



Fast Retailing Co., Ltd.
Consolidated Financial Statements
for the year ended 31 August 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FAST RETAILING CO., LTD. and consolidated subsidiaries
31 August 2023 and 2024

		Millions of yen		Thousands of U.S. dollars*
		2023	2024	2024
ASSETS	Notes			
Current assets:				
Cash and cash equivalents	8, 30	¥ 903,280	¥1,193,560	\$ 8,237,698
Trade and other receivables	9, 30	66,831	83,929	579,262
Other financial assets	11, 30	576,194	470,554	3,247,665
Inventories	10	449,254	474,460	3,274,629
Derivative financial assets	30	132,101	111,658	770,645
Income taxes receivable		23,660	2,210	15,256
Other assets	12	25,372	26,897	185,637
Total current assets		2,176,695	2,363,271	16,310,795
Non-current assets:				
Property, plant and equipment	13, 15	221,877	245,742	1,696,061
Right-of-use assets	15, 17	389,183	416,712	2,876,061
Goodwill	14	8,092	8,092	55,854
Intangible assets	14, 15	87,300	92,568	638,888
Financial assets	11, 30	240,363	336,302	2,321,088
Investments in associates accounted for using the equity method	16	18,974	19,559	134,996
Deferred tax assets	18	38,208	32,432	223,842
Derivative financial assets	30	114,151	66,995	462,385
Other assets	12, 15	8,846	5,888	40,639
Total non-current assets		1,126,998	1,224,294	8,449,817
Total assets		¥3,303,694	¥3,587,565	\$24,760,613
LIABILITIES AND EQUITY				
LIABILITIES				
Current liabilities:				
Trade and other payables	19, 30	¥ 338,901	¥ 388,656	\$ 2,682,427
Other financial liabilities	11, 28, 30	61,913	104,770	723,104
Derivative financial liabilities	30	3,600	12,716	87,764
Lease liabilities	17, 28, 30	126,992	130,744	902,368
Current tax liabilities		65,428	65,525	452,241
Provisions	20	2,642	1,774	12,249
Other liabilities	12	129,782	148,201	1,022,858
Total current liabilities		729,260	852,390	5,883,015
Non-current liabilities				
Financial liabilities	11, 28, 30	241,068	211,147	1,457,292
Lease liabilities	17, 28, 30	338,657	347,318	2,397,119
Provisions	20	50,888	52,652	363,395
Deferred tax liabilities	18	67,039	31,896	220,140
Derivative financial liabilities	30	1,410	21,385	147,595
Other liabilities	12	2,007	2,521	17,399
Total non-current liabilities		701,072	666,920	4,602,942
Total liabilities		1,430,333	1,519,310	10,485,957
EQUITY				
Capital stock	21	10,273	10,273	70,908
Capital surplus	21	28,531	29,712	205,072
Retained earnings	21	1,498,348	1,766,073	12,189,063
Treasury stock, at cost	21	(14,714)	(14,628)	(100,965)
Other components of equity	21	298,965	225,104	1,553,622
Equity attributable to owners of the Parent		1,821,405	2,016,535	13,917,702
Non-controlling interests		51,955	51,718	356,952
Total equity		1,873,360	2,068,254	14,274,655
Total liabilities and equity		¥3,303,694	¥3,587,565	\$24,760,613

See accompanying notes to consolidated financial statements.
*Calculations are based on an exchange rate of ¥144.89 to US \$1.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FAST RETAILING CO., LTD. and consolidated subsidiaries
For the years ended 31 August 2023 and 2024

		Millions of yen		Thousands of U.S. dollars*
		2023	2024	2024
	Notes			
Revenue	22	¥ 2,766,557	¥ 3,103,836	\$21,422,022
Cost of sales		(1,330,196)	(1,430,764)	(9,874,836)
Gross profit		1,436,360	1,673,071	11,547,186
Selling, general and administrative expenses	23	(1,054,368)	(1,187,713)	(8,197,344)
Other income	15, 24	12,197	20,384	140,688
Other expenses	15, 24	(14,238)	(6,256)	(43,181)
Share of profit and loss of associates accounted for using the equity method	16	1,139	1,417	9,784
Operating profit		381,090	500,904	3,457,134
Finance income	25	66,716	67,399	465,175
Finance costs	25	(9,888)	(11,101)	(76,622)
Profit before income taxes		437,918	557,201	3,845,687
Income tax expense	18	(122,746)	(163,596)	(1,129,105)
Profit for the year		315,171	393,605	2,716,582
Profit for the year attributable to:				
Owners of the Parent		296,229	371,999	2,567,464
Non-controlling interests		18,941	21,605	149,117
Total		¥ 315,171	¥ 393,605	\$ 2,716,582
Earnings per share				
Basic (yen, dollar)	27	966.09	1,212.88	8.37
Diluted (yen, dollar)	27	¥ 964.48	¥ 1,210.81	\$ 8.36

See accompanying notes to consolidated financial statements.
*Calculations are based on an exchange rate of ¥144.89 to US \$1.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FAST RETAILING CO., LTD. and consolidated subsidiaries
For the years ended 31 August 2023 and 2024

		Millions of yen		Thousands of U.S. dollars*
		2023	2024	2024
	Notes			
Profit for the year		¥315,171	¥393,605	\$2,716,582
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	(11)	(46)	(318)
Total items that will not be reclassified subsequently to profit or loss		(11)	(46)	(318)
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	26	47,587	(5,695)	(39,305)
Cash flow hedges	26	80,997	47,345	326,769
Share of other comprehensive income/(loss) of associates	26	172	2	17
Total items that may be reclassified subsequently to profit or loss		¥128,756	¥ 41,653	\$ 287,481
Other comprehensive income/(loss), net of income tax		¥128,745	¥ 41,607	\$ 287,163
Total comprehensive income for the year		¥443,916	¥435,212	\$3,003,745
Attributable to:				
Owners of the Parent		423,601	414,540	2,861,068
Non-controlling interests		20,315	20,672	142,676
Total comprehensive income for the year		¥443,916	¥435,212	\$3,003,745

See accompanying notes to consolidated financial statements.
*Calculations are based on an exchange rate of ¥144.89 to US \$1.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FAST RETAILING CO., LTD. and consolidated subsidiaries
For the years ended 31 August 2023 and 2024

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

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 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
Net changes during the year													
Comprehensive income													
Profit for the year		—	—	371,999	—	—	—	—	—	—	371,999	21,605	393,605
Other comprehensive income / (loss)	26	—	—	—	—	(46)	(5,284)	47,868	2	42,540	42,540	(933)	41,607
Total comprehensive income / (loss)		—	—	371,999	—	(46)	(5,284)	47,868	2	42,540	414,540	20,672	435,212
Transactions with the owners of the Parent													
Acquisition of treasury stock	21	—	—	—	(5)	—	—	—	—	—	(5)	—	(5)
Disposal of treasury stock	21	—	1,233	—	90	—	—	—	—	—	1,323	—	1,323
Dividends	21	—	—	(104,274)	—	—	—	—	—	—	(104,274)	(19,443)	(123,718)
Share-based payments	21	—	(51)	—	—	—	—	—	—	—	(51)	—	(51)
Transfer to non-financial assets		—	—	—	—	—	—	(116,401)	—	(116,401)	(116,401)	(1,465)	(117,867)
Total transactions with the owners of the Parent		—	1,181	(104,274)	85	—	—	(116,401)	—	(116,401)	(219,409)	(20,909)	(240,318)
Total net changes during the year		—	1,181	267,725	85	(46)	(5,284)	(68,533)	2	(73,861)	195,130	(236)	194,893
As at 31 August 2024		¥10,273	¥29,712	¥1,766,073	¥(14,628)	¥(17)	¥140,747	¥ 84,069	¥305	¥ 225,104	¥2,016,535	¥ 51,718	¥2,068,254

See accompanying notes to consolidated financial statements.

Thousands of U.S. dollars*													
	Notes	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Other components of equity					Equity attributable to owners of the Parent	Non-controlling interests	Total equity
						Financial assets measured at fair value through other comprehensive income/(loss)	Foreign currency translation reserve	Cash-flow hedge reserve	Share of other comprehensive income of associates	Total			
As at 1 September 2023		\$70,908	\$196,918	\$10,341,280	\$(101,554)	\$ 196	\$1,007,880	\$1,053,232	\$2,089	\$2,063,398	\$12,570,952	\$ 358,586	\$12,929,539
Net changes during the year													
Comprehensive income													
Profit for the year		—	—	2,567,464	—	—	—	—	—	—	2,567,464	149,117	2,716,582
Other comprehensive income / (loss)	26	—	—	—	—	(318)	(36,472)	330,377	17	293,604	293,604	(6,441)	287,163
Total comprehensive income / (loss)		—	—	2,567,464	—	(318)	(36,472)	330,377	17	293,604	2,861,068	142,676	3,003,745
Transactions with the owners of the Parent													
Acquisition of treasury stock	21	—	—	—	(35)	—	—	—	—	—	(35)	—	(35)
Disposal of treasury stock	21	—	8,513	—	624	—	—	—	—	—	9,137	—	9,137
Dividends	21	—	—	(719,681)	—	—	—	—	—	—	(719,681)	(134,197)	(853,879)
Share-based payments	21	—	(358)	—	—	—	—	—	—	—	(358)	—	(358)
Transfer to non-financial assets		—	—	—	—	—	—	(803,380)	—	(803,380)	(803,380)	(10,113)	(813,493)
Total transactions with the owners of the Parent		—	8,154	(719,681)	588	—	—	(803,380)	—	(803,380)	(1,514,318)	(144,310)	(1,658,628)
Total net changes during the year		—	8,154	1,847,782	588	(318)	(36,472)	(473,002)	17	(509,775)	1,346,750	(1,633)	1,345,116
As at 31 August 2024		\$70,908	\$205,072	\$12,189,063	\$(100,965)	\$(121)	\$ 971,408	\$ 580,229	\$2,106	\$1,553,622	\$13,917,702	\$ 356,952	\$14,274,655

See accompanying notes to consolidated financial statements.

*Calculations are based on an exchange rate of ¥144.89 to US \$1.

CONSOLIDATED STATEMENT OF CASH FLOWS

FAST RETAILING CO., LTD. and consolidated subsidiaries
For the years ended 31 August 2023 and 2024

		Millions of yen		Thousands of U.S. dollars*
	Notes	2023	2024	2024
Cash flows from operating activities:				
Profit before income taxes		¥ 437,918	¥ 557,201	\$ 3,845,687
Depreciation and amortization		186,872	204,388	1,410,645
Impairment losses/(Reversal of impairment losses)	15	3,958	(1,700)	(11,734)
Interest and dividends income		(41,330)	(66,751)	(460,702)
Interest expenses		9,791	11,078	76,458
Foreign exchange losses/(gains)		(25,385)	(621)	(4,290)
Share of profit and loss of associates accounted for using the equity method		(1,139)	(1,417)	(9,784)
Losses on disposal of property, plant and equipment		917	1,397	9,647
(Increase)/decrease in trade and other receivables		(7,535)	(17,394)	(120,052)
(Increase)/decrease in inventories		46,908	(23,540)	(162,474)
Increase/(decrease) in trade and other payables		(15,909)	47,320	326,597
(Increase)/decrease in other assets		8,354	(876)	(6,047)
Increase/(decrease) in other liabilities		(3,700)	31,520	217,550
Others, net		10,617	(878)	(6,062)
Cash generated from operations		610,338	739,726	5,105,438
Interest and dividends income received		22,613	56,454	389,638
Interest paid		(9,861)	(11,099)	(76,606)
Income taxes paid		(160,368)	(156,361)	(1,079,177)
Income taxes refunded		493	22,800	157,367
Net cash generated by operating activities		463,216	651,521	4,496,660
Cash flows from investing activities:				
Amounts deposited into bank deposits with original maturities of three months or longer		(387,720)	(441,156)	(3,044,765)
Amounts withdrawn from bank deposits with original maturities of three months or longer		182,882	460,241	3,176,488
Payments for property, plant and equipment		(61,764)	(73,728)	(508,859)
Payments for intangible assets		(33,542)	(30,260)	(208,854)
Payments for acquisition of right-of-use assets		(1,851)	(2,015)	(13,908)
Payments for investment securities		(481,399)	(399,523)	(2,757,423)
Proceeds from sale and redemption of investment securities		209,662	403,845	2,787,256
Payments for lease and guarantee deposits		(4,865)	(6,108)	(42,158)
Proceeds from collection of lease and guarantee deposits		5,578	6,302	43,499
Others, net		(1,381)	171	1,181
Net cash used in investing activities		(574,402)	(82,231)	(567,541)
Cash flows from financing activities:				
Proceeds from short-term loans payable	28	6,511	4,835	33,371
Repayment of short-term loans payable	28	(7,314)	(4,887)	(33,731)
Repayment of redemption of bonds	28	(130,000)	—	—
Dividends paid to owners of the Parent	21	(73,064)	(104,263)	(719,607)
Dividends paid to non-controlling interests		(20,460)	(18,369)	(126,780)
Repayments of lease liabilities	28	(140,646)	(146,403)	(1,010,446)
Others, net		413	85	588
Net cash used in financing activities		(364,562)	(269,003)	(1,856,605)
Effect of exchange rate changes on the balance of cash held in foreign currencies				
		20,735	(10,007)	(69,067)
Net increase in cash and cash equivalents				
		(455,011)	290,279	2,003,445
Cash and cash equivalents at the beginning of year	8	1,358,292	903,280	6,234,252
Cash and cash equivalents at the end of year	8	¥ 903,280	¥1,193,560	\$ 8,237,698

See accompanying notes to consolidated financial statements.
*Calculations are based on an exchange rate of ¥144.89 to US \$1.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FAST RETAILING CO., LTD. and consolidated subsidiaries

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

(1) Compliance with IFRS Accounting Standards

The consolidated financial statements of the Group have been prepared in compliance with IFRS Accounting Standards 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.

(2) Approval of the Consolidated Financial Statements

The consolidated financial statements were approved on 28 November 2024 by Tadashi Yanai, Chairman, President, and CEO, and Takeshi Okazaki, Group Senior Vice President and CFO.

(3) 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. Material Accounting Policies.”

(4) 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.

(5) Use of Estimates and Judgments

The preparation of the consolidated financial statements in accordance with IFRS Accounting Standards 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. Material accounting policies F. and Note 10)
- Valuation of property, plant and equipment, and right-of-use assets (3. Material accounting policies J. and Note 15)
- Recoverability of deferred tax assets (3. Material accounting policies N. and Note 18)
- Accounting treatment and valuation of provisions (3. Material accounting policies K. and Note 20)
- Fair value measurement of financial instruments (3. Material accounting policies D. and Note 30)

(6) Basis of Financial Statement Translation

The accompanying consolidated financial statements are expressed in yen, and solely for the convenience of the reader, have been translated into United States (U.S.) dollars at the rate of ¥144.89=\$1, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market at 31 August 2024. This translation should not be construed as a representation that any amounts shown could be converted into U.S. dollars at that or any other rate.

3 Material 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 2024 is 104.

(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 2024 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 financial cost.

(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

(1) 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.

(2) 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 head offices 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 fiscal 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 or liability which, at the time of the transaction, does not affect either the accounting profit or the taxable income; and does not give rise to equal taxable and deductible temporary differences (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 standards.

Standards	Standard Name	Summary of New/Revised Content and Transitional Measures
International accounting standard 12 (“IAS 12”) (Revised)	Income Taxes	Deferred tax related to assets and liabilities arising from a single transaction
International accounting standard 12 (“IAS 12”) (Revised)	Income Taxes	Disclosure of income taxes arising from tax laws enacted or substantially enacted to introduce the “International Tax Reform - Pillar Two Model Rules.”

Both of the application of IAS 12 (Revised) have no significant impact on the Group’s Consolidated Financial Statement.

5 Issued but not yet effective IFRS Accounting Standards, 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 2024, are stated below.

Standards	Standard Name	Mandatory Adoption Date (year beginning on)	The Group’s Adoption Date	Summary
International accounting standard 7 (“IAS 7”) (Revised) International Financial Accounting Standards 7 (“IFRS 7”) (Revised)	Statement of Cash Flows Financial Instruments: Disclosures	1 January 2024	Fiscal year ending 31 August 2025	Revised Disclosures for Supplier Financing Agreements
International Financial Accounting Standards 18 (“IFRS 18”) (Revised)	Presentation and Disclosure in Financial Statements	1 January 2027	Fiscal year ending 31 August 2028	Standard for the presentation and disclosure of financial statements that provide transparent and comparable information about financial performance

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

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. Material Accounting Policies.”

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

C. Segment information

Year ended 31 August 2023

	Reportable segments				Total	Others (Note 1)	Adjustments (Note 2)	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

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

Year ended 31 August 2024

	Reportable segments				Total	Others (Note 1)	Adjustments (Note 2)	Consolidated Statement of Profit or Loss
	UNIQLO Japan	UNIQLO International	GU	Global Brands				
Revenue	¥932,227	¥1,711,833	¥319,162	¥138,837	¥3,102,060	¥1,776	¥ —	¥3,103,836
Operating profit/(loss)	155,805	283,412	33,701	671	473,590	355	26,957	500,904
Segment income/(loss) (i.e., profit/(loss) before income taxes)	170,544	285,295	33,975	(671)	489,143	355	67,701	557,201
Other disclosure:								
Depreciation and amortization	50,754	92,658	19,280	8,303	170,996	406	32,984	204,388
Impairment losses (Note 3)	353	895	632	221	2,102	—	276	2,379
Reversal of impairment losses (Note 3)	(425)	(3,273)	(306)	(73)	(4,079)	—	—	(4,079)

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

D. Geographic Information

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

Year ended 31 August 2024

(1) External revenue

(Millions of yen)			
Japan	PRC	Overseas (Others)	Total
¥1,266,479	¥542,823	¥1,294,533	¥3,103,836

(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
¥390,366	¥108,319	¥270,318	¥769,004

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 2023	As at 31 August 2024
Cash and bank balances	¥868,513	¥1,136,326
Money market funds (MMF), negotiable certificates of deposits	34,767	57,233
Total	¥903,280	¥1,193,560

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 2023	As at 31 August 2024
Accounts receivable - trade	¥55,918	¥73,393
Other accounts receivable	10,166	9,932
Lease receivable	1,311	1,221
Allowance for doubtful accounts	(565)	(618)
Total	¥66,831	¥83,929

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 2023	As at 31 August 2024
Products	¥442,692	¥469,227
Materials and supplies	6,561	5,233
Total	¥449,254	¥474,460

Note: As at 31 August 2023 and 31 August 2024, the Group had inventories attributable to UNIQLO Japan, UNIQLO International and GU business segments aggregated to 417,347 million yen and 445,122 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 2023	Year ended 31 August 2024
Write-down of inventories to net realizable value	¥8,678	¥8,964

Note: As at 31 August 2023 and 31 August 2024, the Group had written down inventories to net realizable value for the amount of 8,254 million yen and 8,299 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 2023	As at 31 August 2024
Other financial assets:		
Financial assets measured at amortized cost		
Bonds	¥440,738	¥443,338
Security deposits/guarantees	69,446	70,348
Bank deposits	294,620	281,264
Others	11,827	11,874
Allowance for doubtful accounts	(262)	(158)
Financial assets measured at fair value through other comprehensive income		
Stocks	189	189
Total	¥816,558	¥806,856
Other current financial assets total	576,194	470,554
Other non-current financial assets total	240,363	336,302

(Millions of yen)		
	As at 31 August 2023	As at 31 August 2024
Other financial liabilities:		
Financial liabilities measured at amortized cost		
Interest-bearing bank and other borrowings (Note)	¥240,913	¥240,935
Deposits	60,793	73,669
Security deposits/ guarantees received	1,274	1,312
Total	¥302,981	¥315,917
Other current financial liabilities total	61,913	104,770
Other non-current financial liabilities total	241,068	211,147

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

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 and are not material in value.

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 for the fiscal year ended 31 August 2023. No financial assets were derecognized for the fiscal year ended 31 August 2024.

(Millions of yen)	
Issue(s)	As at 31 August 2023
Fair value	¥279
Cumulative gains/(losses)	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 for the fiscal year ended 31 August 2023. Dividend income from financial assets measured at fair value through other comprehensive income are not material in value for the fiscal year ended 31 August 2024.

(Millions of yen)	
Issue(s)	As at 31 August 2023
Derecognized financial assets	¥5
Financial assets held at the end of the fiscal year	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 2023	As at 31 August 2024
Other assets:		
Prepayments	¥ 9,692	¥10,435
Long-term prepayments	1,586	1,897
Accrued interest receivable	8,380	7,484
Prepaid consumption tax	4,527	5,844
Others	10,033	7,123
Total	¥34,219	¥32,785
Current	25,372	26,897
Non-current	8,846	5,888

(Millions of yen)		
	As at 31 August 2023	As at 31 August 2024
Other liabilities:		
Accruals	¥ 94,053	¥105,643
Employee benefits accruals	11,101	11,493
Suspense receipt / accrued con- sumption tax	12,222	16,998
Others	14,412	16,587
Total	¥131,790	¥150,722
Current	129,782	148,201
Non-current	2,007	2,521

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 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
Additions	3,136	—	774	—	72,567	76,478
Disposals	(14,671)	(92)	(4,914)	—	(39)	(19,717)
Transfers	40,823	344	13,699	21	(54,888)	—
Effect of change in exchange rate	928	215	474	—	(726)	892
At 31 August 2024	432,589	54,676	108,165	1,984	26,053	623,469

(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 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)
Depreciation	(31,668)	(5,782)	(11,558)	—	—	(49,009)
Impairment losses/ (reversal of impairment losses)	(172)	—	(176)	—	—	(349)
Disposals	13,205	92	4,421	—	—	17,719
Effect of change in exchange rate	(1,418)	(171)	(559)	—	—	(2,149)
At 31 August 2024	(285,480)	(14,768)	(77,442)	(34)	—	(377,726)

(Millions of yen)						
Net carrying amount	Buildings and structures	Machinery and equipment	Furniture, fixtures and vehicles	Land	Construction in progress	Total
At 31 August 2023	¥136,945	¥45,301	¥28,561	¥1,927	¥ 9,139	¥221,877
At 31 August 2024	147,109	39,907	30,723	1,949	26,053	245,742

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 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
External purchase	—	25,986	—	—	25,986	25,986
Internal development	—	4,266	—	—	4,266	4,266
Disposals	—	(1,967)	(6)	(2,544)	(4,517)	(4,517)
Effect of change in exchange rate	—	89	(103)	788	775	775
At 31 August 2024	15,885	218,812	11,869	9,536	240,218	256,103

(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 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)
Amortization	—	(24,748)	—	(25)	(24,774)	(24,774)
Impairment losses	—	(300)	(24)	(2)	(327)	(327)
Disposals	—	1,842	6	2,111	3,959	3,959
Effect of change in exchange rate	—	(35)	409	(475)	(100)	(100)
At 31 August 2024	(7,792)	(140,764)	(3,561)	(3,323)	(147,649)	(155,441)

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 2023	¥8,092	¥72,915	¥8,025	¥6,360	¥87,300	¥ 95,393
At 31 August 2024	8,092	78,047	8,307	6,213	92,568	100,661

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

(Millions of yen)		
	Year ended 31 August 2023	Year ended 31 August 2024
Software	¥7,705	¥10,842

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 2023	¥—	¥—	¥—	¥8,092	¥—	¥—	¥—	¥13,244
At 31 August 2024	—	—	—	8,092	—	—	—	13,126

15 Impairment Losses and reversal of impairment losses

The Group recognized impairment losses on certain store assets etc., due to reductions in profitability of the respective CGU.

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

(Millions of yen)		
	Year ended 31 August 2023	Year ended 31 August 2024
Buildings and structures	¥ 537	¥ 793
Machinery and equipment	77	—
Furniture, fixtures and vehicles	214	176
Subtotal on property, plant and equipment	829	970
Software	595	300
Other intangible assets	665	27
Subtotal on intangible assets	1,260	327
Right-of-use assets	1,868	1,066
Other non-current assets (long-term prepayments)	—	14
Total impairment losses	¥3,958	¥2,379

The Group's impairment losses during the fiscal year ended 31 August 2024 amounted to 2,379 million yen, compared with 3,958 million yen during the fiscal year ended 31 August 2023, and are included in “Other expenses” on the consolidated statement of profit or loss.

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

(Millions of yen)		
	Year ended 31 August 2023	Year ended 31 August 2024
Buildings and structures	¥—	¥ 621
Subtotal on property, plant and equipment	—	621
Right-of-use assets	—	3,457
Total reversal for impairment losses	¥—	¥4,079

The Group's reversal for impairment losses during the fiscal year ended 31 August 2024 amounted to 4,079 million yen are included in “Other income” on the consolidated statement of profit or loss.

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 31 August 2023 are 96,179 million yen, 244,092 million yen, and 33,870 million yen, respectively.

Year ended 31 August 2024

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

Of the impairment losses amounting to 2,379 million yen, 353 million yen, 895 million yen and 462 million yen for UNIQLO Japan, UNIQLO International and GU respectively represented write downs of the carrying amounts of store assets to the recoverable amounts, primarily due to a reduction in profitability of certain stores. In addition, as a result of reviewing the profitability of store assets in line with improved market conditions and other factors, reversals of impairment losses of 425 million yen, 3,273 million yen, and 306 million yen were recorded for the UNIQLO Japan, UNIQLO International, and GU, respectively.

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 for measurement of impairment losses is calculated based on the cash flow projections with estimates and growth rates approved by management, applying a discount rate of 9.6% (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 Japan	UNIQLO CO., LTD. Stores	Buildings, structures and Right-of-use assets
UNIQLO International	FAST RETAILING (CHINA) TRADING CO., LTD and UNIQLO EUROPE LIMITED, 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	COMPTOIR DES COTONNIERS S.A.S., etc., stores	Buildings, structures and Right-of-use assets

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

Operating segment	CGU	Type
UNIQLO Japan	UNIQLO CO., LTD. Stores	Buildings, structures and Right-of-use assets
UNIQLO International	UNIQLO EUROPE LIMITED, etc., stores	Buildings, structures and Right-of-use assets
GU	GU CO., LTD., 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 31 August 2024 are 112,410 million yen, 276,196 million yen, and 36,388 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:

	Year ended 31 August 2023	Year ended 31 August 2024
Share of profit and loss of associates accounted for using the equity method	¥ 1,139	¥ 1,417
Share of other comprehensive income/(loss) of investments in associates accounted for using the equity method	172	2
Share of comprehensive income/(loss) of investments in associates accounted for using the equity method	1,312	1,420
Carrying amount of investments in associates	¥18,974	¥19,559

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 17,127 million yen as at 31 August 2023 and 17,054 million yen as at 31 August 2024, respectively. The Group's share of profit and comprehensive income of the associates was 727 million yen during the fiscal year ended 31 August 2023 and 788 million yen during the fiscal year ended 31 August 2024, which was included in the consolidated statement of profit or loss and consolidated statement of comprehensive income, respectively.

Total assets of the associates amounted 87,830 million yen as at 31 August 2023 and 87,460 million yen as at 31 August 2024 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 868 million yen during the fiscal year ended 31 August 2023 and 860 million yen during the fiscal year ended 31 August 2024, 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 2023		Year ended 31 August 2024	
	Remaining lease payments	Present value of remaining lease payments	Remaining lease payments	Present value of remaining lease payments
Lease liabilities				
Due within one year	¥130,813	¥126,992	¥133,669	¥130,744
Due after one year through two years	90,951	88,275	96,949	92,806
Due after two years through three years	63,717	61,653	60,504	57,702
Due after three years through four years	42,765	40,948	49,196	46,492
Due after four years through five years	35,908	33,947	41,684	39,027
Due after five years	120,995	113,833	124,613	111,288
Total	¥485,152	¥465,650	¥506,617	¥478,062

Interest expenses on lease liabilities

(Millions of yen)		
	Year ended 31 August 2023	Year ended 31 August 2024
Interest expenses on lease liabilities	¥5,187	¥6,507

Cash outflow for leases

Cash outflow for leases is as follows:

(Millions of yen)		
	Year ended 31 August 2023	Year ended 31 August 2024
Total Cash outflow for leases	¥254,914	¥272,369

(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 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
Additions due to new lease contracts, reassessment of lease liabilities, etc.	158,649	—	4,089	162,739
Depreciation	(125,268)	(3,478)	(3,907)	(132,654)
Impairment losses/(reversal of impairment losses)	2,390	—	—	2,390
Expiration, cancellation, etc.	(3,202)	—	(742)	(3,945)
Others	5,356	3	(6,361)	(1,001)
At 31 August 2024	393,831	17,170	5,710	416,712

(c) Expenses relating to Leases

A breakdown of expenses relating to Leases is as follows:

(Millions of yen)		
	Year ended 31 August 2023	Year ended 31 August 2024
Expenses relating to variable lease payments not included in the measurement of lease liability	¥84,689	¥96,002
Expenses relating to short-term leases (excluding expenses relating to leases with lease term of no more than one month)	20,338	21,381
Expenses relating to leases of low value assets (excluding expenses relating to short-term leases)	190	35

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 fiscal year ended 31 August 2024 amounted to 43,993 million yen*, compared with 10,239 million yen during the fiscal year ended 31 August 2023.

*We will purchase a portion of the existing UNIQLO New York Fifth Avenue store building in the United States and convert a portion into a long-term lease. In addition to a 5,795 million yen advance payment, we plan to pay a total of 47,813 million yen to finance the purchase and 13,040 million yen as an advance lump-sum lease payment in the year ending 31 August 2025. The amount of 43,993 million yen with * includes 13,040 million yen of the advance lump-sum lease payment.

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 2023	Year ended 31 August 2024
Carrying amounts at the beginning of period	¥ 4,046	¥ 7,536
Increases due to finance lease contracts	4,569	1,183
Decreases due to repayments	(1,174)	(1,334)
Others	94	(452)
Carrying amounts at the end of period	7,536	6,932

(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 2023	Year ended 31 August 2024
Undiscounted lease payments to be received		
Due within one year	¥1,275	¥1,221
Due after one year through two years	1,157	1,119
Due after two years through three years	1,050	758
Due after three years through four years	672	737
Due after four years through five years	652	732
Due after five years	2,853	2,532
Total	¥7,662	¥7,101
Unearned finance income	125	169
Net investment in the lease	7,536	6,932

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

(Millions of yen)		
	Year ended 31 August 2023	Year ended 31 August 2024
Finance income from net investment in the lease	¥40	¥50

(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 2023	Year ended 31 August 2024
Income on variable lease payments	¥ 49	¥ 101
Income on fixed lease payments	961	1,029

(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 2023	Year ended 31 August 2024
Undiscounted lease payments to be received		
Due within one year	¥ 935	¥ 840
Due after one year through two years	808	771
Due after two years through three years	738	676
Due after three years through four years	640	573
Due after four years through five years	555	470
Due after five years	2,296	1,968
Total	¥5,975	¥5,300

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 listed below. The IAS 12 revised standard for deferred tax related to assets and liabilities arising from a single transaction has been applied from the current consolidated fiscal year, and the retrospective adjustments are presented below:

(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	(102,914)	3,411	—	—	(99,503)
Lease liabilities	119,784	(3,334)			116,449
Undistributed earnings of foreign subsidiaries	(16,202)	(22,477)	—	—	(38,680)
Others	14,564	4,686	—	—	19,250
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.

For the fiscal year ended 31 August 2023, 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, for the fiscal year ended 31 August 2023, 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.

(Millions of yen)					
	As at 1 September 2023	Recognized in profit or loss (Note)	Recognized in other comprehensive income	Recognized directly in equity	As at 31 August 2024
Temporary differences					
Accrued business tax	¥ 2,585	¥ 1,053	¥ —	¥ —	¥ 3,639
Accrued for bonuses	6,483	835	—	—	7,319
Allowance for doubtful accounts	97	80	—	—	177
Impairment losses on non-current assets	8,100	(1,156)	—	—	6,943
Unrealized gains/(losses) on available-for-sale securities	(12)	—	6	—	(6)
Depreciation	9,996	4,058	—	—	14,055
Net gains/(losses) on revaluation of cash flow hedges	(70,107)	—	(23,818)	53,310	(40,615)
Temporary differences on shares of subsidiaries	(1,893)	—	—	—	(1,893)
Right-of-use assets	(99,503)	(6,618)	—	—	(106,122)
Lease liabilities	116,449	2,670	—	—	119,120
Undistributed earnings of foreign subsidiaries	(38,680)	5,486	—	—	(33,193)
Others	19,250	1,433	—	—	20,683
Subtotal	(47,233)	7,843	(23,811)	53,310	(9,890)
Tax losses carried forward	18,402	(7,975)	—	—	10,426
Net deferred tax assets/(liabilities)	(28,830)	(131)	(23,811)	53,310	536

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.

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 2023	As at 31 August 2024
Unrecognized tax losses carried forward	¥23,525	¥23,888
Deductible temporary differences	25,387	24,930
Total	¥48,913	¥48,819

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 2023	As at 31 August 2024
First year	¥ 283	¥ 973
Second year	955	1,159
Third year	1,138	966
Fourth year	949	1,328
Fifth year and thereafter	20,198	19,460
Total	¥23,525	¥23,888

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 2023 and 31 August 2024 were 407,747 million yen and 465,086 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 2023	Year ended 31 August 2024
Current tax expense	¥125,389	¥161,513
Deferred tax expense	(2,643)	2,082
Total	¥122,746	¥163,596

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 12,116 million yen in the previous consolidated fiscal year, and 10,226 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 28,372 million yen in the previous consolidated fiscal year. The amount used to reduce deferred tax expense was not material in value in the current consolidated fiscal year. In the Group, these 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.

(Millions of yen)		
	Year ended 31 August 2023	Year ended 31 August 2024
Statutory income tax rate	30.6 %	30.6 %
Unrecognized deferred tax assets	(3.8)%	(0.0)%
Difference in statutory income tax rates of subsidiaries	(5.0)%	(4.4)%
Undistributed earnings of foreign subsidiaries	5.1 %	(1.0)%
Foreign withholding tax	2.1 %	3.0 %
Others	(1.0)%	1.2 %
Effective tax rate	28.0 %	29.4 %

C. Global minimum tax

The Act for the Partial Revision of the Income Tax Act (Act No. 3 of 2023) was enacted on 28 March 2023 in Japan, where the Company is located, to facilitate the implementation of a global minimum tax system in accordance with international tax reform Pillar Two model rules. The new act will be applied to the Company accounts from the consolidated fiscal year starting 1 September 2024.

The impact of the application of the global minimum tax system on the Group's consolidated financial statement has been judged immaterial after assessing the potential impact of the new system based on the most recent financial statements of each entity to which the system will apply. That conclusion was drawn despite the possibility that the Company located in Japan may be required to pay a top-up

tax until its tax burden in countries where some subsidiary firms are located rises to the basic tax rate.

Furthermore, the Group will apply exceptions to the recognition and information disclosure requirements surrounding deferred tax assets and liabilities relating to income tax arising from any tax laws fully or substantially enacted in conjunction with the introduction of Pillar Two model rules.

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 2023	As at 31 August 2024
Trade payables	¥281,558	¥340,554
Notes payables	27	15
Other payables	57,315	48,086
Total	¥338,901	¥388,656

20 Provisions

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

(Millions of yen)		
	As at 31 August 2023	As at 31 August 2024
Asset retirement obligations	¥53,530	¥54,427
Total	53,530	54,427
Current liabilities	2,642	1,774
Non-current liabilities	50,888	52,652

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

(Millions of yen)	
	Asset retirement obligations
Balances as at 31 August 2023	¥53,530
Additional provisions	3,693
Amounts utilized	(3,258)
Increase in discounted amounts arising from passage of time	360
Others	102
Balances as at 31 August 2024	54,427

Please refer to “3. Material 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

(Shares)				(Millions of yen)	
	Number of authorized shares (Common stock with no par-value)	Number of issued shares (Common stock with no par-value)	Number of outstanding shares (Common stock with no par-value)	Capital stock	Capital surplus
Balances as at 1 September 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
Increase/(decrease) (Note)	—	—	70,919	—	1,181
Balances as at 31 August 2024	900,000,000	318,220,968	306,739,187	10,273	29,712

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

(Shares) (Millions of yen)		
	Number of shares	Amount
Balances as at 1 September 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
Net increase of treasury stock less than one unit	76	5
Exercise of stock options	(70,995)	(90)
Balances as at 31 August 2024	11,481,781	14,628

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 previous 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 previous 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 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
Disposal of treasury stock	—	1,233	—	—	1,233
Increase/(decrease) by share-based payment transactions	—	—	(51)	—	(51)
Balances as at 31 August 2024	4,578	14,790	6,784	3,559	29,712

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 2023	Year ended 31 August 2024
Exchange differences on translation of foreign operations	¥2,142	¥(410)
Cash flow hedges	(769)	(522)
Other comprehensive income	1,373	(933)

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:

(Millions of yen) (Yen)		
Resolutions	Total dividends	Dividends per share
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).

Year ended 31 August 2024

(Millions of yen) (Yen)		
Resolutions	Total dividends	Dividends per share
Meeting of the Board on 6 November 2023	¥50,600	¥165
Meeting of the Board on 11 April 2024	53,674	175

Dividend effective after the fiscal year ended 31 August 2024 is as follows:

(Millions of yen) (Yen)		
Resolutions	Amount of dividends	Dividends per share
Board of Directors’ meeting held on 7 November 2024	¥69,016	¥225

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.

Year ended 31 August 2023

(Millions of yen) (%)		
	Revenue	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

Notes: 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

2. Main national and regional market: Japan
3. Main national and regional markets: North America, Europe, Japan
4. The “Others” category includes real estate leasing operations.

Year ended 31 August 2024

(Millions of yen) (%)		
	Revenue	Percent of Total
Japan	¥ 932,227	30.0
Greater China	677,063	21.8
South Korea, Southeast Asia, India & Australia	540,526	17.4
North America	217,715	7.0
Europe	276,528	8.9
UNIQLO (Note 1)	2,644,060	85.2
GU (Note 2)	319,162	10.3
Global Brands (Note 3)	138,837	4.5
Others (Note 4)	1,776	0.1
Total	¥3,103,836	100.0

Notes: 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, Germany, Belgium, Spain, Sweden, the Netherlands, Denmark, Italy, Poland, Luxembourg

2. Main national and regional market: Japan
3. Main national and regional markets: North America, Europe, Greater China, Japan
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 2023	Year ended 31 August 2024
Contractual liabilities		
Advances received from customers	¥2,356	¥2,453
Refund liabilities	2,236	2,732

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 2023	Year ended 31 August 2024
Selling, general and administrative expenses		
Advertising and promotion	¥ 92,312	¥ 102,126
Lease expenses	103,123	117,063
Depreciation and amortization	186,872	202,898
Outsourcing	62,320	68,997
Salaries	383,977	437,972
Distribution	106,897	123,399
Others	118,862	135,254
Total	¥1,054,368	¥1,187,713

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 2023	Year ended 31 August 2024
Other income		
Foreign exchange gains (Note)	¥ 530	¥ 6,918
Reversal of impairment losses	—	4,079
Others	11,667	9,386
Total	¥12,197	¥20,384

(Millions of yen)		
	Year ended 31 August 2023	Year ended 31 August 2024
Other expenses		
Loss on retirement of property, plant and equipment	¥ 917	¥1,397
Impairment losses	3,958	2,379
Others	9,362	2,479
Total	¥14,238	¥6,256

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 2023	Year ended 31 August 2024
Finance income		
Foreign exchange gains (Note)	¥25,385	¥ 621
Interest income	41,321	66,747
Others	9	29
Total	¥66,716	¥67,399

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 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.

(Millions of yen)		
	Year ended 31 August 2023	Year ended 31 August 2024
Finance costs		
Interest expenses	¥9,791	¥11,078
Others	96	23
Total	¥9,888	¥11,101

Note: Currency adjustments incurred in the course of non-operating transactions are included in "Finance income".

Year ended 31 August 2024

(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)	¥ (53)	¥ —	¥ (53)	¥ 6	¥ (46)
Total	(53)	—	(53)	6	(46)
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations	(5,695)	—	(5,695)	—	(5,695)
Cash flow hedges	71,260	(96)	71,163	(23,818)	47,345
Share of other comprehensive income of associates	2	—	2	—	2
Total	¥65,568	¥(96)	¥65,471	¥(23,818)	¥41,653
Total comprehensive income for the year	65,515	(96)	65,418	(23,811)	41,607

Note: The cash flow hedge reclassification adjustment of (96) 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

(Yen)			
Year ended 31 August 2023		Year ended 31 August 2024	
Equity per share attributable to owners of the Parent (Yen)	¥5,939.33	Equity per share attributable to owners of the Parent (Yen)	¥6,574.11
Basic earnings per share for the year (Yen)	966.09	Basic earnings per share for the year (Yen)	1,212.88
Diluted earnings per share for the year (Yen)	964.48	Diluted earnings per share for the year (Yen)	1,210.81

Notes: 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)	¥ 296,229	¥ 371,999
Profit not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to common shareholders (Millions of yen)	296,229	371,999
Average number of common stock during the year (Shares)	306,628,124	306,707,010
Diluted earnings per share for the year		
Adjustment to profit (Millions of yen)	—	—
Increase in number of common stock (Shares)	510,746	524,794
(share subscription rights)	(510,746)	(524,794)

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 2023

	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

Year ended 31 August 2024

	Balances as at 1 September 2023	Variation with cash flow	Variation without cash flow			Balances as at 31 August 2024
			Foreign currency translation reserve	New lease contracts	Others	
Short-term borrowings	¥ 1,119	¥ (52)	¥ 42	¥ —	¥ —	¥ 1,110
Corporate bonds	239,686	—	—	—	67	239,753
Lease liabilities	465,650	(146,403)	360	158,033	422	478,062
Total	¥706,456	¥(146,455)	¥403	¥158,033	¥489	¥718,926

B. Important non-cash transactions

Year ended 31 August 2023

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

Year ended 31 August 2024

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 2023 and 2024 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.	4th non-collateralized corporate bonds	18 December 2015	¥ 69,955	¥ 69,975	0.749	18 December 2025
FAST RETAILING CO., LTD.	6th non-collateralized corporate bonds	6 June 2018	29,979	29,991	0.220	6 June 2025
FAST RETAILING CO., LTD.	7th non-collateralized corporate bonds	6 June 2018	99,869	99,896	0.405	6 June 2028
FAST RETAILING CO., LTD.	8th non-collateralized corporate bonds	6 June 2018	39,883	39,891	0.880	4 June 2038
Total	—	—	¥239,686	¥239,753	—	—

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

	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 (Notes 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 (Notes 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 (Notes 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 (Notes 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 (Notes 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 (Notes 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 9 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 (Notes 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 (Notes 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 (Notes 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 (Notes 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 (Notes 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 (Notes 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

	14th share subscription rights A type
Category and number of grantees	Officers of the Company: 37
Number of stock options by type of shares (Notes 1, 2)	Common stock: maximum 16,643 shares
Grant date	19 January 2024
Vesting conditions	To serve continuously until the vesting date (19 January 2027) after the grant date (19 January 2024)
Eligible service period	From 20 January 2024 to 19 January 2027
Exercise period	From 19 January 2027 to 18 January 2034
Settlement	Equity settlement

Notes: 1. The number of stock options is equivalent to the number of shares.
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 2023	Year ended 31 August 2024
Expenses recognized		
Share-based payments	¥920	¥1,321

(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

	(Shares)	
	Number of shares	
	Year ended 31 August 2023	Year ended 31 August 2024
Non-vested		
Non-vested at beginning of the year	52,473	253,707
Granted	225,321	16,643
Forfeited	(6,411)	(960)
Vested	(17,676)	(13,833)
Non-vested at end of the year	253,707	255,557

	(Shares)	
	Number of shares	
	Year ended 31 August 2023	Year ended 31 August 2024
Vested		
Outstanding at beginning of the year	384,312	299,814
Vested	17,676	13,833
Exercised	(100,263)	(70,995)
Forfeited	(1,911)	(1,884)
Outstanding at end of the year	299,814	240,768

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 fiscal year ended 31 August 2024 are as follows:

	(Shares)	(Yen)
Type	Number of shares	Weighted-average stock price on exercise date
Stock options	70,995	¥37,987

(c) Expected life of stock options
The weighted-average expected life of outstanding stock options as at 31 August 2024 was 15.15 years.
In addition, the weighted-average expected life of outstanding stock options as at 31 August 2023 was 14.25 years.

B. Methods of estimating fair value of stock options, etc.

The methods of estimating fair value of 14th share subscription rights A type granted during the fiscal year ended 31 August 2024, were as follows:

- (1) Valuation model: Black-Scholes model
(2) The following table lists the inputs to the model used:

	14th share subscription rights A type
Fair value	36,888 yen
Share price	38,790 yen
Exercise price	1 yen
Stock price volatility (Note 1)	30%
Expected life of options (Note 2)	6.5 years
Expected dividends (Note 3)	290 yen/share
Risk-free interest rate (Note 4)	0.2795%

Notes: 1. Stock price volatility is computed based on the actual results of 6.5 years for A type (from August 2017 to January 2024).
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 13th share subscription rights A type, F type, and G type granted during the fiscal 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	13th share subscription rights G type
Fair value	70,816 yen	70,231 yen	62,009 yen
Share price	74,740 yen	74,740 yen	74,740 yen
Exercise price	1 yen	1 yen	1 yen
Stock price volatility (Note 1)	31%	34%	35%
Expected life of options (Note 2)	6.5 years	7.5 years	22.51 years
Expected dividends (Note 3)	620 yen/share	620 yen/share	620 yen/share
Risk-free interest rate (Note 4)	0.376%	0.4645%	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.

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 2023	As at 31 August 2024
Interest-bearing borrowings	¥ 240,913	¥ 240,935
Lease liabilities	465,650	478,062
Cash and cash equivalents	903,280	1,193,560
Net interest-bearing borrowings	(196,717)	(474,561)
Equity	1,873,360	2,068,254

Interest-bearing borrowings includes corporate bonds and loans payable. As at 31 August 2023 and 2024, the Group

C. Categories of financial instruments

	(Millions of yen)	
	As at 31 August 2023	As at 31 August 2024
Financial assets		
Financial assets at amortized costs		
Trade and other receivables	¥ 66,831	¥ 83,929
Other current financial assets	576,194	470,554
Other non-current financial assets	240,174	336,113
Financial assets measured at fair value through other comprehensive income/(loss)	189	189
Derivatives		
Financial assets measured at fair value through profit or loss	78	96
Financial assets designated as hedging instruments	246,175	178,557
Financial liabilities		
Financial liabilities at amortized cost		
Trade and other payables	338,901	388,656
Other current financial liabilities	61,913	104,770
Current lease liabilities	126,992	130,744
Non-current financial liabilities	241,068	211,147
Non-current lease liabilities	338,657	347,318
Derivatives		
Financial liabilities measured at fair value through profit or loss	74	—
Financial liabilities designated as hedging instruments	4,936	34,101

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.”

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 2024 the Group is not subject to any externally imposed capital requirement.

B. Material accounting policies

See Note “3. Material accounting policies” for material 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.

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 2,200,471 million yen as at 31 August 2024.

(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).

(i) Derivative transactions to which hedge accounting is not applied

	Average exchange		Contract amount (Millions of contract currency)		Contract principal (Millions of yen)		Fair value (Millions of yen)	
	31 August 2023	31 August 2024	31 August 2023	31 August 2024	31 August 2023	31 August 2024	31 August 2023	31 August 2024
Foreign currency forward contracts								
Within 1 year								
Buy USD (sell JPY)	— (EUR/\$)	134.53 (EUR/\$)	—	10	—	1,439	—	96
Buy USD (sell KRW)	1,255.60 (KRW/\$)	— (KRW/\$)	11	—	1,610	—	78	—
Buy KRW (sell USD)	0.00 (\$/KRW)	— (\$/KRW)	14,564	—	1	—	(74)	—

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 2023	Year ended 31 August 2024
Average exchange rate (Yen)		
USD	138.62	150.93
EUR	146.37	163.06
Impact on profit before income taxes (Millions of yen)		
USD	(3,502)	(4,075)
EUR	(155)	(555)
Impact on other comprehensive income (Millions of yen)		
USD	(16,848)	(16,973)
EUR	(398)	(19)

(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:

(ii) Derivative transactions to which hedge accounting is applied

	Average exchange rates		Contract amount (Millions of contract currency)		Contract principal (Millions of yen)		Fair value (Millions of yen)	
	31 August 2023	31 August 2024	31 August 2023	31 August 2024	31 August 2023	31 August 2024	31 August 2023	31 August 2024
Foreign currency forward contracts								
Over 1 year								
Buy USD (sell JPY)	116.62 (¥/\$)	128.20 (¥/\$)	7,287	7,306	849,846	936,681	112,515	49,532
Buy USD (sell EUR)	0.89 (EUR/\$)	0.89 (EUR/\$)	401	392	57,344	56,155	73	(398)
Buy USD (sell GBP)	0.81 (£/\$)	0.79 (£/\$)	135	130	17,442	16,473	(352)	(558)
Buy USD (sell KRW)	1,280.35 (KRW/\$)	1,305.64 (KRW/\$)	374	139	53,003	19,709	15	(38)
Buy USD (sell SGD)	1.30 (SGD/\$)	1.31 (SGD/\$)	10	62	1,413	9,100	21	(261)
Buy USD (sell THB)	33.46 (THB/\$)	34.61 (THB/\$)	69	118	9,760	17,414	55	(892)
Buy USD (sell MYR)	4.41 (MYR/\$)	4.57 (MYR/\$)	8	92	1,182	14,134	87	(946)
Buy USD (sell AUD)	1.50 (AUD/\$)	1.50 (AUD/\$)	18	157	2,580	23,287	13	(432)
Buy USD (sell CAD)	1.34 (CAD/\$)	1.35 (CAD/\$)	27	80	4,009	11,685	18	(97)
Buy USD (sell PHP)	56.24 (PHP/\$)	58.09 (PHP/\$)	106	44	15,511	6,624	173	(180)
Buy USD (sell SEK)	10.31 (SEK/\$)	10.30 (SEK/\$)	17	16	2,477	2,396	92	(76)
Non-deliverable forward contracts (NDF)								
Over 1 year								
Buy USD (sell TWD)	28.86 (TWD/\$)	30.67 (TWD/\$)	1	126	132	17,559	8	(40)
Foreign currency forward contracts								
Within 1 year								
Buy USD (sell JPY)	112.67 (¥/\$)	121.04 (¥/\$)	4,332	4,874	488,137	590,005	123,157	100,485
Buy USD (sell EUR)	0.88 (EUR/\$)	0.90 (EUR/\$)	473	565	66,918	82,011	2,114	(643)
Buy USD (sell GBP)	0.78 (£/\$)	0.80 (£/\$)	157	210	19,590	32,090	326	(1,559)
Buy USD (sell KRW)	1,242.63 (KRW/\$)	1,291.08 (KRW/\$)	267	419	36,695	58,846	1,894	1,354
Buy USD (sell SGD)	1.36 (SGD/\$)	1.33 (SGD/\$)	89	107	13,253	15,896	(195)	(425)
Buy USD (sell THB)	34.49 (THB/\$)	34.68 (THB/\$)	127	299	18,361	44,223	(83)	(1,285)
Buy USD (sell MYR)	4.36 (MYR/\$)	4.59 (MYR/\$)	100	190	13,760	29,316	247	(1,965)
Buy USD (sell AUD)	1.48 (AUD/\$)	1.51 (AUD/\$)	150	175	21,081	26,095	205	(682)
Buy USD (sell CAD)	1.33 (CAD/\$)	1.35 (CAD/\$)	103	138	14,899	20,170	90	(151)
Buy USD (sell IDR)	13,585.19 (IDR/\$)	15,983.50 (IDR/\$)	203	113	26,570	16,984	(40)	(476)
Buy USD (sell PHP)	56.99 (PHP/\$)	56.70 (PHP/\$)	124	197	18,379	28,836	(69)	(253)
Buy USD (sell SEK)	9.42 (SEK/\$)	10.34 (SEK/\$)	13	24	1,762	3,555	258	(71)
Buy USD (sell INR)	— (INR/\$)	84.31 (INR/\$)	—	7	—	1,020	—	0
Buy EUR (sell USD)	1.10 (\$/EUR)	1.10 (\$/EUR)	84	4	14,908	708	(159)	6
Buy GBP (sell USD)	1.27 (\$/£)	1.29 (\$/£)	23	7	4,697	1,444	(11)	30
Buy IDR (sell USD)	0.00 (\$/IDR)	0.00 (\$/IDR)	796,104	366,628	7,739	3,282	(97)	159

	Average exchange rates		Contract amount (Millions of contract currency)		Contract principal (Millions of yen)		Fair value (Millions of yen)	
	31 August 2023	31 August 2024	31 August 2023	31 August 2024	31 August 2023	31 August 2024	31 August 2023	31 August 2024
Buy SEK (sell USD)	0.09 (\$/SEK)	0.09 (\$/SEK)	21	5	319	67	(5)	3
Buy JPY (sell USD)	— (\$/JPY)	0.01 (\$/JPY)	—	53,408	—	50,870	—	2,764
Buy SGD (sell USD)	— (\$/SGD)	0.75 (\$/SGD)	—	9	—	1,059	—	24
Buy THB (sell USD)	— (\$/THB)	0.03 (\$/THB)	—	3,855	—	15,727	—	793
Buy MYR (sell USD)	— (\$/MYR)	0.22 (\$/MYR)	—	150	—	4,831	—	249
Buy AUD (sell USD)	— (\$/AUD)	0.67 (\$/AUD)	—	61	—	5,931	—	102
Buy CAD (sell USD)	— (\$/CAD)	0.74 (\$/CAD)	—	47	—	5,084	—	46
Non-deliverable forward contracts (NDF)								
Within 1 year								
Buy USD (sell TWD)	29.57 (TWD/\$)	30.97 (TWD/\$)	108	191	14,672	26,868	884	340

(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 2023

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

Year ended 31 August 2024

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	¥367,415	¥79,939	¥35	¥—	¥447,390
Within 90 days	159	157	—	—	316
Over 90 days but within one year	35	70	1	—	106
Over one year	6	159	54	—	220
Term-end balance	367,617	80,326	90	—	448,033

(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 2023

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

Year ended 31 August 2024

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	¥144	¥ 626	¥ 57	¥—	¥ 828
Increase during period	4	467	39	—	512
Decrease during period (intended use)	—	(271)	(13)	—	(285)
Decrease during period (reversals)	(1)	(264)	(16)	—	(281)
Other changes	2	1	(0)	—	3
Term-end balance	151	559	66	—	777

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 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
As at 31 August 2024								
Non-derivative financial Liabilities								
Trade and other payables	¥ 388,656	¥ 388,656	¥388,656	¥ —	¥ —	¥ —	¥ —	¥ —
Short-term borrowings	1,110	1,110	1,110	—	—	—	—	—
Corporate bonds	239,753	240,000	30,000	70,000	—	100,000	—	40,000
Long-term finance lease Liabilities	347,318	372,948	—	96,949	60,504	49,196	41,684	124,613
Short-term finance lease Liabilities	130,744	133,669	133,669	—	—	—	—	—
Deposits	73,669	73,669	73,669	—	—	—	—	—
Derivative financial liabilities								
Foreign currency forward contracts	34,101	34,101	12,716	8,941	12,443	—	—	—
Total	¥1,215,354	¥1,244,155	¥639,821	¥175,891	¥ 72,947	¥149,196	¥41,684	¥164,613

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 2023		As at 31 August 2024	
	Carrying amounts	Fair value	Carrying amounts	Fair value
Financial assets				
Bonds		¥440,738		¥438,995
Security deposits / guarantees		69,446		68,891
Total		¥510,184		¥507,887
Financial liabilities				
Corporate bonds		239,686		236,826
Total		¥239,686		¥236,826

Note: The amount above includes the outstanding balance of bonds and corporate 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 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

As at 31 August 2024	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	—	96	—	96
Net financial assets and financial liabilities designated as hedging instruments — Fair value	—	144,455	—	144,455
Net amount	—	144,552	189	144,741

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 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 2023	Year ended 31 August 2024
Short-term employee benefits	¥ 876	¥ 865
Share-based payments	187	202
Total	¥1,064	¥1,067

Transactions with officers and major shareholders (individuals only), etc. of the reporting entity submitting these consolidated financial statements.

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	Store renting	874	Lease liabilities	6,433
						Serves concurrently as an officer				
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	Store renting	554	Lease liabilities	4,359
						Serves concurrently as an officer				

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 2023, through 31 August 2024)

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	Store renting	1,309	Lease liabilities	8,801
						Serves concurrently as an officer				
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	Store renting	603	Lease liabilities	3,781
						Serves concurrently as an officer				

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. Material Accounting Policies A. Basis of Consolidations (1) Subsidiaries”

33 Commitments for Expenditures

The Group had the following commitments at each reporting date:

(Millions of yen)		
	As at 31 August 2023	As at 31 August 2024
Commitment for the acquisition of property, plant and equipment	¥16,926	¥67,994
Commitment for acquisition of intangible assets	2,634	1,713
Total	¥19,560	¥69,707

Note: We will purchase a portion of the existing UNIQLO New York Fifth Avenue store building in the United States and convert a portion into a long-term lease. In addition to a 5,795 million yen advance payment, we plan to pay a total of 47,813 million yen to finance the purchase and 13,040 million yen as an advance lump-sum lease payment in the year ending 31 August 2025.The above-listed amount of commitment for the acquisition of property, plant and equipment as at 31 August 2024 includes the purchase price of 47,813 million yen.

35 Subsequent Events

Not applicable

Others

Quarterly information for the fiscal year ended 31 August 2024

(Cumulative period)	First quarter	Second quarter	Third quarter	Fiscal year
Revenue (Millions of yen)	¥810,833	¥1,598,999	¥2,366,501	¥3,103,836
Quarterly income before income taxes and non-controlling interests (Millions of yen)	162,471	299,395	477,767	557,201
Quarterly net income (Millions of yen)	107,800	195,912	312,838	371,999
Earnings per share (Yen)	351.50	638.79	1,020.02	1,212.88

(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Quarterly earnings per share (Yen)	351.50	287.28	381.22	192.88

34 Contingent Liabilities

Year ended 31 August 2023
Not applicable

Year ended 31 August 2024
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 2024, 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 material accounting policy information, all expressed in Japanese yen.

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 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

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' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with 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.

Valuation of inventories at the lower of cost or net realizable value	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
As disclosed in Note 10 to the consolidated financial statements, the Group's total inventories attributable to UNIQLO Japan, UNIQLO International and GU business segments as at 31 August 2024 were JPY 445,122 million, in the aggregate, representing 12.4% of the Group's total assets. In addition, the amount of write-down of inventories to net realizable value was JPY 8,299 million for these segments.	<p>Our audit procedures related to this key audit matter included the following, among others:</p> <ul style="list-style-type: none">Evaluation of the cost measurement techniques and inventory valuation approaches established by management, including compliance with IFRS Accounting Standards.

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<p>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.</p> <p>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 systems. 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 systems.</p> <p>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 systems.</p>	<ul style="list-style-type: none">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 systems, 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.
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Assessment of impairment or reversal of impairment indicators on store assets	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
<p>As disclosed in Note 15 to the consolidated financial statements, the Group had store assets attributable to UNIQLO Japan, UNIQLO International and GU business segments amounting to JPY 112,410 million, JPY 271,236 million and JPY 36,388 million, respectively, which in the aggregate represent 11.7% of the Group's total assets as at 31 August 2024. In addition, the impairment losses attributable to store assets for each segment were JPY 353 million, JPY 895 million and JPY 632 million, and the reversal of impairment losses was JPY 425 million, JPY 3,273 million and JPY 306 million, respectively, for the year ended 31 August 2024.</p> <p>Each segment operated 787, 1,698 and 472 stores as at 31 August 2024, 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, or impairment losses recognized in prior periods may no longer exist or may have decreased ("Impairment or Reversal of Impairment Indicators"). As such, due to the potential impact it may have on the assessment of the Impairment or Reversal of 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.</p>	<p>Our audit procedures related to this key audit matter included the following, among others:</p> <ul style="list-style-type: none">Evaluation of management's assessment of Impairment or Reversal of Impairment Indicators, identification of CGUs and allocation method of relevant headquarter costs to each CGU used by management, including compliance with IFRS Accounting Standards.Assessment of the design and operating effectiveness of relevant controls in place for assessing Impairment or Reversal of Impairment Indicators.

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 or Reversal of Impairment Indicators is highly dependent on the IT system.	<ul style="list-style-type: none">• Involvement of our IT experts to evaluate the accuracy and completeness of the Impairment or Reversal of 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 or Reversal of 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 or Reversal of Impairment Indicators identification report for the completeness of stores for proper inclusion.
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Other Information

Management is responsible for the other information. The other information comprises the information included in the Integrated Report, but does not include the consolidated financial statements and our auditor's report thereon. The Integrated Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will 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 identified above when it becomes available 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.

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 IFRS Accounting Standards as issued by the IASB, 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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, actions taken to eliminate threats or safeguards applied.

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.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 2 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

The engagement partners on the audit resulting in this independent auditor's report are Hirofumi Otani and Akira Kimotsuki.

Deloitte Touche Tohmatsu LLC
29 November 2024

