
Shingo Kunieda

Novak Djokovic

Financial Information

Financial Summary

Fiscal 2014 Financial Highlights

Management's Discussion and Analysis

For complete details, please see the volume *Fast Retailing Co., Ltd. Consolidated Financial Statements for the year ended August 31, 2014.*

Financial Summary

FAST RETAILING CO., LTD. and consolidated subsidiaries
Fiscal years ended August 31

	JGAAP			
	2009	2010	2011	2012
For the year				
Net sales/Revenue	¥685,043	¥814,811	¥820,349	¥928,669
Operating income/Operating profit	108,639	132,378	116,365	126,450
EBITDA*1	112,621	152,141	141,716	150,687
Income before income taxes and minority interests/ Profit before income taxes	95,487	116,867	93,881	123,390
Net income/Profit attributable to owners of the parent	49,797	61,681	54,354	71,654
Net cash provided by operating activities/ Net cash from operating activities	59,214	88,623	57,158	127,643
Net cash used in investing activities	(34,273)	(23,389)	(26,643)	(35,313)
Free cash flow*2	24,941	65,234	30,515	92,330
Net cash used in financing activities	(16,847)	(28,897)	(26,156)	(29,056)
Cash and cash equivalents*3	169,574	200,462	202,104	266,020
Depreciation and amortization	9,765	12,229	18,755	18,573
Capital expenditures	22,601	28,018	33,993	40,184
At year-end				
Total assets	¥463,285	¥507,287	¥533,777	¥595,102
Total net assets/Total equity	261,413	287,987	319,911	394,892
Interest-bearing debt	35,400	28,834	28,263	23,194
Reference indices				
Operating income margin/Operating profit margin (%)	15.9%	16.2%	14.2%	13.6%
ROE/Ratio of profit to equity attributable to owners of the parent (%)	19.1	22.6	18.1	20.4
Equity ratio/Ratio of equity attributable to owners of the parent to total assets (%)	56.0	56.3	59.0	65.0
Debt-equity ratio (%)	13.6	10.1	9.0	6.0
Dividend payout ratio (%)	32.7	38.0	33.7	37.0
Per share data				
Net income/Profit attributable to owners of the parent (EPS) (yen, dollar)	¥ 488.96	¥ 605.99	¥ 533.93	¥ 703.62
Net assets/Equity attributable to owners of the parent (yen, dollar)	2,550.86	2,804.34	3,091.17	3,797.04
Cash dividends (yen, dollar)	160.00	230.00	180.00	260.00
Other data (at fiscal year-end)				
Number of shares outstanding	106,073,656	106,073,656	106,073,656	106,073,656
Market capitalization (¥ billion, $ million)*4	¥ 1,182.7	¥ 1,228.3	¥ 1,535.9	¥ 1,938.0
Number of subsidiaries	96	90	98	91
Total number of stores	2,258	2,203	2,088	2,222
Directly-operated stores in Japan	[1,454]	[1,370]	[1,213]	[1,250]
Directly-operated stores overseas	[397]	[474]	[491]	[589]
Franchise stores	[407]	[359]	[384]	[383]
Commercial complexes	4	4	4	4
Total sales floor space (m^2)*5	740,489m^2	847,523m^2	938,896m^2	1,170,353m^2
Number of full-time employees	11,037	11,596	14,612	18,854

*1 EBITDA (JGAAP) = Operating income + Depreciation and amortization + Amortization of goodwill
EBITDA (IFRS) = Operating profit + Depreciation and amortization
*2 Free cash flow (JGAAP) = Net cash provided by operating activities + Net cash used in investing activities
Free cash flow (IFRS) = Net cash from operating activities + Net cash used in investing activities

Millions of yen (except per share data and other data)			Thousands of U.S. dollars*4	Millions of yen (except per share data and other data)			Thousands of U.S. dollars*4
JGAAP				IFRS			
2013	**2014**	YoY	**2014**	2013	**2014**	YoY	**2014**
¥1,143,003	**¥1,382,907**	+21.0%	**$13,330,513**	¥1,142,971	**¥1,382,935**	+21.0%	**$13,330,782**
132,920	**148,646**	+11.8	**1,432,875**	134,101	**130,402**	(2.8)	**1,257,017**
161,908	**185,434**	+14.5	**1,787,505**	157,708	**161,210**	+2.2	**1,553,993**
141,525	**140,115**	(1.0)	**1,350,645**	155,732	**135,470**	(13.0)	**1,305,869**
90,377	**78,118**	(13.6)	**753,019**	104,595	**74,546**	(28.7)	**718,593**
99,439	**111,399**	+12.0	**1,073,831**	99,474	**110,595**	+11.2	**1,066,083**
(63,901)	**(63,574)**	(0.5)	**(612,824)**	(62,584)	**(56,323)**	(10.0)	**(542,931)**
35,538	**47,825**	+34.6	**461,007**	36,890	**54,272**	+47.1	**523,152**
(23,945)	**(38,014)**	+58.8	**(366,437)**	(24,226)	**(44,060)**	+81.9	**(424,724)**
295,622	**313,746**	+6.1	**3,024,357**	296,708	**314,049**	+5.8	**3,027,275**
23,691	**30,828**	+30.1	**297,170**	23,607	**30,808**	+30.5	**296,975**
39,681	**58,343**	+47.0	**562,404**	39,681	**58,814**	+48.2	**566,945**
¥ 885,800	**¥ 977,609**	+10.4%	**$ 9,423,654**	¥ 901,208	**¥ 992,307**	+10.1%	**$ 9,565,329**
579,591	**626,581**	+8.1	**6,039,923**	589,726	**636,041**	+7.9	**6,131,113**
37,259	**37,561**	+0.8	**362,075**	37,259	**37,561**	+0.8	**362,075**
11.6%	**10.7%**	(0.9)pts.	**10.7%**	11.7%	**9.4%**	(2.3)pts.	**9.4%**
19.1	**13.4**	(5.7)	**13.4**	21.7	**12.5**	(9.2)	**12.5**
63.2	**62.1**	(1.1)	**62.1**	63.3	**62.3**	(1.0)	**62.3**
6.7	**6.2**	(0.5)	**6.0**	6.5	**6.1**	(0.4)	**6.1**
32.7	**39.1**	+6.4	**39.1**	28.2	**41.0**	+12.8	**41.0**
¥ 887.12	**¥ 766.57**	(13.6)%	**$ 7.38**	¥ 1,026.68	**¥ 731.51**	(28.7)%	**$ 7.05**
5,489.86	**5,958.54**	+8.5	**57.43**	5,598.12	**6,067.40**	+8.4	**58.48**
290.00	**300.00**	+3.4	**2.89**	290.00	**300.00**	+3.4	**2.89**
106,073,656	**106,073,656**	—	**106,073,656**	106,073,656	**106,073,656**	—	**106,073,656**
¥ 3,383.7	**¥ 3,452.6**	2.0%	**$ 33,282**	¥ 3,383.7	**¥ 3,452.6**	2.0%	**$ 33,282**
98	**111**	13	**111**	102	**112**	10	**112**
2,449	**2,753**	304	**2,753**	2,449	**2,753**	304	**2,753**
[1,331]	**[1,406]**	75	**[1,406]**	[1,331]	**[1,406]**	75	**[1,406]**
[743]	**[1,072]**	329	**[1,072]**	[743]	**[1,072]**	329	**[1,072]**
[375]	**[275]**	(100)	**[275]**	[375]	**[275]**	(100)	**[275]**
4	**4**	—	**4**	4	**4**	–	**4**
1,387,367m^2	**1,835,095m^2**	447,728m^2	**1,835,095m^2**	1,387,367m^2	**1,835,095m^2**	447,728m^2	**1,835,095m^2**
23,982	**30,448**	6,466	**30,448**	23,982	**30,448**	6,466	**30,448**

*3 Cash and cash equivalents (JGAAP) include cash, time deposits with maturities of generally three months or less and marketable securities.
Cash and cash equivalents (IFRS) include cash, bank deposits with maturity over three months and marketable securities.

*4 Calculations are based on the closing share price of ¥32,550 at the end of August 2014 and an exchange rate of ¥103.74 to U.S.$1.

*5 Total sales floor space includes only directly-operated stores.

Fiscal 2014 Financial Highlights

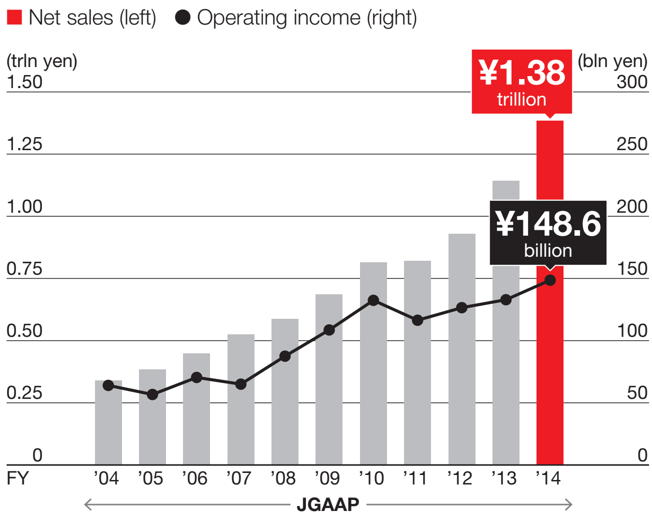
■ Fiscal 2014: Group Overview JGAAP

Operating income for the Fast Retailing Group rose thanks to strong gains in sales and income at UNIQLO Japan and UNIQLO International. UNIQLO Greater China and South Korea strongly contributed to profits at UNIQLO International. However, impairment losses at J Brand knocked down consolidated net income. The annual dividend per share increased ¥10 to ¥300.

Net sales **¥1.38** trillion **+21.0%**

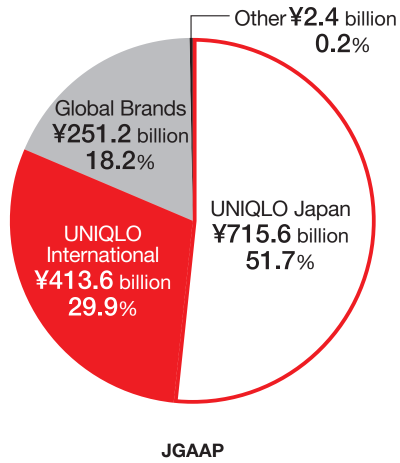
Operating income **¥148.6** billion **+11.8%**

UNIQLO International surges ahead with strong performance from Greater China, reports strong gains in sales and income.



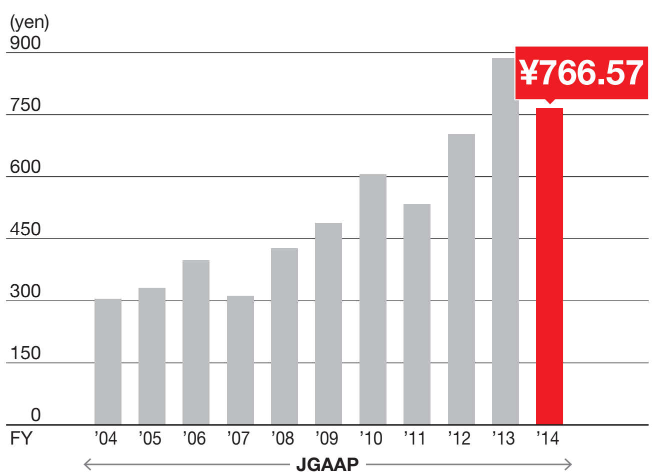
UNIQLO International's contribution to sales **29.9%** **+7.9pt**

UNIQLO International's contribution to Group sales rises to 29.9% on the back of aggressive new store openings.



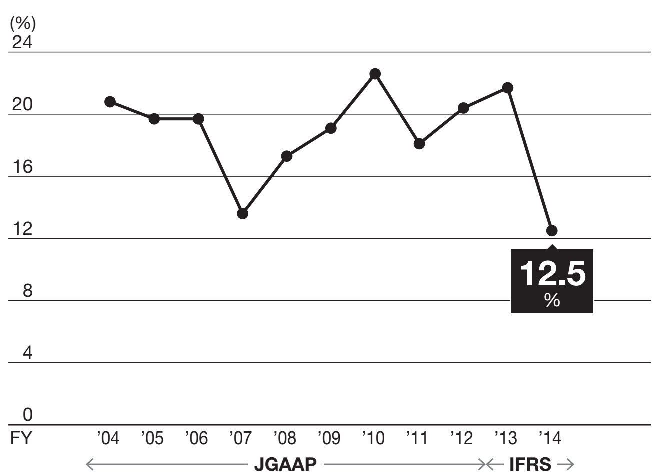
Earnings per share **¥766.57** **-13.6%**

The reporting of impairment losses at J Brand knocks EPS down 13.6% year on year.



Return on equity* **12.5%** **-9.2pt**

J Brand impairment losses decreased net income, shaving ROE to 12.5%.



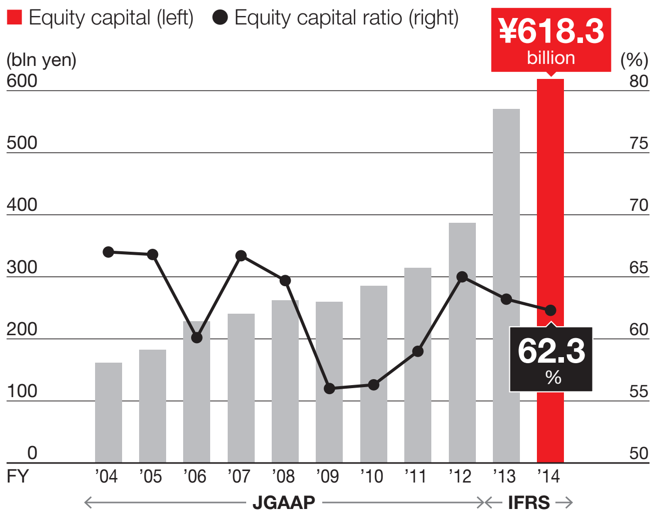
* Ratio of profit to equity attributable to owners of the parent (under IFRS)

Adoption of International Financial Reporting Standards

Approximately one third of Fast Retailing Group revenue is generated outside Japan. Operations are becoming increasingly global, and the company has listed Hong Kong Depositary Receipts on the Hong Kong Stock Exchange. For these reasons, Fast Retailing decided to switch from Japanese Generally Accepted Accounting Principles (JGAAP) to International Financial Reporting Standards (IFRS), starting from the year ended August 31, 2014. To ensure continuity with previous financial reporting, the income statement and data for individual business segments in this annual report are calculated using JGAAP, while the balance sheet and cash flow data are calculated using IFRS. For IFRS data, please see *Fast Retailing Co., Ltd. Consolidated Financial Statements for the year ended August 31, 2014.*

Equity capital ratio* 62.3% -0.9pt

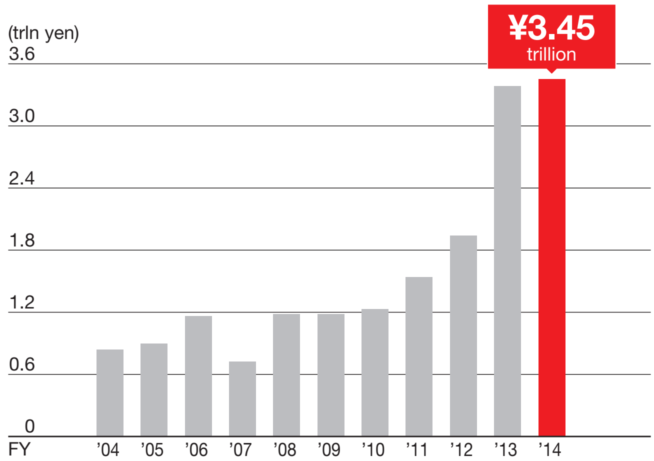
Despite the 0.9 point year-on-year contraction, our equity capital ratio remained high at 62.3%.



* Ratio of equity attributable to owners of the parent to total assets (under IFRS)

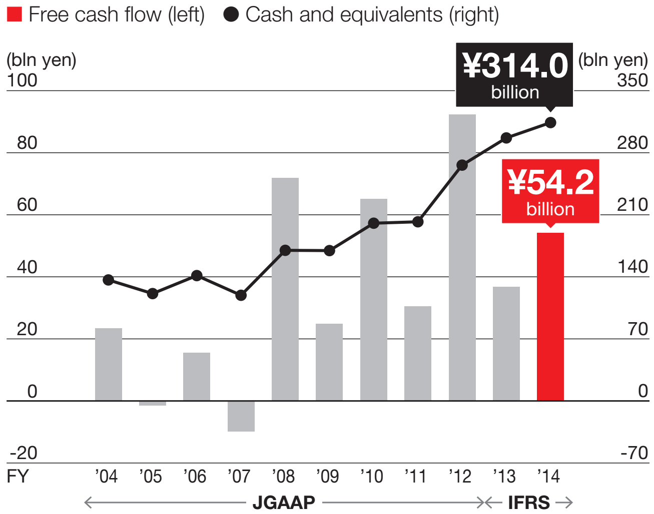
Market capitalization ¥3.45trillion +2.0%

Due to increase in share price from ¥31,900 on August 31, 2013 to ¥32,550 on August 31, 2014.



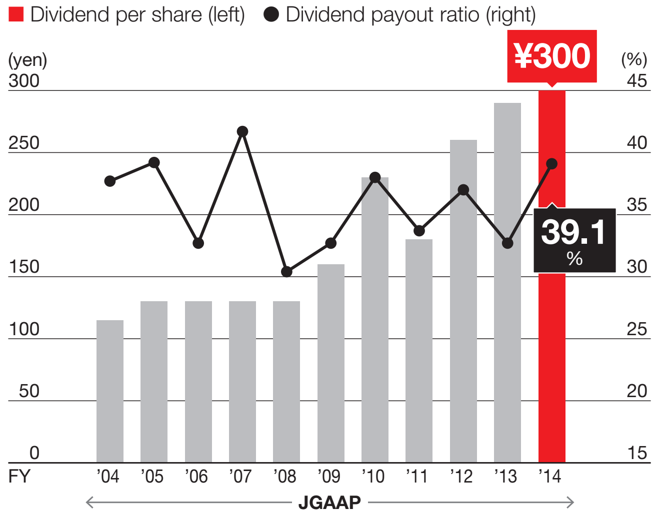
Cash and equivalents ¥314.0billion +5.8%

A large free cash flow boosted cash, cash equivalents and marketable securities to ¥314.0 billion.



Dividend per share ¥300 +¥10

Annual dividend per share: ¥300 (+¥10 YoY). Dividend payout ratio: 39.1%.



Management's Discussion and Analysis

Highlights of Group Performance in Fiscal 2014 (Year to August 31, 2014) JGAAP

- Strong increases in sales and income at UNIQLO Japan and UNIQLO International boosted consolidated sales to ¥1.38 trillion (+21.0% YoY) and operating income to ¥148.6 billion (+11.8% YoY)
- Net income dropped 13.6% YoY to ¥78.1 billion following ¥12.7 billion impairment loss at J Brand
- Annual dividend per share: ¥300 (up ¥10 YoY), dividend payout ratio 39.1%

1 Operating Environment and Management Strategy JGAAP

Overall, conditions in the Japanese retail industry remained severe in fiscal 2014, with the deterioration in consumer confidence following the April 1 sales-tax increase undermining any positive impact from the gradual improvement in the broader economy. We faced some operational challenges, as rising raw materials prices and a weaker yen boosted the cost of apparel manufacture, and Japanese personnel costs increased.

Despite that, Fast Retailing achieved increases in net sales and income in fiscal 2014, with consolidated sales reaching ¥1.38 trillion (+21.0% YoY) and operating income ¥148.6 billion (+11.8% YoY). UNIQLO Japan performed well on the back of firm sales and improved gross margins. UNIQLO International's aggressive store expansion strategy generated significant increases in both sales and income, with especially strong profit contributions from UNIQLO Greater China and South Korea. Income at Global Brands decreased on the back of lackluster performances from our low-priced GU casualwear brand and Theory fashion label. Consolidated ordinary income rose by just 5.3% to ¥156.8 billion, as foreign exchange gains on our foreign currency assets decreased. Net income decreased by 13.6% to ¥78.1 billion, following a ¥12.7 billion impairment loss at our J Brand premium denim operation.

Fast Retailing pursued its vision of becoming the world's No.1 apparel manufacturer and retailer through corporate globalization, Group-wide cooperation and a renewed entrepreneurial spirit. We expanded UNIQLO's international operations and strengthened our operational base by targeting 200 new store openings annually, and opening more global flagship and hotspot stores in major cities. We also looked to expand the GU and Theory brands.

Number of Stores by Business Segment

FY	2014			2013
Unit: Stores	End Aug.	Open	Close	End Aug.
UNIQLO Japan:	**852**	54	55	853
Directly operated	**831**	51	54	834
Large-scale	**199**	26	4	177
Standard	**632**	25	50	657
Franchise	**21**	3	1	19
UNIQLO International:	**633**	193	6	446
China	**306**	83	2	225
Hong Kong	**22**	5	1	18
Taiwan	**46**	9	0	37
South Korea	**133**	31	3	105
Singapore	**18**	6	0	12
Malaysia	**21**	11	0	10
Thailand	**20**	10	0	10
The Philippines	**16**	10	0	6
Indonesia	**4**	3	0	1
Australia	**1**	1	0	0
U.S.	**25**	18	0	7
U.K.	**10**	0	0	10
France	**6**	3	0	3
Russia	**4**	2	0	2
Germany	**1**	1	0	0
Global Brands:	**1,268**	152	34	1,150
GU	**276**	77	15	214
Theory*	**460**	58	9	411
Comptoir des Cotonniers*	**374**	8	9	375
Princesse tam.tam*	**152**	3	1	150
J Brand	**6**	6	0	0
Total	**2,753**	399	95	2,449

* Including franchise stores
Note: This table does not include mina or Grameen UNIQLO

Performance by Business Segment JGAAP

FY	2014			2013		
	Billions of yen	YoY change Billions of yen	% change	Billions of yen	YoY change Billions of yen	% change
UNIQLO Japan						
Net sales	**¥715.6**	**¥32.3**	**+4.7**	¥683.3	¥63.2	+10.2
Operating income	**110.6**	**13.8**	**+14.2**	96.8	-5.4	-5.4
UNIQLO International						
Net sales	**413.6**	**162.4**	**+64.7**	251.1	98.0	+64.0
Operating income	**34.7**	**16.4**	**+89.5**	18.3	7.3	+66.8
Global Brands*						
Net sales	**251.2**	**44.9**	**+21.8**	206.2	53.2	+34.8
Operating income	**16.3**	**-1.1**	**-6.6**	17.4	2.9	+20.1

* Global Brands includes GU, Theory, Comptoir des Cotonniers, Princesse tam.tam and J Brand operations.
Note: Consolidated sales also include items reported by the holding company, Fast Retailing Co., Ltd., such as real estate leasing. Consolidated operating income includes FR operating income and goodwill amortization.

2 Net Sales JGAAP

Consolidated net sales rose 21.0% year on year to ¥1.38 trillion. The ¥239.9 billion increase in sales breaks down into ¥162.4 billion from UNIQLO International, ¥32.3 billion from UNIQLO Japan, and ¥44.9 billion from Global Brands. UNIQLO International's sales network expanded by 187 stores, from 446 in fiscal 2013 to 633 in fiscal 2014, and operations in Greater China, South Korea and Europe generated further same-store sales growth. Same-store sales also increased at UNIQLO Japan by 1.9%, thanks to consistently strong sales of core ranges such as HEATTECH, jeans, Ultra Light Down and AIRism.

3 Gross Profit Margin JGAAP

Gross profit rose 24.4% year on year to ¥701.8 billion while the gross profit to net sales ratio (gross profit margin) improved 1.5 points to 50.8%. This was due mainly to the 3.0-point improvement in the gross profit margin at UNIQLO Japan. UNIQLO Japan's gross profit margin in the second half of fiscal 2014 has improved by an even more impressive 5.9 points on strong sales of Spring/Summer core items and new skirts and blouses.

4 Selling, General and Administrative Expenses (SG&A) JGAAP

SG&A expenses amounted to ¥553.1 billion for fiscal 2014. The SG&A to net sales ratio increased 2.3 points year on year to 40.0%, fueled largely by a 1.7-point increase in the SG&A ratio at UNIQLO Japan, which reported increased costs for distribution and warehousing, as well as for part-time and contract in-store staff.

5 Operating Income JGAAP

Operating income increased 11.8% year on year to ¥148.6 billion. The operating income margin decreased 0.9 point to 10.7%.

6 Non-Operating Income/Loss and Extraordinary Income/Loss JGAAP

The non-operating balance decreased by ¥7.8 billion to ¥8.1 billion in fiscal 2014. This was due to a ¥7.3 billion contraction in foreign exchange gains to ¥8.1 billion. The Group reported an extraordinary loss of ¥19.1 billion, including impairment losses of ¥4.6 billion at UNIQLO Japan and other Group stores and ¥12.7 billion at J Brand.

7 Income Taxes and Other Taxes JGAAP

Corporate income taxes, resident taxes, enterprise taxes and deferred income taxes totaled ¥57.2 billion in fiscal 2014. Our effective corporate tax rate after applying tax effect accounting was 40.8%, 2.8 points higher than Japan's statutory tax rate of 38.0%, mainly because a portion of the J Brand impairment loss did not qualify for tax effect accounting.

8 Net Income and Dividend JGAAP

Net income decreased 13.6% year on year to ¥78.1 billion due to the reporting of impairment losses at J Brand. Net earnings per share fell ¥120.55 to ¥766.57. However, the annual dividend rose ¥10 to ¥300 per share, resulting in a dividend payout ratio of 39.1%. ROE contracted 5.7 points to 13.4%.

■ Breakdown of SG&A Expenses JGAAP

FY	2014			2013			2012		
	Millions of yen	% to sales	% change	Millions of yen	% to sales	% change	Millions of yen	% to sales	% change
Personnel	**¥184,480**	**13.3**	**+32.0**	¥139,746	12.2	+24.5	¥112,238	12.1	+10.6
Advertising and promotion	**60,119**	**4.3**	**+14.5**	52,519	4.6	+20.2	43,694	4.7	+21.8
Rent	**140,149**	**10.1**	**+24.0**	113,068	9.9	+21.6	93,010	10.0	+13.3
Depreciation	**30,828**	**2.2**	**+30.1**	23,691	2.1	+27.6	18,573	2.0	+26.3
Others	**137,609**	**10.0**	**+34.8**	102,065	8.9	+25.2	81,501	8.8	+8.2
Total	**¥553,187**	**40.0**	**+28.3**	¥431,091	37.7	+23.5	¥349,016	37.6	+12.8

9 Results by Business Segment JGAAP

UNIQLO Japan

UNIQLO Japan reported increases in net sales and operating income in fiscal 2014. Net sales rose 4.7% year on year to ¥715.6 billion and operating income increased 14.2% to ¥110.6 billion. Many retailers experienced a rush prior to the April rise in the sales tax rate, followed by a lull. However, we enjoyed firm sales throughout the year, in large part thanks to core ranges such as HEATTECH, Ultra Light Down and AIRism, and we had a very strong performance from our new range of women's items, which includes skirts and blouses. As a result, same-store sales rose 1.9%, and the gross profit margin improved by 3.0 points to 49.5%. The gross profit margin improved by an especially impressive 5.9 points in the second half (March to August) of fiscal 2014. Meanwhile, the SG&A ratio rose 1.7 points to 34.1%, on the back of higher costs for part-time and contract in-store personnel and rising distribution costs. UNIQLO Japan's decision to increase the number of basic items on offer year round also boosted distribution and warehousing costs.

In fiscal 2014, we opened 51 stores and closed 54 stores, resulting in a total of 831 stores (excluding 21 franchise stores). We successfully increased the average size of UNIQLO Japan stores through our "scrap and build" policy of replacing small stores with large-scale stores of 1,600m^2 or more. As a result, the number of large-scale outlets increased by 22 to 199 stores, and the average shop floor space for directly run stores expanded by 4.4% year on year to 882m^2.

UNIQLO International

UNIQLO International reported significant growth, with net sales rising 64.7% year on year to ¥413.6 billion and operating income increasing by an impressive 89.5% to ¥34.7 billion. UNIQLO operations in Greater China (Mainland China, Hong Kong and Taiwan) and South Korea performed especially well. UNIQLO Southeast Asia and Oceania reported increases in net sales and operating income, while improved profitability nudged UNIQLO Europe into the black. Meanwhile, losses at UNIQLO USA held close to the previous year's level.

In fiscal 2014, UNIQLO International added a net total of 187 stores (opened 193 and closed 6) for a final total of 633 stores. That represents a net increase of 94 stores in Greater China, 28 in South Korea, 41 in Southeast Asia and Oceania (Singapore, Malaysia, Thailand, the Philippines, Indonesia, Australia), 6 in Europe (United Kingdom, France, Russia, Germany), and 18 in the United States. Our first UNIQLO stores in Germany (Berlin) and Australia (Melbourne), opened in April 2014, have both been successful.

UNIQLO Greater China reported considerable growth, with net sales rising by 66.5% to ¥208.1 billion and operating income increasing by 83.0% to ¥24.8 billion. Continued growth in same-store sales generated significant increases at UNIQLO South Korea. Southeast Asia and Oceania reported increases in net sales and operating income. The new Australian operation outstripped our sales expectations.

UNIQLO Europe's decision to review its product mixes helped drive double-digit growth in same-store sales and boost profitability. Indeed, UNIQLO Europe reported an overall profit, even after incorporating losses from the opening of our first German store in April. This Berlin global flagship store is generating favorable sales and boosting UNIQLO's brand presence in Europe.

UNIQLO USA performed well in the first half of fiscal 2014 but was unable to reduce its operating loss for the full year following a cool summer and increased costs relating to new store openings. We expanded our reach into Philadelphia, Boston, Stamford and Los Angeles, opening 18 new stores to boost the total network to 25.

Global Brands

Global Brands reported a rise in net sales and a fall in operating income. Net sales rose by 21.8% to ¥251.2 billion while operating income dropped 6.6% to ¥16.3 billion. The addition of new stores boosted sales for each individual brand, but profits fell at GU, Theory and Princesse tam.tam. We reported a ¥12.7 billion impairment loss due to continued losses at J Brand premium denim.

Our low-priced GU casualwear brand reported a 28.4% increase in net sales to ¥107.5 billion but a 10.8% reduction in operating income to ¥6.8 billion. Net sales and operating income rose in the first half of fiscal 2014, however an over-emphasis on youth fashion dampened sales in the second half of fiscal 2014, leading to greater discounting and a fall in full-year profits. GU increased its network by 62 stores to 276.

Our Theory fashion label reported a slight fall in profits. As for our France-based brands, Comptoir des Cotonniers reported increases in net sales and operating income as expected, while the cool summer dampened swimwear sales at Princesse tam.tam, knocking profits down.

10 Balance Sheet IFRS

Total assets rose ¥91.0 billion year on year to ¥992.3 billion. Current assets increased ¥79.5 billion to ¥717.0 billion, mainly due to a ¥55.7 billion increase in inventories to ¥223.2 billion. Inventories rose by ¥15.5 billion at UNIQLO Japan, ¥33.6 billion at UNIQLO International and ¥5.1 billion at Global Brands. At UNIQLO Japan, higher stocks of basic garments to be sold year round boosted inventories. At UNIQLO International, the net addition of 187 new stores boosted inventories, while at Global Brands, the targeted expansion of the GU and Theory brands was largely responsible for the rise. In addition, cash and cash equivalents increased by ¥17.3 billion to ¥314.0 billion.

Non-current assets increased by ¥11.6 billion to ¥275.2 billion. This increase was largely due to a ¥23.0 billion increase in property, plant and equipment related to the addition of 187 new stores at UNIQLO International and 118 stores at Global Brands. Current liabilities increased by ¥55.6 billion to ¥273.1 billion on the back of a ¥31.7 billion increase in trade and other payables. Non-current liabilities decreased by ¥10.8 billion to ¥83.0 billion following a ¥12.3 billion fall in deferred tax liabilities to ¥37.3 billion.

Total equity increased by ¥46.3 billion to ¥636.0 billion, including a ¥79.3 billion increase in net income and a ¥31.2 billion decrease in dividend payments out of retained earnings. The ratio of equity attributable to owners of the parent contracted 1.0 point to 62.3%. This was due to the fact that, while total assets increased by ¥91.0 billion year on year, equity attributable to the owners of the parent only increased by ¥47.9 billion.

■ Consolidated Subsidiaries (at end of August 31, 2014)

Company name	Share ownership
Holding Companies	
FAST RETAILING CO., LTD.	–
FAST RETAILING (SINGAPORE) PTE. LTD.	100.0%
FAST RETAILING FRANCE S.A.S.	100.0%
Fast Retailing USA, Inc.	100.0%
UNIQLO Business	
UNIQLO CO., LTD.	100.0%
UNIQLO EUROPE LIMITED	100.0%
FAST RETAILING (CHINA) TRADING CO., LTD.	100.0%
FRL Korea Co., Ltd.	51.0%
LLC UNIQLO (RUS)	100.0%
UNIQLO TRADING CO., LTD.	100.0%
UNIQLO (THAILAND) COMPANY LIMITED	75.0%
PT. FAST RETAILING INDONESIA	75.0%
UNIQLO AUSTRALIA PTY LTD	100.0%
FAST RETAILING (SHANGHAI) TRADING CO., LTD.	100.0%
Global Brands	
J Brand, Inc.	100.0%
J BRAND Japan Co., Ltd.	100.0%
G.U. CO., LTD.	100.0%
LINK THEORY JAPAN CO., LTD.	100.0%
COMPTOIR DES COTONNNIERS JAPAN CO., LTD.	100.0%

11 Cash Flow Information IFRS

In fiscal 2014, net cash from operating activities totaled ¥110.5 billion, net cash used in investing activities totaled ¥56.3 billion and net cash used in financing activities totaled ¥44.0 billion. As a result, total free cash flow from both operating and investing activities totaled ¥54.2 billion, and the balance of cash and cash equivalents increased by ¥17.3 billion to ¥314.0 billion at the end of fiscal 2014.

The Group seeks to ensure consistent, steady growth by effectively using retained earnings and free cash flow both for mergers and acquisitions (M&A) that facilitate the expansion of the Group, and also for investments and loans that strengthen our operational base.

Net Cash from Operating Activities: ¥110.5 Billion

Net inflows included ¥135.4 billion in profit before income taxes and ¥30.8 billion in depreciation and amortization. Working capital outflows, calculated from trade receivables, inventories and trade payables, increased to ¥42.6 billion. Because of the weekly schedule of bank closures at the end of the fiscal year, accounts payable increased by only ¥10.4 billion in fiscal 2014, compared to an increase of ¥46.9 billion in fiscal 2013. Net income taxes paid amounted to ¥55.5 billion.

Net Cash Used in Investing Activities: ¥56.3 Billion

This includes ¥41.4 billion in acquisitions of property, plant and equipment, which helped to expand UNIQLO International and Global Brands store networks, and ¥7.5 billion for the acquisition of intangible assets such as systems investment. Consolidated capital expenditure totaled ¥58.8 billion (UNIQLO Japan: ¥10.3 billion, UNIQLO International: ¥31.4 billion, Global Brands: ¥7.7 billion, Fast Retailing systems investment, etc.: ¥8.7 billion).

Net Cash Used in Financing Activities: ¥44.0 Billion

This includes ¥31.2 billion in cash dividend payments, ¥3.8 billion for the repayment of long-term debt, and ¥6.0 billion to acquire non-controlling interests.

12 Dividend Policy

Returning a portion of our profits to shareholders is a top priority. Our policy is to pay an appropriate dividend, closely linked to performance, after considering the funds required to expand Group operations, increase profits and maintain financial soundness. The Group paid an annual dividend of ¥300 per share in fiscal 2014. This translates into an annual dividend payout ratio of 39.1% under JGAAP.

13 Major Differences between JGAAP and IFRS Calculations for Operating Income

Under JGAAP, operating income was ¥148.6 billion in fiscal 2014, a year-on-year increase, while under IFRS, that figure was ¥130.4 billion, a year-on-year decrease. This ¥18.2 billion discrepancy can be explained by four main factors:

① The ¥12.7 billion impairment loss at J Brand and the ¥4.6 billion impairment loss on stores reported as a special loss under JGAAP are treated as other expenses under IFRS and subtracted directly from operating income.

② Amortization amounting to ¥6.6 billion in J Brand intangible assets and goodwill amortization recorded in previous fiscal years under JGAAP is reported as an additional impairment loss under IFRS and subtracted directly from operating income.

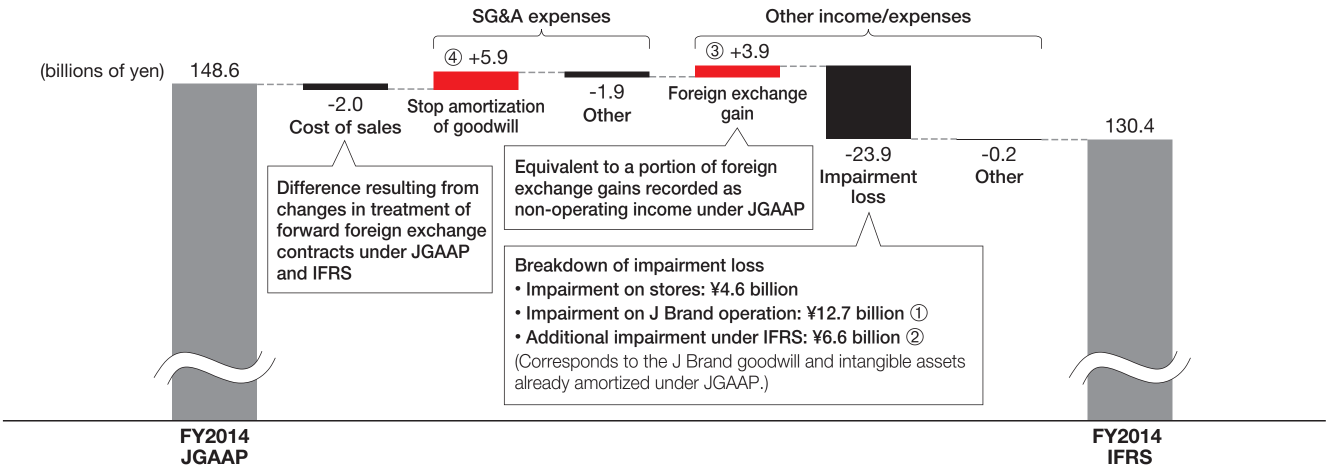
③ ¥3.9 billion in foreign exchange gains, reported as non-operating income under JGAAP, is recorded as other income under IFRS and added directly to operating income.

④ ¥5.9 billion in goodwill amortization recorded under JGAAP is not recorded under IFRS, increasing operating income accordingly.

■ Fiscal 2014 Group Performance (JGAAP vs IFRS)

	IFRS		JGAAP	
(billions of yen)	2014	% change	2014	% change
Revenue	**¥1,382.9**	+21.0	**¥1,382.9**	+21.0
Gross profit	**699.7**	+23.8	**701.8**	+24.4
Selling, general and administrative expenses	**549.1**	+28.9	**553.1**	+28.3
Operating income	**130.4**	-2.8	**148.6**	+11.8
Income attributable to owners of the parent	**74.5**	-28.7	**78.1**	-13.6

■ Major Differences in Group Operating Income (JGAAP vs IFRS)



14 Outlook for Fiscal Year 2015 (as of January 8, 2015) IFRS

We forecast rises in revenue and profit, with revenue reaching ¥1.60 trillion (+15.7% YoY), operating profit ¥180.0 billion (+38.0% YoY) and net income attributable to owners of the parent reaching ¥100.0 billion (+34.1% YoY). We forecast net earnings per share (EPS) of ¥981.18, and an annual dividend per share of ¥320 (¥160 interim and year-end dividends).

All three business segments are expected to generate increases in revenue and profit. At UNIQLO Japan, we expect same-store sales growth of 3.5%. We plan to open 37 stores and close 54 stores, reducing the total number of directly operated stores by 17 stores to 814. Having said that, 9 of the 54 stores earmarked for closure will become employee franchise stores, boosting the number of franchise outlets to 30. Including these franchise stores would make a total of 844 UNIQLO Japan stores.

UNIQLO International is expected to expand to 818 stores, with 100 new stores scheduled to open in Greater China, 30 in South Korea, 45 in Southeast Asia and Oceania, 20 in the United States and 5 in Europe. We expect Global Brands to expand to 1,353 stores, including 50 additional stores for GU, 45 for Theory and 5 for Comptoir des Cotonniers. Overall, the Fast Retailing Group store network should expand by 262 stores, for a total of 3,015 in fiscal 2015.

■ Store Openings by Segment

FY	2015				2014
Unit: Stores	Open	Close	Net	End Aug.	End Aug.
UNIQLO Japan	47	55	-8	**844**	852
Directly operated	37	54	-17	**814**	831
Large-scale	16	5	11	**210**	199
Standard	21	49	-28	**604**	632
Franchise	10	1	9	**30**	21
UNIQLO International	200	15	185	**818**	633
Global Brands*	100	15	85	**1,353**	1,268
Total	347	85	262	**3,015**	2,753

* Including franchise stores
Note: Excluding mina and Grameen UNIQLO

15 Risk Factors

Fast Retailing management regards the following to be the principal risk factors associated with the operations of Fast Retailing and other members of the Group, taking into account the potential of these factors to materially impact the decisions of investors. Management engages in rigorous risk avoidance and risk management, and strives to respond appropriately to adverse circumstances.

Fast Retailing judges and anticipates future risks based on its latest financial report (November 25, 2014) and other available information.

(1) Specific risks associated with the implementation of corporate strategy

(a) Corporate acquisition risk

The Group engages in M&A activities as a strategy for the expansion of operations. The Group seeks to maximize its corporate value by optimizing its business portfolio through the pursuit of synergies with other companies or industries. However, cases where the Group is unable to realize the expected profit or benefits from M&A activities could potentially have an adverse impact on business results.

(b) 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. Any member of the management becoming unable to fulfill his or her duties could have an adverse impact on business results.

(c) Competitive risk

In each of its businesses, the Group's customers are always highly discriminating about merchandise, services and prices. The Group engages in intense competition with other companies in the same industry, both in Japan and in other markets. Should the relative competitive strength of the Group deteriorate, this could have an adverse impact on business results.

(d) Risk of reliance on certain regions for production

Most items sold through the Group's core UNIQLO business operations are imports manufactured in China and other countries in Asia. For this reason, a major change in the political, economic and/or legal environment, or a natural disaster in any of these countries could have an impact on the Group's ability to supply products. Furthermore, any major rise in the cost of raw materials could have an adverse impact on business results.

(e) Risk of operations outside Japan

The Group is developing its business activities through M&A and actively expanding its operations in markets outside Japan. As the Group opens multiple stores in countries around the world, the ratio of non-Japan sales to overall net sales is expected to rise. In conjunction with this, we recognize several factors that could have an adverse impact on the Group's business results, including changes in market needs and product trends, economic fluctuations, political and social turbulence, changes in legal regulations or other conditions in markets outside Japan, or difficulties in employing and training appropriate management and local employees.

(f) Foreign currency risk

For most products imported for the UNIQLO business, which is the Group's core business, transactions are conducted in U.S. dollars. The Group has concluded forward foreign exchange contracts to cover imports for approximately the next three years. By locking in the foreign exchange rate for its imports, the Group endeavors to stabilize its procurement costs. However, any major movements in exchange rates that persist for prolonged periods could have an adverse impact on the Group's business results.

(2) General business risks

The Group recognizes the following risks associated with the management and conduct of its operations: (1) product liabilities, (2) leakage of comprehensive corporate and/or personal information, (3) weather conditions, (4) natural disasters, (5) disputes and/or lawsuits, and (6) changes in economic conditions and/or consumption trends.