

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



FAST RETAILING

FAST RETAILING CO., LTD.

迅銷有限公司

(Incorporated in Japan with limited liability)

(Stock Code:6288)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 AUGUST 2022
AND
RESUMPTION OF TRADING**

The board of directors (the “Board”) of FAST RETAILING CO., LTD. (the “Company” or “Parent”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 August 2022 together with the comparative figures for the year ended 31 August 2021.

At the request of the Company, trading in its Hong Kong depositary receipts on the Stock Exchange was halted with effect from 1:00 p.m. on Thursday, 13 October 2022, pending the release of this announcement. An application will be made by the Company to the Stock Exchange for resumption of trading in the Hong Kong depositary receipts with effect from 9:00 a.m. on Friday, 14 October 2022.

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

1. CONSOLIDATED FINANCIAL RESULTS

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

(1) Consolidated Operating Results (1 September 2021 to 31 August 2022)

(Percentages represent year-on-year changes)

| | Revenue | | Operating profit | | Profit before income taxes | | Profit for the year | |
|---------------------------|-----------------|-----|------------------|------|----------------------------|------|---------------------|------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Year ended 31 August 2022 | 2,301,122 | 7.9 | 297,325 | 19.4 | 413,584 | 55.6 | 284,750 | 62.1 |
| Year ended 31 August 2021 | 2,132,992 | 6.2 | 249,011 | 66.7 | 265,872 | 73.9 | 175,684 | 94.3 |

| | Profit attributable to owners of the Parent | | Total comprehensive income for the year | | Basic earnings per share | Diluted earnings per share |
|---------------------------|---|------|---|-------|--------------------------|----------------------------|
| | Millions of yen | % | Millions of yen | % | | |
| Year ended 31 August 2022 | 273,335 | 60.9 | 576,247 | 158.5 | 2,675.30 | 2,671.29 |
| Year ended 31 August 2021 | 169,847 | 88.0 | 222,891 | 104.3 | 1,663.12 | 1,660.44 |

| | Ratio of profit to equity attributable to owners of the Parent | Ratio of profit before income taxes to total assets | Ratio of operating profit to revenue |
|---------------------------|--|---|--------------------------------------|
| | % | % | % |
| Year ended 31 August 2022 | 20.4 | 14.5 | 12.9 |
| Year ended 31 August 2021 | 16.4 | 10.8 | 11.7 |

(References) Share of profits and losses of associates Year ended 31 August 2022: 1,059 million yen
Year ended 31 August 2021: 561 million yen

(2) Consolidated Financial Position

| | Total assets | Total equity | Equity attributable to owners of the Parent | Ratio of equity attributable to owners of the Parent to total assets | Equity per share attributable to owners of the Parent |
|----------------------|-----------------|-----------------|---|--|---|
| | Millions of yen | Millions of yen | Millions of yen | % | Yen |
| As at 31 August 2022 | 3,183,762 | 1,615,402 | 1,561,652 | 49.1 | 15,281.90 |
| As at 31 August 2021 | 2,509,976 | 1,162,298 | 1,116,484 | 44.5 | 10,930.42 |

(3) Consolidated Cash Flows

| | Net cash generated by operating activities | Net cash used in investing activities | Net cash used in financing activities | Cash and cash equivalents at the end of year |
|---------------------------|--|---------------------------------------|---------------------------------------|--|
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| Year ended 31 August 2022 | 430,817 | (212,226) | (213,050) | 1,358,292 |
| Year ended 31 August 2021 | 428,968 | (82,597) | (302,985) | 1,177,736 |

2. DIVIDENDS

| | Dividends per share | | | | | Total dividends (annual) | Payout ratio (consolidated) | Ratio of dividends to equity attributable to owners of the Parent (consolidated) |
|---------------------------------------|--------------------------|---------------------------|--------------------------|----------|-----------|--------------------------|-----------------------------|--|
| | First quarter period end | Second quarter period end | Third quarter period end | Year-end | Full year | | | |
| | Yen | Yen | Yen | Yen | Yen | Millions of Yen | % | % |
| Year ended 31 August 2021 | - | 240.0 | - | 240.0 | 480.0 | 49,025 | 28.9 | 4.7 |
| Year ended 31 August 2022 | - | 280.0 | - | 340.0 | 620.0 | 63,353 | 23.2 | 4.7 |
| Year ending 31 August 2023 (forecast) | - | 340.0 | - | 340.0 | 680.0 | | 30.2 | |

**3. CONSOLIDATED BUSINESS RESULTS PROJECTION FOR YEAR ENDING 31 AUGUST 2023
(1 SEPTEMBER 2022 TO 31 AUGUST 2023)**

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

| | Revenue | | Operating profit | | Profit before income taxes | | Profit attributable to owners of the Parent | |
|----------------------------|-----------------|------|------------------|------|----------------------------|--------|---|--------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Year ending 31 August 2023 | 2,650,000 | 15.2 | 350,000 | 17.7 | 350,000 | (15.4) | 230,000 | (15.9) |

| | Basic earnings per share attributable to owners of the Parent |
|----------------------------|---|
| | Yen |
| Year ending 31 August 2023 | 2,251.15 |

*** Notes**

- (1) Changes in principal subsidiaries (i.e., changes in specified subsidiaries): None
- (2) Changes in accounting policies and accounting estimates:
- (i) Changes in accounting policies to conform with IFRS: None
- (ii) Other changes in accounting policies: None
- (iii) Changes in accounting estimates: None
- (3) Total number of issued shares (common stock)

| | | | | | |
|-------|--|-----------------------------------|--------------------|-----------------------------------|--------------------|
| (i) | Number of issued shares (including treasury stock) | As at 31 August 2022 | 106,073,656 shares | As at 31 August 2021 | 106,073,656 shares |
| (ii) | Number of treasury stock | As at 31 August 2022 | 3,883,973 shares | As at 31 August 2021 | 3,928,985 shares |
| (iii) | Average number of shares outstanding | For the year ended 31 August 2022 | 102,170,095 shares | For the year ended 31 August 2021 | 102,125,851 shares |

(REFERENCE INFORMATION)

NON-CONSOLIDATED FINANCIAL RESULTS

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

(1) Non-consolidated Operating Results (1 September 2021 to 31 August 2022)

(Percentages represent year-on-year changes)

| | Net sales | | Operating profit | | Ordinary profit | | Profit | |
|---------------------------|-----------------|------|------------------|-------|-----------------|-------|-----------------|-------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Year ended 31 August 2022 | 283,165 | 1.6 | 186,828 | (2.4) | 295,957 | 42.1 | 258,203 | 47.3 |
| Year ended 31 August 2021 | 278,605 | 78.2 | 191,442 | 154.2 | 208,221 | 166.2 | 175,286 | 180.8 |

| | Net income per share | Diluted net income per share |
|---------------------------|----------------------|------------------------------|
| | Yen | Yen |
| Year ended 31 August 2022 | 2,527.19 | 2,523.41 |
| Year ended 31 August 2021 | 1,716.37 | 1,713.61 |

(2) Non-consolidated Financial Position

| | Total assets | Net assets | Ratio of shareholders' equity to total assets | Net assets per share |
|----------------------|-----------------|-----------------|---|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As at 31 August 2022 | 1,362,278 | 877,273 | 63.8 | 8,508.57 |
| As at 31 August 2021 | 1,100,398 | 667,569 | 60.0 | 6,463.08 |

(References) Shareholders' equity As at 31 August 2022: 869,488 million yen

As at 31 August 2021: 660,168 million yen

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

* Explanation and other notes concerning proper use of consolidated business results projection:

Statements made in these materials pertaining to future matters including business projections are based on information currently available to the Company and certain assumptions determined to be reasonable. Actual business results may vary substantially depending on a variety of factors.

1. Business Results

(1) Analysis of Business Results for the year ended 31 August 2022

The Fast Retailing Group reported a record high performance in fiscal 2022, or the twelve months from 1 September 2021 to 31 August 2022, with revenue rising to 2.3011 trillion yen (+7.9% year-on-year) and operating profit expanding considerably to 297.3 billion yen (+19.4% year-on-year). Sales recovered steadily in all markets in which we operate thanks to a steady recovery in demand for clothing now that the COVID-19 pandemic is being brought under control, as well as our continued efforts to strengthen global branding for LifeWear ultimate everyday wear and our ability to mount an agile response to changes in production and distribution environments. We also recorded 116.2 billion yen in finance income net of costs, mainly comprising a 114.3 billion yen foreign exchange gain on foreign-currency denominated assets after the yen exchange rate against the US dollar weakened by approximately 29 yen over the fiscal year to the period end rate of 138.7 yen. As a result, profit before income taxes increased to 413.5 billion yen (+55.6% year-on-year) and profit attributable to owners of the Parent expanded to 273.3 billion yen (+60.9% year-on-year) in the twelve months to 31 August 2022. Furthermore, profit still reached a record level even after stripping out the foreign currency impact.

Capital expenditure decreased by 14.1 billion yen year-on-year in fiscal 2022 to 86.5 billion yen. That figure can be broken down into 21.5 billion yen for UNIQLO Japan, 24.6 billion for UNIQLO International, 4.8 billion yen for GU, 1.3 billion yen for Global Brands, and 34.2 billion yen for systems, etc. In addition to our investment in new store openings, we also continue to invest in automated warehousing.

As a united group, we are determined to strengthen initiatives designed to expand our business operations and promote sustainability in order to become a global No.1 brand by focusing on: (1) creating customer-oriented products, (2) accelerating global store openings, (3) building purchasing experiences that fuse physical stores and e-commerce, and (4) helping to solve various environmental and social issues.

We are working especially hard at UNIQLO International, as the pillar operation of the Fast Retailing Group, to accelerate new store openings in all markets and to strengthen our e-commerce operations. We aim to continue to expand our operations in the Greater China region (Mainland China market, Hong Kong market, and Taiwan market) and the South Asia, Southeast Asia & Oceania region (Southeast Asia, Australia, and India), where we hope to further strengthen our already established brand position. Our operations in the North America and Europe regions have moved into the black thanks to considerable improvements in earnings structures over the past year. Our aim going forward is to further expand operations in those regions by strengthening our marketing and inspiring deeper understanding and loyalty towards LifeWear clothing. We also intend to create clothes that prize LifeWear concepts in order to build a sustainable society. We will continue to pursue our ultimate goals of creating high-quality, long-lasting clothes, clothes with a low environmental impact that are produced in healthy and safe working environments, and clothes that can be further circulated, even after purchase, through recycling and reuse.

UNIQLO Japan

UNIQLO Japan reported a decline in revenue but an increase in profit in fiscal 2022, with revenue totaling 810.2 billion yen (-3.8% year-on-year) and operating profit totaling 124.0 billion yen (+0.6% year-on-year). Full-year same-store sales (including e-commerce) contracted by 3.3% year-on-year. In the first half from 1 September 2021 through 28 February 2022, same-store sales declined by 9.0% year-on-year because we were unable to fully satisfy customer demand due to shortages in some strong-selling Winter items. However, same-store sales increased by 4.7% year-on-year in the second half from 1 March through 31 August 2022 on strong sales of Kando Jackets and Kando Pants as well as regular shirts that met customers' renewed going-out needs and strong sales of Summer ranges once the temperature rose from July onwards. Meanwhile, full-year e-commerce sales expanded by 3.1% year-on-year in fiscal 2022 to 130.9 billion yen, constituting 16.2% of total revenue. The UNIQLO Japan gross profit margin improved 2.5 points year-on-year in fiscal 2022. While the cost of sales worsened in the wake of sharp rises in raw materials and transportation costs, the discounting rate improved markedly thanks to our fundamental drive to control retail prices. The selling, general and administrative expense ratio increased by 1.5 points year-on-year because we have been increasing advertising spend to strengthen branding from a medium- to long-term perspective, and pursuing strategic investments in automated warehousing.

UNIQLO International

UNIQLO International recorded significant increases in both revenue and profit in fiscal 2022, with revenue rising to 1.1187 trillion yen (+20.3% year-on-year) and operating profit expanding to 158.3 billion yen (+42.4% year-on-year). Those revenue and profit figures were boosted by the progressive weakening of the yen over the year, but the segment also managed to generate stronger revenue and significantly higher profits in local currency terms.

Breaking down the UNIQLO International performance into individual regions and markets, with the exception of the Greater China region, which was heavily impacted by COVID-19 restrictions on movement, all operations achieved significant increases in both revenue and profit for the year. The Greater China region reported revenue of 538.5 billion yen (+1.2% year-on-year) and operating profit of 83.4 billion yen (-16.8% year-on-year). However, sales recovered once the restrictions on movement were eased, resulting in higher revenue and a large increase in profit in the fourth quarter from June to August 2022. UNIQLO South Korea reported increases in full-year revenue and profit. UNIQLO S/SE Asia & Oceania reported large increases in both revenue and profit, with revenue rising by approximately 60% year-on-year to approximately 240.0 billion yen, the operating profit margin improving sharply to approximately 19%, and operating income more than tripling. A recovery in customers' going-out needs plus some proactive marketing on our part helped further boost support among for the UNIQLO brand among local customers and increase the number of new customers. UNIQLO North America achieved a large increase in revenue, a move into the black, and an operating profit margin just below 10% for fiscal 2022. We were able to gradually establish a firmer UNIQLO presence and greatly extend sales thanks to better conveyance of information about core products and stronger branding. UNIQLO Europe (excluding Russia) achieved a large increase in revenue, a move into the black, and an operating profit margin of approximately 12% in fiscal 2022. The region is enjoying greater support for UNIQLO's LifeWear concept and a rise in the number of new customers, and sales are proving strong especially in the regional flagship stores that we are opening in major European cities. Our operation in Russia remains closed, resulting in a large decline in revenue and an operating loss for the year following the recording of impairment losses. However, the impact of this operation on consolidated results is limited.

GU

Our GU segment reported a decline in revenue and a sharp dip in profits in fiscal 2022, with revenue totaling 246.0 billion yen (-1.4% year-on-year) and operating profit totaling 16.6 billion yen (-17.4% year-on-year). In the first half, we were not able to sufficiently tighten the number of product types offered and we suffered some shortages in strong-selling items caused by delays in production and distribution. First-half sales struggled as a result and segment revenue and profit dipped. By contrast, revenue increased in the second half thanks to a tighter range of product types, stronger marketing, and strong sales of products that successfully captured mass fashion trends, such as color slacks and sweatshirt-style T-shirts. Furthermore, GU's gross profit margin improved on tighter discounting and the general and administrative expense ratio also improved, resulting in a large increase in operating profit in the second half of fiscal 2022.

Global Brands

In fiscal 2022, the Global Brands segment reported an increase in revenue to 123.1 billion yen (+13.8% year-on-year) and an operating loss of 0.7 billion yen (compared to an operating loss of 1.6 billion yen in the previous fiscal year). Our Theory operation reported significant increases in revenue and profit thanks to a recovery in performance in both the United States and Japan. The label was able to successfully expand its customer base by offering comfortable, highly finished lightweight clothing and strategically expanding products with revised price lines. Our PLST label reported a decline in revenue and a wider operating loss in fiscal 2022. Finally, our Comptoir des Cotonniers label reported an increase in revenue and a much smaller operating loss in fiscal 2022. The brand's selling, general and administrative expense ratio also improved significantly following the closure of unprofitable stores and some determined structural business reforms.

Sustainability

Fast Retailing is advancing its LifeWear concept—the ultimate in everyday clothing, designed to make everyone's life better—to create apparel that not only emphasizes quality, design, and price but also meets the definition of good clothing from the standpoint of the environment, people, and society. We aim to transition to a new business model based on both business growth and sustainability that will make our company better for society. Our six materialities are: Creating new value through products and services; Respecting human rights in our supply chain; Respecting the environment; Strengthening communities; Supporting employee fulfillment and Implementing good corporate governance.

■ **Creating new value through products and services:** To develop products geared toward building a sustainable society, we are expanding our development of products made with recycled materials, including plastic bottles. One illustration of this is UNIQLO's effort to apply recycled materials to its core ranges, such as fleeces. As part of our JOIN: THE POWER OF CLOTHING campaign held in July 2022, we donated USD 1 million (approximately JPY 130 million) to the Nippon Foundation to support activities that reduce ocean waste. Moreover, UNIQLO launched its PEACE FOR ALL project in June 2022 and is collaborating with global celebrities who are committed to taking action to achieve peace for all and volunteering to help sell UTs (graphic T-shirts) with designs that convey a desire for peace. All profits from sales will be donated (equivalent to 20% of the sales price of each T-shirt) to organizations that provide humanitarian aid to those affected by poverty, discrimination, violence, and conflict, such as women, children and refugees.

■ **Respecting human rights in our supply chain:** We are also continually improving our efforts to address human rights and labor issues throughout our entire supply chain. In addition to audits at garment factories and fabric mills, we aim to secure traceability by also initiating audits of upstream spinning mills. In order to improve the quality of life of the people working in our supply chain, in December 2021, we not only guaranteed our workers a minimum wage but also announced targets and initiatives aimed at providing a living wage (a level of pay that meets a person's fundamental needs such as clothing, shelter, and food and allows them to lead a reasonable social life). We also announced our support for a pilot program in Bangladesh seeking to provide income protection and medical compensation for workers in the event of occupational accidents in factories.

■ **Respecting the environment:** In September 2021, we announced our goal of reducing greenhouse gas emissions from energy used in the Company's own operation, including stores and main offices, by 90% by FY2030 (compared to FY2019), reducing emissions associated with raw material production, fabric and garment production of UNIQLO and GU products by 20%, and achieving 100% sourcing of renewable energy in our own operation. In August 2022, we achieved 100% sourcing of renewable energy at our stores in Europe, North America, Vietnam, Indonesia, and Thailand. To solve the water environment issues facing local communities, we are striving to prevent and reduce water pollution and to reduce the amount of water we use. In June 2022, we set targets for the garment factories and fabric mills that account for high amounts of water consumption, with a focus on areas faced with high water supply risks and factories with high levels of water consumption. We also announced our goal to reduce water consumption by 10% (compared to 2020) at each factory by the end of 2025.

■ **Strengthening communities:** Following an appeal by the United Nations High Commissioner for Refugees (UNHCR), Fast Retailing has donated USD 10 million (approx. JPY 1.15 billion) toward emergency humanitarian aid in Ukraine and surrounding regions. We are also donating some 100,000 clothing items, including UNIQLO HEATTECH blankets and HEATTECH innerwear, as well as approximately 100,000 items of reclaimed winter clothing, etc. collected at UNIQLO stores in Japan. In addition, UNIQLO in the EU has teamed up with local NGOs to support garment recycling, including UNIQLO products and winter clothing reclaimed in stores, as well as in-store and online fundraising activities. UNIQLO has also launched employment programs for Ukrainian refugees in Germany and the Netherlands.

■ **Supporting employee fulfillment:** Supporting employee fulfillment: As we value the diversity of our employees, we have set a goal of achieving 50% female representation among management positions by the end of FY2030 in order to promote a workplace environment that encourages career development and allows employees to demonstrate their abilities to the fullest. In order to achieve this goal, we will improve our development plans and medium-to-long-term career plans for female management candidates. In addition to career development sessions and training (confidence training, skills training, etc.) with female managers serving as role models, we have also set up a mentoring scheme as a means of offering support. In March 2022, Fast Retailing held two sessions for employees of the Japan headquarters to learn about women's health as part of our goal to create an environment in which female employees can truly flourish. More than 250 male and female employees participated in the sessions, which fostered a deeper understanding of health issues particular to women.

■ Implementing good corporate governance: Each committee is engaged in open and active discussion to enable rapid and transparent management. In addition to continuously discussing how to address information security risks and risks related to international affairs, the Risk Management Committee has also given advice on evaluating risks found in the Company's internal audit and establishing a system to keep those risks in check. The Remuneration Advisory Committee was restructured in March 2022 to further improve its transparency and independence and is now chaired by an external director, and its members include all independent external directors, some independent external auditors, and the directors. The Code of Conduct Committee is also developing an online system to facilitate smooth reporting and consultation through the employee hotline, in addition to the established telephone, email, and mail systems.

(2) Financial Positions

Total assets as at 31 August 2022 were 3.1837 trillion yen, which was an increase of 673.7 billion yen relative to the end of the preceding fiscal year. The principal factors were an increase of 180.5 billion yen in cash and cash equivalents, an increase of 67.2 billion yen in other current financial assets, an increase of 91.0 billion yen in inventories, an increase of 209.1 billion yen in derivative financial assets, an increase of 27.0 billion yen in property, plant and equipment, an increase of 97.2 billion yen in non-current financial assets, and a decrease of 28.6 billion yen in deferred tax assets.

Total liabilities as at 31 August 2022 were 1.5683 trillion yen, which was an increase of 220.6 billion yen relative to the end of the preceding fiscal year. The principal factors were an increase of 130.2 billion yen in trade and other payables, an increase of 104.3 billion yen in other current financial liabilities, an increase of 38.5 billion yen in current tax liabilities, an increase of 15.8 billion yen in other current liabilities, a decrease of 129.7 billion yen in non-current financial liabilities, an increase of 20.0 billion yen in lease liabilities, and an increase of 34.3 billion yen in deferred tax liabilities.

Total net assets as at 31 August 2022 were 1.6154 trillion yen, which was an increase of 453.1 billion yen relative to the end of the preceding fiscal year. The principal factors were an increase of 220.3 billion yen in retained earnings, and an increase of 222.2 billion yen in other components of equity.

(3) Cash Flows Information

Cash and cash equivalents as at 31 August 2022 had increased by 180.5 billion yen from the end of the preceding fiscal year to 1.3582 trillion yen.

(Operating Cash Flows)

Net cash generated by operating activities for the year ended 31 August 2022 was 430.8 billion yen (428.9 billion yen was generated during the year ended 31 August 2021). The principal factors were cash inflow from profit before tax for 413.5 billion yen, depreciation and amortization for 180.2 billion yen and increase in trade and other payables for 114.6 billion yen, and cash outflow from foreign exchange gains for 114.3 billion yen, increase in inventories for 50.8 billion yen and income taxes paid for 95.8 billion yen.

(Investing Cash Flows)

Net cash used in investing activities for the year ended 31 August 2022 was 212.2 billion yen (82.5 billion yen was used during the year ended 31 August 2021). The principal factors were 117.5 billion yen in payments for investment securities, and 51.2 billion yen in payments for property, plant and equipment.

(Financing Cash Flows)

Net cash used in financing activities for the year ended 31 August 2022 was 213.0 billion yen (302.9 billion yen was used during the year ended 31 August 2021). The principal factors were 53.0 billion yen in dividends paid to owners of the Parent, and 136.8 billion yen in repayments of lease liabilities.

(4) Future Business Outlook

In fiscal 2023, the Fast Retailing Group expects to achieve consolidated revenue of 2.6500 trillion yen (+15.2% year-on-year), operating profit of 350.0 billion yen (+17.7% year-on-year), profit before income taxes of 350.0 billion (−15.4% year-on-year) and profit attributable to owners of the Parent of ¥230.0 billion (−15.9% year-on-year). We have used the period-start exchange rates of 1USD=138.7JPY and 1CNY=20.0JPY to calculate business estimates for international operations. We also used the period-start exchange rate of 1USD=138.7JPY for calculating finance income net of costs, which does not incorporate any foreign exchange gains or losses. We are predicting a year-on-year decline in profit attributable to owners of the Parent in fiscal 2023 compared to fiscal 2022 when we recorded a 114.3 billion yen foreign exchange gain on foreign-currency denominated assets. However, that profit measure is expected to increase year-on-year if we strip out the foreign exchange impact. The year ending 31 August 2023 will be the year in which we aim to aggressively transform our business structure and create a solid foundation as a global No.1 brand. While the business environment continues to be severe in light of progressive inflation and the rapid depreciation of the yen, we are determined to accelerate our efforts to address the following four priority areas and produce steady results.

- (1) Realize business that meets customer needs and encourage empathy towards the value we value
- (2) Promote the globalization of our headquarters so we can earn profits worldwide
- (3) Accelerate sustainability initiatives in tandem with our business development
- (4) Emphasize productivity and firmly implement low-cost management in an inflationary environment

Looking now at the future outlook for our individual business segments, we expect UNIQLO Japan will generate higher revenue and profit in both the first and second halves of fiscal 2023. While we expect cost of sales to continue to broadly worsen, we plan to improve discounting rates and contain any decline in the gross profit margin within a minimal level. We expect UNIQLO International will generate large increases in revenue and profit in fiscal 2023. We also expect our GU segment to produce significantly higher revenue and profit, while the Global Brand segments is reporting a large increase in full-year revenue and a move into the black.

We plan to accelerate new store openings in fiscal 2023, especially at UNIQLO International. We forecast the Fast Retailing Group network will boast a total of 3,747 stores by the end of August 2023: 809 stores (including franchise stores) at UNIQLO Japan, 1,740 stores at UNIQLO International, 469 stores at GU, and 729 stores at Global Brands (including franchise stores).

2. Basic Concept Regarding Selection of Accounting Standards

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

3. Consolidated Financial Statements

(1) Consolidated Statement of Financial Position

(Millions of yen)

| | Notes | As at 31 August 2021 | As at 31 August 2022 |
|--|-------|-------------------------|-------------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | | 1,177,736 | 1,358,292 |
| Trade and other receivables | | 50,546 | 60,184 |
| Other financial assets | | 56,157 | 123,446 |
| Inventories | | 394,868 | 485,928 |
| Derivative financial assets | | 27,103 | 124,551 |
| Income taxes receivable | | 2,992 | 2,612 |
| Other assets | | 15,270 | 23,835 |
| Total current assets | | 1,724,674 | 2,178,851 |
| Non-current assets | | | |
| Property, plant and equipment | 6 | 168,177 | 195,226 |
| Right-of-use assets | 6 | 390,537 | 395,634 |
| Goodwill | | 8,092 | 8,092 |
| Intangible assets | 6 | 66,939 | 76,621 |
| Financial assets | | 67,122 | 164,340 |
| Investments in associates accounted for using the equity method | | 18,236 | 18,557 |
| Deferred tax assets | | 37,125 | 8,506 |
| Derivative financial assets | | 22,552 | 134,240 |
| Other assets | 6 | 6,520 | 3,690 |
| Total non-current assets | | 785,302 | 1,004,911 |
| Total assets | | 2,509,976 | 3,183,762 |
| LIABILITIES AND EQUITY | | | |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | | 220,057 | 350,294 |
| Other financial liabilities | | 104,969 | 209,286 |
| Derivative financial liabilities | | 2,493 | 1,513 |
| Lease liabilities | | 117,083 | 123,885 |
| Current tax liabilities | | 38,606 | 77,162 |
| Provisions | | 2,149 | 2,581 |
| Other liabilities | | 95,652 | 111,519 |
| Total current liabilities | | 581,012 | 876,242 |
| Non-current liabilities | | | |
| Financial liabilities | | 370,799 | 241,022 |
| Lease liabilities | | 343,574 | 356,840 |
| Provisions | | 39,046 | 47,780 |
| Deferred tax liabilities | | 9,860 | 44,258 |
| Derivative financial liabilities | | 1,042 | 44 |
| Other liabilities | | 2,342 | 2,171 |
| Total non-current liabilities | | 766,665 | 692,117 |
| Total liabilities | | 1,347,678 | 1,568,360 |
| EQUITY | | | |
| Capital stock | | 10,273 | 10,273 |
| Capital surplus | | 25,360 | 27,834 |
| Retained earnings | | 1,054,791 | 1,275,102 |
| Treasury stock, at cost | | (14,973) | (14,813) |
| Other components of equity | | 41,031 | 263,255 |
| Equity attributable to owners of the Parent | | 1,116,484 | 1,561,652 |
| Non-controlling interests | | 45,813 | 53,750 |
| Total equity | | 1,162,298 | 1,615,402 |
| Total liabilities and equity | | 2,509,976 | 3,183,762 |

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

Consolidated Statement of Profit or Loss

(Millions of yen)

| | Notes | Year ended 31 August 2021 | Year ended 31 August 2022 |
|--|-------|------------------------------|------------------------------|
| Revenue | 2 | 2,132,992 | 2,301,122 |
| Cost of sales | | (1,059,036) | (1,094,263) |
| Gross profit | | 1,073,955 | 1,206,859 |
| Selling, general and administrative expenses | 3 | (818,427) | (900,154) |
| Other income | 4 | 18,238 | 16,951 |
| Other expenses | 4,6 | (25,315) | (27,391) |
| Share of profit and loss of associates accounted for using the equity method | | 561 | 1,059 |
| Operating profit | | 249,011 | 297,325 |
| Finance income | 5 | 23,859 | 123,820 |
| Finance costs | 5 | (6,998) | (7,560) |
| Profit before income taxes | | 265,872 | 413,584 |
| Income tax expense | | (90,188) | (128,834) |
| Profit for the year | | 175,684 | 284,750 |
| Profit for the year attributable to: | | | |
| Owners of the Parent | | 169,847 | 273,335 |
| Non-controlling interests | | 5,836 | 11,415 |
| Total | | 175,684 | 284,750 |
| Earnings per share | | | |
| Basic (yen) | 7 | 1,663.12 | 2,675.30 |
| Diluted (yen) | 7 | 1,660.44 | 2,671.29 |

Consolidated Statement of Comprehensive Income

(Millions of yen)

| | Year ended 31 August 2021 | Year ended 31 August 2022 |
|---|------------------------------|------------------------------|
| Profit for the year | 175,684 | 284,750 |
| 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) | 541 | (41) |
| Total items that will not be reclassified subsequently to profit or loss | 541 | (41) |
| Items that may be reclassified subsequently to profit or loss | | |
| Exchange differences on translating foreign operations | 20,266 | 98,118 |
| Cash flow hedges | 26,333 | 193,303 |
| Share of other comprehensive income of associates | 65 | 116 |
| Total items that may be reclassified subsequently to profit or loss | 46,665 | 291,538 |
| Other comprehensive income / (loss), net of income tax | 47,207 | 291,497 |
| Total comprehensive income for the year | 222,891 | 576,247 |
| Attributable to: | | |
| Owners of the Parent | 215,309 | 554,833 |
| Non-controlling interests | 7,582 | 21,414 |
| Total comprehensive income for the year | 222,891 | 576,247 |

(3) Consolidated Statement of Changes in Equity

For the year ended 31 August 2021

(Millions of yen)

| Note | Capital stock | Capital surplus | Retained earnings | Treasury stock, at cost | Other components of equity | | | | | Total | 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 | | | | | |
| As at 1 September 2020 | 10,273 | 23,365 | 933,303 | (15,129) | 385 | (8,489) | 12,905 | (51) | 4,749 | 956,562 | 39,516 | 996,079 | |
| Net changes during the year | | | | | | | | | | | | | |
| Comprehensive income | | | | | | | | | | | | | |
| Profit for the year | - | - | 169,847 | - | - | - | - | - | - | 169,847 | 5,836 | 175,684 | |
| Other comprehensive income / (loss) | - | - | - | - | 541 | 18,345 | 26,509 | 65 | 45,461 | 45,461 | 1,745 | 47,207 | |
| Total comprehensive income / (loss) | - | - | 169,847 | - | 541 | 18,345 | 26,509 | 65 | 45,461 | 215,309 | 7,582 | 222,891 | |
| Transactions with the owners of the Parent | | | | | | | | | | | | | |
| Acquisition of treasury stock | - | - | - | (12) | - | - | - | - | - | (12) | - | (12) | |
| Disposal of treasury stock | - | 1,836 | - | 168 | - | - | - | - | - | 2,005 | - | 2,005 | |
| Dividends | - | - | (49,015) | - | - | - | - | - | - | (49,015) | (1,867) | (50,882) | |
| Share-based payments | - | 159 | - | - | - | - | - | - | - | 159 | - | 159 | |
| Transfer to non-financial assets | - | - | - | - | - | - | (8,523) | - | (8,523) | (8,523) | 67 | (8,456) | |
| Transfer to retained earnings | - | - | 655 | - | (655) | - | - | - | (655) | - | - | - | |
| Others | - | - | - | - | - | - | - | - | - | - | 514 | 514 | |
| Total transactions with the owners of the Parent | - | 1,995 | (48,359) | 155 | (655) | - | (8,523) | - | (9,179) | (55,387) | (1,285) | (56,673) | |
| Total net changes during the year | - | 1,995 | 121,487 | 155 | (113) | 18,345 | 17,985 | 65 | 36,282 | 159,921 | 6,296 | 166,218 | |
| As at 31 August 2021 | 10,273 | 25,360 | 1,054,791 | (14,973) | 271 | 9,855 | 30,890 | 13 | 41,031 | 1,116,484 | 45,813 | 1,162,298 | |

For the year ended 31 August 2022

(Millions of yen)

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

(4) Consolidated Statement of Cash Flows*(Millions of yen)*

| | Note | Year ended 31 August 2021 | Year ended 31 August 2022 |
|---|------|------------------------------|------------------------------|
| Cash flows from operating activities | | | |
| Profit before income taxes | | 265,872 | 413,584 |
| Depreciation and amortization | | 177,910 | 180,275 |
| Impairment losses | 6 | 16,908 | 23,150 |
| Interest and dividends income | | (4,628) | (9,495) |
| Interest expenses | | 6,990 | 7,560 |
| Foreign exchange losses / (gains) | | (19,222) | (114,324) |
| Share of profit and loss of associates accounted for using the equity method | | (561) | (1,059) |
| Losses on disposal of property, plant and equipment | | 985 | 1,136 |
| (Increase) / Decrease in trade and other receivables | | 15,334 | (2,651) |
| (Increase) / Decrease in inventories | | 36,749 | (50,896) |
| Increase / (Decrease) in trade and other payables | | 384 | 114,600 |
| (Increase) / Decrease in other assets | | 3,494 | (7,125) |
| Increase / (Decrease) in other liabilities | | 9,300 | (9,531) |
| Others, net | | 153 | (27,211) |
| Cash generated from operations | | 509,672 | 518,010 |
| Interest and dividends income received | | 4,134 | 8,520 |
| Interest paid | | (6,101) | (7,557) |
| Income taxes paid | | (80,555) | (95,867) |
| Income taxes refunded | | 1,818 | 7,711 |
| Net cash generated by operating activities | | 428,968 | 430,817 |
| Cash flows from investing activities | | | |
| Amounts deposited into bank deposits with original maturities of three months or longer | | (102,307) | (143,517) |
| Amounts withdrawn from bank deposits with original maturities of three months or longer | | 99,943 | 126,774 |
| Payments for property, plant and equipment | | (56,500) | (51,271) |
| Payments for intangible assets | | (19,624) | (28,335) |
| Payments for acquisition of right-of-use assets | | (846) | (796) |
| Payments for investment securities | | - | (117,521) |
| Payments for lease and guarantee deposits | | (3,979) | (5,973) |
| Proceeds from collection of lease and guarantee deposits | | 4,542 | 5,112 |
| Payments for acquisition of investments in associates | | (4,232) | - |
| Others, net | | 407 | 3,301 |
| Net cash used in investing activities | | (82,597) | (212,226) |

(continued)

(Millions of yen)

| | Year ended 31 August 2021 | Year ended 31 August 2022 |
|---|------------------------------|------------------------------|
| Cash flows from financing activities | | |
| Proceeds from short-term loans payable | 64,247 | 14,059 |
| Repayment of short-term loans payable | (67,804) | (26,210) |
| Repayment of redemption of bonds | (100,000) | - |
| Dividends paid to owners of the Parent | (48,993) | (53,091) |
| Dividends paid to non-controlling interests | (2,342) | (11,623) |
| Repayments of lease liabilities | (148,248) | (136,889) |
| Others, net | 155 | 705 |
| Net cash used in financing activities | (302,985) | (213,050) |
| Effect of exchange rate changes on the balance of cash held in foreign currencies | 40,818 | 175,015 |
| Net increase in cash and cash equivalents | 84,204 | 180,556 |
| Cash and cash equivalents at the beginning of year | 1,093,531 | 1,177,736 |
| Cash and cash equivalents at the end of year | 1,177,736 | 1,358,292 |

(5) Notes regarding Going Concern Assumptions

Not applicable.

(6) Notes to the Consolidated Financial Statements

1. Segment Information

(1) 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 business

For J Brand Inc, which had been included in Global Brands operations for the year ended 31 August 2021, the corporate liquidation proceedings has been completed on 5 August 2021.

(2) Segment revenue and results

Year ended 31 August 2021

(Millions of yen)

| | Reportable segments | | | | Total | Others (Note 1) | Adjustments (Note 2) | Consolidated Statement of Profit or Loss |
|--|---------------------|-------------------------|---------|------------------|-----------|--------------------|-------------------------|---|
| | UNIQLO Japan | UNIQLO International | GU | Global Brands | | | | |
| Revenue | 842,628 | 930,151 | 249,438 | 108,204 | 2,130,423 | 2,569 | - | 2,132,992 |
| Operating profit / (loss) | 123,243 | 111,203 | 20,175 | (1,637) | 252,985 | 91 | (4,065) | 249,011 |
| Segment income / (loss) (i.e., profit / (loss) before income taxes) | 125,888 | 109,475 | 20,075 | (2,093) | 253,345 | 93 | 12,432 | 265,872 |
| Other disclosure: | | | | | | | | |
| Depreciation and amortization | 52,717 | 69,326 | 19,915 | 9,107 | 151,067 | 9 | 26,833 | 177,910 |
| Impairment losses (Note 3) | 4,697 | 7,755 | 1,500 | 3,139 | 17,092 | - | (183) | 16,908 |

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

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

(Note 3) For details on impairment losses, please refer to Note "6. Impairment Losses".

Year ended 31 August 2022

(Millions of yen)

| | Reportable segments | | | | Total | Others (Note 1) | Adjustments (Note 2) | Consolidated Statement of Profit or Loss |
|--|---------------------|-------------------------|---------|------------------|-----------|--------------------|-------------------------|---|
| | UNIQLO Japan | UNIQLO International | GU | Global Brands | | | | |
| Revenue | 810,261 | 1,118,763 | 246,055 | 123,162 | 2,298,242 | 2,880 | - | 2,301,122 |
| Operating profit / (loss) | 124,044 | 158,364 | 16,667 | (792) | 298,284 | (797) | (162) | 297,325 |
| Segment income / (loss) (i.e., profit / (loss) before income taxes) | 133,844 | 156,503 | 18,492 | (1,212) | 307,627 | (867) | 106,824 | 413,584 |
| Other disclosure: | | | | | | | | |
| Depreciation and amortization | 53,555 | 71,358 | 17,940 | 8,361 | 151,217 | 183 | 28,874 | 180,275 |
| Impairment losses (Note 3) | 4,322 | 13,402 | 2,237 | 1,389 | 21,351 | 1,363 | 434 | 23,150 |

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

(Note 2) “Adjustments” mainly includes revenue and corporate expenses which are not allocated to individual reportable segments.

(Note 3) For details on impairment losses, please refer to Note “6. Impairment Losses.”

2. Revenue

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

Year ended 31 August 2021

| | Revenue (Millions of yen) | Percent of Total (%) |
|-------------------------------|------------------------------|-------------------------|
| Japan | 842,628 | 39.5 |
| Greater China | 532,249 | 25.0 |
| Other parts of Asia & Oceania | 202,472 | 9.5 |
| North America & Europe | 195,429 | 9.2 |
| UNIQLO (Note 1) | 1,772,780 | 83.1 |
| GU (Note 2) | 249,438 | 11.7 |
| Global Brands (Note 3) | 108,204 | 5.1 |
| Others (Note 4) | 2,569 | 0.1 |
| Total | 2,132,992 | 100.0 |

(Note 1) Revenue is classified by nation or region based on customer location.

The designated countries and regions are classified as follows:

Greater China: Mainland China, Hong Kong, Taiwan

Other parts of Asia & Oceania: South Korea, Singapore, Malaysia, Thailand, the Philippines, Indonesia, Australia, Vietnam, India

North America & Europe: United States of America, Canada, United Kingdom, France, Russia, Germany, Belgium, Spain, Sweden, the Netherlands, Denmark, Italy

(Note 2) Main national and regional market: Japan

(Note 3) Main national and regional markets: North America, Europe, Japan

(Note 4) The “Others” category includes real estate leasing operations.

Year ended 31 August 2022

| | Revenue (Millions of yen) | Percent of Total (%) |
|-------------------------------|------------------------------|-------------------------|
| Japan | 810,261 | 35.2 |
| Greater China | 538,564 | 23.4 |
| Other parts of Asia & Oceania | 307,981 | 13.4 |
| North America & Europe | 272,217 | 11.8 |
| UNIQLO (Note 1) | 1,929,024 | 83.8 |
| GU (Note 2) | 246,055 | 10.7 |
| Global Brands (Note 3) | 123,162 | 5.4 |
| Others (Note 4) | 2,880 | 0.1 |
| Total | 2,301,122 | 100.0 |

(Note 1) Revenue is classified by nation or region based on customer location.

The designated countries and regions are classified as follows:

Greater China: Mainland China, Hong Kong, Taiwan

Other parts of Asia & Oceania: South Korea, Singapore, Malaysia, Thailand, the Philippines, Indonesia, Australia, Vietnam, India

North America & Europe: United States of America, Canada, United Kingdom, France, Russia, Germany, Belgium, Spain, Sweden, the Netherlands, Denmark, Italy

(Note 2) Main national and regional market: Japan

(Note 3) Main national and regional markets: North America, Europe, Japan

(Note 4) The “Others” category includes real estate leasing operations.

3. 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 2021 | Year ended 31 August 2022 |
|--|------------------------------|------------------------------|
| Selling, general and administrative expenses | | |
| Advertising and promotion | 66,576 | 79,267 |
| Lease expenses | 62,494 | 78,347 |
| Depreciation and amortization | 177,910 | 180,275 |
| Outsourcing | 50,320 | 55,420 |
| Salaries | 285,361 | 318,618 |
| Distribution | 91,375 | 93,122 |
| Others | 84,389 | 95,102 |
| Total | 818,427 | 900,154 |

4. 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 2021 | Year ended 31 August 2022 |
|--|------------------------------|------------------------------|
| Other income | | |
| Foreign exchange gains (Note 1) | 2,912 | 4,727 |
| Gain on reclassification of foreign exchange differences on translation of foreign operations (Note 2) | 8,708 | - |
| Others | 6,617 | 12,223 |
| Total | 18,238 | 16,951 |

(Millions of yen)

| | Year ended 31 August 2021 | Year ended 31 August 2022 |
|---|------------------------------|------------------------------|
| Other expenses | | |
| Loss on retirement of property, plant and equipment | 985 | 1,136 |
| Impairment losses | 16,908 | 23,150 |
| Others | 7,421 | 3,104 |
| Total | 25,315 | 27,391 |

(Note 1) Currency adjustment incurred in the course of operating transactions are included in "Other income".

(Note 2) The amount represents gains reclassified to profit or loss due to the liquidation of J Brand, Inc. during the year ended 31 August 2021.

5. 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 2021 | Year ended 31 August 2022 |
|-------------------------------|------------------------------|------------------------------|
| Finance income | | |
| Foreign exchange gains (Note) | 19,222 | 114,324 |
| Interest income | 4,589 | 9,469 |
| Others | 47 | 26 |
| Total | 23,859 | 123,820 |

(Millions of yen)

| | Year ended 31 August 2021 | Year ended 31 August 2022 |
|-------------------|------------------------------|------------------------------|
| Finance costs | | |
| Interest expenses | 6,990 | 7,560 |
| Others | 7 | - |
| Total | 6,998 | 7,560 |

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

6. Impairment Losses

During the year ended 31 August 2022, the Group recognized impairment losses on certain store assets, etc., due to reductions in profitability of the respective cash-generating units ("CGU").

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

(Millions of yen)

| | Year ended 31 August 2021 | Year ended 31 August 2022 |
|--|------------------------------|------------------------------|
| Buildings and structures | 1,895 | 4,896 |
| Furniture, equipment and vehicles | 417 | 1,387 |
| Construction in progress | - | 718 |
| Subtotal on property, plant and equipment | 2,313 | 7,002 |
| Software | 108 | 269 |
| Trademark (Note) | 383 | - |
| Other intangible assets | 686 | 353 |
| Subtotal on intangible assets | 1,178 | 622 |
| Right-of-use assets | 13,410 | 15,522 |
| Other non-current assets (long-term prepayments) | 6 | 2 |
| Total impairment losses | 16,908 | 23,150 |

(Note) For the year ended 31 August 2021, 383 million yen represented impairment losses on trademark of the J Brand.

The Group's impairment losses during the year ended 31 August 2022 amounted to 23,150 million yen, compared with 16,908 million yen during the year ended 31 August 2021, and are included in "Other expenses" on the consolidated statement of profit or loss.

Year ended 31 August 2021

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

Impairment losses amounting to 16,908 million yen represented write downs of the carrying amounts of store assets to the recoverable amounts, primarily due to a reduction in profitability of certain stores, including flagship stores. With the global spread of COVID-19, the Group's performance has been adversely affected due to temporarily closing of the stores, etc. Although the timing for the situation subsiding differs from region to region and on a case-by-case basis, we made accounting estimates involving the assumption that the impact will last until the end of August 2022 for most countries and regions including Japan. For stores in other certain countries and regions, it may take longer for the situation to get under control.

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 mainly 8.9 %. Theoretically, the projected cash flows cover a five-year period, and do not use a growth rate that exceeds the long-term average market growth rate. The pre-tax discount rate calculation is based on the weighted-average cost of capital.

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

| Operating segment | CGU | Type |
|----------------------|--|--|
| UNIQLO Japan | UNIQLO CO., LTD. stores | Buildings, structures and Right-of-use assets etc. |
| UNIQLO International | UNIQLO USA LLC, UNIQLO EUROPE LIMITED etc., stores | Buildings, structures and Right-of-use assets etc. |
| GU | G.U. CO., LTD., etc., stores | Buildings, structures and Right-of-use assets etc. |
| Global Brands | COMPTOIR DES COTONNIERS S.A.S., etc., stores | Buildings, structures and Right-of-use assets etc. |

Year ended 31 August 2022

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

Impairment losses amounting to 23,150 million yen represented write downs of the carrying amounts of store assets to the recoverable amounts, primarily due to a reduction in profitability of certain stores, including flagship stores. We made accounting estimates involving the assumption that the impact of the global spread of COVID-19 will continue to recover for most countries and regions, including Japan. For other countries and regions, the impact may continue for mid to long term.

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

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

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

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

7. Earnings per share

| Year ended 31 August 2021 | | Year ended 31 August 2022 | |
|---|-----------|---|-----------|
| Equity per share attributable to owners of the Parent (Yen) | 10,930.42 | Equity per share attributable to owners of the Parent (Yen) | 15,281.90 |
| Basic earnings per share for the year (Yen) | 1,663.12 | Basic earnings per share for the year (Yen) | 2,675.30 |
| Diluted earnings per share for the year (Yen) | 1,660.44 | Diluted earnings per share for the year (Yen) | 2,671.29 |

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

| | Year ended 31 August 2021 | Year ended 31 August 2022 |
|--|------------------------------|------------------------------|
| Basic earnings per share for the year | | |
| Profit attributable to owners of the Parent for the year (Millions of yen) | 169,847 | 273,335 |
| Profit not attributable to common shareholders (Millions of yen) | - | - |
| Profit attributable to common shareholders (Millions of yen) | 169,847 | 273,335 |
| Average number of common stock outstanding during the year (Shares) | 102,125,851 | 102,170,095 |
| Diluted earnings per share for the year | | |
| Adjustment to profit (Millions of yen) | - | - |
| Increase in number of common stock (Shares) | 164,744 | 153,113 |
| (Number of share subscription rights included in the increase) | (164,744) | (153,113) |

8. Subsequent Events

Not applicable.

4. Others

Changes in officers

(1) Change in representative

Not applicable.

(2) Other changes in executives scheduled for 24 November 2022

Changes in directors assume approval by the General Meeting of Shareholders for the 61st fiscal term, scheduled to be held on 24 November 2022.

(i) Candidate for new appointment as a director

Director Joji Kurumado

Director Yutaka Kyoya

Note: Joji Kurumado and Yutaka Kyoya are External Directors as stipulated in Article 2-15 of the Companies Act.

(ii) Candidates for re-appointment as directors

Director Tadashi Yanai (current Chairman, President, and Chief Executive Officer)

Director Nobumichi Hattori (current Director)

Director Masaaki Shintaku (current Director)

Director Naotake Ohno (current Director)

Director Kathy Mitsuko Koll (current Director)

Director Takeshi Okazaki (current Director)

Director Kazumi Yanai (current Director)

Director Koji Yanai (current Director)

Note: Tadashi Yanai is expected to be re-appointed Chairman, President, and Chief Executive Officer after re-election by the General Meeting of Shareholders scheduled for 24 November 2022.

Nobumichi Hattori, Masaaki Shintaku, Naotake Ohno and Kathy Mitsuko Koll are External Directors as stipulated in Article 2-15 of the Companies Act.

(iii) Director scheduled to retire

Director Takashi Nawa (current Director)

Note: Takashi Nawa is an External Director as stipulated in Article 2-15 of the Companies Act.

(iv) Candidates for re-appointment as a statutory auditor

Statutory Auditor Takao Kashitani (current Statutory Auditor)

Note: Takao Kashitani is a Statutory Auditor as stipulated in Article 2-16 of the Companies Act.

5. Resumption of Trading

At the request of the Company, trading in its Hong Kong depositary receipts on the Stock Exchange was halted with effect from 1:00 p.m. on Thursday, 13 October 2022, pending the release of this announcement. An application will be made by the Company to the Stock Exchange for resumption of trading in the Hong Kong depositary receipts with effect from 9:00 a.m. on Friday, 14 October 2022.

On behalf of the Board

FAST RETAILING CO., LTD.

Tadashi Yanai

Chairman, President and Chief Executive Officer

Japan, 13 October 2022

As at the date of this announcement, the Executive Directors are Tadashi Yanai, Takeshi Okazaki, Kazumi Yanai and Koji Yanai, and the Independent Non-executive Directors are Nobumichi Hattori, Masaaki Shintaku, Takashi Nawa, Naotake Ohno and Kathy Mitsuko Koll (aka Kathy Matsui).