FINANCIAL AND NON-FINANCIAL INFORMATION

Realize Consistent Business Growth and a Sustainable Society

Evolving Sustainability Activities

2001
2004
2006
2011
2017
2021
- Started clothing aid for Afghan refugees
- Started monitoring factory working environments
- Launched All-product Recycling Campaign (expanded into RE:UNIQLO from 2020)
- Formed global partnership with UNHCR
- Published list of major garment factories
- Announced FY2030 targets and plan to transform LifeWear into a new type of industry

SUSTAINABILITY TARGETS

- Aim to reduce greenhouse gas emissions from main stores and offices by 50% vs. FY2019 levels by FY2030, and by 20% across the UNIQLO and GU supply chain.
- Increase ratio of recycled materials to 50% of total materials by FY2030.
- Reduce waste materials during product delivery to zero.
- Reduce per-factory water usage per unit by 10% vs. 2020 levels by end 2025.
- Implement social contribution activities worth ¥10 billion* a year by FY2025.
- Aim not simply to guarantee minimum wages, but to realize living wages.
- Increase ratio of female managers to 50% by FY2030.

*Together with Tadashi Yanai, the Fast Retailing Foundation, and others.
UNIQLO International’s contribution to total revenue rose by 5 percentage points to 48.7%. S/SE Asia & Oceania revenue increased significantly (by approx. 60%). North America and Europe revenue rose sharply on gradually expanding UNIQLO presence.

ROE (Ratio of profit to equity attributable to owners of the Parent) rose 4 percentage points to 20.4% following an impressive 60.9% increase in profit attributable to owners of the Parent.

Increased by 4.6 points to 49.1% following a ¥445.1 billion increase in equity attributable to owners of the Parent.

Free cash flow totaled ¥218.5 billion (¥430.8 billion generated by operating activities minus ¥212.2 billion used in investing activities). Cash spent on financing activities totaled ¥213.0 billion. As a result, cash and cash equivalents totaled ¥1.358 trillion.

Increased by ¥46.7 to ¥206.7. The comparatively low 23.2% dividend payout ratio was due to ¥114.3 billion in recorded foreign exchange gains on foreign-currency denominated assets, etc. The payout ratio was similar to other years when that is factored in.

Basic earnings per share (EPS) increased 60.9% to ¥891.8 thanks to a sharp rise in operating profit and a sharply higher net finance income of ¥116.2 billion including foreign exchange gains on foreign-currency denominated assets, etc.

Increased 19.4% to ¥297.3 billion. UNIQLO International profit rose by a significant 42.4% thanks to sharply higher profit from Southeast Asia & Oceania and improved profitability from North America and Europe. Achieved new record high even after removing the boost from a weaker yen.
Waste
We aim to achieve zero landfill waste as soon as possible by reducing, replacing, reusing, and recycling materials for product packaging, cardboard boxes used during transportation, plastic bags, and hangers.

Energy Usage
(1) (Fast Retailing)
We are boosting the efficiency of energy use in stores and across the supply chain, while also planning and developing functional clothing that can help reduce energy consumption in customers’ daily lives.

We donate clothes collected from customers through our product reuse and recycling activities to refugees and internally displaced persons worldwide. We have donated approximately 50.5 million items in total (from 2006 to August 2022).

The Power of Clothing Project is a participatory learning program for elementary, junior high, and high school students run with UNHCR. After attending classes given by our employees, students organize the collection of kids’ clothing in their schools and communities. Collected items are donated to refugees and other people in need of clothes, or they are recycled.

Ratio of Female Managers
We aim to increase the ratio of women in management positions* to 50.0% by FY2030. The ratio has steadily improved to 43.7% in FY2022. Going forward, we will strengthen our efforts by focusing primarily on the comparatively low ratio in Japan.

* Management positions refer to block leaders and area managers in the value department store managers of a certain grade and above; and head office executive officers, directors, and managers.

Greenhouse Gas (GHG) Emissions
(Scope 3)
We aim to reduce GHG emissions from the production of raw materials and fabrics and the sewing of UNIQLO and GU products by 20% by FY2030. Promoting recycled materials development helped increase the Group’s ratio of recycled materials for Spring Summer and Fall Winter 2021 to 5%, as planned.

We aim to reduce GHG emissions derived from energy use at our main stores and offices by 50% by FY2030 (v. FY2019). We have already achieved 100% renewable energy in Europe, North America, Vietnam, Indonesia, and Thailand.

We assess water usage in high water-risk areas and work with factories using a lot of water to make reductions. We aim to reduce water usage per unit at each factory by 10% (v. 2020) by end of 2025 at major garment and materials factories accounting for 80% of the water used for our products.

We aim to achieve zero landfill waste as soon as possible by reducing, replacing, reusing, and recycling materials for product packaging, cardboard boxes used during transportation, plastic bags, and hangers.

We assess water usage in high water-risk areas and work with factories using a lot of water to make reductions. We aim to reduce water usage per unit at each factory by 10% (v. 2020) by end of 2025 at major garment and materials factories accounting for 80% of the water used for our products.

The Power of Clothing Project: Participating Schools
The Power of Clothing Project is a participatory learning program for elementary, junior high, and high school students run with UNHCR. After attending classes given by our employees, students organize the collection of kids’ clothing in their schools and communities. Collected items are donated to refugees and other people in need of clothes, or they are recycled.

*1 UNIQLO and GU garment factories and UNIQLO fabric mills
*2 Fiscal year for head office, January to December for supply chain

FINANCIAL AND NON-FINANCIAL INFORMATION NON-FINANCIAL HIGHLIGHTS
Message from Our CFO

Transform Business Structures, Accelerate Globalization and Sustainability Initiatives

Takeshi Okazaki
Director
Group Senior Executive Officer and CFO
Fast Retailing Co., Ltd.

Business Performance Review and Outlook

Fast Retailing achieved record results in FY2022 with revenue increasing and profit expanding significantly. Revenue totaled ¥2,301.1 trillion (+7.9%) year on year and operating profit totaled ¥297.3 billion (+19.4%). As the COVID-19 pandemic was brought under control, sales recovered steadily in all markets thanks to a recovery in clothing demand, our consistent strengthening of LifeWear branding worldwide, and our nimble response to changing production, distribution, and other environments. After the period-end exchange rate depreciated by a significant ¥29 to 1 USD=138.7 JPY, we recorded foreign exchange gains of ¥114.3 billion on foreign-currency denominated financial assets. As a result, profit before income taxes totaled ¥413.5 billion (+55.6%) and profit attributable to owners of the Parent totaled ¥273.3 billion (+60.9%). The weaker yen boosted performance, but we still achieved record results after stripping out this impact.

UNIQLO International performed especially well, generating revenue of ¥1,187.9 trillion (+20.3%) and operating profit of ¥158.3 billion (+42.4%). Profit from the Greater China region slumped due to COVID-19 restrictions on movement, but the South Asia, Southeast Asia & Oceania region (Southeast Asia, Australia, and India) reported an impressive sales increase of roughly 60% to ¥240 billion and a greatly-improved operating profit margin of roughly 10%. UNIQLO Japan reported revenue of ¥1,012.2 billion (+3.8%) and operating profit of ¥124.0 billion (+0.6%). While first-half revenue and profit declined, revenue increased and profit rebounded sharply in the second half thanks to stronger sales of going-out clothes and summer ranges. EU reported lower full-year revenue and profit but second-half performance recovered as revenue increased and profit rebounded on improved product lineups.

Our FY2023 consolidated forecasts (as of January 12, 2023) include revenue of ¥2,651.5 trillion (+15.2%), operating profit of ¥350 billion (+17.7%), profit before income taxes of ¥350 billion (-15.4%), and profit attributable to owners of the Parent of ¥230 billion (-15.9%). We used the period-start exchange rates of 1 USD=138.7 JPY and 1 RMB=20 JPY for the UNIQLO International estimates. We expect all business segments to generate higher revenue and profit with UNIQLO International proving the key driver of performance.

Expanding Business to No.1 Global Brand, Counter Inflation Through Low-cost Management

FY2023 will be about transforming operational structures and building the foundation for a global No.1 brand based on our four initiatives. The first involves realizing business that satisfies customer needs and encourages appreciation of product value. Here, we aim to expand sales and protect gross margins by offering higher value-added products and services and pursuing a business that does not rely on discounting. This will mean changing our global product development, transforming customer communication to achieve a fused e-commerce and physical store shopping experience, and adapting our supply chain management to facilitate more accurate inventory management. The second initiative involves globalization of our headquarter functions to earn profit worldwide. To accelerate global growth, we need to change our global headquarters from a Japan-centric format to one where cross-border management teams make decisions guided by front line conditions and actual products and realities in individual markets. We intend to accelerate store openings in each market and further diversify earnings pillars at UNIQLO International as the key driver of Group growth. We aim to further enhance our established brand position and expand operations in the Greater China and the S/S/E Asia & Oceania regions. Having established profitable operations in North America and Europe, we intend to swiftly expand our business scale by strengthening marketing and encouraging LifeWear loyalty. The third initiative focuses on accelerating sustainability initiatives in tandem with business operations. We aim to produce high-quality, long-lasting clothes with minimal environmental impact that are made in healthy and safe working environments and can be recycled or reused after the point of sale. We are also steadily pursuing measures to achieve announced targets on greenhouse gas emissions, diversity, and social responsibility activities. The fourth and final initiative focuses on productivity and pursuing thorough, low-cost management in an inflationary environment. We will pursue our goal of “only producing, transporting and selling what is necessary” to an even higher degree; achieving an inventory-efficient and cost-efficient business, unifying global business processes and progressing automation to boost business efficiency, and adjusting team workstyles for increased productivity. We are proactively investing in the human resources required to achieve these aims.

Performance by Group Operation

<table>
<thead>
<tr>
<th>(FY)</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Billions of yen</td>
<td>¥/¥ change</td>
</tr>
<tr>
<td>UNIQLO Japan</td>
<td>Revenue</td>
<td>¥1,187.9</td>
</tr>
<tr>
<td></td>
<td>Operating profit</td>
<td>123.2</td>
</tr>
<tr>
<td>UNIQLO International</td>
<td>Revenue</td>
<td>930.1</td>
</tr>
<tr>
<td></td>
<td>Operating profit</td>
<td>111.2</td>
</tr>
<tr>
<td>GU</td>
<td>Revenue</td>
<td>249.4</td>
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<tr>
<td></td>
<td>Operating profit</td>
<td>20.1</td>
</tr>
<tr>
<td>Global Brands*</td>
<td>Revenue</td>
<td>158.2</td>
</tr>
<tr>
<td></td>
<td>Operating profit</td>
<td>11.6</td>
</tr>
</tbody>
</table>

*Global Brands includes Theory, PLST, Comptoir des Cotonniers, Princesse tam.tam., and J Brand (subsidiary company liquidated in FY2021).

Note: Consolidated revenue sales includes items reported by Fast Retailing Co., Ltd., the Parent company, such as real estate leasing. Consolidated operating profit includes Fast Retailing operating profit.
Increase Cash-generating Capabilities for Growth Investment, Ready Liquidity and Shareholder Returns

Fast Retailing’s financial strategy focuses on maintaining fiscal soundness, maximizing cash flow from business activities, and utilizing that cash effectively for aggressive growth investment, ready liquidity, and stable shareholder returns. We strive to hold three to five months’ worth of monthly sales as ready liquidity to deal with unforeseen sales fluctuations in view of the need for working capital and earmarked future investment funds, and the special nature of running a business with inherent inventory risks. Cash and cash equivalents totaled ¥1,358.3 trillion at the end of August 2022, an appropriate level that equates to four to five months of our short-term ¥3 trillion annual sales target. Shareholder returns are a top priority. We pay consistent and appropriate dividends that mirror corporate performance and consider operational funding requirements and financial soundness. In FY2022, we paid a dividend of ¥206.7 per share (revised to reflect the stock split conducted on March 1, 2023), which translates into a 20.2% dividend payout ratio. The ¥114.3 billion foreign exchange gain on foreign-currency denominated assets generated by yen weakness temporarily offset ¥113.1 billion in profit attributable to owners of the Parent. The payout ratio was typical if we exclude that factor.

A Solid Balance Sheet to Support Sustainable Growth

Total assets increased ¥673.7 billion to ¥3,183.7 trillion at the end of August 2022 primarily due to a ¥180.5 billion increase in cash and cash equivalents, a ¥91.1 billion increase in inventory, and a ¥209.1 billion increase in derivative financial assets. Total liabilities increased ¥220.6 billion to ¥1,568.3 trillion due to a ¥130.2 billion increase in trade and other payables. Total equity increased ¥453.1 billion to ¥1,615.4 trillion due to a ¥220.3 billion increase in retained earnings and a ¥222.2 billion increase in other components of equity. Consequently, the ratio of equity attributable to owners of the Parent to total assets increased 4.6 points to 49.1%.

We aim to secure a minimum ratio of equity attributable to owners of the Parent to total assets of 50% over the medium to long term because a solid financial base is essential for proactive management and future global growth. ROE increased 4.0 points to 20.4%. We will maintain ROE between 15 and 20%.

Continuing Proactive Investment to Expand Operations

We are accelerating our global store network expansion while also aggressively investing in systems to progress Ariake Project objectives and other areas and expand operations. Capital expenditure decreased ¥14.1 billion to ¥86.5 billion in FY2022 (UNIQLO Japan: ¥21.5 billion, UNIQLO International: ¥24.6 billion, GU: ¥4.8 billion, Global Brands: ¥1.3 billion, and systems: ¥54.2 billion). In addition to new store investment, we also continued to invest in automated warehouses worldwide.

In FY2023, we expect capital expenditure will increase ¥8.8 billion to ¥95.3 billion as we plan to increase store investment in line with higher new store openings and increase investment in automated warehouses. Of that total, ¥41.1 billion is earmarked for planned new store investment and ¥54.1 billion for investment in automated warehouses and systems. We plan to open 195 UNIQLO International stores, 50 GU stores, 40 UNIQLO Japan stores, and 25 Global Brands stores.

Establishing Firm Risk Management System to Clarify Risks and Strengthen Our Response

Fast Retailing’s Risk Management Committee reports directly to the Board and works to regularly identify latent risks in business activities and to establish and strengthen frameworks to detect and manage material risks. The committee, which is chaired by myself as Group CFO, unifies the management of risk across Fast Retailing, analyzing and assessing the frequency and impact of risks on business, prioritizing high-risk areas when discussing countermeasures to prevent these risks from occurring or to ensure a speedy response should they ever take place. The committee also submits reports on significant risks to the Board and offers concrete support to departments dealing with risks. The committee met four times in FY2022 to discuss information security risks and risks relating to international circumstances, to evaluate risks highlighted in internal audits, and to advise on the creation of countermeasure mechanisms.

Disclosure Under the TCFD Framework

Recognizing the enormous impact of climate change on society, we are strengthening efforts to arrest rising average global temperatures and fulfill the Paris Agreement. We strive to fully understand the impact of climate-related risks on our business and to formulate and implement relevant strategies. In June 2021, we expressed support for Task Force on Climate-related Financial Disclosures (TCFD) recommendations and disclosed information based on the TCFD framework in December 2021.

Risk Management Framework

<table>
<thead>
<tr>
<th>Risk Management Committee</th>
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</thead>
<tbody>
<tr>
<td>Chairperson: Group CFO</td>
</tr>
<tr>
<td>Members: Executive officers</td>
</tr>
<tr>
<td>Observers: statutory auditors</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Various Businesses and Brands</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Reports on priority business risks</td>
</tr>
<tr>
<td>• Provides concrete support to each department regarding risk countermeasures</td>
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<table>
<thead>
<tr>
<th>Risk Management Committees</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Human Rights Committee</td>
</tr>
<tr>
<td>• Business Ethics Committee</td>
</tr>
<tr>
<td>• Code of Conduct Committee</td>
</tr>
<tr>
<td>• Sustainability Committee, etc.</td>
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</tbody>
</table>

<table>
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<tr>
<th>Various Committees</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Reports on priority business risks</td>
</tr>
<tr>
<td>• Provides specific direction to each department regarding risk countermeasures</td>
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</tbody>
</table>

More information is available here.
FINANCIAL SUMMARY (IFRS)

FAST RETAILING CO., LTD. and consolidated subsidiaries

FINANCIAL SUMMARY

For the year

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
<th>Operating profit</th>
<th>EBITDA*</th>
<th>Free cash flow</th>
<th>Cash and cash equivalents*3</th>
<th>Net cash (used in)/generated by investing activities</th>
<th>Profit before income taxes</th>
<th>EBITDA*1</th>
<th>Operating profit</th>
<th>Revenue ¥</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>¥1,142,971</td>
<td>¥134,101</td>
<td>¥157,708</td>
<td>¥296,708</td>
<td>¥296,708</td>
<td>(62,584)</td>
<td>155,732</td>
<td>157,708</td>
<td>134,101</td>
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<td>2021</td>
<td>¥1,382,395</td>
<td>¥130,402</td>
<td>¥161,210</td>
<td>(44,060)</td>
<td>296,708</td>
<td>(56,323)</td>
<td>122,790</td>
<td>161,210</td>
<td>130,402</td>
<td>¥1,382,395</td>
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<td>2020</td>
<td>¥1,681,781</td>
<td>¥164,463</td>
<td>¥202,221</td>
<td>314,049</td>
<td>296,708</td>
<td>(73,145)</td>
<td>193,270</td>
<td>202,221</td>
<td>164,463</td>
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<td>2019</td>
<td>¥1,786,473</td>
<td>¥127,292</td>
<td>¥164,089</td>
<td>355,212</td>
<td>296,708</td>
<td>(245,939)</td>
<td>122,790</td>
<td>164,089</td>
<td>127,292</td>
<td>¥1,786,473</td>
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<tr>
<td>2018</td>
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<td>¥176,414</td>
<td>¥236,212</td>
<td>365,431</td>
<td>296,708</td>
<td>122,790</td>
<td>176,414</td>
<td>236,212</td>
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<td>2017</td>
<td>¥2,132,992</td>
<td>¥257,636</td>
<td>¥293,836</td>
<td>428,968</td>
<td>296,708</td>
<td>(82,597)</td>
<td>176,414</td>
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<td>2016</td>
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<td>¥263,161</td>
<td>265,872</td>
<td>296,708</td>
<td>212,269</td>
<td>176,414</td>
<td>263,161</td>
<td>249,011</td>
<td>¥2,008,846</td>
</tr>
</tbody>
</table>

*1 EBITDA = Operating profit + Depreciation and amortization.

*2 Free cash flow = Net cash generated by operating activities + Net cash (used in)/generated by investing activities

*3 Cash and cash equivalents = cash and bank deposits + term deposits of less than 3 months + securities

*4 We implemented a three-for-one split of the Company's common stock on March 1, 2023. Dividend payments for past fiscal years have been adjusted to reflect this stock split.

*5 Calculations are based on the closing share price of ¥81,950 at the end of August 2022 and an exchange rate of ¥138.66 to 1 USD.

*6 Total sales floor space includes only directly operated stores.

*7 The total number of employees does not include operating officers, junior employees, part-time workers, or temporary staff seconded from other companies.