipment, and right-of-use assets (3. Significant Accounting Policies J. and Note 15)
• Recoverability of deferred tax assets (3. Significant Accounting Policies N. and Note 18)
• Accounting treatment and valuation of provisions (3. Significant Accounting Policies K. and Note 20)
• Fair value measurement of financial instruments (3. Significant Accounting Policies D. and Note 30)

3. Significant Accounting Policies

A. Basis of Consolidation

(1) Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. The Group controls enterprises when it is exposed, or has rights, to variable returns arising from its involvement in those enterprises or when the Group has rights to variable returns in those enterprises and is able to have an impact on said variable returns through its power over those enterprises. A subsidiary's financial statements are incorporated into the Group's consolidated financial statements from the date on which the Group obtains control until the date that control ceases.

The subsidiaries adopted the consistent accounting policies as the Company in the preparation of their financial statements. All intra-group balances, transactions within the Group as well as unrealized profit and loss resulting from transactions within the Group are eliminated at the time of preparation of the consolidated financial statements.

The statutory fiscal year end dates for FAST RETAILING (CHINA) TRADING CO., LTD., UNIQLO TRADING CO., LTD., FAST RETAILING (SHANGHAI) TRADING CO., LTD., GU (Shanghai) Co., Ltd. and 11 other companies vary between 31 December, 31 March and 30 June.

Management prepares the financial statements of these subsidiaries as at the Group's year-end solely for the Group's consolidation purpose.

The financial statements of other subsidiaries are prepared using the same reporting period as the Parent company.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Any difference between the adjustment to the non-controlling interest and the fair value of the consideration received is recognized directly in equity as interests attributable to owners of the Parent.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The number of consolidated subsidiaries as at 31 August 2023 is 125.

(2) Investments in associates

An associate is an entity in which the Group has significant influence over the financial and operating policies.

If the Group holds 20% or more of the voting rights of another enterprise, it is presumed that the Group has a significant influence over the other enterprise. Investments in associates are accounted for applying the equity method, and measured at historical cost at the time of acquisition.

Thereafter, the carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since acquisition date. The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income.

Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The number of associates as at 31 August 2023 is 3.

B. Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured at the aggregation of the acquisition date fair values of assets transferred, liabilities assumed, and equity interests issued by the Company in exchange for control of the acquired company.

If the cost of an acquisition exceeds the fair value of the identifiable assets and liabilities, the excess is recorded as goodwill on the consolidated statement of financial position. If it is below the fair value, the difference is immediately recorded as gains on the consolidated statement of profit or loss.

Acquisition-related costs are expensed as incurred. Additional acquisitions of non-controlling interests are accounted for as equity transactions, and no goodwill is recognized.

Contingent liabilities of acquired companies are recognized in a business combination only if they are present obligations, were incurred as a result of a past event, and their fair value can be reliably measured.

For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

If the initial accounting for a business combination is incomplete by the reporting date of the fiscal year in which the business combination occurs, the items for which the acquisition accounting is incomplete are reported using provisional amounts. Those amounts provisionally recognized on the acquisition date are retrospectively adjusted to reflect new information as if the acquisitions took place during the measurement period, had facts and circumstances that existed at the acquisition date been known at that time, they would have affected the amounts recognized on that date. Additional assets and liabilities are recognized if new information results in the recognition of additional assets or liabilities. The measurement period should be within one year.

C. Foreign Currencies

(1) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising from settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss are also recognized in other comprehensive income or profit or loss, respectively).

(2) Foreign Operations

Upon consolidation, the assets and liabilities of foreign operations are translated into yen at the rate of exchange prevailing at each reporting date and their statements of profit or loss are translated at average exchange rates during the period. The exchange differences arising on translation for consolidation are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in profit or loss.

D. Financial Instruments

(1) Non-derivative financial assets

(a) Initial recognition and measurement

The Group classifies financial assets as “financial assets measured at fair value through profit or loss”; “financial assets measured at fair value through other comprehensive income” or “financial assets measured at amortized cost”; and that classification is determined at the time of initial recognition.

The Group carries out initial recognition on the date of the transaction, when it becomes party to the contract related to the financial asset(s).

All financial assets are measured by adding directly linked transaction costs to fair value, except those in the category classified as measured at fair value through profit or loss.

Financial assets are classified as financial assets measured at amortized cost, if the following requirements are satisfied:

- Assets are held based on a business model that requires them to be held to collect contractual cash flow
- Cash flow, made up solely of payment of the principal and interest on the balance of principal, is generated on a specified day under the contractual terms of the financial asset.

Financial assets other than financial assets measured at amortized cost are classified as financial assets measured at fair value. Apart from equity instruments held for trading purposes, which must be measured at fair value through Profit or Loss, other equity instruments measured at fair value are designated as either being measured at fair value through Profit or Loss or alternatively measured at fair value through Other Comprehensive Income; this is done for each individual equity instrument and the designation is continuously applied to the instrument thereafter.

(b) Subsequent measurement

Measurement after the initial recognition of financial assets is carried out as follows in accordance with the classification.

(i) Financial assets measured at amortized cost

Financial assets measured at amortized cost are measured at amortized cost using the effective interest method.

(ii) Financial assets measured at fair value

The fluctuation in the fair value of financial assets measured at fair value is recognized as profit or loss. However, any fluctuation in the fair value of equity financial instruments designated as instruments to be measured at fair value through other comprehensive income, is recognized as other comprehensive income; and if recognition is suspended or if the fair value significantly drops, then it is transferred to Retained earnings. Note that dividends from the financial assets are recognized as profit or loss as part of finance income.

(c) Impairment of financial assets

For financial assets measured at amortized cost, expected credit losses pertaining to the financial assets are recognized as allowances for doubtful accounts.

On each reporting date, the credit risk pertaining to each financial asset is evaluated to see if it has increased significantly since initial recognition and, if it has, then the expected credit losses for the entire period are recognized as an allowance for doubtful accounts; whereas if it has not, then the expected credit losses for a 12-month period are recognized as an allowance for doubtful accounts.

In principle, if the contractual payment due date has passed at the time of an evaluation, it will be assumed that the credit risk has significantly increased. However, when the evaluation takes place, other information that can be reasonably used and used as support is taken into account.

However, trade receivables, etc., that do not include any major financial elements are always recognized as being an amount equivalent to expected credit loss for the entire period. If the issuer or debtor is in serious financial difficulties or is subject to a legal or formal business failure, then it is judged that there has been a default on obligations. And if it is judged that there has been a default on obligations, then the assets are treated as credit-impaired financial assets.

Irrespective of the above, if it is reasonably judged that all or part of financial assets cannot be collected due to our legal rights of claim being terminated or similar, then the book value of the financial assets is directly amortized.

(d) Derecognition of financial assets

The Group derecognizes a financial asset only if the contractual rights to the cash flows from the financial asset expire or if the Group has transferred almost all risks and rewards of ownership. If the Group maintains control of the transferred financial asset, it recognizes the asset and associated liabilities to the extent of its continuing involvement.

(2) Non-derivative financial liabilities

(a) Initial recognition and measurement

Corporate bonds and loans, etc., are initially recognized by the Group on their effective date; and other financial liabilities are initially recognized on their transaction date. Financial liabilities are either classified as financial liabilities measured at fair value through profit or loss or financial liabilities measured at amortized cost, and this classification is determined at the time of initial recognition. All financial liabilities are initially measured at fair value, but financial liabilities measured at amortized cost are measured using the amount obtained after deducting directly attributable transaction costs.

(b) Subsequent measurements

For measurements made after the initial recognition of a financial liability, any financial liabilities measured at fair value through profit or loss include financial liabilities held for trading purposes and financial liabilities specified at the time of initial recognition as measured at fair value through profit or loss; and when these liabilities are measured at fair value after initial recognition, any changes are recognized as profit or loss for the current period. Any financial liabilities measured at amortized cost are measured after initial recognition at amortized cost using the effective interest method. Any gains or losses made in the event of amortization using the effective interest method and the de-recognition of a liability are recognized as profit or loss for the current period as part of finance costs.

(c) Derecognition of financial liabilities

The Group derecognizes a financial liability when it is extinguished, which is when the obligation specified in the contract is either discharged, cancelled, or expired.

(3) Presentation of financial assets and financial liabilities

The balance of financial assets and financial liabilities is offset on the consolidated statement of financial position and the net amount is presented only in cases in which the Group has the right to legally enforce offsetting the balances and also intends to settle the net amount, or realize assets and settle liabilities, at the same time.

(4) Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in other comprehensive income and later reclassified to profit or loss when the hedge item affects profit or loss.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objectives and strategy for undertaking the hedge. The documentation includes identification of the specific hedging instrument, the hedged item or transaction, the nature of the risk being hedged, and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The Group has designated forward currency contracts as cash flow hedges and are accounted for as described below:

Cash flow hedges

For gains and losses on hedges, effective portions are recognized as other comprehensive income, and non-effective portions are immediately recognized as profit or loss on the Consolidated Statement of Profit or Loss.

Amounts pertaining to hedges that are included as other comprehensive income are transferred to profit or loss at the point in time when the hedged trades have an impact on profit or loss. If a transaction is planned that will generate recognition of hedged assets or liabilities of a non-financial nature, then the amount that is recognized as other comprehensive income is processed as a correction of the initial book value for the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, cumulative profit or loss amounts previously recognized in equity through other comprehensive income are reclassified as profits or losses. If the hedging instrument expires or is sold, is terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, the amounts previously recognized in equity through other comprehensive income are recorded as equity until the forecast transaction occurs or firm commitment is met.

E. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank deposits available for withdrawal on demand, and short-term, highly liquid investments due with a maturity of three months of the acquisition date or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value.

F. Inventories

Inventories are valued at the lower of cost or net realizable value; the weighted average method is principally used to determine cost. Net realizable value is based on the estimated selling price in the ordinary course of business less any estimated costs to sell.

G. Property, plant and equipment

(1) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

(2) Depreciation

Assets other than land and construction in progress are depreciated using the straight-line method over the estimated useful lives shown below:

Buildings and structures	3-35 years
Machinery and equipment	10 years
Furniture, fixtures and vehicles	5 years

The useful lives, residual values, and depreciation methods are reviewed at each reporting date, with the effect of any changes in estimates being accounted for on a prospective basis.

H. Goodwill and intangible assets

(1) Goodwill

Goodwill is stated at the carrying amount, which is the acquisition cost after deducting accumulated impairment losses. Goodwill represents the excess amount of the historical cost of an interest acquired by the Group over the net amount of the fair value of the identifiable assets acquired and liabilities assumed.

Goodwill is not amortized but is allocated to identifiable cash-generating units (“CGU”) based on the geographical region where business takes place and the type of business conducted, and then tested for impairment each year or when there is an indication that it may be impaired. Impairment losses on goodwill are recognized in the consolidated statement of profit or loss and cannot be subsequently reversed in future periods.

(2) Intangible assets

Intangible assets are measured at cost, with any accumulated amortization and accumulated impairment losses deducted from the historical cost to arrive at the stated carrying amount.

Intangible assets acquired separately are measured at cost at initial recognition, and the cost of intangible assets acquired in a business combination is measured as fair value at the acquisition date.

For internally generated intangible assets, the entire amount of the expenditure is recorded as an expense in the period in which it arises, except for development expenses that meet the requirements for capitalization.

Intangible assets with finite useful lives are amortized over their respective estimated useful lives using the straight-line method, and they are tested for impairment when there is an indication that they may be impaired. The estimated useful life and amortization method for an intangible asset with a finite useful life is reviewed at the end of each reporting period, and any changes are applied prospectively as a change in accounting estimate.

The estimated useful lives of the main intangible assets with finite useful lives are as follows:

- Software for internal use Length of time it is usable internally (3 to 5 years)

Intangible assets with indefinite useful lives and intangible assets that are not yet available for use are not amortized. They are tested for impairment annually or when there is an indication that they may be impaired, either individually or at the CGU level.

I. Leases

(i) As Lessee

Right-of-use assets are initially measured at cost at the commencement date of their lease. The cost includes the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received, and any initial direct costs incurred.

After the initial measurement, right-of-use assets are depreciated over the lease term using the straight-line method. The lease term is determined as the non-cancellable period together with periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The right-of-use assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the incremental borrowing rate is used.

The lease payments included in the measurement of the lease liability comprise the fixed payments and payments of penalties for terminating the lease if the lease term reflects the exercising an option to terminate the lease.

Subsequent to initial recognition, lease liabilities are measured at amortized cost using the effective interest method. Lease liabilities are remeasured if there is a change in future lease payments resulting from a change in an index or a rate, or a change in the assessment of possibility of exercising a termination option.

If a lease liability is remeasured, the amount of the remeasurement of the lease liability is recognized as an adjustment to the right-of-use asset.

(ii) As Lessor

For leases where the Group is the lender, each lease is classified as either a finance lease or an operating lease at the time that the lease is agreed.

In classifying each lease, the Group comprehensively evaluates whether or not the risks and economic value associated with ownership of the underlying assets all transfer substantively. If they do transfer, the lease is classified as a finance lease; otherwise, it is classified as an operating lease.

Leases in which the Group acts as lender normally correspond to subleases in which the Group acts as an intermediate lender. Head leases and subleases are accounted separately. In its consolidated financial statement, the Group includes lender finance leases pertaining to relevant subleases in "other current financial assets and "non-current financial assets."

J. Impairment

The carrying amounts of the Group’s non-financial assets, excluding inventories and deferred tax assets, are reviewed to determine whether there is any indication of impairment at each reporting date. If there is any indication of impairment, the recoverable amount for the asset is estimated. For goodwill, intangible assets with indefinite useful lives, and intangible assets that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount for an asset or CGU is the higher of value-in-use and fair value less costs of disposal. The fair value less costs of disposal calculation is based on current market transactions. However, if the observable market transactions are not available, appropriate valuation model is used. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset.

A CGU is the smallest identifiable group of assets which generates cash inflows from continuing use which are largely independent of the cash inflows from other assets or groups of assets.

The CGU (or group of CGUs) for goodwill is determined based on the unit by which the goodwill is monitored for internal management purposes and must not be larger than an operating segment before aggregation.

Because the corporate assets do not generate independent cash inflows, if there is an indication that corporate assets may be impaired, the recoverable amount is determined for the CGU to which the corporate assets belong.

If the carrying amount of an asset or a CGU exceeds the recoverable amount, an impairment loss is recognized in profit or loss for the period. Impairment losses recognized in relation to a CGU are first allocated to reduce the carrying amount of any goodwill allocated to the CGU and then allocated to the other assets of the CGU pro rata on the basis of their carrying amounts.

An impairment loss related to goodwill cannot be reversed in future periods. Previously recognized impairment losses on assets other than goodwill are reviewed at each reporting date to determine whether there is any indication that a loss has decreased or no longer exists. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset’s recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

K. Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are recognized as the best estimate of the expenditure required to settle the present obligation (future cash flows), taking into account the risks and uncertainties surrounding the obligation at each reporting date.

If the time value of money is material, provisions are measured as the estimated future cash flows discounted to the present value using a pre-tax rate that reflects, when appropriate, the time value of money and the risks specific to the liability. When discounting is used, the increase due to the passage of time is recognized as a finance cost.

Provision is described below:

Asset retirement obligations

The obligations to restore property to its original state under real estate leasing agreements for offices, such as corporate headquarters and stores, are estimated and recorded as a provision. The expected length of use is estimated as the time from acquisition to the end of useful life.

L. Employee benefits

(1) Defined contribution system

We have adopted a defined contribution pension plan for employees of the Company and certain subsidiaries.

The defined contribution pension plan is a post-retirement benefit plan in which the employer contributes a certain amount of contributions to other independent companies and is not subject to legal or presumptive obligation on payment beyond those contributions.

Contributions to the defined contribution pension plan are charged to expense during the period in which employees provide services.

(2) Short-term employee benefits

For short-term employee benefits, no discount calculation is made and expenses are recorded when employees provide related services.

For bonuses and paid leave expenses, we have legal or presumptive obligations to pay them and recognize as liabilities the amount estimated to be paid based on those plans if reliable estimates are possible.

(3) Share-based payments

The Group grants share-based payments in the form of share subscription rights (stock options) to employees of the Company and its subsidiaries. In doing so, the Group aims to heighten morale and motivate employees to improve the Group's business performance, thereby increasing shareholder value by reinforcing business development that is focused on the interests of the shareholders. These share-based payments do this by rewarding contributions to the Group's profit and by connecting the benefits received by these individuals to the Company's stock price.

Stock options are measured at fair value based on the price of the Company's shares on the grant date. Fair value of stock options is further disclosed in "29. Share-based Payments."

The fair value of the stock options determined at the grant date is expensed, together with a corresponding increase in capital surplus in equity, over the vesting period on a straight-line basis, taking into consideration the Group's best estimates of the number of stock options that will ultimately vest.

M. Revenue recognition

The Group recognizes revenue in accordance with IFRS 15 *Revenue from Contracts with Customers* by applying the following five-step approach:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

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

N. Income taxes

Income taxes comprise current and deferred taxes and these are recognized in profit or loss, except taxes arising from items that are recognized as other comprehensive income.

Current taxes are measured at the amount expected to be paid to (or recovered from) taxation authorities on taxable income or loss for the current year, using the rates that have been enacted or substantively enacted by each reporting date in the countries where the Group operates and generates taxable income, with adjustments to tax payments in past periods.

Through the use of an asset and liability approach, deferred tax assets and liabilities are recorded for the temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the amounts of assets and liabilities for tax purposes. Deferred tax assets and liabilities are not recognized for temporary differences under any of the following circumstances:

•Temporary differences arising from goodwill;

•Temporary differences arising from the initial recognition of an asset / liability which, at the time of the transaction, does not affect either the accounting profit or the taxable income (other than in a business combination); or

•Taxable temporary differences associated with investments in subsidiaries, but only to the extent that it is possible to control the timing of the reversal of the differences and it is probable that the reversal will not occur in the foreseeable future.

The group tax sharing system is applied for the Company and 100% owned subsidiaries in Japan.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the temporary difference is realized or settled, based on tax laws that have been enacted or substantively enacted by each reporting date. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when income taxes are levied by the same taxation authority on either the same taxable entity or on different taxable entities which intend either to settle current tax assets and liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously.

Deferred tax assets are recognized for unused tax losses, tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefits will be realized.

O. Earnings per share

Basic earnings per share is calculated by dividing profit or loss attributable to common shareholders of the Parent by the weighted-average number of common stocks outstanding during the period, adjusted for treasury stock. Diluted earnings per share is calculated by adjusting for all dilutive potential ordinary shares having a dilutive effect.

4. Newly applied standards and interpretation guidelines

Since the current consolidated fiscal year, the Group has adopted the below standard.

Standard	Standard Name	Summary of New/Revised Content and Transitional Measures
International Accounting Standards ("IAS") 12 (Revised)	Income Taxes	A temporary exception to the recognition and information disclosure requirements about deferred tax assets and liabilities related to the International Tax Reform - Pillar Two Model Rules.

The application of IAS 12 (Revised) has no significant impact on the Group's Consolidated Financial Statement.

5. Issued but not yet effective IFRS, not-yet-applied new standards and interpretation guidelines

New written standards and new interpretation to existing standards guidelines that were either newly established or revised by the date the consolidated financial statements were approved, the main standards that the Company has not applied, as of 31 August 2023, are stated below.

IFRS	Title	Mandatory adoption date (year beginning on)	The Group's adoption date	Summary
IAS 12 (Revised)	Income Taxes	1 January 2023	Fiscal year ending 31 August 2024	Deferred tax related to assets and liabilities arising from a single transaction
IAS12 (Revised)	Income Taxes	1 January 2023	Fiscal year ending 31 August 2024	Disclosure of income taxes arising from tax laws enacted or substantially enacted to introduce the "International Tax Reform - Pillar Two Model Rules."

The Company is in the process of assessing the impact of the adoption of the above standards on the Group's consolidated financial statements.

6. Segment Information

A. Description of reportable segments

The Group's reportable segments are components for which discrete financial information is available and which are reviewed regularly by the Board of Directors (the "Board") to make decisions about the allocation of resources and to assess performance.

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

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

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

(Changes to classification of reportable segment)

From the year ended 31 August 2023, in accordance with the partial review of the performance management segmentation, Royalty Department performance that had previously been presented under "UNIQLO Japan" is now included in the "Adjustments".

This is due to the increase in sales of UNIQLO International including Europe and the United States and the accompanying increase in royalty revenue, which has resulted in a change in positioning of the Royalty Division to a corporate division.

The segment information for the year ended 31 August 2022 is based on the revised segmentation.

B. Method of accounting for segment revenue and results

The methods of accounting for the reportable segments are the same as those stated in "3. Significant Accounting Policies."

The Group does not allocate assets and liabilities to individual reportable segments.

C. Segment information

Year ended 31 August 2022

(Millions of yen)

	Reportable segments				Total	Others (Note1)	Adjustments (Note2)	Consolidated Statement of Profit or Loss
	UNIQLO Japan	UNIQLO International	GU	Global Brands				
Revenue	810,261	1,118,763	246,055	123,162	2,298,242	2,880	-	2,301,122
Operating profit / (loss)	107,975	158,364	16,667	(792)	282,215	(797)	15,906	297,325
Segment income / (loss) (i.e., profit / (loss) before income taxes)	117,809	156,503	18,492	(1,212)	291,592	(867)	122,859	413,584
Other disclosure:								
Depreciation and amortization	53,450	71,358	17,940	8,361	151,111	183	28,980	180,275
Impairment losses (Note 3)	4,322	13,402	2,237	1,389	21,351	1,363	434	23,150

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

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

(Note 3) Details on the Impairment losses are stated in note "15. Impairment losses".

Year ended 31 August 2023

(Millions of yen)

	Reportable segments				Total	Others (Note1)	Adjustments (Note2)	Consolidated Statement of Profit or Loss
	UNIQLO Japan	UNIQLO International	GU	Global Brands				
Revenue	890,427	1,437,147	295,206	141,685	2,764,466	2,090	-	2,766,557
Operating profit / (loss)	117,881	226,999	26,139	(3,022)	367,998	21	13,070	381,090
Segment income / (loss) (i.e., profit / (loss) before income taxes)	130,547	228,084	25,813	(3,940)	380,505	39	57,372	437,918
Other disclosure:								
Depreciation and amortization	49,551	79,281	18,931	8,205	155,969	401	30,501	186,872
Impairment losses (Note 3)	-	1,087	150	2,122	3,360	-	597	3,958

(Note 1) “Others” includes the real estate leasing business, etc.
(Note 2) “Adjustments” primarily includes revenue and corporate expenses which are not allocated to individual reportable segments.
(Note 3) Details on the Impairment losses are stated in note “15. Impairment losses”.

D. Geographic Information

Year ended 31 August 2022

(1) External revenue

(Millions of yen)

Japan	PRC	Overseas (Others)	Total
1,080,807	446,063	774,251	2,301,122

(2) Non-current assets (excluding financial assets, investments in associates accounted for using the equity method and deferred tax assets)

(Millions of yen)

Japan	United States of America	Overseas (Others)	Total
365,435	77,250	236,580	679,266

Year ended 31 August 2023

(1) External revenue

(Millions of yen)

Japan	PRC	Overseas (Others)	Total
1,208,261	503,909	1,054,386	2,766,557

(2) Non-current assets (excluding financial assets, investments in associates accounted for using the equity method and deferred tax assets)

(Millions of yen)

Japan	United States of America	Overseas (Others)	Total
386,314	77,957	251,029	715,301

7. Business Combination

In the Group, there are no significant transactions both individually and in the aggregate, and the information is omitted.

8. Cash and Cash Equivalents

The breakdown of cash and cash equivalents as at each year end is as follows:

(Millions of yen)

	As at 31 August 2022	As at 31 August 2023
Cash and bank balances	1,059,343	868,513
Money market funds (MMF), negotiable certificates of deposits	298,948	34,767
Total	1,358,292	903,280

(Note) Cash and Cash Equivalents is classified as financial assets measured at amortized cost.

9. Trade and Other Receivables

The breakdown of trade and other receivables as at each year end is as follows:

(Millions of yen)

	As at 31 August 2022	As at 31 August 2023
Accounts receivable - trade	47,405	55,918
Other accounts receivable	12,334	10,166
Lease receivable	863	1,311
Allowance for doubtful accounts	(418)	(565)
Total	60,184	66,831

See note “30. Financial Instruments” for credit risk management and the fair value of trade and other receivables.

The above classifications of financial assets are all financial assets measured at amortized cost.

The above Accounts receivable − trade are mainly recognized as revenue at the time of delivery of the clothing because the customer is deemed to have gained control of the clothing and the performance of obligations to have been fulfilled upon delivery. The Group receives payment within a short period of time after fulfilling the performance of obligations based on separately specified payment conditions. Because the period from fulfillment of the performance obligations to receipt of consideration is normally within one year, the receivables are not adjusted as material financial elements using the convention method.

10. Inventories

The breakdown of inventories as at each year end is as follows:

(Millions of yen)

	As at 31 August 2022	As at 31 August 2023
Products	479,824	442,692
Materials and supplies	6,103	6,561
Total	485,928	449,254

(Note) As at 31 August 2022 and 31 August 2023, the Group had inventories attributable to UNIQLO Japan, UNIQLO International and GU business segments aggregated to 453,258 million yen and 417,347 million yen, respectively.

No inventories were pledged as collateral to secure debt.

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

(Millions of yen)

	Year ended 31 August 2022	Year ended 31 August 2023
Write-down of inventories to net realizable value	9,099	8,678

(Note) As at 31 August 2022 and 31 August 2023, the Group had written down inventories to net realizable value for the amount of 8,283 million yen and 8,254 million yen, respectively, related to UNIQLO Japan, UNIQLO International and GU business segments.

As the valuation of inventories may be affected by external environments such as economic conditions, weather or trends of competitors, if these factors may be differed from the estimates, it may have a significant impact on the valuation of inventories in the consolidated financial statements for the next consolidated fiscal year.

11. Other Financial Assets and Other Financial Liabilities

The breakdowns of other financial assets and other financial liabilities as at each year end are as follows:

(Millions of yen)

	As at 31 August 2022	As at 31 August 2023
Other financial assets:		
Financial assets measured at amortized cost		
Bonds	135,214	440,738
Security deposits / guarantees	68,626	69,446
Bank deposits	74,535	294,620
Others	9,167	11,827
Allowance for doubtful accounts	(247)	(262)
Financial assets measured at fair value through other comprehensive income		
Stocks	490	189
Total	287,787	816,558
Other current financial assets total	123,446	576,194
Other non-current financial assets total	164,340	240,363

(Millions of yen)

	As at 31 August 2022	As at 31 August 2023
Other financial liabilities:		
Financial liabilities measured at amortized cost		
Interest-bearing bank and other borrowings (Note)	371,496	240,913
Deposits	77,550	60,793
Security deposits / guarantees received	1,260	1,274
Total	450,308	302,981
Other current financial liabilities total	209,286	61,913
Other non-current financial liabilities total	241,022	241,068

(Note) Interest-bearing borrowings include corporate bonds and loans payable.

The issues and fair values of financial assets measured at fair value through other comprehensive income are as follows:

(Millions of yen)

Issue(s)	As at 31 August 2022	As at 31 August 2023
Crystal International Group Ltd.	301	-

Stocks are principally held to strengthen medium-term relationships with strategic partners, and are therefore designated as financial assets at fair value through other comprehensive income.

The fair value and cumulative gains or losses (before tax effects) as at the date of derecognition of financial assets measured at fair value through other comprehensive income that were derecognized during the period are as follows.

(Millions of yen)

	As at 31 August 2022	As at 31 August 2023
Fair value	487	279
Cumulative gains / (losses)	159	95

(Notes) 1. The Group sells off (derecognizes) equity instruments measured at fair value through other comprehensive income based on the efficient utilization of assets and reviews of business relationships.

2. If equity instruments measured at fair value through other comprehensive income are derecognized, cumulative gains or losses (after tax effects) recognized in other comprehensive income are transferred to retained earnings.

Dividend income from financial assets measured at fair value through other comprehensive income is as follows.

(Millions of yen)

	As at 31 August 2022	As at 31 August 2023
Derecognized financial assets	-	5
Financial assets held at the end of the fiscal year	26	3

12. Other Assets and Other Liabilities

The breakdowns of other assets and other liabilities as at each year end are as follows:

(Millions of yen)

	As at 31 August 2022	As at 31 August 2023
Other assets:		
Prepayments	10,002	9,692
Long-term prepayments	2,024	1,586
Accrued interest receivable	559	8,380
Prepaid consumption tax	5,188	4,527
Others	9,751	10,033
Total	27,526	34,219
Current	23,835	25,372
Non-current	3,690	8,846

(Millions of yen)

	As at 31 August 2022	As at 31 August 2023
Other liabilities:		
Accruals	87,568	94,053
Employee benefits accruals	9,382	11,101
Suspense receipt / accrued consumption tax	3,740	12,222
Others	12,999	14,412
Total	113,690	131,790
Current	111,519	129,782
Non-current	2,171	2,007

13. Property, Plant and Equipment

Increase / (decrease) in acquisition costs, accumulated depreciation and impairment of property, plant and equipment are as follows:

(Millions of yen)

Acquisition costs	Buildings and structures	Machinery and equipment	Furniture, fixtures and vehicles	Land	Construction in progress	Total
At 1 September 2021	324,577	11,633	72,713	1,962	18,358	429,245
Additions	7,802	861	5,152	-	43,171	56,988
Disposals	(11,552)	-	(3,595)	-	(287)	(15,435)
Transfers	23,976	18,623	7,790	-	(50,390)	-
Effect of change in exchange rate	28,598	2,552	11,394	-	724	43,270
At 31 August 2022	373,403	33,671	93,455	1,962	11,575	514,069
Additions	2,723	313	1,076	-	61,619	65,734
Disposals	(24,321)	-	(11,862)	-	(951)	(37,134)
Transfers	35,211	19,728	10,401	-	(65,341)	-
Effect of change in exchange rate	15,355	494	5,059	-	2,237	23,146
At 31 August 2023	402,373	54,208	98,130	1,962	9,139	565,815

(Millions of yen)

Accumulated depreciation and impairment	Buildings and structures	Machinery and equipment	Furniture, fixtures and vehicles	Land	Construction in progress	Total
At 1 September 2021	(208,457)	(416)	(52,159)	(34)	-	(261,068)
Depreciation	(26,969)	(2,856)	(9,049)	-	-	(38,875)
Impairment losses	(4,461)	(434)	(1,387)	-	-	(6,283)
Disposals	10,633	-	3,235	-	-	13,869
Effect of change in exchange rate	(18,201)	(252)	(8,029)	-	-	(26,483)
At 31 August 2022	(247,456)	(3,960)	(67,390)	(34)	-	(318,842)
Depreciation	(28,693)	(4,777)	(9,523)	-	-	(42,995)
Impairment losses	(537)	(77)	(214)	-	-	(829)
Disposals	20,978	-	10,521	-	-	31,499
Effect of change in exchange rate	(9,717)	(90)	(2,962)	-	-	(12,770)
At 31 August 2023	(265,427)	(8,906)	(69,569)	(34)	-	(343,937)

(Millions of yen)

Net carrying amount	Buildings and structures	Machinery and equipment	Furniture, fixtures and vehicles	Land	Construction in Progress	Total
At 31 August 2022	125,947	29,710	26,064	1,927	11,575	195,226
At 31 August 2023	136,945	45,301	28,561	1,927	9,139	221,877

(Notes) 1. Property, plants and equipment mainly consists of store assets attributable to UNIQLO Japan, UNIQLO International and GU business segments.

2. There are no restrictions on ownership rights and no pledges on the Group’s property, plant and equipment.

14. Goodwill and Intangible Assets

A. The increase / (decrease) in acquisition costs, accumulated amortization, and impairment of goodwill and intangible assets are as follows:

(Millions of yen)

Acquisition costs	Goodwill	Intangible assets other than goodwill				Goodwill and Intangible assets total
		Software	Trademarks	Other intangible assets	Total	
At 1 September 2021	15,885	134,279	9,179	9,419	152,879	168,764
External purchase	-	24,163	-	122	24,286	24,286
Internal development	-	3,917	-	-	3,917	3,917
Disposals	-	(823)	(33)	(408)	(1,265)	(1,265)
Effect of change in exchange rate	-	(737)	2,240	972	2,474	2,474
At 31 August 2022	15,885	160,798	11,387	10,106	182,291	198,176
External purchase	-	28,521	-	37	28,559	28,559
Internal development	-	4,967	-	-	4,967	4,967
Disposals	-	(4,366)	(0)	(520)	(4,886)	(4,886)
Effect of change in exchange rate	-	516	591	1,668	2,776	2,776
At 31 August 2023	15,885	190,437	11,978	11,291	213,707	229,592

(Millions of yen)

Accumulated amortization and impairment	Goodwill	Intangible assets other than goodwill				Goodwill and Intangible assets total
		Software	Trademarks	Other intangible assets	Total	
At 1 September 2021	(7,792)	(79,384)	(3,133)	(3,422)	(85,939)	(93,732)
Amortization	-	(19,845)	-	(30)	(19,875)	(19,875)
Impairment losses	-	(269)	-	(353)	(622)	(622)
Disposals	-	643	33	269	946	946
Effect of change in exchange rate	-	1,002	(668)	(511)	(177)	(177)
At 31 August 2022	(7,792)	(97,852)	(3,768)	(4,048)	(105,670)	(113,462)
Amortization	-	(22,562)	-	(28)	(22,591)	(22,591)
Impairment losses	-	(595)	-	(665)	(1,260)	(1,260)
Disposals	-	3,775	0	473	4,249	4,249
Effect of change in exchange rate	-	(287)	(184)	(662)	(1,134)	(1,134)
At 31 August 2023	(7,792)	(117,522)	(3,953)	(4,931)	(126,407)	(134,199)

(Note) Amortization of intangible assets is included in “selling, general and administrative expenses” on the consolidated statement of profit or loss.

(Millions of yen)

Net carrying amount	Goodwill	Intangible assets other than goodwill				Goodwill and Intangible assets total
		Software	Trademarks	Other intangible assets	Total	
At 31 August 2022	8,092	62,945	7,618	6,057	76,621	84,714
At 31 August 2023	8,092	72,915	8,025	6,360	87,300	95,393

The book value of internally generated intangible assets included in intangible assets is as follows.

(Millions of yen)

	Year ended 31 August 2022	Year ended 31 August 2023
Software	3,734	7,705

B. Goodwill and intangible assets with indefinite useful lives

Goodwill and intangible assets recorded in the consolidated statement of financial position are primarily for goodwill and trademarks related to the Theory business.

Trademarks and certain other intangible assets will continue to be used as long as the business remains viable; therefore, management estimated the useful lives as indefinite.

The carrying amount of the goodwill and intangible assets with indefinite useful lives by CGU is as follows:

(Millions of yen)

Net carrying amount	Goodwill				Intangible assets with indefinite useful lives			
	UNIQLO Japan	UNIQLO International	GU	Global Brands	UNIQLO Japan	UNIQLO International	GU	Global Brands
At 31 August 2022	-	-	-	8,092	-	-	-	12,803
At 31 August 2023	-	-	-	8,092	-	-	-	13,244

15. Impairment Losses

The Group recognized impairment losses on certain store assets etc., due to reductions in profitability of the respective cash-generating unit ("CGU").

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

(Millions of yen)

	Year ended 31 August 2022	Year ended 31 August 2023
Buildings and structures	4,461	537
Machinery and equipment	434	77
Furniture, fixtures and vehicles	1,387	214
Construction in progress	718	-
Subtotal on property, plant and equipment	7,002	829
Software	269	595
Other intangible assets	353	665
Subtotal on intangible assets	622	1,260
Right-of-use assets	15,522	1,868
Other non-current assets (long-term prepayments)	2	-
Total impairment losses	23,150	3,958

The Group's impairment losses during the year ended 31 August 2023 amounted to 3,958 million yen, compared with 23,150 million yen during the year ended 31 August 2022, and are included in "Other expenses" on the consolidated statement of profit or loss.

Year ended 31 August 2022

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

Impairment losses amounting to 23,150 million yen, 21,842 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. We made accounting estimates involving the assumption that the impact of the global spread of COVID-19 will continue to recover for most countries and regions, including Japan. For other countries and regions, the impact may continue for mid to long term.

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

The value in use is calculated based on the cash flow projections with estimates and growth rates approved by management, applying a discount rate of 16.5 %. Theoretically, the projected cash flows cover a five-year period, and do not use a growth rate that exceeds the long-term average market growth rate. The pre-tax discount rate calculation is based on the weighted-average cost of capital.

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

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

(Note) The total of property, plants and equipment and right-of-use assets associated with domestic UNIQLO stores, overseas UNIQLO stores, and GU stores for the fiscal year ended August 2022 are 114,710 million yen, 245,459 million yen, and 29,116 million yen, respectively.

Year ended 31 August 2023

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

Of the impairment losses amounting to 3,958 million yen, 2,698 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 identifiable CGU that independently generates cash inflow. In principle, each store, including flagship stores. is considered as an individual CGU and recoverable amounts thereon are calculated based on value in use.

The value in use is calculated based on the cash flow projections with estimates and growth rates approved by management, applying a discount rate of 13.4 % (weighted-average rate). Theoretically, the projected cash flows cover a five-year period at most, and do not use a growth rate that exceeds the long-term average market growth rate. The pre-tax discount rate calculation is based on the weighted-average cost of capital.

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

Operating segment	CGU	Type
UNIQLO international;	FAST RETAILING (CHINA) TRADING CO., LTD.,　etc., stores	Buildings, structures and Right-of-use assets
GU	GU (Shanghai) Trading Co.,Ltd. etc., stores	Buildings, structures and Right-of-use assets
Global Brands	PLST CO., LTD., PRINCESSE TAM TAM S.A.S., COMPTOIR DES COTONNIERS S.A.S., etc., stores	Buildings, structures and Right-of-use assets

(Note) The total of property, plants and equipment and right-of-use assets associated with UNIQLO Japan stores, UNIQLO international stores, and GU stores for the fiscal year ended August 2023 are 96,179 million yen, 244,092 million yen, and 33,870 million yen, respectively.

16. Investments in Associates Accounted for Using the Equity Method

A. Information on associates accounted for using the equity method

Information on associates accounted for using the equity method is as follows:

(Millions of yen)

	Year ended 31 August 2022	Year ended 31 August 2023
Share of profit and loss of associates accounted for using the equity method	1,059	1,139
Share of other comprehensive income / (loss) of investments in associates accounted for using the equity method	116	172
Share of comprehensive income / (loss) of investments in associates accounted for using the equity method	1,176	1,312
Carrying amount of investments in associates	18,557	18,974

B. Determination regarding significant influence and financial information on important associates

In June 2016, the Company invested in a domestic real estate investment trust aiming to own a distribution facility. The Company has significant influence over the financial and operating policy.

The Company's maximum exposure to losses due to its investments in the associates is limited to the amount of the investments by the Company and is included in the consolidated statement of financial position as "Investments in associates," which amounted to 17,268 million yen as at 31 August 2022 and 17,127 million yen as at 31 August 2023, respectively. The Group's share of profit and comprehensive income of the associates was 873 million yen during the year ended 31 August 2022 and 727 million yen during the year ended 31 August 2023, which was included in the consolidated statement of profit or loss and consolidated statement of comprehensive income, respectively.

Total assets of the associates amounted to 89,582 million yen as at 31 August 2022 and 87,830 million yen as at 31 August 2023 respectively, which mainly comprised non-current assets such as warehouse, etc. The Company invested in the associates at the time of incorporation and no goodwill is recognized.

The Company received dividends from the associates amounting to 855 million yen during the year ended 31 August 2022 and 868 million yen during the year ended 31 August 2023, respectively.

The Group has entered into lease contracts with one of the associates relating to warehouse rental, etc.

17. Leases

(1) Lessee

As a lessee, the Group mainly leases real estate for store use (land, buildings and structures).

A. Lease liabilities

(Millions of yen)

	Year ended 31 August 2022		Year ended 31 August 2023	
	Remaining lease payments	Present value of remaining lease payments	Remaining lease payments	Present value of remaining lease payments
Lease liabilities				
Due within one year	127,767	123,885	130,813	126,992
Due after one year through two years	89,926	85,652	90,951	88,275
Due after two years through three years	66,990	63,982	63,717	61,653
Due after three years through four years	49,004	46,752	42,765	40,948
Due after four years through five years	34,410	32,519	35,908	33,947
Due after five years	132,714	127,932	120,995	113,833
Total	500,814	480,725	485,152	465,650

Interest expenses on lease liabilities

(Millions of yen)

	Year ended 31 August 2022	Year ended 31 August 2023
Interest expenses on lease liabilities	4,757	5,187

Cash outflow for leases

Cash outflow for leases is as follows:

(Millions of yen)

	Year ended 31 August 2022	Year ended 31 August 2023
Total Cash outflow for leases	219,052	254,914

B. Right-of-use assets

A breakdown of right-of-use assets is as follows:

(Millions of yen)

	Real estates	Machinery and equipment	Furniture, fixtures and vehicles	Total
At 1 September 2021	338,553	29,774	22,209	390,537
Additions due to new lease contracts, reassessment of lease liabilities, etc.	116,923	403	520	117,846
Depreciation	(112,900)	(4,806)	(8,121)	(125,827)
Impairment losses	(15,399)	(64)	(59)	(15,522)
Expiration, cancellation, etc.	(1,897)	-	(1,032)	(2,930)
Others	30,431	14	1,085	31,531
At 31 August 2022	355,711	25,321	14,601	395,634
Additions due to new lease contracts, reassessment of lease liabilities, etc.	107,847	-	3,674	111,521
Depreciation	(115,171)	(4,642)	(5,976)	(125,790)
Impairment losses	(1,833)	-	(35)	(1,868)
Expiration, cancellation, etc.	(977)	-	(9)	(987)
Others	10,328	(33)	378	10,673
At 31 August 2023	355,905	20,645	12,632	389,183

C. Expenses relating to Leases

A breakdown of expenses relating to Leases is as follows:

(Millions of yen)

	Year ended 31 August 2022	Year ended 31 August 2023
Expenses relating to variable lease payments not included in the measurement of lease liability	61,453	84,689
Expenses relating to short-term leases (excluding expenses relating to leases with lease term of no more than one month)	15,418	20,338
Expenses relating to leases of low value assets (excluding expenses relating to short-term leases)	90	190

(Note) Variable lease payments are linked to sales performance which mainly relate to store opening contracts.

D. Others

The future cash outflows to which the lessee is potentially exposed that are not yet commenced to which the lessee is committed during the year ended 31 August 2023 amounted to 10,239 million yen, compared with 6,353 million yen during the year ended 31 August 2022.

The Group's leased properties are granted a termination option for the purposes of flexible decision-making regarding store closures. This is mainly in relation to store lease agreements, most of which have the option of early termination provided that written notice is given to the other party six months in advance. In light of the possibility for the termination option to be exercised, the lease term is determined by setting a non-cancellable lease term as a minimum and taking a target period for return on investment for each segment into consideration. We continually review this assessment, should any event arise that would impact this assessment, as well as any occurrence or situation that would cause significant changes.

(2) Lessor

The Group subleases some real estate as part of promoting its store-opening strategy. The Group receives security deposits from lessee to collateralize risks such as non-restitution of defaults on lease payments liabilities and non-implementation of asset retirement obligation.

A. Finance leases

The Group leases closed roadside stores or some spaces housed within commercial facilities as a lender through financing leases.

(i)Analysis of changes of lease receivables

An analysis of changes in lease receivables in relation to finance leases is as follows;

(Millions of yen)

	Year ended 31 August 2022	Year ended 31 August 2023
Carrying amounts at the beginning of period	3,897	4,046
Increases due to finance lease contracts	2,362	4,569
Decreases due to repayments	(1,389)	(1,174)
Others	(823)	94
Carrying amounts at the end of period	4,046	7,536

(ii) Maturity analysis of the lease payments receivables to be reconciled to the net investment in the lease

A maturity analysis of lease payments in relation to finance leases is as follows;

(Millions of yen)

	Year ended 31 August 2022	Year ended 31 August 2023
Undiscounted lease payments to be received		
Due within one year	863	1,275
Due after one year through two years	815	1,157
Due after two years through three years	660	1,050
Due after three years through four years	544	672
Due after four years through five years	407	652
Due after five years	814	2,853
Total	4,106	7,662
Unearned finance income	59	125
Net investment in the lease	4,046	7,536

(iii) Amount pertaining to lease receivables recognized in the Consolidated statement of profit or loss

(Millions of yen)

	Year ended 31 August 2022	Year ended 31 August 2023
Finance income from net investment in the lease	22	40

B. Operating leases

The Group subleases property to its tenants under operating leases for each commercial establishment it operates.

(i) Lease income

A breakdown of income on operating leases is as follows;

(Millions of yen)

	Year ended 31 August 2022	Year ended 31 August 2023
Income on variable lease payments	96	49
Income on fixed lease payments	1,281	961

(ii) Maturity analysis of lease payments to be received

A maturity analysis of lease payments to be received in relation to operating leases is as follows;

(Millions of yen)

	Year ended 31 August 2022	Year ended 31 August 2023
Undiscounted lease payments to be received		
Due within one year	635	935
Due after one year through two years	519	808
Due after two years through three years	383	738
Due after three years through four years	309	640
Due after four years through five years	205	555
Due after five years	120	2,296
Total	2,174	5,975

18. Deferred Taxes and Income Taxes

A. Deferred taxes

The main factors in the increase / (decrease) of deferred tax assets and deferred tax liabilities are as follows:

(Millions of yen)

	As at 1 September 2021	Recognized in profit or loss (Note)	Recognized in other comprehensive income	Recognized directly in equity	As at 31 August 2022
Temporary differences					
Accrued business tax	2,265	285	-	-	2,551
Accrued for bonuses	4,627	440	-	-	5,068
Allowance for doubtful accounts	11	(4)	-	-	6
Impairment losses on non-current assets	6,570	(4,455)	-	-	2,115
Unrealized gains / (losses) on available-for-sale securities	(64)	-	49	-	(15)
Depreciation	9,152	42	-	-	9,195
Net gains / (losses) on revaluation of cash flow hedges	(13,697)	-	(86,522)	27,243	(72,976)
Temporary differences on shares of subsidiaries	(1,893)	-	-	-	(1,893)
Right-of-use assets / Lease liabilities	12,326	(3,875)	-	-	8,450
Others	4,851	1,930	-	-	6,781
Subtotal	24,149	(5,635)	(86,472)	27,243	(40,714)
Tax losses carried forward	3,115	1,847	-	-	4,962
Net deferred tax assets / (liabilities)	27,265	(3,788)	(86,472)	27,243	(35,751)

(Note) The difference between the total amount recognized in profit or loss and the amount of deferred tax is due to effect of change in exchange rate.

(Millions of yen)

	As at 1 September 2022	Recognized in profit or loss (Note)	Recognized in other comprehensive income	Recognized directly in equity	As at 31 August 2023
Temporary differences					
Accrued business tax	2,551	34	-	-	2,585
Accrued for bonuses	5,068	1,414	-	-	6,483
Allowance for doubtful accounts	6	90	-	-	97
Impairment losses on non-current assets	2,115	5,984	-	-	8,100
Unrealized gains / (losses) on available-for-sale securities	(15)	-	2	-	(12)
Depreciation	9,195	801	-	-	9,996
Net gains / (losses) on revaluation of cash flow hedges	(72,976)	-	(38,891)	41,759	(70,107)
Temporary differences on shares of subsidiaries	(1,893)	-	-	-	(1,893)
Right-of-use assets / Lease liabilities	8,450	7,372	-	-	15,823
Undistributed earnings of foreign subsidiaries	(16,202)	(22,477)	-	-	(38,680)
Others	22,984	(2,610)	-	-	20,373
Subtotal	(40,714)	(9,389)	(38,889)	41,759	(47,233)
Tax losses carried forward	4,962	13,439	-	-	18,402
Net deferred tax assets / (liabilities)	(35,751)	4,050	(38,889)	41,759	(28,830)

(Note) The difference between the total amount recognized in profit or loss and the amount of deferred tax is due to effect of change in exchange rate.
From the year ended 31 August 2023, Undistributed earnings of foreign subsidiaries is presented separately, which was included in Others in the previous fiscal year.

In the current consolidated fiscal year, 26,275 million yen of deferred tax assets for the US business that were not previously recognized are recognized to the extent that the recoverability of deferred tax assets in future taxable income has increased due to improvements in the economic environment.
In addition, in the current consolidated fiscal year, it was resolved that the dividend policy of its overseas subsidiaries would be changed in order to make more effective use of the Group's internal funds. As a result of the revised possibility that the reversal of taxable temporary differences associated with investments in subsidiaries may not be occurred within the foreseeable period, 22,388 million yen was added to deferred tax liabilities.

Tax effects of unrecognized tax losses carried forward and deductible temporary differences for which deferred tax assets were not recognized is as follows:

(Millions of yen)

	As at 31 August 2022	As at 31 August 2023
Unrecognized tax losses carried forward	43,636	23,525
Deductible temporary differences	21,705	25,387
Total	65,342	48,913

Tax effects of unrecognized tax losses carried forward of which no deferred tax asset is recognized in the consolidated statement of financial position, if unutilized, will expire as follows:

(Millions of yen)

	As at 31 August 2022	As at 31 August 2023
First year	229	283
Second year	283	955
Third year	958	1,138
Fourth year	1,167	949
Fifth year and thereafter	40,999	20,198
Total	43,636	23,525

Differed tax assets may be affected by uncertain future economic conditions and other factors, and if the forecast of future taxable incomes is revised, the total amount of deferred tax assets may be significantly affected in the consolidated financial statement for the next consolidated fiscal year.

Temporary differences on shares of subsidiaries for which deferred tax liabilities were not recognized

The aggregate amounts of taxable temporary differences associated with undistributed retained earnings of subsidiaries for which deferred tax liabilities have not been recognized as at 31 August 2022 and 31 August 2023 were 595,819 million yen and 407,747 million yen, respectively.

Deferred tax liabilities are not recognized as the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse it in the foreseeable future.

B. Income taxes

(Millions of yen)

	Year ended 31 August 2022	Year ended 31 August 2023
Current tax expense	126,502	125,389
Deferred tax expense	2,331	(2,643)
Total	128,834	122,746

Of the benefits arising from tax losses or temporary differences in prior periods that were previously unrecognized, the amount used to reduce current tax expense was 5,892 million yen in the previous consolidated fiscal year, and 12,116 million yen in the current consolidated fiscal year, which are included in current tax expense.
Additionally, the amount used to reduce deferred tax expense was 1,784 million yen in the previous consolidated fiscal year, and 28,372 million yen in the current consolidated fiscal year, which are included in deferred tax expense.

Reconciliations between the statutory income tax rates and the effective tax rates are as follows. The effective tax rate shown is the corporate income tax rate applied to the Group's profit before income taxes.

	Year ended 31 August 2022	Year ended 31 August 2023
Statutory income tax rate	30.6%	30.6%
Unrecognized deferred tax assets	2.7%	(3.8)%
Difference in statutory income tax rates of subsidiaries	(3.7)%	(5.0)%
Undistributed earnings of foreign subsidiaries	0.7%	5.1%
Foreign withholding tax	1.7%	2.1%
Others	(0.8)%	(1.0)%
Effective tax rate	31.2%	28.0%

19. Trade and Other Payables

The breakdown of trade and other payables as at each year end is as follows:

(Millions of yen)

	As at 31 August 2022	As at 31 August 2023
Trade payables	299,917	281,558
Notes payables	15	27
Other payables	50,360	57,315
Total	350,294	338,901

20. Provisions

The breakdown of provisions as at each year end is as follows:

(Millions of yen)

	As at 31 August 2022	As at 31 August 2023
Asset retirement obligations	50,362	53,530
Total	50,362	53,530
Current liabilities	2,581	2,642
Non-current liabilities	47,780	50,888

The primarily factors for the increase / (decrease) in provision are as follows:

(Millions of yen)

	Asset retirement obligations
Balances as at 31 August 2022	50,362
Additional provisions	5,501
Amounts utilized	(3,735)
Increase in discounted amounts arising from passage of time	352
Others	1,049
Balances as at 31 August 2023	53,530

Please refer to “3. Significant Accounting Policies K. Provisions” for an explanation of respective provisions.

The estimates of provisions may be affected by uncertain future operating conditions and changes in the external environment, and if expenses related to lease contracts of offices or stores are revised, it may be significantly affected in the consolidated financial statements for the coming consolidated fiscal year.

21. Equity and Other Equity Items

A. Share Capital

	Number of authorized shares (Common stock with no par-value) (Shares)	Number of issued shares (Common stock with no par-value) (Shares)	Number of outstanding shares (Common stock with no par-value) (Shares)	Capital stock (Millions of yen)	Capital surplus (Millions of yen)
Balances as at 1 September 2021	300,000,000	106,073,656	102,144,671	10,273	25,360
Increase / (decrease) (Note)	-	-	45,012	-	2,473
Balances as at 31 August 2022	300,000,000	106,073,656	102,189,683	10,273	27,834
Increase / (decrease) (Note)	600,000,000	212,147,312	204,478,585	-	696
Balances as at 31 August 2023	900,000,000	318,220,968	306,668,268	10,273	28,531

(Notes) 1. The primarily factors for the increase / (decrease) in number of outstanding shares in circulation were the increase / (decrease) in the number of treasury stock as indicated below and stock split in (Notes) 2.

2. The increase in total number of authorized shares and issued shares are due to our common stock being split on a 3-to-1 basis on 1 March 2023 based on a resolution at the Board of Directors meeting held on 15 December 2022.

B. Treasury Stock and Capital Surplus

(1) Treasury Stock

	Number of shares (Shares)	Amount (Millions of yen)
Balances as at 1 September 2021	3,928,985	14,973
Acquisition of treasury stock less than one unit	169	12
Exercise of stock options	(45,181)	(172)
Balances as at 31 August 2022	3,883,973	14,813
Acquisition of treasury stock less than one unit (Note)	974	27
Exercise of stock options (Note)	(51,557)	(127)
Stock split	7,719,310	-
Balances as at 31 August 2023	11,552,700	14,714

(Note) Our common stock has been split on a 3-to-1 basis, effective from 1 March 2023. The 974 shares of acquisition of treasury stock less than one unit during the current fiscal year consist of 35 shares before the stock split and 939 shares after the stock split. The 51,557 shares of exercise of stock options during the current fiscal year consist of 24,353 shares before the stock split and 27,204 shares after the stock split.

(2) Capital surplus

(Millions of yen)

	Capital reserve	Gain / (loss) on disposal of treasury stock	Stock options	Others	Total
Balances as at 1 September 2021	4,578	9,816	7,405	3,559	25,360
Disposal of treasury stock	-	2,089	-	-	2,089
Increase / (decrease) by share-based payment	-	-	384	-	384

transactions					
Balances as at 31 August 2022	4,578	11,906	7,789	3,559	27,834
Disposal of treasury stock	-	1,650	-	-	1,650
Increase / (decrease) by share-based payment transactions	-	-	(953)	-	(953)
Balances as at 31 August 2023	4,578	13,556	6,836	3,559	28,531

Please refer to “29. Share-based Payments” for details of share-based payment transactions (stock options).

C. Other components of equity

The breakdown of other comprehensive income included in non-controlling interests is as follows:

(Millions of yen)

	Year ended 31 August 2022	Year ended 31 August 2023
Exchange differences on translation of foreign operations	7,386	2,142
Cash flow hedges	2,612	(769)
Other comprehensive income	9,999	1,373

D. Dividends

The Company's basic policy is to pay dividends twice a year, an interim dividend and a year-end dividend. These dividends are decided by resolution of the Board, unless otherwise stipulated by laws and regulations.

The total amount of dividends paid was as follows:

Year ended 31 August 2022

Resolution	Total dividends (Millions of yen)	Dividends per share (Yen)
Meeting of the Board on 2 November 2021	24,514	240
Meeting of the Board on 14 April 2022	28,608	280

Year ended 31 August 2023

Resolution	Total dividends (Millions of yen)	Dividends per share (Yen)
Meeting of the Board on 1 November 2022	34,744	340
Meeting of the Board on 13 April 2023	38,330	375

Our common stock was split on a 3-to-1 basis, effective 1 March 2023. However, the dividend per share is listed as it was prior to the stock split because the dividends that were resolved by the Board of Directors on 13 April 2023 were paid on 28 February 2023 (as the record date).

Dividend effective after fiscal 2023 is as follow:

Resolutions	Amount of dividends (Millions of yen)	Dividends per share (Yen)
Board of Directors' meeting held on 6 November 2023	50,600	165

Regarding the proposed dividends per common stock, the Board has approved the proposal subsequent to the year-end date, and it is not recognized as a liability at year end.

22. Revenue

A. The breakdown of revenue for each year is as follows:

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

From the current consolidated fiscal year, the revenue from UNIQLO North America and Europe regions are disclosed separately.

The figures for the previous consolidated fiscal year are also disclosed based on the new classification.

Year ended 31 August 2022

	Revenue (Millions of yen)	Percent of Total (%)
Japan	810,261	35.2
Greater China	538,564	23.4
South Korea, Southeast Asia, India & Australia	307,981	13.4
North America	114,100	5.0
Europe	158,116	6.9
UNIQLO (Note 1)	1,929,024	83.8
GU (Note 2)	246,055	10.7
Global Brands (Note 3)	123,162	5.4
Others (Note 4)	2,880	0.1
Total	2,301,122	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
South Korea, Southeast Asia, India & Australia:	South Korea, Singapore, Malaysia, Thailand, the Philippines, Indonesia, Australia, Vietnam, India
North America	United States of America, Canada
Europe:	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.

Year ended 31 August 2023

	Revenue (Millions of yen)	Percent of Total (%)
Japan	890,427	32.2
Greater China	620,232	22.4
South Korea, Southeast Asia, India & Australia	449,852	16.3
North America	163,996	5.9
Europe	203,065	7.3
UNIQLO (Note 1)	2,327,575	84.1
GU (Note 2)	295,206	10.7
Global Brands (Note 3)	141,685	5.1
Others (Note 4)	2,090	0.1
Total	2,766,557	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
South Korea, Southeast Asia, India & Australia:	South Korea, Singapore, Malaysia, Thailand, the Philippines, Indonesia, Australia, Vietnam, India
North America	United States of America, Canada
Europe:	United Kingdom, France, Russia, Germany, Belgium, Spain, Sweden, the Netherlands, Denmark, Italy, Poland

(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.

B. Liabilities arising from contracts with customers are as stated below.

(Millions of yen)

	Year ended 31 August 2022	Year ended 31 August 2023
Contractual liabilities		
Advances received from customers	2,152	2,356
Refund liabilities	1,882	2,236

Consideration for anticipated refunds to customers is reasonably estimated and recognized as a refund liability.

In the consolidated statement of financial position, liabilities pertaining to advances received and refunds from customers are included in "Other current liabilities."

C. Transaction prices allocated to existing performance obligations
In the Group, there are no significant transactions for which the individual forecast contract period exceeds one year. Therefore, the practical short-cut method is used, and information related to remaining performance obligations is omitted. Furthermore, in the consideration arising from contracts with customers, there are no significant monetary amounts that are not included in the transaction price.

D. Assets recognized from costs for acquiring or performing contracts with customers
In the Group, there are no assets recognized from costs for acquiring or performing contracts with customers.

23. 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 2022	Year ended 31 August 2023
Selling, general and administrative expenses		
Advertising and promotion	79,267	92,312
Lease expenses	78,347	103,123
Depreciation and amortization	180,275	186,872
Outsourcing	55,420	62,320
Salaries	318,618	383,977
Distribution	93,122	106,897
Others	95,102	118,862
Total	900,154	1,054,368

24. Other Income and Other Expenses

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

(Millions of yen)

	Year ended 31 August 2022	Year ended 31 August 2023
Other income		
Foreign exchange gains (Note)	4,727	530
Others	12,223	11,667
Total	16,951	12,197

(Millions of yen)

	Year ended 31 August 2022	Year ended 31 August 2023
Other expenses		
Loss on retirement of property, plant and equipment	1,136	917
Impairment losses	23,150	3,958
Others	3,104	9,362
Total	27,391	14,238

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

25. Finance Income and Finance Costs

The breakdown of finance income and finance costs for each year are as follows:

(Millions of yen)

	Year ended 31 August 2022	Year ended 31 August 2023
Finance income		
Foreign exchange gains (Note)	114,324	25,385
Interest income	9,469	41,321
Others	26	9
Total	123,820	66,716

(Millions of yen)

	Year ended 31 August 2022	Year ended 31 August 2023
Finance costs		
Interest expenses	7,560	9,791
Others	-	96
Total	7,560	9,888

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

26. Other Comprehensive Income

The breakdown of amounts recorded during the year, reclassification adjustments, and income tax effect generated by individual comprehensive income items included in “Other comprehensive income” for each year are as follows:

Year ended 31 August 2022

(Millions of yen)

	Amount recorded during the year	Reclassification adjustment	Amount before income taxes	Income taxes	Amount after income taxes
Items that will not be reclassified subsequently to profit or loss					
Financial assets measured at fair value through other comprehensive income / (loss)	(90)	-	(90)	49	(41)
Total	(90)	-	(90)	49	(41)
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations	98,118	-	98,118	-	98,118
Cash flow hedges	279,815	10	279,825	(86,522)	193,303
Share of other comprehensive income of associates	116	-	116	-	116
Total	378,050	10	378,060	(86,522)	291,538
Total comprehensive income for the year	377,959	10	377,969	(86,472)	291,497

(Note) The cash flow hedge reclassification adjustment of 10 million yen is the amount transferred to profit or loss after hedge accounting was suspended, as a forecast transaction eligible for hedge accounting was no longer expected to occur.

Year ended 31 August 2023

(Millions of yen)

	Amount recorded during the year	Reclassification adjustment	Amount before income taxes	Income taxes	Amount after income taxes
Items that will not be reclassified subsequently to profit or loss					
Financial assets measured at fair value through other comprehensive income / (loss)	(14)	-	(14)	2	(11)
Total	(14)	-	(14)	2	(11)
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations	47,587	-	47,587	-	47,587
Cash flow hedges	119,925	(37)	119,888	(38,891)	80,997
Share of other comprehensive income of associates	172	-	172	-	172
Total	167,685	(37)	167,648	(38,891)	128,756
Total comprehensive income for the year	167,671	(37)	167,634	(38,889)	128,745

(Note) The cash flow hedge reclassification adjustment of (37) million yen is the amount transferred to profit or loss after hedge accounting was suspended as a forecast transaction eligible for hedge accounting was no longer expected to occur.

27. Earnings per Share

Year ended 31 August 2022		Year ended 31 August 2023	
Equity per share attributable to owners of the Parent (Yen)	5,093.97	Equity per share attributable to owners of the Parent (Yen)	5,939.33
Basic earnings per share for the year (Yen)	891.77	Basic earnings per share for the year (Yen)	966.09
Diluted earnings per share for the year (Yen)	890.43	Diluted earnings per share for the year (Yen)	964.48

(Note) 1. The basis for calculation of basic earnings per share and diluted earnings per share for the year is as follows:

	Year ended 31 August 2022	Year ended 31 August 2023
Basic earnings per share for the year		
Profit for the year attributable to owners of the Parent (Millions of yen)	273,335	296,229
Profit not attributable to common shareholders (Millions of yen)	-	-
Profit attributable to common shareholders (Millions of yen)	273,335	296,229
Average number of common stock during the year (Shares)	306,510,285	306,628,124
Diluted earnings per share for the year		
Adjustment to profit (Millions of yen)	-	-
Increase in number of common stock (Shares)	459,339	510,746
(share subscription rights)	(459,339)	(510,746)

2. Our common stock has been split on a 3-to-1 basis, effective 1 March 2023. Equity per share attributable to owners of the Parent, basic earnings per share for the year and diluted earnings per share for the year have been calculated assuming this stock split was conducted at the beginning of the previous fiscal year.

28. Cash Flow Information

A. Liabilities of financing activities

Liabilities of financing activities are as follows:

Year ended 31 August 2022

(Millions of yen)

	Balances as at 1 September 2021	Variation with cash flow	Variation without cash flow			Balances as at 31 August 2022
			Foreign currency translation reserve	New lease contracts	Others	
Short-term borrowings	13,163	(12,150)	750	-	-	1,764
Corporate bonds	369,471	-	-	-	118	369,589
Lease liabilities	460,658	(136,889)	41,952	119,158	(4,154)	480,725
Total	843,292	(149,039)	42,703	119,158	(4,035)	852,079

Year ended 31 August 2023

(Millions of yen)

	Balances as at 1 September 2022	Variation with cash flow	Variation without cash flow			Balances as at 31 August 2023
			Foreign currency translation reserve	New lease contracts	Others	
Short-term borrowings	1,764	(803)	159	-	-	1,119
Corporate bonds	369,589	(130,000)	-	-	96	239,686
Lease liabilities	480,725	(140,646)	10,284	112,168	3,117	465,650
Total	852,079	(271,450)	10,443	112,168	3,214	706,456

B. Important non-cash transactions

Year ended 31 August 2022

The amount of increase or decrease in right-of-use assets is listed in "17. Leases."

Year ended 31 August 2023

The amount of increase or decrease in right-of-use assets is listed in "17. Leases."

C. Information on corporate bonds as at 31 August 2022 and 2023 is as follows:

(Millions of yen)

Company name	Name of bonds	Date of issuance	As at 31 August 2022	As at 31 August 2023	Interest rate (%)	Date of maturity
FAST RETAILING CO., LTD.	3rd non-collateralized corporate bonds	18 December 2015	49,995	-	0.491	16 December 2022
FAST RETAILING CO., LTD.	4th non-collateralized corporate bonds	18 December 2015	69,935	69,955	0.749	18 December 2025
FAST RETAILING CO., LTD.	5th non-collateralized corporate bonds	6 June 2018	79,975	-	0.110	6 June 2023
FAST RETAILING CO., LTD.	6th non-collateralized corporate bonds	6 June 2018	29,967	29,979	0.220	6 June 2025
FAST RETAILING CO., LTD.	7th non-collateralized corporate bonds	6 June 2018	99,841	99,869	0.405	6 June 2028
FAST RETAILING CO., LTD.	8th non-collateralized corporate bonds	6 June 2018	39,875	39,883	0.880	4 June 2038
Total	-	-	369,589	239,686	—	-

29. Share-based Payments

The Group has a program for issuing share subscription rights as share-based compensation stock options for employees of the Company and its subsidiaries as a means of recognizing their contribution to the Group's profit. By linking the Company's stock price to the benefits received by personnel, this program aims to boost staff morale and motivation, improve Group performance, and enhance shareholder value by strengthening business development with a focus on shareholder return.

A. Details, scale, and changes in stock options

(1) Description of stock options

	3rd share subscription rights A type	3rd share subscription rights B type
Category and number of grantees	Employees of the Company: 18 Employees of Group subsidiaries: 8	Employees of the Company: 136 Employees of Group subsidiaries: 615
Number of stock options by type of shares (Note 1, 2)	Common stock: maximum 32,379 shares	Common stock: maximum 119,019 shares
Grant date	13 November 2012	13 November 2012
Vesting conditions	To serve continuously until the vesting date (12 November 2015) after the grant date (13 November 2012)	To serve continuously until the vesting date (12 December 2012) after the grant date (13 November 2012)
Eligible service period	From 13 November 2012 to 12 November 2015	From 13 November 2012 to 12 December 2012
Exercise period	From 13 November 2015 to 12 November 2022	From 13 December 2012 to 12 November 2022
Settlement	Equity settlement	Equity settlement

	4th share subscription rights A type	4th share subscription rights B type
Category and number of grantees	Employees of the Company: 19 Employees of Group subsidiaries: 11	Employees of the Company: 180 Employees of Group subsidiaries: 706
Number of stock options by type of shares (Note 1, 2)	Common stock: maximum 22,692 shares	Common stock: maximum 89,409 shares
Grant date	3 December 2013	3 December 2013
Vesting conditions	To serve continuously until the vesting date (2 December 2016) after the grant date (3 December 2013)	To serve continuously until the vesting date (2 January 2014) after the grant date (3 December 2013)
Eligible service period	From 3 December 2013 to 2 December 2016	From 3 December 2013 to 2 January 2014
Exercise period	From 3 December 2016 to 2 December 2023	From 3 January 2014 to 2 December 2023
Settlement	Equity settlement	Equity settlement

	5th share subscription rights A type	5th share subscription rights B type
Category and number of grantees	Employees of the Company: 36 Employees of Group subsidiaries: 16	Employees of the Company: 223 Employees of Group subsidiaries: 785
Number of stock options by type of shares (Note 1, 2)	Common stock: maximum 65,196 shares	Common stock: maximum 99,186 shares
Grant date	14 November 2014	14 November 2014
Vesting conditions	To serve continuously until the vesting date (13 November 2017) after the grant date (14 November 2014)	To serve continuously until the vesting date (13 December 2014) after the grant date (14 November 2014)
Eligible service period	From 14 November 2014 to 13 November 2017	From 14 November 2014 to 13 December 2014
Exercise period	From 14 November 2017 to 13 November 2024	From 14 December 2014 to 13 November 2024
Settlement	Equity settlement	Equity settlement

	6th share subscription rights A type	6th share subscription rights B type
Category and number of grantees	Employees of the Company: 15 Employees of Group subsidiaries: 19	Employees of the Company: 274 Employees of Group subsidiaries: 921
Number of stock options by type of shares (Note 1, 2)	Common stock: maximum 8,541 shares	Common stock: maximum 76,167 shares
Grant date	13 November 2015	13 November 2015
Vesting conditions	To serve continuously until the vesting date (12 November 2018) after the grant date (13 November 2015)	To serve continuously until the vesting date (12 December 2015) after the grant date (13 November 2015)
Eligible service period	From 13 November 2015 to 12 November 2018	From 13 November 2015 to 12 December 2015
Exercise period	From 13 November 2018 to 12 November 2025	From 13 December 2015 to 12 November 2025
Settlement	Equity settlement	Equity settlement

	7th share subscription rights A type	7th share subscription rights B type
Category and number of grantees	Employees of the Company: 16 Employees of Group subsidiaries: 23	Employees of the Company: 339 Employees of Group subsidiaries: 1,096
Number of stock options by type of shares (Note 1, 2)	Common stock: maximum 8,463 shares	Common stock: maximum 95,178 shares
Grant date	11 November 2016	11 November 2016
Vesting conditions	To serve continuously until the vesting date (10 November 2019) after the grant date (11 November 2016)	To serve continuously until the vesting date (10 December 2016) after the grant date (11 November 2016)
Eligible service period	From 11 November 2016 to 10 November 2019	From 11 November 2016 to 10 December 2016
Exercise period	From 11 November 2019 to 10 November 2026	From 11 December 2016 to 10 November 2026
Settlement	Equity settlement	Equity settlement

	8th share subscription rights A type	8th share subscription rights B type
Category and number of grantees	Employees of the Company: 19 Employees of Group subsidiaries: 27	Employees of the Company: 395 Employees of Group subsidiaries: 1,152
Number of stock options by type of shares (Note 1, 2)	Common stock: maximum 16,362 shares	Common stock: maximum 144,534 shares
Grant date	10 November 2017	10 November 2017
Vesting conditions	To serve continuously until the vesting date (9 November 2020) after the grant date (10 November 2017)	To serve continuously until the vesting date (9 December 2017) after the grant date (10 November 2017)
Eligible service period	From 10 November 2017 to 9 November 2020	From 10 November 2017 to 9 December 2017
Exercise period	From 10 November 2020 to 9 November 2027	From 10 December 2017 to 9 November 2027
Settlement	Equity settlement	Equity settlement

	9th share subscription rights A type	9th share subscription rights B type
Category and number of grantees	Employees of the Company: 17 Employees of Group subsidiaries: 32	Employees of the Company: 419 Employees of Group subsidiaries: 1,267
Number of stock options by type of shares (Note 1, 2)	Common stock: maximum 12,171 shares	Common stock: maximum 108,825 shares
Grant date	9 November 2018	9 November 2018
Vesting conditions	To serve continuously until the vesting date (8 November 2021) after the grant date (9 November 2018)	To serve continuously until the vesting date (8 December 2018) after the grant date (9 November 2018)
Eligible service period	From 9 November 2018 to 8 November 2021	From 9 November 2018 to 8 December 2018
Exercise period	From 9 November 2021 to 8 November 2028	From 9 December 2018 to 8 November 2028
Settlement	Equity settlement	Equity settlement

	10th share subscription rights A type	10th share subscription rights B type
Category and number of grantees	Employees of the Company: 11 Employees of Group subsidiaries: 46	Employees of the Company: 528 Employees of Group subsidiaries: 1,389
Number of stock options by type of shares (Note 1, 2)	Common stock: maximum 10,644 shares	Common stock: maximum 112,272 shares
Grant date	8 November 2019	8 November 2019
Vesting conditions	To serve continuously until the vesting date (7 November 2022) after the grant date (8 November 2019)	To serve continuously until the vesting date (7 December 2019) after the grant date (8 November 2019)
Eligible service period	From 8 November 2019 to 7 November 2022	From 8 November 2019 to 7 December 2019
Exercise period	From 8 November 2022 to 7 November 2029	From 8 December 2019 to 7 November 2029
Settlement	Equity settlement	Equity settlement

	10th share subscription rights C type	11th share subscription rights A type
Category and number of grantees	Employees of the Company: 40	Employees of the Company: 18 Employees of Group subsidiaries: 47
Number of stock options by type of shares (Note 1, 2)	Common stock: maximum 10,998 shares	Common stock: maximum 6,525 shares
Grant date	8 November 2019	13 November 2020
Vesting conditions	To serve continuously until the vesting date (7 November 2022) after the grant date (8 November 2019)	To serve continuously until the vesting date (12 November 2023 after the grant date (13 November 2020)
Eligible service period	From 8 November 2019 to 7 November 2022	From 13 November 2020 to 12 November 2023
Exercise period	8 November 2022	From 13 November 2023 to 12 November 2030
Settlement	Equity settlement	Equity settlement

	11th share subscription rights B type	11th share subscription rights C type
Category and number of grantees	Employees of the Company: 694 Employees of Group subsidiaries: 1,435	Employees of the Company: 41
Number of stock options by type of shares (Note 1, 2)	Common stock: maximum 66,918 shares	Common stock: maximum 11,331 shares
Grant date	13 November 2020	13 November 2020
Vesting conditions	To serve continuously until the vesting date (12 December 2020) after the grant date (13 November 2020)	To serve continuously until the vesting date (12 November 2023) after the grant date (13 November 2020)
Eligible service period	From 13 November 2020 to 12 December 2020	From 13 November 2020 to 12 November 2023
Exercise period	From 13 December 2020 to 12 November 2030	13 November 2023
Settlement	Equity settlement	Equity settlement

	12th share subscription rights A type	12th share subscription rights B type
Category and number of grantees	Employees of the Company: 19 Employees of Group subsidiaries: 47	Employees of the Company: 736 Employees of Group subsidiaries: 1,521
Number of stock options by type of shares (Note 1, 2)	Common stock: maximum 8,721 shares	Common stock: maximum 92,271 shares
Grant date	12 November 2021	12 November 2021
Vesting conditions	To serve continuously until the vesting date (11 November 2024) after the grant date (12 November 2021)	To serve continuously until the vesting date (11 December 2021) after the grant date (12 November 2021)
Eligible service period	From 12 November 2021 to 11 November 2024	From 12 November 2021 to 11 December 2021
Exercise period	From 12 November 2024 to 11 November 2031	From 12 December 2021 to 11 November 2031
Settlement	Equity settlement	Equity settlement

	12th share subscription rights C type	13th share subscription rights A type
Category and number of grantees	Employees of the Company: 39	Officers of the Company: 37
Number of stock options by type of shares (Note 1, 2)	Common stock: maximum 9,324 shares	Common stock: maximum 23,961 shares
Grant date	12 November 2021	20 January 2023
Vesting conditions	To serve continuously until the vesting date (11 November 2024) after the grant date (12 November 2021)	To serve continuously until the vesting date (19 January 2026) after the grant date (20 January 2023)
Eligible service period	From 12 November 2021 to 11 November 2024	From 20 January 2023 to 19 January 2026
Exercise period	12 November 2024	From 20 January 2026 to 19 January 2033
Settlement	Equity settlement	Equity settlement

	13th share subscription rights F type	13th share subscription rights G type
Category and number of grantees	Officers of the Company: 2	Officers of the Company: 7
Number of stock options by type of shares (Note 1, 2)	Common stock: maximum 54,915 shares	Common stock: maximum 146,445 shares
Grant date	20 January 2023	20 January 2023
Vesting conditions	To serve continuously until the vesting date (19 January 2028) after the grant date (20 January 2023)	To serve continuously until the vesting date (19 January 2028) after the grant date (20 January 2023)
Eligible service period	From 20 January 2023 to 19 January 2028	From 20 January 2023 to 19 January 2028
Exercise period	From 20 January 2028 to 19 January 2033	From 20 January 2028 to 19 January 2063
Settlement	Equity settlement	Equity settlement

(Note 1) The number of stock options is equivalent to the number of shares.
(Note 2) Our common stock has been split on a 3-to-1 basis, effective 1 March 2023. The number of stock options by type of shares is disclosed after conversion to the number of shares after the stock split.

Expenses recognized as share-based payments are as follows:

(Millions of yen)

	Year ended 31 August 2022	Year ended 31 August 2023
Expenses recognized		
Share-based payments	2,703	920

(2) Scale of stock options program and changes

Outstanding balance of stock options are converted into equivalent number of shares.

(a) Number and weighted average exercise prices of stock options

Stock options

	Year ended 31 August 2022	Year ended 31 August 2023
	Number of shares (Shares)	Number of shares (Shares)
Non-vested		
Non-vested at beginning of the year	60,045	52,473
Granted	110,253	225,321
Forfeited	(2,790)	(6,411)
Vested	(115,035)	(17,676)
Non-vested at end of the year	52,473	253,707

	Year ended 31 August 2022	Year ended 31 August 2023
	Number of shares (Shares)	Number of shares (Shares)
Vested		
Outstanding at beginning of the year	406,056	384,312
Vested	115,035	17,676
Exercised	(135,543)	(100,263)
Forfeited	(1,236)	(1,911)
Outstanding at end of the year	384,312	299,814

All stock options are granted with an exercise price of 1 yen per share.

(Note) Our common stock has been split on a 3-to-1 basis, effective 1 March 2023. The number of shares is disclosed after conversion to the number of shares after the stock split.

(b) Stock price on exercise date

Stock options exercised during the year ended 31 August 2023 are as follows:

Type	Number of shares (Shares)	Weighted-average stock price on exercise date (Yen)
Stock options	100,263	28,699

(Note) Our common stock has been split on a 3-to-1 basis, effective 1 March 2023. The number of shares to be exercised and the weighted average share price on the exercise date are converted to the number of shares after the stock split.

(c) Expected life of stock options

The weighted-average expected life of outstanding stock options as at 31 August 2023 was 14.25 years.

In addition, the weighted-average expected life of outstanding stock options as at 31 August 2022 was 5.60 years.

B. Methods of estimating fair value of stock options, etc.

The methods of estimating fair value of 13th share subscription rights A type, F type, and G type granted during the year ended 31 August 2023, were as follows:

(1) Valuation model: Black-Scholes model

(2) The following table lists the inputs to the model used:

	13th share subscription rights A type	13th share subscription rights F type
Fair value	70,816 yen	70,231 yen
Share price	74,740 yen	74,740 yen
Exercise price	1 yen	1 yen
Stock price volatility (Note 1)	31 %	34 %
Expected life of options (Note 2)	6.5 years	7.5 years
Expected dividends (Note 3)	620 yen / share	620 yen / share
Risk-free interest rate (Note 4)	0.376%	0.4645%

	13th share subscription rights G type
Fair value	62,009 yen
Share price	74,740 yen
Exercise price	1 yen
Stock price volatility (Note 1)	35 %
Expected life of options (Note 2)	22.51 years
Expected dividends (Note 3)	620 yen / share
Risk-free interest rate (Note 4)	1.40089%

Notes: 1. Stock price volatility is computed based on the actual results of 6.5 years for A type (from August 2016 to January 2023), 7.5 years for F type (from August 2015 to January 2023), and 22.51 years for G type (from August 2000 to January 2023).

2. Expected life of options is estimated to be the reasonable period from the grant date until the exercise date.

3. Expected dividends are projected with reference to the historical actual dividends declared in prior years.

4. Risk-free interest rate refers to the yield of Japanese government bonds corresponding to the expected life of options.

5. The variables and assumptions used in computing the fair value of the share options are based on the Group’s best estimate. The value of an option varies with different variables of certain subjective assumptions.

Also, the methods of estimating fair value of 12th share subscription rights A type, B type, and C type granted during the year ended 31 August 2022, were as follows:

(1) Valuation model: Black-Scholes model

(2) The following table lists the inputs to the model used:

	12th share subscription rights A type	12th share subscription rights B type
Fair value	73,172 yen	73,848 yen
Share price	76,230 yen	76,230 yen
Exercise price	1 yen	1 yen
Stock price volatility (Note 1)	36%	32%
Expected life of options (Note 2)	6.5 years	5.04 years
Expected dividends (Note 3)	480 yen / share	480 yen / share
Risk-free interest rate (Note 4)	(0.092)%	(0.09228)%

	12th share subscription rights C type
Fair value	74,803 yen
Share price	76,230 yen
Exercise price	1 yen
Stock price volatility (Note 1)	34%
Expected life of options (Note 2)	3 years
Expected dividends (Note 3)	480 yen / share
Risk-free interest rate (Note 4)	(0.119)%

Notes: 1. Stock price volatility is computed based on the actual results of 6.5 years for A type (from June 2015 to November 2021), 5.04 years for B type (from December 2016 to November 2021), and 3.0 years for C type (from December 2018 to November 2021).

2. Expected life of options is estimated to be the reasonable period from the grant date until the exercise date.
3. Expected dividends are projected with reference to the historical actual dividends declared in prior years.
4. Risk-free interest rate refers to the yield of Japanese government bonds corresponding to the expected life of options.
5. The variables and assumptions used in computing the fair value of the share options are based on the Group’s best estimate. The value of an option varies with different variables of certain subjective assumptions.

C. Estimation method of the number of share subscription rights which have already been vested

Because it is difficult to reasonably estimate the number of options that will expire in the future, the method reflecting actual numbers of forfeiture is adopted.

30. Financial Instruments

A. Capital risk management

The Group engages in capital management to achieve continuous growth and maximize corporate value.

The ratio of the Group's net interest-bearing borrowings to equity is as follows:

(Millions of yen)

	As at 31 August 2022	As at 31 August 2023
Interest-bearing borrowings	371,496	240,913
Lease liabilities	480,725	465,650
Cash and cash equivalents	1,358,292	903,280
Net interest-bearing borrowings	(506,069)	(196,717)
Equity	1,615,402	1,873,360

Interest-bearing borrowings includes corporate bonds and loans payable. As at 31 August 2022 and 2023, the Group maintained a position where the carrying amount of cash and cash equivalents exceeded the total amounts of interest-bearing borrowings and lease liabilities.

As at 31 August 2023, the Group is not subject to any externally imposed capital requirement.

B. Significant accounting policies

See Note "3. Significant Accounting Policies" for significant accounting policies regarding standards for recognizing financial assets, financial liabilities, equity financial instruments, as well as the fundamentals of measurement and recognition of profit or loss.

As there are uncertainties on the valuation of financial assets, the estimates relating to financial assets may be affected by the unexpected changes in assumptions etc., and it may have a significant impact on the valuation of financial assets in the consolidated financial statements for the next fiscal year.

C. Categories of financial instruments

(Millions of yen)

	As at 31 August 2022	As at 31 August 2023
Financial assets		
Financial assets at amortized costs		
Trade and other receivables	60,184	66,831
Other current financial assets	123,446	576,194
Other non-current financial assets	163,849	240,174
Financial assets measured at fair value through other comprehensive income / (loss)	490	189
Derivatives		
Financial assets measured at fair value through profit or loss	94	78
Financial assets designated as hedging instruments	258,697	246,175
Financial liabilities		
Financial liabilities at amortized cost		
Trade and other payables	350,294	338,901
Other current financial liabilities	209,286	61,913
Current lease liabilities	123,885	126,992
Non-current financial liabilities	241,022	241,068
Non-current lease liabilities	356,840	338,657
Derivatives		
Financial liabilities measured at fair value through profit or loss	1,204	74
Financial liabilities designated as hedging instruments	353	4,936

No items in the above categories are included in discontinued operations or disposal groups held-for-sale. Also, there are no financial assets or liabilities valued using the fair value option to measure fair value.
On the consolidated statement of financial position, financial assets measured at fair value through other comprehensive income are included under “non-current financial Assets.”

D. Financial risk management

In relation to cash management, the Group seeks to ensure effective utilization of Group funds through the Group’s Cash Management Service. The Group obtained credit facilities from financial institutions and issuance of bonds. Any temporary surplus funds are invested mainly in fixed interest rate-bearing instruments with minimal credit risk.

The Group enters into foreign currency forward contracts to hedge risk arising from fluctuations in foreign currency exchange rates and did not conduct any speculative trading in derivatives.

E. Market risk management

The Group conducts its business on a global scale, and is therefore exposed to the price fluctuation risk of currencies and equity and debt financial instruments.

(1) Foreign currency risk

(a) Foreign currency risk management

The Group conducts its business on a global scale, and is exposed to foreign currency risk in relation to purchases and sales transactions and financing denominated in currencies other than the local currencies of those countries in which the Group operates its business.

In regard to forecast transactions denominated in foreign currencies, for foreign currency exchange fluctuation risk by currency and on a monthly basis, the Group in principle hedges risk by using foreign currency forward contracts.

For imports, the Group endeavors to stabilize purchasing costs by concluding foreign currency forward contracts and standardizing import exchange rates. If the yen should weaken significantly against the US dollar in the future and this situation continued for an extended period, it could have a negative impact on the Group's performance.

The Group enters into derivative transactions only with financial institutions evaluated as highly creditworthy by rating agencies to mitigate the counterparty risk.

The Group's notional amount of foreign currency forward contracts was 1,836,265 million yen as at 31 August 2023.

(b) Foreign currency sensitivity analysis

With respect to companies that use yen as the functional currency in each reporting period, below is an analysis of the impact an 1% increase in the yen against the Euro ("EUR") and the United States dollar ("USD") would have on the Group's profit before income taxes and other comprehensive income (before tax effects).

However, this analysis assumes that other variable factors are constant. Furthermore, this does not include the effect of conversion of financial instruments denominated in the functional currencies, and revenue, expenses, assets, and liabilities of overseas sales entities into presentation currency.

	Year ended 31 August 2022	Year ended 31 August 2023
Average exchange rate (Yen)		
USD	120.52	138.62
EUR	133.29	146.37
Impact on profit before income taxes (Millions of yen)		
USD	(3,762)	(3,502)
EUR	(189)	(155)
Impact on other comprehensive income (Millions of yen)		
USD	(16,751)	(16,848)
EUR	(242)	(398)

(c) Currency derivatives and hedges

The Group uses foreign currency forward contract transactions to hedge against the risk of future fluctuations in exchange rates in regard to foreign currency transactions and applies hedge accounting to transactions that meet hedge requirements, and did not conduct any speculative trading in derivatives.

Cash flow hedges

A cash flow hedge is a hedge for avoiding risk of volatility in future cash flows. The Company uses foreign currency forward contracts to hedge cash flow fluctuations relating to forecast transactions.

The monetary value of ineffective hedges is immaterial.

The details of foreign currency forward contract are as follows:

(i) Derivative transactions to which hedge accounting is not applied

	Average exchange		Foreign currencies (Millions of respective currency)		Contract principal (Millions of yen)		Fair value (Millions of yen)	
	31 August 2022	31 August 2023	31 August 2022	31 August 2023	31 August 2022	31 August 2023	31 August 2022	31 August 2023
Foreign currency forward contracts								
Within 1 year								
Buy USD (sell JPY)	125.57 (EUR/$)	- (EUR/$)	4	-	577	-	58	-
Buy USD (sell KRW)	- (KRW/$)	1,255.60 (KRW/$)	-	11	-	1,610	-	78
Buy USD (sell TWD)	29.98 (TWD/$)	- (TWD/$)	20	-	2,730	-	36	-
Buy USD (sell RUB)	77.93 (RUB/$)	- (RUB/$)	51	-	9,183	-	(1,204)	-
Buy KRW (sell USD)	- ($/KRW)	0.00 ($/KRW)	-	14,564	-	1	-	(74)

(ii) Derivative transactions to which hedge accounting is applied

	Average exchange rates		Foreign currencies (Millions of respective currency)		Contract principal (Millions of yen)		Fair value (Millions of yen)	
	31 August 2022	31 August 2023	31 August 2022	31 August 2023	31 August 2022	31 August 2023	31 August 2022	31 August 2023
Foreign currency forward contracts								
Over 1 year								
Buy USD (sell JPY)	111.87 (¥/$)	116.62 (¥/$)	8,094	7,287	905,578	849,846	126,083	112,515
Buy USD (sell EUR)	0.83 (EUR/$)	0.89 (EUR/$)	210	401	24,319	57,344	3,876	73
Buy USD (sell GBP)	0.72 (£/$)	0.81 (£/$)	72	135	7,330	17,442	1,474	(352)
Buy USD (sell KRW)	1,243.00 (KRW/$)	1,280.35 (KRW/$)	281	374	35,884	53,003	2,379	15
Buy USD (sell SGD)	1.39 (SGD/$)	1.30 (SGD/$)	5	10	701	1,413	(0)	21
Buy USD (sell THB)	34.43 (THB/$)	33.46 (THB/$)	11	69	1,444	9,760	40	55
Buy USD (sell MYR)	4.41 (MYR/$)	4.41 (MYR/$)	8	8	1,162	1,182	2	87
Buy USD (sell AUD)	1.43 (AUD/$)	1.50 (AUD/$)	37	18	5,148	2,580	72	13
Buy USD (sell CAD)	1.29 (CAD/$)	1.34 (CAD/$)	11	27	1,499	4,009	28	18
Buy USD (sell PHP)	55.46 (PHP/$)	56.24 (PHP/$)	21	106	2,876	15,511	59	173
Buy USD (sell SEK)	8.75 (SEK/$)	10.31 (SEK/$)	8	17	10,704	29,323	191	92
Non-deliverable forward contracts (NDF)								
Over 1 year								
Buy USD (sell TWD)	- ($/TWD)	28.86 ($/TWD)	-	1	-	132	-	8

	Average exchange rates		Foreign currencies (Millions of respective currency)		Contract principal (Millions of yen)		Fair value (Millions of yen)	
	31 August 2022	31 August 2023	31 August 2022	31 August 2023	31 August 2022	31 August 2023	31 August 2022	31 August 2023
Foreign currency forward contracts								
Within 1 year								
Buy USD (sell JPY)	108.33 (¥/$)	112.67 (¥/$)	4,124	4,332	446,764	488,137	111,043	123,157
Buy USD (sell EUR)	0.83 (EUR/$)	0.88 (EUR/$)	233	473	26,983	66,918	5,025	2,114
Buy USD (sell GBP)	0.77 (£/$)	0.78 (£/$)	112	157	12,087	19,590	1,578	326
Buy USD (sell KRW)	1,199.99 (KRW/$)	1,242.63 (KRW/$)	241	267	29,700	36,695	3,302	1,894
Buy USD (sell SGD)	1.37 (SGD/$)	1.36 (SGD/$)	73	89	10,016	13,253	199	(195)
Buy USD (sell THB)	33.98 (THB/$)	34.49 (THB/$)	107	127	13,869	18,361	844	(83)
Buy USD (sell MYR)	4.36 (MYR/$)	4.36 (MYR/$)	100	100	13,524	13,760	310	247
Buy USD (sell AUD)	1.38 (AUD/$)	1.48 (AUD/$)	105	150	13,890	21,081	591	205
Buy USD (sell CAD)	1.27 (CAD/$)	1.33 (CAD/$)	67	103	9,100	14,899	286	90
Buy USD (sell IDR)	14,889.75 (IDR/$)	13,585.19 (IDR/$)	98	203	13,605	26,570	12	(40)
Buy USD (sell PHP)	53.61 (PHP/$)	56.99 (PHP/$)	110	124	14,644	18,379	749	(69)
Buy USD (sell SEK)	8.43 (SEK/$)	9.42 (SEK/$)	9	13	11,603	20,855	273	258
Buy EUR (sell USD)	1.06 ($/EUR)	1.10 ($/EUR)	11	84	1,663	14,908	(80)	(159)
Buy GBP (sell USD)	1.18 ($/￡)	1.27 ($/￡)	9	23	1,636	4,697	(20)	(11)
Buy KRW (sell USD)	0.00 ($/KRW)	- ($/KRW)	4,226	-	482	-	16	-
Buy IDR (sell USD)	0.00 ($/IDR)	0.00 ($/IDR)	272,672	796,104	2,537	0	6	(97)
Buy SEK (sell USD)	0.10 ($/SEK)	0.09 ($/SEK)	4	21	55	319	(2)	(5)
Non-deliverable forward contracts (NDF)								
Within 1 year								
Buy USD (sell TWD)	- ($/TWD)	29.57 ($/TWD)	-	108	-	14,672	-	884

(2) Interest rate risk management

The Group's interest-bearing borrowings are mainly bonds with fixed interest rates, and the Group maintains positions in cash and cash equivalents that exceed the outstanding balance of its interest-bearing borrowings.

At present, the impact of interest payments on the Group is quite small. Consequently, the Group's current level of interest rate risk is minor, and the Group has not performed any interest rate sensitivity analysis.

(3) Price risk management in equity and debt instruments

The Group is exposed to the risk of price volatility in equity and debt financial instruments. The Group holds no equity and debt financial instruments for short-term trading purposes.

The Group makes regular periodic checks of the market value of the equity financial instruments it holds, as well as the financial health of the issuers.

(4) Risk management in debt instruments

The Group does hold debt instruments, but all are held-to-maturity, and what is more, investments are restricted to bonds that either meet or exceed a fixed rating, with the aim of mitigating risks arising from losses due to a default or similar events.

F. Credit risk management

When the Group initiates ongoing transactions where receivables are generated on an ongoing basis, the finance department manages the Group's risk exposure by setting credit limits and credit periods, as needed.

Trade receivables encompass many customers spanning a wide range of industries and geographic regions. The Group conducts regular credit checks of the companies it does business with, and when necessary takes appropriate protective measures, such as requiring collateral.

The Group does not have excessively concentrated credit risk exposure to any single company or corporate group.

As for deposits and guarantees, the Group mitigates risk by conducting regular monitoring of the companies with which it does business for early detection of any worsening of their financial health.

Financial assets and other credit risk exposure

The carrying amounts after adjustment for impairment shown in the consolidated financial statements represent the Group's maximum exposure to credit risk before consideration of collateral assets.

(1) Credit risk exposure

Time-frame analysis for trade receivables and other financial assets is as stated below.

Year ended 31 August 2022

(Millions of yen)

Number of days elapsed after due date	Items recorded in an amount equivalent to 12 months of expected credit losses	Items measured in an amount equivalent to the expected credit losses for the entire period			Total
		Financial assets for which the allowance for doubtful accounts is always measured as an amount equivalent to expected losses for the whole period	Financial assets for which the credit risk has significantly increased since initial recognition	Credit-impaired financial assets	
Before due date has elapsed	161,186	51,114	5	-	212,307
Within 90 days	70	86	0	-	157
Over 90 days but within one year	106	105	1	-	213
Over one year	25	145	53	28	252
Term-end balance	161,389	51,452	61	28	212,931

Year ended 31 August 2023

(Millions of yen)

Number of days elapsed after due date	Items recorded in an amount equivalent to 12 months of expected credit losses	Items measured in an amount equivalent to the expected credit losses for the entire period			Total
		Financial assets for which the allowance for doubtful accounts is always measured as an amount equivalent to expected losses for the whole period	Financial assets for which the credit risk has significantly increased since initial recognition	Credit-impaired financial assets	
Before due date has elapsed	379,421	61,965	25	-	441,412
Within 90 days	204	1,110	-	-	1,315
Over 90 days but within one year	65	200	1	-	266
Over one year	46	178	68	-	293
Term-end balance	379,739	63,455	94	-	443,288

(2) Allowances for Doubtful Accounts

Changes in allowances for doubtful accounts for trade receivables and other financial assets are as stated below.

Year ended 31 August 2022

(Millions of yen)

Changes in allowances for doubtful accounts	Items recorded in an amount equivalent to 12 months of expected credit losses	Items measured in an amount equivalent to the expected credit losses for the entire period			Total
		Financial assets for which the allowance for doubtful accounts is always measured as an amount equivalent to expected losses for the whole period	Financial assets for which the credit risk has significantly increased since initial recognition	Credit-impaired financial assets	
Starting balance	59	557	19	28	664
Increase during period	0	196	4	-	201
Decrease during period (intended use)	(0)	(11)	(3)	0	(15)
Decrease during period (reversals)	(19)	(258)	(7)	(1)	(287)
Other changes	60	42	0	-	102
Term-end balance	99	526	13	26	666

Year ended 31 August 2023

(Millions of yen)

Changes in allowances for doubtful accounts	Items recorded in an amount equivalent to 12 months of expected credit losses	Items measured in an amount equivalent to the expected credit losses for the entire period			Total
		Financial assets for which the allowance for doubtful accounts is always measured as an amount equivalent to expected losses for the whole period	Financial assets for which the credit risk has significantly increased since initial recognition	Credit-impaired financial assets	
Starting balance	99	526	13	26	666
Increase during period	60	574	62	-	697
Decrease during period (intended use)	-	(238)	(15)	-	(254)
Decrease during period (reversals)	(33)	(272)	(3)	(26)	(335)
Other changes	18	36	0	-	54
Term-end balance	144	626	57	-	828

The Group continually monitors the credit standing of trading partners if there is a concern about recoverability, including receivables for which the due date has changed.

Based on the monitoring of the credit standing, the recoverability of accounts receivable, etc., is examined and the allowance for doubtful accounts is set.

In relation to the Group's global business expansion, there is little reliance on any specific trading partners and exposure is dispersed, so the impact of any sequential credit risk due to the poor credit standing of any specific trading partner is minimal.

As a result, we have no exposure to excessively concentrated credit risk.

With reference to bonds, we limit any investment in bonds to entities with a minimum specific credit rating in accordance with our internal management regulations, so any credit risk relating to bond investments is minimal and consequently is not included in the above table.

G. Liquidity risk management

The Group manages liquidity risk by formulating and revising its funding plans on a timely basis and maintains an appropriate level of liquidity on hand.

The ultimate responsibility for management of liquidity risk lies with the CFO appointed by the Board of Directors. The finance department, under the direction of the CFO, performs the day-to-day aspects of liquidity risk management by maintaining appropriate levels of surplus funds and bank loans, and by monitoring budgets and cash flows.

(Millions of yen)

	Carrying amount	Contractual cash flows	Less than 1 year	1 to 2 years	More than 2 years but within 3 years	More than 3 years but within 4 years	More than 4 years but within 5 years	Over 5 years
As at 31 August 2022								
Non-derivative financial Liabilities								
Trade and other payables	350,294	350,294	350,294	-	-	-	-	-
Short-term borrowings	1,764	1,764	1,764	-	-	-	-	-
Corporate bonds	369,589	370,000	130,000	-	30,000	70,000	-	140,000
Long-term finance lease Liabilities	356,840	373,047	-	89,926	66,990	49,004	34,410	132,714
Short-term finance lease Liabilities	123,885	127,767	127,767	-	-	-	-	-
Deposits	77,550	77,550	77,550	-	-	-	-	-
Derivative financial liabilities								
Foreign currency forward Contracts	1,557	1,557	1,513	43	1	-	-	-
Total	1,281,482	1,301,981	688,890	89,969	96,991	119,004	34,410	272,714
As at 31 August 2023								
Non-derivative financial Liabilities								
Trade and other payables	338,901	338,901	338,901	-	-	-	-	-
Short-term borrowings	1,119	1,119	1,119	-	-	-	-	-
Corporate bonds	239,686	240,000	-	30,000	70,000	-	100,000	40,000
Long-term finance lease Liabilities	338,657	357,382	-	91,493	64,280	43,351	36,518	121,738
Short-term finance lease Liabilities	126,992	132,457	132,457	-	-	-	-	-
Deposits	60,793	60,793	60,793	-	-	-	-	-
Derivative financial liabilities								
Foreign currency forward contracts	5,010	5,010	3,600	1,376	34	-	-	-
Total	1,111,161	1,135,665	536,872	122,869	134,315	43,351	136,518	161,738

(Note) Guaranteed obligations are not included in the above, as the probability of having to act on those guarantees is remote.

H. Fair value of financial instruments

(Millions of yen)

	As at 31 August 2022		As at 31 August 2023	
	Carrying amounts	Fair value	Carrying amounts	Fair value
Financial assets				
Bonds	135,214	134,264	440,738	438,995
Security deposits / guarantees	68,626	69,093	69,446	68,891
Total	203,840	203,357	510,184	507,887
Financial liabilities				
Corporate bonds	369,589	370,513	239,686	236,826
Total	369,589	370,513	239,686	236,826

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

Notes concerning financial assets and financial liabilities for which carrying amount approximates fair value have been omitted.

The fair value of bonds is calculated with reference to publicly available market prices.

The fair value of security deposits and guarantees is calculated on the basis of the present value, applying the current market interest rate.

The fair value of corporate bonds is calculated with reference to publicly available market prices.

The fair value measurements of bonds, security deposits / guarantees, and corporate bonds are classified as level 2.

I. Fair value hierarchy of financial instruments

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

When multiple inputs are used to measure fair value, the fair value level is determined based on the input with the lowest level classification in the overall fair value assessment.

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

(Millions of yen)

As at 31 August 2022	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income	301	-	189	490
Net financial assets and financial liabilities measured at fair value through profit or loss	-	(1,109)	-	(1,109)
Net financial assets and financial liabilities designated as hedging instruments − Fair value	-	258,344	-	258,344
Net amount	301	257,234	189	257,725

As at 31 August 2023	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income	-	-	189	189
Net financial assets and financial liabilities measured at fair value through profit or loss	-	3	-	3
Net financial assets and financial liabilities designated as hedging instruments − Fair value	-	241,238	-	241,238
Net amount	-	241,242	189	241,432

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

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

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

31. Related Party Disclosures

Remuneration of key management personnel

Remuneration of the Group's key management personnel is as below:

(Millions of yen)

	Year ended 31 August 2022	Year ended 31 August 2023
Short-term employee benefits	833	876
Share-based payments	52	187
Total	885	1,064

Transactions with officers and major shareholders (individuals only), etc. of the reporting entity submitting these consolidated financial statements.

Year ended 31 August 2022 (from 1 September 2021 to 31 August 2022)

Type	Name of Company, etc., or personal name	Location	Capital Stock or Money Invested (Millions of yen)	Business Content or Occupation	Percentage of voting right, etc. held (being held)	Relation with Associated Party	Transaction Details	Transaction Amount (millions of yen)	Item	Term-end Balance (millions of yen)
Company in which officers and close relatives hold a majority of voting rights	TTY Management B.V.	Amsterdam, Netherlands	71,826	Assets holdings, managing, etc.	5.2% are directly held	Rent of store properties by our subsidiary Serves concurrently as an officer	Store renting	746	Lease liabilities	6,349
Company in which officers and close relatives hold a majority of voting rights	546 Broadway, LLC	New York	-	Assets holdings, managing, etc.	-	Rent of store properties by our subsidiary Serves concurrently as an officer	Store renting	482	Lease liabilities	4,644

(Notes) 1. Of the above-mentioned amounts, any trade amounts do not include consumption taxes and the like.

2. Trading conditions and policy for determining trading conditions, etc.

Related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

3. Chairman of the Board of Directors and President Tadashi Yanai holds a majority of the voting rights of both companies.

Current consolidated accounting year (From 1 September 2022, through 31 August 2023)

Type	Name of Company, etc., or personal name	Location	Capital Stock or Money Invested (Millions of yen)	Business Content or Occupation	Percentage of voting right, etc. held (being held)	Relation with Associated Party	Transaction Details	Transaction Amount (millions of yen)	Item	Term-end Balance (millions of yen)
Company in which officers and close relatives hold a majority of voting rights	TTY Management B.V.	Amsterdam, Netherlands	71,826	Assets holdings, managing, etc.	5.2% are directly held	Rent of store properties by our subsidiary Serves concurrently as an officer	Store renting	874	Lease liabilities	6,433
Company in which officers and close relatives hold a majority of voting rights	546 Broadway, LLC	New York	-	Assets holdings, managing, etc.	-	Rent of store properties by our subsidiary Serves concurrently as an officer	Store renting	554	Lease liabilities	4,359

(Notes) 1. Of the above-mentioned amounts, any trade amounts do not include consumption taxes and the like.
2. Trading conditions and policy for determining trading conditions, etc.
Related party transactions were made on terms equivalent to those that prevail in arm’s length transactions.
3. Chairman of the Board of Directors and President Tadashi Yanai holds a majority of the voting rights of both companies.

32. Major Subsidiaries

The Group’s major subsidiaries are as listed in “3. Corporate Profile 3. Subsidiaries and Associates.”

33. Commitments for Expenditures

The Group had the following commitments at each reporting date:

(Millions of yen)

	As at 31 August 2022	As at 31 August 2023
Commitment for the acquisition of property, plant and equipment	32,926	16,926
Commitment for acquisition of intangible assets	2,202	2,634
Total	35,128	19,560

34. Contingent Liabilities

Year ended 31 August 2022

Not applicable

Year ended 31 August 2023

Not applicable

35. Subsequent Events

Not applicable

E. Others

Quarterly information for the year ended 31 August 2023

(Cumulative period)	First quarter	Second quarter	Third quarter	Fiscal year
Revenue (Millions of yen)	716,393	1,467,350	2,143,504	2,766,557
Quarterly income before income taxes and non-controlling interests (Millions of yen)	126,812	230,499	359,203	437,918
Quarterly net income (Millions of yen)	85,074	153,392	238,519	296,229
Earnings per share (Yen)	277.49	500.29	777.90	966.09

(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Quarterly earnings per share (Yen)	277.49	222.80	277.60	188.19

(Note) Our common stock has been split on a 3-to-1 basis, effective 1 March 2023. Quarterly earnings per share has been calculated assuming this stock split was conducted at the beginning of the current fiscal year.

10. Financial statements

(1) Balance Sheet

(Millions of yen)

	As at 31 August 2022	As at 31 August 2023
ASSETS		
Current assets		
Cash and deposits	543,933	498,193
Operating accounts receivable	*1 38,363	*1 42,579
Securities	149,496	20,000
Short-term loans receivable from subsidiaries and associates	65,664	35,961
Accounts receivable from subsidiaries and associates	22,368	6,608
Others	7,624	33,246
Allowance for doubtful accounts	(7,552)	(1,031)
Total current assets	819,900	635,557
Non-current assets		
Property, plant and equipment		
Buildings	30,754	32,561
Accumulated depreciation	*3 (12,978)	*3 (15,381)
Buildings, net	17,776	17,179
Structures	389	464
Accumulated depreciation	*3 (288)	*3 (305)
Structures, net	100	158
Machinery, vehicle, furniture and fixtures	9,057	8,492
Accumulated depreciation	*3 (2,670)	*3 (2,794)
Machinery, vehicle, furniture and fixtures, net	6,387	5,697
Land	1,123	1,123
Leased assets	379	182
Accumulated depreciation	*3 (290)	*3 (134)
Leased assets, net	88	48
Construction in progress	26	691
Total property, plant and equipment	25,503	24,900
Intangible assets		
Software	47,949	50,979
Software in progress	10,669	17,387
Others	10	9
Total intangible assets	58,629	68,377
Investments and other assets		
Investment securities	450	143
Shares of subsidiaries and associates	420,362	622,796
Investments in capital of subsidiaries and associates	9,251	7,567
Long-term loans receivable from subsidiaries and associates	7,213	45,230
Leases and guarantee deposits	5,732	5,777
Deferred tax assets	4,997	4,680
Lease receivables	14,136	12,665
Others	1	1
Allowance for doubtful accounts	(3,900)	(35,628)
Total investments and other assets	458,244	663,235
Total non-current assets	542,378	756,513
Total assets	1,362,278	1,392,070

(Millions of yen)

	As at 31 August 2022	As at 31 August 2023
LIABILITIES		
Current liabilities		
Current portion of corporate bonds	130,000	-
Accounts payable	7,063	10,187
Accrued expenses	6,380	5,660
Deposits received	*1 33,004	※1 96,582
Provision for bonuses	3,501	4,092
Income taxes payable	40,012	-
Others	2,344	2,898
Total current liabilities	222,306	119,422
Non-current liabilities		
Corporate bonds payable	240,000	240,000
Lease obligations	14,186	12,694
Guarantee deposits received	3,385	3,337
Provision for loss on business of subsidiaries and associates	1,324	-
Others	3,801	4,141
Total non-current liabilities	262,698	260,173
Total liabilities	485,005	379,595
NET ASSETS		
Shareholders’ equity		
Capital stock	10,273	10,273
Capital surplus		
Legal capital surplus	4,578	4,578
Other capital surplus	11,668	13,313
Total capital surplus	16,247	17,892
Retained earnings		
Legal retained earnings	818	818
Other retained earnings		
General reserve	185,100	185,100
Retained earnings brought forward	670,202	806,273
Total retained earnings	856,120	992,191
Treasury stock	(14,813)	(14,714)
Total shareholders’ equity	867,828	1,005,644
Valuation and translation adjustments		
Valuation differences on available-for-sale securities	1,660	-
Total valuation and translation adjustments	1,660	-
Share subscription rights	7,784	6,831
Total net assets	877,273	1,012,475
Total liabilities and net assets	1,362,278	1,392,070

(2) Statement of Income

(Millions of yen)

	Year ended 31 August 2022	Year ended 31 August 2023
Operating revenue		
Management income from operating companies	※1 82,428	※1 90,935
Dividends income from subsidiaries and associates	※1 200,737	※1 236,997
Total operating revenue	283,165	327,932
Operating expenses		
Selling, general and administrative expenses		
Salaries	9,430	9,400
Bonuses	1,677	1,529
Allowance for bonuses	3,269	3,849
Rental expenses	10,093	10,011
Depreciation	21,301	23,788
Outsourcing expenses	32,155	36,289
Others	18,409	17,145
Total operating expenses	※1 96,337	※1 102,014
Operating profit / (loss)	186,828	225,918
Non-operating income		
Interest income	2,877	10,218
Interest on securities	57	11
Foreign exchange gains	108,106	18,914
Others	178	45
Total non-operating income	※1 111,220	※1 29,189
Non-operating expenses		
Interest expenses	1,988	3,948
Others	102	61
Total non-operating expenses	※1 2,091	※1 4,010
Ordinary profit / (loss)	295,957	251,097
Extraordinary income		
Gain on sale of investment securities	159	2,985
Reversal of provision for loss on business of subsidiaries and associates	-	1,324
Reversal of provisions for loss on guarantees	435	-
Total extraordinary income	594	4,309
Extraordinary losses		
Losses on retirement of non-current assets	112	17
Loss on valuation of shares of subsidiaries and associates	1,651	4,177
Provision of allowance for doubtful accounts for subsidiaries and associates	1,721	25,207
Loss on valuation of investment securities	11	-
Provision for loss on business of subsidiaries and associates	983	-
Impairment losses	-	201
Total extraordinary losses	4,479	29,604
Income/(loss) before income taxes	292,072	225,803
Income taxes － current	34,839	15,607
Income taxes － deferred	(970)	1,050
Total income taxes	33,868	16,657
Net income / (loss)	258,203	209,145

(3) Statement of changes in net asset

Year ended 31 August 2022

(Millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
						General reserve	Retained earnings brought forward	
Balance at the beginning of year	10,273	4,578	9,587	14,166	818	185,100	465,122	651,040
Changes during the year								
Dividends	-	-	-	-	-	-	(53,123)	(53,123)
Net income	-	-	-	-	-	-	258,203	258,203
Acquisition of treasury stock	-	-	-	-	-	-	-	-
Disposal of treasury stock	-	-	2,081	2,081	-	-	-	-
Net changes of items other than those in shareholders' equity	-	-	-	-	-	-	-	-
Net changes during the year	-	-	2,081	2,081	-	-	205,079	205,079
Balance at the end of year	10,273	4,578	11,668	16,247	818	185,100	670,202	856,120

	Shareholders' equity		Valuation and translation adjustments		Share subscription rights	Total net assets
	Treasury stock	Total shareholders' equity	Valuation differences on available-for sale securities	Total valuation and translation adjustments		
Balance at the beginning of year	(14,973)	660,507	(338)	(338)	7,400	667,569
Changes during the year						
Dividends	-	(53,123)	-	-	-	(53,123)
Net income	-	258,203	-	-	-	258,203
Acquisition of treasury stock	(12)	(12)	-	-	-	(12)
Disposal of treasury stock	172	2,253	-	-	-	2,253
Net changes of items other than those in shareholders' equity	-	-	1,999	1,999	384	2,383
Net changes during the year	159	207,320	1,999	1,999	384	209,703
Balance at the end of year	(14,813)	867,828	1,660	1,660	7,784	877,273

Year ended 31 August 2023

(Millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
						General reserve	Retained earnings brought forward	
Balance at the beginning of year	10,273	4,578	11,668	16,247	818	185,100	670,202	856,120
Changes during the year								
Dividends	-	-	-	-	-	-	(73,074)	(73,074)
Net income	-	-	-	-	-	-	209,145	209,145
Acquisition of treasury stock	-	-	-	-	-	-	-	-
Disposal of treasury stock	-	-	1,645	1,645	-	-	-	-
Net changes of items other than those in shareholders' equity	-	-	-	-	-	-	-	-
Net changes during the year	-	-	1,645	1,645	-	-	136,071	136,071
Balance at the end of year	10,273	4,578	13,313	17,892	818	185,100	806,273	992,191

	Shareholders' equity		Valuation and translation adjustments		Share subscription rights	Total net assets
	Treasury stock	Total shareholders' equity	Valuation differences on available-for sale securities	Total valuation and translation adjustments		
Balance at the beginning of year	(14,813)	867,828	1,660	1,660	7,784	877,273
Changes during the year						
Dividends	-	(73,074)	-	-	-	(73,074)
Net income	-	209,145	-	-	-	209,145
Acquisition of treasury stock	(27)	(27)	-	-	-	(27)
Disposal of treasury stock	127	1,772	-	-	-	1,772
Net changes of items other than those in shareholders' equity	-	-	(1,660)	(1,660)	(953)	(2,613)
Net changes during the year	99	137,816	(1,660)	(1,660)	(953)	135,202
Balance at the end of year	(14,714)	1,005,644	-	-	6,831	1,012,475

(4) Notes

(Significant accounting policies)

1. Valuation methods for securities

(a) Investments in subsidiaries and associates:

The Company's investments in subsidiaries and associates are stated at cost. The cost of securities sold is determined by the average method.

(b) Available-for-sale securities:

(i) Listed securities:

Listed securities are stated at fair value, with fair value gains and losses, net of applicable taxes, reported as "unrealized gains/(losses) on available-for-sale securities," a separate component of net assets. The cost of securities sold is determined based on the moving-average cost method.

(ii) Unlisted securities:

Unlisted securities are stated at cost, which is determined by the average method.

2. Depreciation method for non-current assets

(a) Property, plant and equipment (other than leased assets)

Depreciation of property, plant and equipment is calculated using the straight-line method. The principal ranges of estimated useful lives are as follows:

Buildings and structures	5-35 years
Machinery, vehicle, furniture, and fixtures	5 years

(b) Intangible assets

Amortization of intangible assets is calculated using the straight-line method. The principal range of estimated useful life is as follows:

Software for internal use	5 years

(c) Leased assets

Assets held under capitalized finance leases are depreciated using the straight-line method over the lease terms at zero residual value.

3. Accounting for deferred assets

Issuance expenses of corporate bonds

Issuance expenses of corporate bonds are expensed as incurred.

4. Provision basis for allowances

(a) Allowance for doubtful accounts

Provision for potential bad debts, loan loss ratios are recorded for general accounts receivable. Specified doubtful accounts receivable are reviewed individually to determine their recoverability, and an estimate for the non-recoverable portion is recorded.

(b) Provisions for bonuses

Bonuses to employees are accrued on the balance sheet date.

(c) Allowances for Affiliated Company Operating Losses

In order to prepare for losses pertaining to affiliated company operations, we take the financial position of our affiliated companies into consideration and list the estimate losses that may be incurred.

5. Basis of revenue and expense recognition

(a) Service Fee Income

The Company has an obligation to provide administrative support services to its subsidiaries. As the performance obligation shall be satisfied by providing the services to its subsidiaries over time, revenue is recognized depending on providing the services.

6. Application of tax effect accounting in connection with the transition from the consolidated taxation system to the group tax sharing system.

Effective from the beginning of the current fiscal year, the Company has shifted from the consolidated taxation system to the group tax sharing system. In connection with the transition, the Company complies with the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (ASBJ PITF No. 42, August 12, 2021. Hereinafter referred to as “ASBJ PITF No. 42”), which provides for the treatment of accounting and disclosure regarding corporate taxes, local corporation taxes and tax effect accounting when applying the group tax sharing system. In addition, based on Section 32 (1) of ASBJ PITF No. 42, it has been deemed that there is no impact from the changes in accounting policies in conjunction with the application of ASBJ PITF No. 42.

(Changes in accounting policy)

Application of the Accounting Standard for Fair Value Measurement

The "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021. Hereinafter, the "Fair Value Measurement Standard Implementation Guidance") was adopted in the beginning of the current fiscal year, and as such the Company has prospectively applied the new accounting policies set forth in the Fair Value Measurement Standard Implementation Guidance in accordance with the transitional treatment set forth in Article 27-2 of the Fair Value Measurement Standard Implementation Guidance.

The application has no impact on financial information.

(Notes to balance sheet)

1. Breakdown of assets and liabilities related to subsidiaries and associates which were not separately presented are as follows:

(Millions of yen)

	As at 31 August 2022	As at 31 August 2023
Trade accounts receivable	38,349	42,568
Deposits received	32,673	96,268

2. Contingent liabilities

(Millions of yen)

	As at 31 August 2022	As at 31 August 2023
Guarantees for office and retail store leases	22,619	16,103
Guarantees on loans payable to financial institutions	1,792	6,483

3. Accumulated depreciation includes accumulated impairment losses.

(Notes to statement of income)

1. Transactions related to the subsidiaries and associates are as follows:

(Millions of yen)

	Year ended 31 August 2022	Year ended 31 August 2023
Ordinary revenue:		
Management income from operating companies	80,402	89,382
Dividends income from subsidiaries and associates	200,740	236,997
Ordinary expense	2,859	3,814
Non-operating income	532	-
Non-operating expenses (including Extraordinary losses)	90	2,259

(Investment securities)

As at 31 August 2022

The fair values of the shares of subsidiaries and associates (subsidiaries 402,481 million yen and associates 17,880 million yen on the balance sheet) are not described as they do not have a market price.

As at 31 August 2023

The fair values of the shares of subsidiaries and associates (subsidiaries 605,027 million yen and associates 17,768 million yen on the balance sheet) are not described as they do not have a market price.

(Note) The impairment of the shares of subsidiaries and associates without market price is determined by comparing the cost with the net realizable value calculated based on the net assets per share of respective subsidiaries and associates. An impairment loss is recognized if the net realizable value is less than 50% of the cost.

(Deferred taxes)

1. The breakdown of causes of deferred tax assets and deferred tax liabilities is as follows:

(Millions of yen)

	As at 31 August 2022	As at 31 August 2023
Deferred tax assets:		
Provisions for bonuses	1,127	1,330
Depreciation	1,201	1,607
Loss on shares of subsidiaries and associates	57,395	58,119
Impairment losses	259	241
Allowance for doubtful accounts	3,506	11,225
Unused tax losses carried forward	651	199
Software	2,982	2,123
Others	7,054	7,511
Subtotal	74,178	82,358
Valuation allowance pertaining to tax loss carried forward	(651)	(199)
Valuation allowance pertaining to total of future deductible temporary difference	(65,167)	(74,523)
Valuation allowance subtotal	(65,818)	(74,722)
Total deferred tax assets	8,359	7,635
Deferred tax liabilities:		
Temporary differences on shares of subsidiaries	(1,893)	(1,893)
Others	(1,468)	(1,061)
Total deferred tax liabilities	(3,361)	(2,954)
Net deferred tax liabilities	4,997	4,680

2. The differences between the effective tax rate after applying tax effect and the statutory income tax rate are as follows:

(Percentage)

	As at 31 August 2022	As at 31 August 2023
Statutory income tax rate	30.6%	30.6%
(adjustments)		
Non-taxable dividend income	(20.4)	(31.1)
Increase/(decrease) in valuation allowance	(1.3)	4.5
Foreign withholding tax	2.4	4.0
Others	0.3	(0.6)
Effective tax rates after applying tax effect accounting	11.6	7.4

(Revenue recognition)

The information that forms the basis for understanding revenue generated from contracts with customers is as provided in Significant accounting policies: 5. Basis of revenue and expense recognition.

(Business Combination)

Not applicable.

(Notes on Significant Subsequent Events)

Not applicable.

(5) Supplementary schedule

Details of fixed asset

(Millions of yen)

Types of assets	Balances as at 1 September 2022	Increase	Decrease	Depreciation, amortization during the year	Balances as at 31 August 2023	Accumulated depreciation or amortization as at 31 August 2023
Property, plant and equipment						
Buildings	17,776	1,973	0	2,568	17,179	15,381
Structures	100	75	-	17	158	305
Tools, furniture, and equipment	6,387	188	4	873	5,697	2,794
Land	1,123	-	-	-	1,123	34
Leased assets	88	-	-	40	48	134
Construction in progress	26	2,244	1,580	-	691	-
Total property, plant and equipment	25,503	4,482	1,585	3,500	24,900	18,651
Intangible assets						
Software	47,949	23,573	256	20,287	50,979	-
(Impairments)		-	17	-	-	-
Software in progress	10,669	30,703	23,985	-	17,387	-
(Impairments)		-	184	-	-	-
Others	10	-	-	0	9	-
Total intangible assets	58,629	54,277	24,241	20,288	68,377	-

(Notes) 1. The main factors listed as increase during the year are as follows:

Types of assets	Amount (Millions of yen)	Contents
Software	23,573	Construction cost for new system
Software in progress	30,703	Construction cost for new system

2. The main factors listed as decrease during the year are as follows:

Types of assets	Amount (Millions of yen)	Contents
Software in progress	23,985	Construction cost for new systems (transferred to software as the new system was launched)

Details of provisions

(Millions of yen)

Categories	Balance as at 1 September 2022	Increase	Decrease	Balance as at 31 August 2023
Allowance for doubtful accounts (current)	7,552	1,031	7,552	1,031
Allowance for doubtful accounts (non-current)	3,900	31,950	222	35,628
Provision for bonuses	3,501	4,092	3,501	4,092
Allowances for Affiliated Company Operating Losses	1,324	-	1,324	-

(Note) The increase in the Allowance for doubtful accounts for the current fiscal year is mainly for affiliated companies.

(6) Main details of assets and liabilities

Omitted because the consolidated financial statements are prepared.

(7) Others

Not applicable.

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of FAST RETAILING CO., LTD. (the "Company") and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 August 2023, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 August 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th colspan="2">Valuation of inventories at the lower of cost or net realizable value</th></tr>
<tr><th>Key Audit Matter Description</th><th>How the Key Audit Matter Was Addressed in the Audit</th></tr>
<tr><td>As disclosed in Note 10 to the consolidated financial statements, the Group's total inventories as at 31 August 2023 were JPY 417,347 million, which related to the UNIQLO Japan segment, the UNIQLO International segment and the GU segment, in the aggregate, representing 12.6% of the Group's total assets. In addition, the amount of write-down of inventories to net realizable value was JPY 8,254 million for these segments.

The sales pattern for inventories starts with establishing an initial price, and then subsequently adjusting the price based on the season, weather and customer preferences and demand. Inventories are valued at the lower of cost or net realizable value. Selling price, a component of net realizable value, is frequently adjusted in response to fast-changing market conditions, economic conditions and fashion trends. The adjusted selling price is reflected and maintained in IT systems.

Given the nature of the Group's businesses, changes to inventory, such as adjustments to selling prices, are frequently made to large volumes of inventory at a Stock Keeping Units ("SKUs") level. Therefore, inventory management is highly dependent on the IT systems. In addition, the accuracy of the inventory valuation reports is also dependent upon the IT system. As such, due to the potential impact it may have on the accounting for the write-down of inventories to net realizable value, there are increased risks around the appropriateness of the system configurations (e.g., report logic, parameters, etc.), in addition to the overall maintenance of the IT system.

We identified this matter as a key audit matter given that the value of inventories is material and the valuation of inventories is highly dependent on the IT system.</td><td>Our audit procedures related to this key audit matter included the following, among others:

▪ Evaluation of the cost measurement techniques and inventory valuation approaches established by management, including compliance with IFRSs.

▪ Assessment of the design and operating effectiveness of relevant controls in place addressing the accuracy and completeness of inputs for selling price and cost of inventories.

▪ Involvement of our professionals with expertise in information technology ("IT experts") to evaluate the accuracy and completeness of inventory valuation reports by testing the system interface controls, the report logic and input parameters, as well as general IT controls over the IT system, including testing of user access controls, change management controls and IT operations controls.

▪ Evaluation of the determination of net realizable value, the judgment regarding whether a write-down is required and the amount of write-down of inventories to net realizable value calculated within the inventory valuation report on a representative sample basis.</td></tr>
</table>

Assessment of impairment indicators on store assets	
Key Audit Matter Description	**How the Key Audit Matter Was Addressed in the Audit**
As disclosed in Note 15 to the consolidated financial statements, the Group had store assets attributable to UNIQLO Japan, UNIQLO International and the GU segment amounting to JPY 96,179 million, JPY 244,092 million and JPY 33,870 million, respectively, which in the aggregate represents 11.3% of the Group's total assets as at 31 August 2023. In addition, as disclosed in Note 15 to the consolidated financial statements, the Group's impairment losses attributable to store assets were JPY 2,698 million for the year ended 31 August 2023. Each segment operated 790, 1,634 and 463 stores as at 31 August 2023, respectively, and the performance results of each store are maintained in an IT system. In principle, each store is considered as an individual cash-generating unit ("CGU"). Management uses the performance results of stores (IT system-generated reports) as a key input when assessing whether there is any indication that store assets may be impaired ("Impairment Indicators"). As such, due to the potential impact it may have on the assessment of the Impairment Indicators, there are increased risks around the appropriateness of the system configurations (e.g., report logic, parameters, etc.), in addition to the overall maintenance of the IT system. We identified this matter as a key audit matter given that the value of store assets is material, and the creation of information used in assessment of the impairment indicators is highly dependent on the IT system.	Our audit procedures related to this key audit matter included the following, among others: ▪ Evaluation of management's assessment of Impairment Indicators, identification of CGUs and allocation method of relevant headquarter costs to each CGU used by management, including compliance with IFRSs. ▪ Involvement of our IT experts to evaluate the accuracy and completeness of the impairment indicators identification reports by testing source data of store performance results along with the report logic to allocate headquarter costs, report logic used to identify impairment indicators, and input parameters, as well as the general IT controls over the IT system, including testing of user access controls, change management controls and IT operations controls. ▪ Examination of the Impairment Indicators identification report for the completeness of stores for proper inclusion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Year-end report, but does not include the consolidated financial statements and our auditor's report thereon.
Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Audit & Supervisory Board Members and Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements that gives a true and fair view in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
Audit & Supervisory Board Members and Audit & Supervisory Board are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board Members and Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with Audit & Supervisory Board Members and Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditor's report are Hirofumi Otani and Akira Kimotsuki.

Deloitte Touche Tohmatsu LLC

Tokyo, Japan

30 November 2023

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

30 November 2023

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

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Hirofumi Otani

Designated Engagement Partner,
Certified Public Accountant:

Akira Kimotsuki

Opinion

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited the nonconsolidated financial statements of FAST RETAILING CO., LTD. (the "Company") included in the Financial Section, namely, the nonconsolidated balance sheet as at 31 August 2023, and the nonconsolidated statement of income, and nonconsolidated statement of changes in net asset for the 62nd fiscal year from 1 September 2022 to 31 August 2023, and a summary of significant accounting policies and other explanatory information, and the supplementary schedules.

In our opinion, the accompanying nonconsolidated financial statements present fairly, in all material respects, the financial position of the Company as at 31 August 2023, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Nonconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the nonconsolidated financial statements of the current period. The matter was addressed in the context of our audit of the nonconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Valuation of the shares of subsidiaries and associates	
Key Audit Matter Description	**How the Key Audit Matter Was Addressed in the Audit**
The Fast Retailing group consists of 125 consolidated subsidiaries and 3 associates accounted for using the equity method. The shares of subsidiaries and associates were JPY 622,796 million, represented 44.7% of the Company's total assets on the balance sheet as at 31 August 2023. The shares of subsidiaries and associates do not have a market price and the valuation method is described in "Notes (Investment securities)". The impairment of the shares of subsidiaries and associates without market price is determined by comparing the cost with the net realizable value calculated based on the net assets per share of respective subsidiaries and associates. An impairment	Our audit procedures related to this key audit matter included the following, among others: ▪ Assessment of the design and operating effectiveness of the relevant controls over the investments in subsidiaries and associates to address the appropriateness of the net realizable value calculated by management in accordance with the internal policies, including review and approval. In addition, the testing of accuracy and completeness of the financial information of significant subsidiaries used in the controls. ▪ Evaluation of the reliability of the financial information of significant subsidiaries used as a basis of calculating the net assets per share, by examining the audit procedures and audit results of respective subsidiaries performed by their auditors.

loss is recognized if the net realizable value is less than 50% of the cost. We identified the valuation of shares of subsidiaries and associates as a key audit matter given that the value of the shares without market price is material on the balance sheet.	▪ Examination of the appropriateness of management's valuation of the shares of subsidiaries and associates by comparing the cost with the net realizable value of respective subsidiaries and associates.

Other Information

Management is responsible for the other information. Audit & Supervisory Board Members and Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Year-end Report, but does not include the nonconsolidated financial statements and our auditor's report thereon.

Our opinion on the nonconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the nonconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the nonconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Audit & Supervisory Board Members and Audit & Supervisory Board for the Nonconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the nonconsolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of nonconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the nonconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board Members and Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Nonconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the nonconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these nonconsolidated financial statements.

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

- Identify and assess the risks of material misstatement of the nonconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the nonconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the nonconsolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the nonconsolidated financial statements, including the disclosures, and whether the nonconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Audit & Supervisory Board Members and Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

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

Notes to the Readers of Independent Auditor's Report

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

Internal Control Report

1. Basic framework of internal control in connection with financial reporting

Chairman, President and CEO Tadashi Yanai and Chief Financial Officer Takeshi Okazaki hold responsibility for the preparation and management of internal controls in connection with financial reporting for the Company, its consolidated subsidiaries and associates (hereinafter, the "Group"). The preparation and management of internal controls in connection with financial reporting are conducted in accordance with the basic framework of internal controls described in the "On the Setting of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting - Council Opinions", published by the Business Accounting Council.

The basic elements of our internal controls are organically interconnected, and function as a single whole. Our aim is to achieve their purposes within a reasonable range. For this reason, these internal controls on financial reporting may not completely prevent or discover all misstatements in the financial reports.

2. Scope of evaluation, book-close dates, and evaluation procedures

The internal control evaluation of our financial reports was made on 31 August 2023, which was the last day of the fiscal year under review. This evaluation was made using generally accepted internal control evaluation standards for financial reports.

This evaluation was started with an evaluation of internal controls that have a significant influence on our consolidated financial reports as a whole (company-wide internal controls). The operational processes to be evaluated were selected on the basis of this evaluation. In the evaluation of these operational processes, the selected operational processes were analyzed, and the key points of internal controls that might have a significant influence on the credibility of financial reports were categorized. Then, the status of preparation and operation was evaluated in terms of these key points of internal controls to determine the effectiveness of the internal controls.

The scope of the evaluation of the internal controls on financial reporting is of great importance, both fiscally and qualitatively, for the credibility of the Group's financial reports. The methods and procedures employed are:

Based on the principle that the operational procedures for the entire Company's internal controls, accounts, and financial reports should best be evaluated from a company-wide perspective, these evaluations are performed for the Group as a whole. However, because some consolidated subsidiaries are very small, both fiscally and qualitatively, they are not included within the scope of the evaluation.

Regarding operational procedures, based on the results of the company-wide evaluation of internal controls, and as an indicator of sales (adjusted to exclude intra-group sales) for each of our businesses in the fiscal year under review, those businesses that make up roughly two-thirds of consolidated sales in the fiscal year under review are designated "important businesses. " The selected important businesses are evaluated in terms of broad indicators such as sales, accounts receivable, inventories and other operational procedures. Next, the impact on the Group's financial reports is calculated. Those operational procedures that are of particular importance are added to the evaluation process.

3. Results of evaluation

Based on the evaluation results discussed above, it was determined that the Group's internal controls on financial reports were effective as at the end of the fiscal year under review.

4. Additional items

None

5. Special items

None

Confirmation Note

1. The Company's Chairman, President and CEO Tadashi Yanai and Chief Financial Officer Takeshi Okazaki have reviewed the contents of the financial reports for the Company's 62nd fiscal year (1 September 2022 – 31 August 2023), and confirm they are true, based on the Financial Instruments and Exchange Law.

2. Special items
   None