FAST RETAILING

FAST RETAILING CO., LTD.

迅 銷 有 限 公 司

Year-end Report 2020/21

2020.9.1-2021.8.31

Stock Code: 6288

Contents

1. Corporate Information

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

Directors
Takeshi Okazaki
Kazumi Yanai
Koji Yanai

External Directors
Toru Hambayashi (retiring in the year ending 31 August 2022)
Nobumichi Hattori
Masaaki Shintaku
Takashi Nawa
Naotake Ono
Kathy Matsui

Board of Statutory Auditors
Akira Tanaka (retiring in the year ending 31 August 2022)
Masaaki Shinjo
Masumi Mizusawa
Keiko Kaneko (External)
Takao Kashitani (External)
Masakatsu Mori (External)

Company Secretary
Shea Yee Man

Independent Auditor
Deloitte Touche Tohmatsu LLC

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

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

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

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

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

Stock Code
Hong Kong: 6288
Japan: 9983

Website Address
http://www.fastretailing.com

2. Financial Highlights

A. Consolidated Financial Summary

Term	International Financial Reporting Standards (“IFRS”)				
	56th Year	57th Year	58th Year	59th Year	60th Year
Accounting Period	Year ended 31 August 2017	Year ended 31 August 2018	Year ended 31 August 2019	Year ended 31 August 2020	Year ended 31 August 2021
Revenue (Millions of yen)	1,861,917	2,130,060	2,290,548	2,008,846	2,132,992
Operating profit (Millions of yen)	176,414	236,212	257,636	149,347	249,011
Profit before income taxes (Millions of yen)	193,398	242,678	252,447	152,868	265,872
Profit attributable to owners of the Parent (Millions of yen)	119,280	154,811	162,578	90,357	169,847
Comprehensive income attributable to owners of the Parent (Millions of yen)	190,566	165,378	140,900	110,134	215,309
Equity attributable to owners of the Parent (Millions of yen)	731,770	862,936	938,621	956,562	1,116,484
Total assets (Millions of yen)	1,388,486	1,953,466	2,010,558	2,411,990	2,509,976
Equity per share attributable to owners of the Parent (Yen)	7,175.35	8,458.52	9,196.61	9,368.83	10,930.42
Basic earnings per share for the year (Yen)	1,169.70	1,517.71	1,593.20	885.15	1,663.12
Diluted earnings per share for the year (Yen)	1,168.00	1,515.23	1,590.55	883.62	1,660.44
Ratio of equity attributable to owners of the Parent to total assets (%)	52.7	44.2	46.7	39.7	44.5
Ratio of profit to equity attributable to owners of the Parent (%)	18.3	19.4	18.0	9.5	16.4
Price earnings ratio (times)	26.9	34.1	39.1	71.5	43.6
Net cash generated by operating activities (Millions of yen)	212,168	176,403	300,505	264,868	428,968
Net cash (used in) / generated by investing activities (Millions of yen)	122,790	(57,180)	(78,756)	(75,981)	(82,597)
Net cash (used in) / generated by financing activities (Millions of yen)	(50,836)	198,217	(102,429)	(183,268)	(302,985)
Cash and cash equivalents at end of year (Millions of yen)	683,802	999,697	1,086,519	1,093,531	1,177,736
Number of employees:	44,424	52,839	56,523	57,727	55,589
(Separate, average number of temporary employees)	(31,719)	(71,840)	(80,758)	(70,765)	(63,136)

(Notes) 1. Revenue does not include consumption taxes, etc.

2. FAST RETAILING CO., LTD and its consolidated subsidiaries (the “Group”) started to prepare the consolidated financial statements in accordance with IFRS for the year ended 31 August 2014.

3. The number of junior employees and part-time workers is stated as a separate number in parentheses as the average number of people per year was calculated based on an eight-hour workday per person until the 56th year, but from the 57th year, the average number of registered personnel for the year is stated.

B. Non-Consolidated Financial Summary

Term	56th Year	57th Year	58th Year	59th Year	60th Year
Accounting period	Year ended 31 August 2017	Year ended 31 August 2018	Year ended 31 August 2019	Year ended 31 August 2020	Year ended 31 August 2021
Operating revenue (Millions of yen)	139,871	193,044	184,910	156,356	278,605
Ordinary profit (Millions of yen)	115,488	139,660	106,000	78,211	208,221
Net profit (Millions of yen)	64,264	122,158	106,113	62,422	175,286
Capital stock (Millions of yen)	10,273	10,273	10,273	10,273	10,273
Total number of shares issued (shares)	106,073,656	106,073,656	106,073,656	106,073,656	106,073,656
Total net assets (Millions of yen)	377,103	463,229	521,706	538,954	667,569
Total assets (Millions of yen)	670,111	993,413	1,054,758	1,063,356	1,100,398
Equity per share (Yen)	3,654.97	4,489.50	5,053.07	5,207.74	6,463.08
Dividends per share (Figures in parentheses indicate interim dividends) (Yen)	350.00 (175.00)	440.00 (200.00)	480.00 (240.00)	480.00 (240.00)	480.00 (240.00)
Basic net profit per share (Yen)	630.20	1,197.59	1,039.87	611.50	1,716.37
Diluted net profit per share (Yen)	629.28	1,195.63	1,038.14	610.44	1,713.61
Equity ratio (%)	55.6	46.1	48.9	50.0	60.0
Earnings on equity (%)	18.0	29.4	21.8	11.9	29.4
Price earnings ratio (Times)	49.9	43.3	59.5	103.5	42.3
Dividend ratio (%)	55.5	36.7	46.2	78.5	28.0
Number of employees: (Separate, average number of temporary employees) (Persons)	1,166 (140)	1,345 (267)	1,389 (11)	1,589 (8)	1,617 (10)
Total shareholder return (%) (Compared with TOPIX Total Return Index)	87.6 (124.3)	144.7 (136.2)	174.8 (121.5)	178.9 (133.4)	205.7 (165.1)
Highest share price (Yen)	44,370	54,510	70,230	70,180	110,500
Lowest share price (Yen)	30,460	30,000	47,040	39,910	62,860

(Notes) 1. Operating revenue does not include consumption taxes, etc.
2. The number of junior employees and part-time workers is stated as a separate number in parentheses as the average number of people per year calculated based on an eight-hour workday per person until the 56th year, but from the 57th year, the average number of registered personnel for the year is stated.
3. Up until the 57th year, contract employees and fixed-term employees were included in the average number of temporary employees, but from the 58th year, they are included in the number of employees.
4. The highest and lowest share prices are from the first section of the Tokyo Stock Exchange.

3. Corporate Profile

A. History

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

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

The Company's history:

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

Date	Summary
November 2006	UNIQLO Soho New York Store opens as the brand’s first global flagship store, with over 3,300 square meters of floor space.
November 2007	UNIQLO 311 Oxford Street Store opens in London as the brand’s first global flagship store in Europe.
December 2007	First UNIQLO France store opens in the Paris suburbs La Defense.
March 2009	LINK THEORY HOLDINGS CO., LTD. (now LINK THEORY JAPAN CO., LTD.) becomes a subsidiary through a takeover bid.
April 2009	First UNIQLO Singapore store opens in the Tampines 1 Mall (closed in 2021).
October 2009	UNIQLO Paris Opera Store opens in France as a global flagship store.
March 2010	UNIQLO establishes a wholly owned subsidiary in Taiwan.
April 2010	First UNIQLO Russia store, UNIQLO Atrium, opens in Moscow.
May 2010	UNIQLO Shanghai West Nanjing Road Store opens in China as a global flagship store.
October 2010	First UNIQLO Taiwan store opens in Taipei.
November 2010	First UNIQLO Malaysia store opens in Kuala Lumpur.
February 2011	FAST RETAILING CO., LTD. launches a global partnership agreement with the United Nations High Commissioner for Refugees (UNHCR) to further reinforce ongoing company initiatives such as the All-Product Recycling Initiative.
September 2011	First UNIQLO Thailand store opens in Bangkok.
October 2011	UNIQLO Fifth Avenue Store opens in New York as a global flagship store.
November 2011	UNIQLO Myeongdong Jungang Store opens in Seoul, South Korea as a global flagship store.
March 2012	UNIQLO Ginza Store opens in Tokyo as a global flagship store.
June 2012	First UNIQLO Philippines store opens in Manila.
September 2012	BICQLO Shinjuku East Exit Store opens in Tokyo as a global hotspot store.
April 2013	UNIQLO Lee Theatre opens in Hong Kong as a global flagship store.
June 2013	UNIQLO Lotte Shopping Avenue Store opens as the first UNIQLO Store in the Republic of Indonesia.
September 2013	UNIQLO global flagship store opens in Shanghai.
September 2013	First GU overseas store opens in Shanghai.
March 2014	HDRs (Hong Kong Depository Receipts) listed on the Main Board of The Stock Exchange of Hong Kong Limited.
March 2014	UNIQLO global hotspot store opens in Ikebukuro, Sunshine 60.
April 2014	First UNIQLO Australia store opens in Melbourne.
April 2014	First UNIQLO Germany store opens in Berlin, Tauenzienstrasse as a global flagship store.
April 2014	UNIQLO global hotspot store opens in Tokyo, Okachimachi district.
October 2014	UNIQLO global hotspot store opens in Tokyo, Kichijoji.
October 2014	UNIQLO global flagship store, UNIQLO OSAKA, opens.
October 2015	First UNIQLO Belgium store opens in Antwerp.
December 2015	Fast Retailing issues ¥250 billion in unsecured straight bonds.
March 2016	The newly refurbished 311 Oxford Street global flagship store opens in London.

Date	Summary
April 2016	Construction completed on state-of-the-art distribution center in Ariake, Tokyo.
September 2016	UNIQLO Orchard Road Store opens as the first UNIQLO global flagship store in Southeast Asia.
September 2016	First UNIQLO Canada store opens in Toronto.
February 2017	UNIQLO CITY TOKYO Ariake Office opens. UNIQLO product and commercial functions moved from Roppongi Office to Ariake Office.
September 2017	First UNIQLO Spain store opens in Barcelona.
June 2018	Issues ¥250 billion worth of unsecured straight bonds.
August 2018	Sweden’s first UNIQLO store opens in Stockholm.
September 2018	The Netherlands’ first UNIQLO store opens in Amsterdam.
October 2018	UNIQLO Manila Store, UNIQLO’s global flagship store, opens in the Philippines.
October 2018	Fast Retailing entered into a logistics-related strategic global partnership with Daifuku Co., Ltd.
April 2019	Denmark’s first UNIQLO store opens in Copenhagen.
September 2019	Italy’s first UNIQLO store opens in Milan.
September 2019	Office functions of GU and PLST move to Ariake Office.
October 2019	India’s first UNIQLO store opens in New Delhi.
November 2019	Fast Retailing entered into a logistics-related strategic global partnership with MUJIN, Inc. and Exotec Solutions SAS.
December 2019	First UNIQLO Vietnam store opens in Ho Chi Minh City.
April 2020	Opening of UNIQLO PARK Yokohama Bayside Store, a large-scale store for families.
June 2020	Opening of UNIQLO Harajuku Store, a state-of-the-art store combining the real and virtual.
June 2020	Opening of UNIQLO TOKYO, Japan's largest global flagship store, in Ginza.
April 2021	In-house photography studio, new customer service center, and mock-up UNIQLO stores open at the Ariake headquarters.
November 2021	UNIQLO global flagship store, UNIQLO Beijing Sanlitun, opens in Mainland China.

B. Our Business

The Group consists of FAST RETAILING CO., LTD. (the “Company”), 130 consolidated subsidiaries, and 3 associates accounted for using the equity method.

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

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

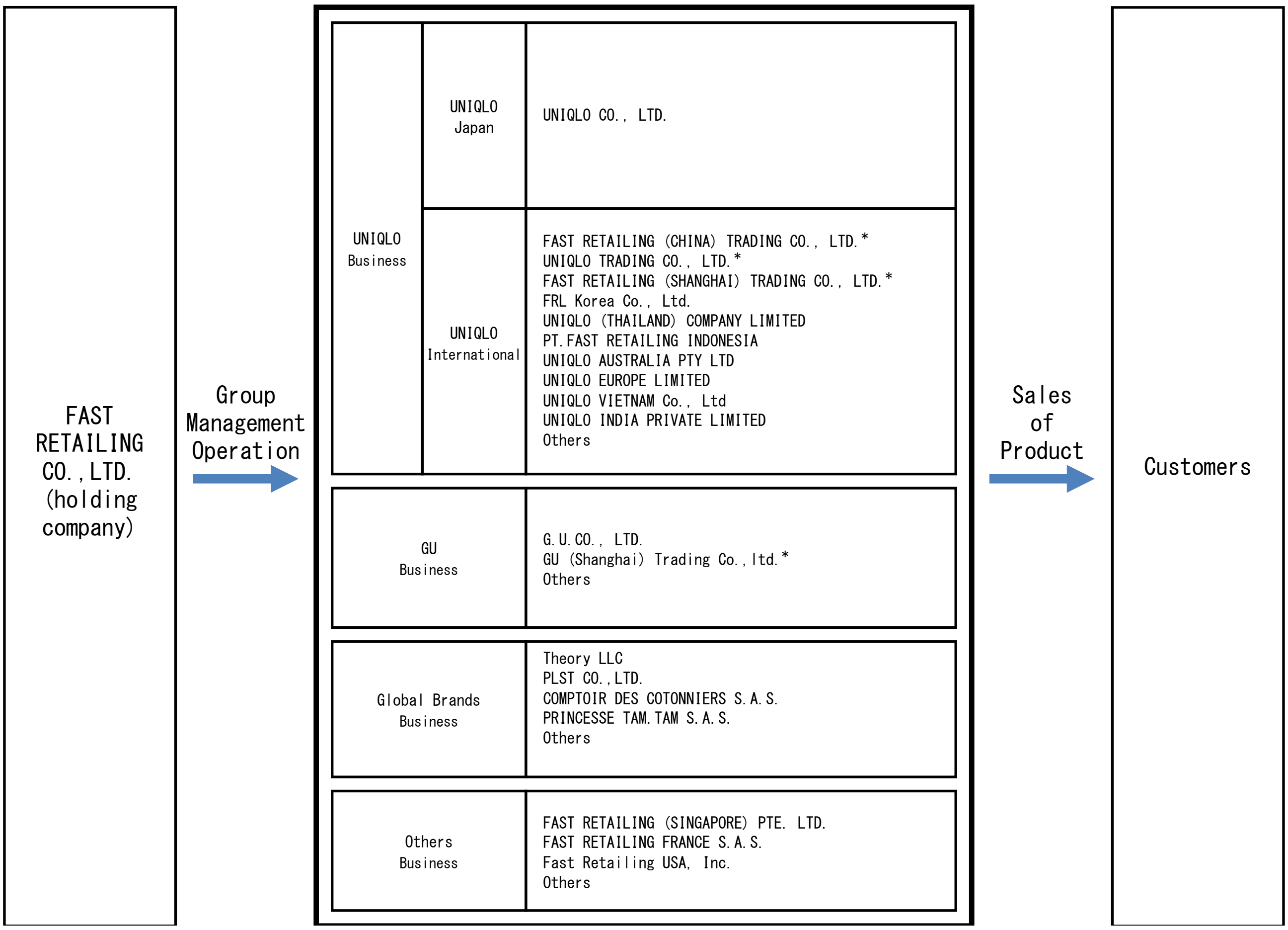
Category	Company name	Reportable Segment
Holding company	FAST RETAILING CO., LTD.	Others
Consolidated subsidiaries	UNIQLO CO., LTD.	UNIQLO Japan
	FAST RETAILING (CHINA) TRADING CO., LTD.*	UNIQLO International
	UNIQLO TRADING CO., LTD.*	UNIQLO International
	FAST RETAILING (SHANGHAI) TRADING CO., LTD.*	UNIQLO International
	FRL Korea Co., Ltd.	UNIQLO International
	FAST RETAILING (SINGAPORE) PTE. LTD.	Others
	UNIQLO (THAILAND) COMPANY LIMITED	UNIQLO International
	PT. FAST RETAILING INDONESIA	UNIQLO International
	UNIQLO AUSTRALIA PTY LTD	UNIQLO International
	Fast Retailing USA, Inc.	Others
	UNIQLO EUROPE LIMITED	UNIQLO International
	UNIQLO VIETNAM Co., Ltd	UNIQLO International
	UNIQLO INDIA PRIVATE LIMITED	UNIQLO International
	G.U. CO., LTD.	GU
	GU (Shanghai) Trading Co., Ltd.*	GU
	FAST RETAILING FRANCE S.A.S.	Others
	Theory LLC	Global Brands
	PLST CO., LTD.	Global Brands
	COMPTOIR DES COTONNIERS S.A.S.	Global Brands
	PRINCESSE TAM.TAM S.A.S.	Global Brands
	Other consolidated subsidiaries (110 companies)	UNIQLO International / GU / Global Brands / Others
Associates accounted for using the equity method	Associates accounted for using the equity-method (3 companies)	Others

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

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

The organizational structure is as follows:

Business Structure



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

C. Subsidiaries and Associates

Name	Location	Nominal value of issued ordinary / registered share capital (Thousands)	Details of main businesses	Ownership ratio of voting rights	Relationship
(Consolidated subsidiaries) UNIQLO CO., LTD.	Yamaguchi City, Yamaguchi Prefecture	JPY1,000,000	UNIQLO Japan	100.0%	Concurrent directorships
FAST RETAILING (CHINA) TRADING CO., LTD.*	Shanghai, PRC	USD20,000	UNIQLO International	100.0%	Concurrent directorships
UNIQLO TRADING CO., LTD.*	Shanghai, PRC	USD30,000	UNIQLO International	100.0%	Concurrent directorships
FAST RETAILING (SHANGHAI) TRADING CO., LTD.*	Shanghai, PRC	USD35,000	UNIQLO International	100.0%	Concurrent directorships
FRL Korea Co., Ltd.	Seoul, South Korea	KRW24,000,000	UNIQLO International	51.0%	Concurrent directorships
FAST RETAILING (SINGAPORE) PTE. LTD.	Republic of Singapore	SGD86,000	Others	100.0%	Concurrent directorships
UNIQLO (THAILAND) COMPANY LIMITED	Bangkok, Kingdom of Thailand	THB1,200,000	UNIQLO International	75.0% (75.0%)	-
PT. FAST RETAILING INDONESIA	Jakarta, Republic of Indonesia	IDR115,236,000	UNIQLO International	75.0% (75.0%)	-
UNIQLO AUSTRALIA PTY LTD	Melbourne, Australia	AUD21,000	UNIQLO International	100.0% (100.0%)	Loans
Fast Retailing USA, Inc.	New York, United States of America	USD1,681,621	Others	100.0%	Concurrent directorships Loan guarantees
UNIQLO EUROPE LIMITED	London, United Kingdom	GBP40,000	UNIQLO International	100.0%	Concurrent directorships Loan guarantees Loans
UNIQLO VIETNAM Co., Ltd	Ho Chi Minh, Vietnam	USD15,800	UNIQLO International	75.0% (75.0%)	-
UNIQLO INDIA PRIVATE LIMITED	New Delhi Republic of India	INR2,000,000	UNIQLO International	100.0%	Loans
G.U. CO., LTD.	Yamaguchi City, Yamaguchi Prefecture	JPY10,000	GU	100.0%	Concurrent directorships
GU (Shanghai) Trading Co.,Ltd.*	Shanghai, PRC	USD20,000	GU	100.0%	Concurrent directorships Loans
FAST RETAILING FRANCE S.A.S.	Paris, France	EUR101,715	Others	100.0%	Concurrent directorships Loan guarantees Loans
Theory LLC	New York, United States of America	USD116,275	Global Brands	100.0% (100.0%)	Concurrent directorships
PLST CO., LTD.	Yamaguchi City, Yamaguchi Prefecture	JPY10,000	Global Brands	100.0%	Loans
COMPTOIR DES COTONNIERS S.A.S.	Paris, France	EUR24,593	Global Brands	100.0% (100.0%)	-
PRINCESSE TAM.TAM S.A.S.	Paris, France	EUR20,464	Global Brands	100.0% (100.0%)	-
Other consolidated subsidiaries (110 companies)	-	-	-	-	-
Associates accounted for using the equity method (3 companies)	-	-	-	-	-

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

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

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

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

4. Net sales (excluding internal sales between other member companies of the consolidated Group) of UNIQLO CO., LTD., FAST RETAILING (CHINA) TRADING CO., LTD., and G.U. CO., LTD., are greater than 10% of consolidated revenue. Key elements of profit / loss and financial position for the year ended 31 August 2021 are as below.

UNIQLO CO., LTD.

(1) Revenue	842,628 million yen
(2) Profit before income taxes	125,888 million yen
(3) Profit for the year	86,972 million yen
(4) Total equity	166,324 million yen
(5) Total assets	662,405 million yen

FAST RETAILING (CHINA) TRADING CO., LTD.

(1) Revenue	406,103 million yen
(2) Profit before income taxes	78,366 million yen
(3) Profit for the year	58,879 million yen
(4) Total equity	183,108 million yen
(5) Total assets	290,896 million yen

G.U. CO., LTD.

(1) Revenue	236,480 million yen
(2) Profit before income taxes	20,986 million yen
(3) Profit for the year	13,689 million yen
(4) Total equity	20,848 million yen
(5) Total assets	123,180 million yen

D. Employees

(a) The Group

As at 31 August 2021

Name of segment	Number of employees	
UNIQLO Japan	13,472	(29,334)
UNIQLO International	30,792	(20,707)
GU	4,885	(12,193)
Global Brands	3,544	(774)
Total for reportable segments	52,693	(63,008)
Others	1,279	(118)
All companies (shared)	1,617	(10)
Total	55,589	(63,136)

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

(b) The Company

As at 31 August 2021

Number of employees		Average age	Average number of years with the Company	Average annual wages (thousands of yen)
1,617	(10)	37 years and 8 months	4 years and 6 months	9,637

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

(c) Status of labor unions

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

4. Management Discussion and Analysis

A. Business Plan

The statements with regard to the future are based on management decision and projections made by the Company based on information available at the time of the publication of this report (26 November 2021).

Based on our corporate philosophy: Changing Clothes. Changing common sense. Change the world, Fast Retailing seeks to deliver the joy, happiness, and satisfaction of wearing truly great clothes to all people worldwide.

Our LifeWear (ultimate everyday clothing) epitomizes our clothes creation concept for simple, high-quality clothing that enriches people's lives and is carved from a desire to satisfy everyday life needs. Lifestyles are changing in the wake of the COVID-19 pandemic, and the way that people choose clothes is also changing. We see more customers demanding good-fitting, comfortable clothes and clothes that don't waste precious resources. These changes we are witnessing globally are inspiring greater empathy among many different people with our ultimate LifeWear values. In addition to UNIQLO, other Fast Retailing Group operations such as GU are also developing their own LifeWear ranges to meet their individual customer needs.

The Fast Retailing Group aims to achieve further growth by focusing on expanding our e-commerce business and our UNIQLO International and GU operations. By melding online and physical stores in our main business, we are accelerating the building of a framework that can provide customers with as many products and information when they want them. We have already reformed our business to offer combined physical and online store services and unified inventory management. Our UNIQLO International business segment is accelerating new store openings in each market and, at the same time, opening global flagship and large-format stores in major cities worldwide to encourage deeper understanding of our LifeWear concept. We see particularly strong potential in the region spanning Greater China, Southeast Asia and India as the growth center of the global economy. GU has established a position as the provider of fashion fun at amazingly low prices, and is currently expanding its business primarily in Japan.

The most important thing for us is that our business growth also leads to the sustainable social and environmental development. The world is facing many serious problems, such as the COVID-19 pandemic, widening income gaps, refugee problems, racism, and climate change. The spread of COVID-19 and the enormous impact of climate change on people's lives and economic activity are especially significant issues requiring a swift response. Human rights are also one of the most important issues. We take our commitment to help create a better society and a better future through our business activities very seriously.

We are focusing particularly on the following issues:

(1) Combatting COVID-19

Our highest priority is to protect the health and livelihoods of our customers, employees, production partners, and local communities. As such, we have introduced measures at our stores and head offices to prevent the spread of COVID-19 and are supporting partner factories.

We are also donating medical masks, isolation gowns, AIRism and HEATTECH products to support people in need or facing crisis around the world, and we intend to continue doing whatever we can to help through our clothing business.

(2) Promoting Sustainability Activities

We are working to achieve our goals in each of our priority areas in order to help create a sustainable world through our business activities. We have determined and are currently working to achieve our CO2 reduction targets for 2030 to help combat climate change. We are also strengthening our initiatives regarding human rights violations along the supply chain, working environments, and environmental conservation issues. In addition to our current regular auditing of sewing factories and fabric producers, we are seeking to establish greater traceability right back to the initial raw materials stage.

(3) Progressing our Transformative Ariake Project

We are pursuing our transformative Ariake Project to help transform ourselves into a true digital consumer retailing company that understands exactly what customers want right now and instantly turns those desires into products for speedy delivery. We intend to develop products spurred by customer opinion, achieve more accurate demand forecasting and inventory control, shorten lead times on additional production orders, and progress supply chain reform of our logistical systems through the introduction of automated warehouses. At the same time, we are working to expand our e-commerce operations by successfully merging our physical and e-commerce store networks and offering more extensive services.

(4) Making E-commerce Our Pillar Business

We are seeking to meld e-commerce and physical store services in our main business to help expand online sales. In addition to strengthening two-way communication with customers, we are working on measures to make shopping more convenient, such as building a new framework that integrates physical and online stores and unifying inventory. We are also progressing with the introduction of automated warehouses and proprietary e-commerce platforms and are establishing systems to further expand sales.

(5) Advancing our LifeWear Ultimate Everyday Clothing

We intend to continue creating world-class LifeWear to meet the everyday needs of customers of all ages worldwide. We not only use fashion-related information collected worldwide, but also customer opinions voiced in our stores and via our e-commerce operations to improve products and develop new products. We intend to strengthen our ability to develop LifeWear that meets customer needs not only at UNIQLO, but at GU and other Group brands as well.

(6) Further Expansion of UNIQLO International

UNIQLO International is the key driver of Group growth. We intend to continue the segment's high growth by accelerating new store openings in the Greater China and Southeast Asia & Oceania regions. Thanks to cost structure reforms, we now have a system in place for encouraging an early move into the black for our North American UNIQLO operation and improved profitability in Europe. We intend to expand our business in North America and Europe by compiling product ranges that meet local customer needs and seeking to expand e-commerce operations.

(7) Further Growth for UNIQLO Japan

UNIQLO Japan is seeking to promote further growth by developing products to suit changing lifestyles and creating new forms of customer contact that better combine physical and online store offerings. We are looking to deploy our scrap and build policy of replacing less profitable stores with better located ones so we can build a store network that is better suited to today's new ways of living. We also intend to provide a better shopping experience by deepening local store management with steadfast community roots and developing product ranges and services that fully satisfy local demand.

(8) Expanding GU Operation

GU's strength lies in low-priced fun fashion, but we are aiming to polish its ability to develop products that perfectly capture mass fashion trends, improve the accuracy of product planning, and establish a production system that boasts shorter lead times. We are also working to strengthen GU's development of even more competitive low-priced products by reforming the operation's materials procurement and production processes. We plan to continue opening more GU stores in Japan and press ahead with store openings in Greater China and other international markets.

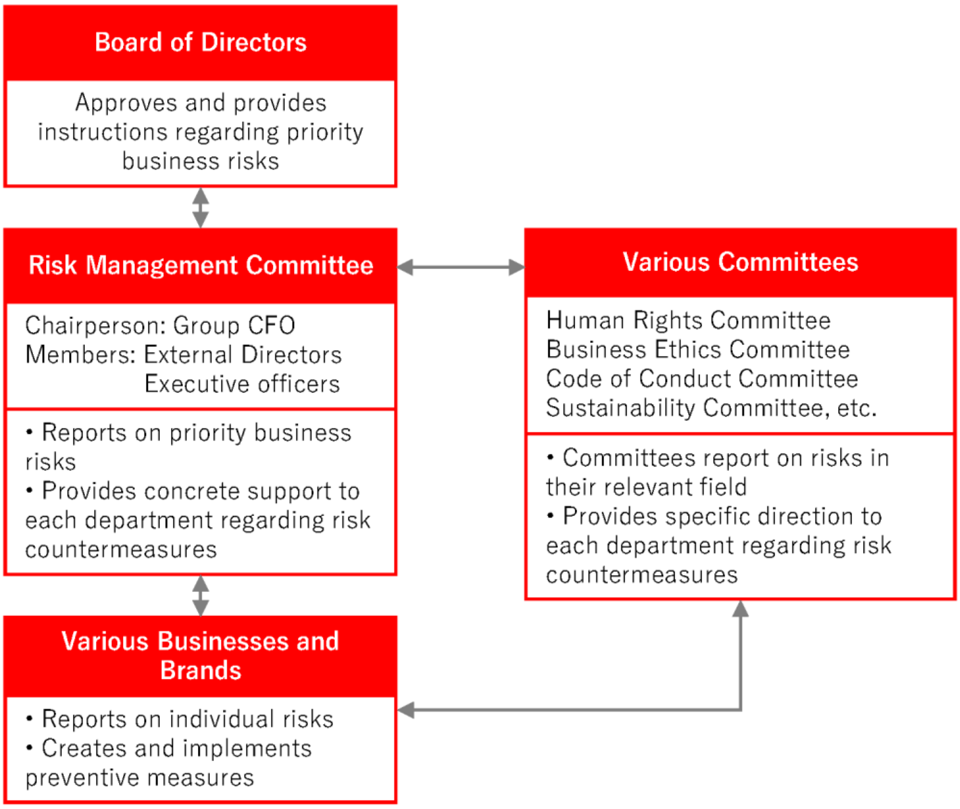
(9) Promote management framework driven by Global One and Zen-in Kei principles

We have been actively promoting Global One and Zen-in Keiei management principles, which encourage the use of the best available global methods and a self-motivated, united global approach to any challenge, to strengthen UNIQLO, GU, Theory and other Group brands worldwide. In order to instill these management principles while also unifying business processes across the Group, we are strengthening employee training in the Fast Retailing spirit and approach to business execution. We are also working to actively recruit talented human resources and nurture resources from around the world in order to nurture future managers and leaders.

B. Risk

(1) Policy

The Group has established a Risk Management Committee directly under the Board of Directors to serve as an organization to regularly identify potential risks in business activities, pinpoint critical risks, and establish and strengthen its risk management structure. Chaired by the Group CFO, the Committee centrally manages risk for the entire company. The Committee analyzes and evaluates how much and how often a risk impacts business, and discusses countermeasures starting with the most significant risks. It aims to establish a system to keep risks in check before they occur, and achieve a rapid resolution to risks that have occurred. It also reports critical risks to the Board of Directors and provides concrete support to each department regarding risk countermeasures.



(2) Individual risks

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

Risk Item	Risks and their Effects	Main Initiatives
Risk of the large-scale, global spread of infectious diseases (including COVID-19)	・ The large-scale, global spread of infectious diseases such as COVID-19 may cause difficulties in the production and supply of products to stores due to infection among employees of the Group and its partners, as well as due to measures enacted to prevent the spread of the disease. ・ The global spread and prevalence of COVID-19 has already materialized risks that have had negative effects on the entire Group, including restricted production plant operations, logistical delays, restricted store hours, and more.	・ Led by the Company-wide Emergency Response Headquarters established by the Risk Management Committee, the Group develops medical evidence-based infection prevention measures aided by advice received from experts, and implements such measures at all Group offices and stores while ensuring all Group employees fully understand them, in order to ensure that all customers can shop with peace of mind. ・ We provide supplier factories with guidelines for improving their hygiene management to prevent infection at factories and for employee remuneration if factories are forced to shut down. ・ In order to reduce the risk of infection in the Group, we are encouraging employees, their families, and those living with them to get vaccinated.
Management personnel risk	Members of the Group's management team, led by Chairman, President and CEO Tadashi Yanai, play a major role in their respective areas of responsibility. If any officer becomes unable to fulfill his or her duties and the Group is unable to find any personnel who can take on those important responsibilities, this could have an adverse impact on business performance.	・ In each of the Group's businesses, we have established a team-based executive management structure to ensure that decision-making and execution of duties are not dependent on specific management personnel. ・ In each business, the managers themselves personally train the management personnel who will be their successors in those positions. ・ We also actively recruit globally active management talent on an ongoing basis, and we have established dedicated educational institutions to educate and train our hired talent into managers.

Risk Item	Risks and their Effects	Main Initiatives
Country risks and risks pertaining to international affairs	The Group's product production, supply, and sale infrastructure may be adversely impacted by events in countries and regions in which we manufacture products and conduct business, due to factors including changes in political or economic conditions, social disorder or deterioration of public safety due to terrorism or conflicts, changes in legal or tax systems, or the occurrence of large-scale natural disasters such as earthquakes, strong winds, or water disasters.	· The Group is moving forward with establishing a supply chain that can respond flexibly to changes in international conditions. This includes dispersing production sites across multiple countries and regions, as well establishing production management offices at our main production hubs to enable the timely monitoring of and quick response to local circumstances. · We have accounting, tax, and legal specialists stationed at Group companies' offices to ensure that we can provide quick and appropriate responses and communication in the event that a risk materializes. · With respect to cross-border tensions and deteriorating racial relations in specific countries and regions, the Group as a global company aims to contribute to the resolution of social issues in countries and regions in which we operate, and to achieve a lasting peaceful co-existence and co-prosperity in the communities within each region and country.
Environmental risks	· Delay in responding to climate change such as by reducing greenhouse gas emissions or switching to renewable energies, and failure to properly reduce waste emissions, pursue recycling initiatives, and manage chemical substances may result in the public losing trust in the Group brand. · There is the risk that the increase in extreme weather due to climate change may adversely affect our product supply systems and our business as a whole.	· In order to reduce our impact on climate change and biodiversity, we will work to identify and reduce greenhouse gas emissions in our business activities across the board, including every stage from production to disposal of products. In promoting our initiatives, we will respect the long-term goal (the Paris Agreement) of reducing greenhouse gas emissions by 2050, which was formulated based on the United Nations Framework Convention on Climate Change, and we will set specific targets and promote activities geared toward achieving this goal. · Led by the Sustainability Committee, we persist in continually implementing concrete and highly effective initiatives under our Environmental Policy, in five priority areas: Addressing climate change, improving energy efficiency, managing water resources, improving waste management and resource efficiency, and managing chemical substances. · In June 2021, we expressed our support for proposals by the Task Force on Climate-related Financial Disclosures (TCFD), and are working to disclose such information in accordance with the TCFD.

Risk Item	Risks and their Effects	Main Initiatives
Large-scale disaster risks	Large-scale disasters such as earthquakes, typhoons, volcanic eruptions, fires, storms and floods, explosions, and collapsed buildings can adversely affect our supply and sales systems, and also our management infrastructure in areas where there are head offices, retail stores, and production plants for products sold by the Group.	Led by the Risk Management Committee, we are committed to establishing an infrastructure by which, in the event of an actual or potential major earthquake or other major disaster, we have an emergency command system prepared, run by the Emergency Response Headquarters to: ensure the safety of customers, employees, and related personnel; mitigate damage to business resources; prevent secondary disasters; develop system infrastructure and decentralized restoration bases for quickly restoring business; prepare crisis management manuals and promote the global implementation of those manuals.
Risks related to resource management and the procurement of raw materials	Disasters, climate change, and other factors may cause escalating prices or difficulty in procuring the raw materials (such as cotton, cashmere, down, etc.) used in the products sold by the Group's businesses. If these risks materialize, the Group's product supply systems and performance may be adversely affected.	We have entered into procurement agreements with multiple suppliers so that we are able to source reasonably priced raw materials, without having to rely on a specific supplier for a specific raw material.
Information security risks	· If sensitive information such as customer information (including personal information) and trade secrets, etc. were to be leaked or lost, we would need to respond by recovering the information, and apologizing and paying damages. This may adversely affect our business performance and lead to loss of trust among our customers. · If a government were to determine that we are in violation of legal regulations that restrict the transfer of personal information between countries and regions, such as the EU's General Data Protection Regulation (GDPR), we may lose customers' trust and be subject to significant fines that would negatively impact our business performance.	· In order to ensure that confidential information is properly managed, we have established an Information Security Office under the direction of a Chief Security Officer (CSO) who oversees the entire group, and works in cooperation with the IT and legal departments of each country and region in which we operate. · The Information Security Office builds and improves the infrastructure needed to properly manage sensitive information (especially customers' personal information) in anticipation of external attacks, internal fraud and various other incidents. This is done by putting in place infrastructure, evaluating our administrative processes and ours contractors, establishing and standardizing internal rules, and conducting regular educational and awareness activities in each business division.

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

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

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

Risk Item	Risks and their Effects	Main Initiatives
Foreign currency risks	・ As many of the products handled by each of the Group's businesses are imported from overseas production plants, fluctuations in the currencies of settlement may have an adverse effect on the performance of each of our businesses in some countries or regions. ・ As the Group as a whole has financial assets in a variety of currencies in line with where we operate our businesses, fluctuations in exchange rates against the Japanese yen, which is our functional currency, can have a major impact on financial gains and losses.	・ In order to mitigate foreign exchange volatility in our international businesses, we have forward exchange contracts based on our procurement forecasts regarding each country and regional business. In this process, the Group Board of Directors discusses and approves specific hedging policies such as hedge ratios, time periods, and other aspects, taking into account their contribution to our financial security. ・ The Board of Directors deliberates on the viability of the currencies in which our financial assets are held.
Risks arising from changes in the business environment	In each country and region in which the Group's businesses operates, changes in the business environment, such as inclement weather and changes in consumption trends, may result in drops in product sales and the accumulation of excess inventory, negatively impacting our business performance.	We collect timely information on the products required by customers in the countries and regions in which the Group's businesses operate. We have the infrastructure in place to immediately commercialize those products as well as to produce and sell the quantity required, responding to changes in the business environment as flexibly as possible.

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

(1) Summary of Business Results

(a) Business Results

The Fast Retailing Group's revenue increased and profit expanded significantly in fiscal 2021, or the twelve months from 1 September 2020 to 31 August 2021. Consolidated revenue totaled 2.1329 trillion yen (+6.2% year-on-year) and operating profit totaled 249.0 billion yen (+66.7% year-on-year). Business performance recovered primarily at UNIQLO operations in fiscal 2021 compared to the previous year when performance declined dramatically under the heavy impact of the COVID-19 pandemic. We reported an impairment loss of 16.9 billion yen mainly on UNIQLO International operations and a gain of 8.7 billion yen from the liquidation of J Brand, Inc., resulting in a net cost of 6.5 billion yen under other income/expenses. When we liquidated J Brand, Inc. in August 2021, we recorded a liquidation gain on foreign exchange movements following a subsequent weakening in the Japanese yen compared to the exchange rate at the time of acquisition. We also recorded 16.8 billion yen in finance income net of costs, mainly comprising a 19.2 billion yen foreign exchange gain on foreign-currency denominated assets and other items. As a result, profit before income taxes increased to 265.8 billion yen (+73.9% year-on-year) and profit attributable to owners of the Parent expanded to 169.8 billion yen (+88.0% year-on-year) in the twelve months to 31 August 2021.

Capital expenditure increased by 17.9 billion yen year-on-year in fiscal 2021 to 100.6 billion yen. That figure can be broken down into 15.7 billion yen for UNIQLO Japan, 38.5 billion for UNIQLO International, 3.8 billion yen for GU, 1.8 billion yen for Global Brands, and 40.7 billion yen for systems, etc. While investment in new store openings declined compared to the previous year in which we opened many global flagship stores and large-format stores, we did increase our investment in global automated warehousing as part of our transformative Ariake Project.

As a united Group, we are determined to strengthen initiatives designed to expand our business operations and promote sustainability as part our quest to become a global No.1 brand. We work hard to ensure our LifeWear ultimate everyday wear is produced and sold in working environments that are healthy, safe, and environment- conscious, and strive to help solve a variety of social issues. We are currently channeling our efforts into expanding our e-commerce, UNIQLO International, and GU businesses as key pillars of operational growth. With regards to e-commerce, we are accelerating the building of a framework that will promote our main business by melding online and physical stores so we can offer as many of the products and information that customers want, when they want them. We are already pressing ahead with reforms that will enable us to offer more services that combine the strengths of our physical store and e-commerce network and unify inventory management. Regarding UNIQLO International, we are accelerating the opening of new stores in all markets and areas in which we operate, and seeking to instill deeper and more widespread empathy for UNIQLO's LifeWear concept by opening global flagship stores and large-format stores in the world's major cities. In terms of our GU segment, we are working to strengthen GU's position as a brand that offers fun fashion at amazingly low prices and seeking to expand the GU store network primarily in Japan.

UNIQLO Japan

UNIQLO Japan reported revenue of 842.6 billion yen (+4.4% year-on-year) and a large increase in operating profit to 123.2 billion yen (+17.7% year-on-year) in fiscal 2021. Full-year same-store sales (including e-commerce) increased 3.6% year-on-year. In the first half from 1 September 2020 through 28 February 2021, same-store sales rose 5.6% year-on-year on the back of strong sales of products that fulfilled customer demand for stay-at-home items as well as core Fall Winter ranges. However, same-store sales increased by a much lesser 0.9% year-on-year in the second half from 1 March through 31 August 2021 as sales were adversely impacted by the declaration of a state of emergency and unfavorable weather. Meanwhile, full-year e-commerce sales are expanding favorably, rising 17.9% year-on-year to 126.9 billion yen in fiscal 2021 to constitute a 15.1% proportion of total revenue.

The UNIQLO Japan gross profit margin improved 1.4 points year-on-year in fiscal 2021 thanks to efforts to improve cost of sales and our decision to curb discounting of products. From 12 March 2021, we made our products easier for customers to purchase by changing our product price displays in Japan to show just one tax-inclusive price and keeping prices the same by absorbing the consumption-tax component ourselves. We have been able to maintain cost percentages close to regular levels by working successfully with partner factories to improve cost of sales by encouraging the use of common materials, controlling the number of product items, and minimizing fabric wastage. The selling, general and administrative expense ratio also improved by 0.4 point year-on-year thanks to more efficient distribution and advertising and promotion spending.

UNIQLO International

UNIQLO International recorded significant increases in both revenue and profit in fiscal 2021, with revenue rising to 930.1 billion yen (+10.2% year-on-year) and operating profit expanding to 111.2 billion yen (+121.4% year-on-year). While segment performance is still being heavily impacted by COVID-19, performance has recovered strongly in regions and during periods when infections were contained.

Breaking down the UNIQLO International performance into individual regions and markets, the Greater China region (Mainland China market, Hong Kong market, and Taiwan market), which was not impacted as heavily by COVID-19, performed strongly by achieving a large increase in profit. In fact, the Greater China region reported record results, with revenue rising 16.7% year-on-year to 532.2 billion yen and operating profit expanding by 52.7% year-on-year to 100.2 billion yen. The region's operating profit margin also improved significantly to 18.8% thanks to improvements in the gross profit margin and selling, general and administrative expense ratio. While UNIQLO South Korea reported a slight decrease in full-year revenue, the operation did manage to move back into the black. In contrast, UNIQLO South Asia, Southeast Asia & Oceania (Southeast Asia, Australia, and India) reported an approximate 15% year-on-year decline in operating profit in fiscal 2021 after suffering the heavy impact of the COVID-19 pandemic throughout the period. Within that region, the nations that were hit hardest by COVID-19, Malaysia, Thailand, and the Philippines, reported declines in both revenue and profit, while revenue and profit increased in Singapore, Indonesia, India, and Australia, and Vietnam reported a large rise in revenue and turned a profit for the year. Despite the particularly heavy COVID-19 impact in S/SE Asia and Oceania region, sales did prove strong during the periods when stores were able to reopen for business. Sales recovered sharply in North America once COVID-19 restrictions were eased from May onward, helping the North American operation report a profit in the second half of the year and halve its full-year loss. UNIQLO Europe reported a large rise in revenue and a positive operating profit thanks to strong e-commerce sales and a strong performance from our Russia operation. Despite the pandemic, we have been able to greatly improve profitability in line with the recoveries in sales in North America and Europe thanks to some determined reforms of earnings structures that focused on improving gross profit margins, closing unprofitable stores, reducing fixed costs, and normalizing inventory levels.

GU

Our GU segment recorded an increase in revenue but a decline in profit in fiscal 2021, with revenue reaching 249.4 billion yen (+1.4% year-on-year) and operating profit totaling 20.1 billion yen (−7.6% year-on-year). In the first half, items such as chef's pants and sweat-style knitwear sold well. However, in the second half, sales fell short of expectations after GU was impacted by the declared state of emergency, suffered lost sales opportunities caused by shortages of strong-selling items, and produced some products that did not fully grasp the prevailing fashion trend. As a result, full-year GU same-store sales declined slightly compared to the previous year. GU's gross profit margin declined 0.9 point year-on-year on the back of stronger season-end inventory rundowns. GU e-commerce sales rose on the back of stronger conveyance of pertinent information, expanding approximately 50% compared to fiscal 2019 levels and constituting approximately 11% of total sales.

Global Brands

In fiscal 2021, the Global Brands segment reported a decline in revenue to 108.2 billion yen (−1.3% year-on-year) and an operating loss of 1.6 billion yen compared to a 12.7 billion yen operating loss in the previous year. This considerable reduction in operating loss was facilitated by the recording of a gain from the liquidation of J Brand, Inc. and an improved performance from our Theory operation. Indeed, the Theory operation reported an increase in revenue and a return to the black thanks to smaller losses from Theory in the US and a strong performance from Theory in Asia (Mainland China market and Hong Kong market), which reported significant rises in both revenue and profit. Our PLST label reported a decline in revenue and an operating loss of similar magnitude to the previous year. Comptoir des Cotonniers reported a decline in revenue and a wider operating loss due primarily to the adverse impact of prolonged temporary store closures mainly in France through May. Finally, while we have liquidated J Brand, Inc. the J Brand label will continue to be owned by the Fast Retailing Group and offer products as a Group brand.

Sustainability
In keeping with our key sustainability message, “Unlocking the power of clothing,” the Group pursues sustainability activities through our core clothing business focused on six clear material areas: 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. Our main activities for the current period involved:

■ New value creation through products and sales: As the effects of COVID-19 continue to be felt, UNIQLO is continuing to sell AIRism masks and GU is selling masks with high-performance filters. UNIQLO also developed and launched a line of front-opening innerwear including T-shirt and bras, which went on sale in September 2020. This was in response to the requests from hospitalized individuals and people with disabilities who find pull-on innerwear difficult to get on and off.

■ Respect for human rights and working conditions in the supply chain: To help keep our manufacturing partners and factory employees safe and secure from COVID-19 infection, we are working to prevent the spread of infection in factories, along with reviewing wage compensation and other employment-related issues arising from the closure of our factories, and offering guidance for improvements. In addition, we are making preparations so the company can ensure there are no human rights issues throughout our supply chain, by continuously strengthening our efforts to address human rights and labor issues in the supply chain, establishing traceability down to the raw materials for all countries and regions, and expanding the scope of our working-environment audits.

■ Consideration for the environment: We expanded our existing All-Product Recycling Initiative, and in September 2020, we launched our "RE.UNIQLO" activities. In November 2020, we began selling a new recycled down jacket, in which 100% of the down and feathers come from products collected from customers. In recognition of our efforts to prevent water pollution, reduce water use and combat risks from water such as flood damage, the CDP (an international non-profit organization that provides a platform for disclosure of environmental information) gave us the highest rating for water resource measures and included us in its water security A List in December 2020. In September 2021, we announced that our new goal for reducing greenhouse gas emissions was to reduce emissions by 90% across all of our stores and major offices, etc. by FY2030, to reduce, by 20% (compared to FY2019; absolute amount), the emissions associated with raw material production, fabric production, and sewing of UNIQLO and GU products , and to increase our company's renewable energy use to 100%. The international Science Based Targets initiative approved these goals as science-based targets (SBTs) — greenhouse-gas emissions reduction targets based on the targets set in the Paris Agreement.

■ Community support: To combat COVID-19, we are donating masks and isolation gowns to medical and care facilities, etc. around the world, as we did last year. In particular, we provided emergency assistance totaling 220 million rupees (approximately 330 million yen) to India, where there had been severely impacted by COVID-19. This assistance included over 600,000 UNIQLO AIRism masks. In addition, we are working with the United Nations High Commissioner for Refugees (UNHCR) to donate approximately 3 million UNIQLO AIRism masks to refugees and displaced persons in a total of 10 countries, including Argentina, Iraq, Afghanistan and Myanmar.

■ Employee satisfaction: In our stores, we are helping to prevent the spread of COVID-19 and prioritizing the health of customers and employees by continuing with the policies we have instituted, such as health checks for staff members, mask wearing and hand sanitizing. In order to make our locations safe and secure places for our employees to work, we are providing masks and disinfectants, and increasing ventilation. We are also promoting working from home, depending on the nature of the work. In addition, we are actively implementing administration of COVID-19 vaccines in workplaces in Japan and in certain other countries. In order to create a work environment in which diverse human resources can demonstrate their abilities, the Diversity Promotion Team has been working on career development for female employees and improving the ratio of female managers to male managers. We have also conducted training programs for female management candidates and career-development sessions with female managers.

■ Good management (governance): To enable rapid and transparent management, a number of committees are engaged in open and active discussions. The Nomination and Remuneration Advisory Committee discussed the structure of compensation systems for officers and the criteria for appointing candidates for directors. The Risk Management Committee has been strengthening risk management in business activities, and is continually discussing our response to issues such as the COVID-19 pandemic, vaccinations, the risk of major natural disasters such as an earthquake directly below Tokyo, information security risks, and risks related to the international situations. In addition, the Human Rights Committee is actively supervising and advising on efforts to protect human rights, including the implementation and improvement of employee human-rights surveys on harassment and discrimination, and responding to the human rights risks of migrant workers at partner factories. Upon receiving advice, the Sustainability Department, which is the responsible department, strengthened audit checks on the working conditions of migrant workers, and provided the guidance on a hotline.

(b) Cash Flow Information

Cash and cash equivalents as at 31 August 2021 had increased by 84.2 billion yen from the end of the preceding fiscal year, to 1.1777 trillion yen.

(Operating Cash Flows)

Net cash generated by operating activities for the year ended 31 August 2021 was 428.9 billion yen, which was an increase of 164.1 billion yen (+62.0% year-on-year) from the year ended 31 August 2020. The principal factors were 265.8 billion yen in profit before income taxes (an increase of 113.0 billion yen from the year ended 31 August 2020), 16.9 billion yen in impairment losses (a decrease of 6.1 billion yen from the year ended 31 August 2020), 19.2 billion yen in foreign exchange gains (a decrease of 17.7 billion yen from the year ended 31 August 2020), a decrease of 15.3 billion yen in trade and other receivables (an increase of 19.4 billion yen from the year ended 31 August 2020), a decrease of 36.7 billion yen in inventories (an increase of 39.4 billion yen from the year ended 31 August 2020), an increase of 0.3 billion yen in trade and other payables (a decrease of 18.2 billion yen from the year ended 31 August 2020), a decrease of 3.4 billion yen in other assets (a decrease of 7.1 billion yen from the year ended 31 August 2020), an increase of 9.3 billion yen in other liabilities (an increase of 53.8 billion yen from the year ended 31 August 2020), and 80.5 billion yen in income taxes paid (a decrease of 5.0 billion yen from the year ended 31 August 2020).

(Investing Cash Flows)

Net cash used in investing activities for the year ended 31 August 2021 was 82.5 billion yen, which was an increase of 6.6 billion yen (+8.7% year-on-year) from the year ended 31 August 2020. The principal factors were a net increase of 2.3 billion yen in bank deposits with original maturities of three months or longer (a decrease of 2.8 billion yen from the year ended 31 August 2020), 56.5 billion yen in payments for property, plant and equipment (an increase of 10.0 billion yen from the year ended 31 August 2020), 19.6 billion yen in payments for intangible assets (a decrease of 1.3 billion yen from the year ended 31 August 2020), 0.8 billion yen in payments for acquisition of right-of-use asset (a decrease of 0.9 billion yen from the year ended 31 August 2020), 3.9 billion yen in payments for lease and guarantee deposits (a decrease of 3.1 billion yen from the year ended 31 August 2020), 4.5 billion yen in proceeds from collection of lease and guarantee deposits (an increase of 1.8 billion yen from the year ended 31 August 2020), and 4.2 billion yen in payments for acquisition of investments in associates (an increase of 4.2 billion yen from the year ended 31 August 2020).

(Financing Cash Flows)

Net cash used in financing activities for the year ended 31 August 2021 was 302.9 billion yen, which was an increase of 119.7 billion yen (+65.3% year-on-year) from the year ended 31 August 2020. The principal factors were a net decrease of 3.5 billion yen in short-term loans payable (an increase of 17.0 billion yen from the year ended 31 August 2020), and 100.0 billion yen in repayment of redemption of bonds (an increase of 100.0 billion yen from the year ended 31 August 2020).

(2) Summary of Revenue and Purchasing

(a) Revenue by division

Division	Year ended 31 August 2020 (From 1 September 2019 to 31 August 2020)		Year ended 31 August 2021 (From 1 September 2020 to 31 August 2021)	
	Revenue (Millions of yen)	Percentage of total (%)	Revenue (Millions of yen)	Percentage of total (%)
Men's clothing	319,985	15.9	339,399	15.9
Women's clothing	359,753	17.9	353,774	16.6
Children's & babies' clothing	60,804	3.0	67,790	3.2
Goods and other items	35,391	1.8	51,858	2.4
Total sales of UNIQLO Japan	775,934	38.6	812,822	38.1
Franchise-related income & alteration charges	30,952	1.5	29,806	1.4
Total UNIQLO Japan operations	806,887	40.2	842,628	39.5
UNIQLO International operations	843,937	42.0	930,151	43.6
Total UNIQLO operations	1,650,825	82.2	1,772,780	83.1
GU operations	246,091	12.3	249,438	11.7
Global Brands operations	109,633	5.5	108,204	5.1
Other operations	2,295	0.1	2,569	0.1
Total	2,008,846	100.0	2,132,992	100.0

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

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

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

4. "Global Brands operations" consists of Theory operations (selling of the Theory and other brands clothing), PLST operations (selling of the PLST and other brands clothing), COMPTOIR DES COTONNIERS operations (selling of the COMPTOIR DES COTONNIERS and other brands clothing), PRINCESSE TAM. TAM operations (selling of the PRINCESSE TAM. TAM and other brands clothing), and J Brand operations (selling of the J Brand and other brands clothing). J Brand Inc. has been excluded from the Fast Retailing Group consolidated scope following the completion of corporate liquidation proceedings on August 5, 2021.

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

6. E-commerce revenue from UNIQLO Japan
Fiscal year ended 31 August 2020: 107,616 million yen;
Fiscal year ended 31 August 2021: 126,921 million yen.

7. The above amounts do not include consumption taxes, etc.

(b) Sales per unit

Summary		Year ended 31 August 2021 (From 1 September 2020 to 31 August 2021)	Year-on-year change (%)
Revenue		1,616,053 million yen	106.9
Sales per m^2	Sales floor area (average)	2,598,683 m^2	103.1
	Sales per m^2 (yearly)	621 thousand yen	100.6
Sales per employee	Number of employees (average)	98,010 persons	96.4
	Sales per employee (yearly)	16,488 thousand yen	115.9

(Notes) 1. These figures are solely for UNIQLO Japan operations and UNIQLO International operations.

2. Sales figures indicate store sales, and do not include internet sales, products supplied to franchise stores, management and administrative fees, or alteration charges.
3. "Sales floor area (average)" is calculated based on the number of months each store is in operation.
4. "Number of employees (average)" includes junior employees, part-time workers, contract workers, or temporary staff seconded from other companies, but does not include operating officers. The number of junior employees and part-time workers is stated at the average number of registered personnel.
5. The above figures do not include consumption tax, etc.

(c) Purchases

By product category	Year ended 31 August 2021 (From 1 September 2020 to 31 August 2021)		
	Purchases (Millions of yen)	Year-on-year change (%)	Percentage of total (%)
Men's clothing	176,121	96.9	17.0
Women's clothing	183,627	93.2	17.7
Children's & babies' clothing	37,032	114.3	3.6
Goods and other items	29,890	136.5	2.9
Total UNIQLO Japan operations	426,672	98.6	41.2
UNIQLO International operations	437,605	100.9	42.2
Total UNIQLO operations	864,277	99.7	83.4
GU operations	134,092	105.1	12.9
Global Brands operations	38,004	83.2	3.7
Total	1,036,375	99.7	100.0

(Notes) 1. "UNIQLO operations" covers the selling of UNIQLO brand casual clothing.

2. "GU operations" covers the selling of GU brand casual clothing.
3. "Global Brands operations" consists of Theory operations (selling of the Theory and other brands clothing), PLST operations (selling of the PLST and other brands clothing), COMPTOIR DES COTONNIERS operations (selling of the COMPTOIR DES COTONNIERS and other brands clothing), PRINCESSE TAM. TAM operations (selling of the PRINCESSE TAM. TAM and other brands clothing), and J Brand operations (selling of the J Brand and other bands clothing). J Brand Inc. has been excluded from the Fast Retailing Group consolidated scope following the completion of corporate liquidation proceedings on 5 August 2021.
4. There are businesses other than the above, mainly real estate leasing, but they do not involve purchasing due to the nature of the activity.
5. The above figures do not include consumption tax.

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

(a) Significant accounting policies and estimations

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

(b) Analysis of management performance for the year ended 31 August 2021

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

(c) Sources of funding and analysis of fund liquidity

(i) Basic Approach to Financial Strategy

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

In order to maintain a strong financial standing, we will ensure adequate on-hand liquidity to enable us to withstand the unexpected, such as inclement weather and COVID-19, while continuing to adhere to the principle of funding investment capital through our operating cash flows. In addition, we will also ensure stable external funding.

(ii) Cash Flow and Liquidity Information

As a feature of apparel retailing industry, the Group is committed to ensuring on-hand liquidity of three to five months' worth of sales in order to prepare for unexpected circumstances on working capital or inclement weather. Cash and cash equivalents amount to 1.1777 trillion yen at the end of the consolidated fiscal year under review, against revenue of 2.1329 trillion yen for the consolidated fiscal year under review. However, we believe the current on-hand liquidity of 4 months' worth of sales at 1 trillion yen is adequate against our plan to exceed 3 trillion yen in revenue throughout all of the Group's businesses in the near future.

(iii) Key Details of Funding Needs

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

In addition, capital expenditure for investment activities includes investing in logistics warehouses and IT investments (self-checkouts in-store, investments in e-commerce and supply-chain-related systems) to promote the Ariake Project, in addition to store-related investments (opening new stores and renovating existing stores). For the fiscal year ending August 2022, across the whole Group we plan to invest 34.3 billion yen in launching new stores, and 61.7 billion yen of capital investment in other investments such as warehousing and IT (detailed in "(1) Important new facilities," in "C. Plans for new facility construction, old facility removal" under "5. Capital Expenditures").

(iv) Funding

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

To maintain a strong financial standing, we are funding investment capital through our operating cash flow in principle. However, we also plan to diversify our funding and improve capital efficiency, and also make use of some corporate bonds to raise capital. In June 2018, we raised 250 billion yen using corporate bonds, which is being invested in expanding our overseas business and promoting the Ariake Project, as well as being allocated for corporate bond redemptions.

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

During the consolidated fiscal year under review, sales and profits increased. Performance has improved compared to the previous fiscal year, which was significantly affected by the spread of COVID-19. Thanks to the tremendous support from our business partners, the continuation of our sales activities after improving infection-prevention measures, and reduction of our costs and use of inventories. Going forward, we will continue to maintain a strong financial standing and endeavor to sustain and improve stable external funding, while remaining vigilant to changes in the business environment that may arise due to COVID-19.

D. Major Contracts

Not applicable.

E. Research and Development

Not applicable.

5. Capital Expenditures

A. Capital Expenditures

UNIQLO Japan opened 38 new stores. UNIQLO International opened 85 stores in the Greater China, 2 in South Korea, 3 in Singapore, 3 in Malaysia, 4 in Thailand, 5 in the Philippines, 8 in Indonesia, 2 in Australia, 4 in Vietnam, 3 in India, 1 in the USA, 2 in Canada, 1 in France, 3 in Russia, 1 in Germany, 1 in Belgium, 1 in Spain, 1 in Sweden and 1 in the Netherlands. GU opened 21 new stores. In addition, Global Brands opened 37 new stores.

As a result, the Group's capital expenditure increased by 17.9 billion yen year-on-year in fiscal 2021 to 100.6 billion yen. That figure can be broken down into 15.7 billion yen for UNIQLO Japan, 38.5 billion for UNIQLO International, 3.8 billion yen for GU, 1.8 billion yen for Global Brands, and 40.7 billion yen for systems, etc. While investment in new store openings declined compared to the previous year in which we opened many global flagship stores and large-format stores, we did increase our investment in global automated warehousing as part of our transformative Ariake Project.

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

B. Important Facilities

As at 31 August 2021, the Group's important facilities were shown as below:

(1) Information about the Reporting Entity

Company name	Type of facility	Location	Area (m^2)	Capital expenditure (Millions of yen)						Number of employees
			Land	Land	Buildings	Right-of-use assets	Deposits / Guarantees	Others	Total	
FAST RETAILING CO., LTD.	Head office	Yamaguchi City, Yamaguchi Prefecture	95,255.83	1,047	734	-	-	134	1,917	60
	Commercial establishments	Chuo-ku, Fukuoka City, etc.	-	-	26	1,758	1,309	2,163	5,258	-
	Others		29,308.87	76	19,392	102,589	4,892	2,649	129,601	1,557

(2) Subsidiaries in Japan

Company name	Type of facility	Location	Area (m^2)	Capital expenditure (Millions of yen)						Number of employees
			Land	Land	Buildings	Right-of-use assets	Deposits / Guarantees	Others	Total	
UNIQLO CO., LTD.	Stores in Japan, etc.	Yamaguchi City, Yamaguchi Prefecture etc.	2,591.06	450	15,793	79,667	28,894	1,747	126,553	9,642
	UNIQLO Japan, other		19,960.76	353	3,974	23,058	449	10,127	37,964	3,830
	Total for UNIQLO Japan		22,551.82	803	19,768	102,726	29,343	11,875	164,517	13,472
G.U. CO., LTD.	Stores in Japan, etc.	Yamaguchi City, Yamaguchi Prefecture, etc.	-	-	10,731	18,095	8,553	516	37,897	4,462
LINK THEORY JAPAN CO., LTD.	Stores in Japan, etc.	Yamaguchi City, Yamaguchi Prefecture, etc.	-	-	185	330	194	8	718	871
PLST CO., LTD.	Stores in Japan, etc.	Yamaguchi City, Yamaguchi Prefecture, etc.	-	-	646	1,177	918	66	2,808	760

(3) Overseas subsidiaries

Company name	Type of facility	Location	Area (m^2)	Capital expenditure (Millions of yen)						Number of employees
			Land	Land	Buildings	Right-of-use assets	Deposits / Guarantees	Others	Total	
FAST RETAILING (CHINA) TRADING CO., LTD	UNIQLO International store, etc.	Shanghai, PRC	-	-	19,349	9,908	4,091	10,823	44,172	12,636
UNIQLO TRADING CO., LTD.	UNIQLO International store, etc.	Shanghai, PRC	-	-	939	2,832	363	354	4,490	758
FAST RETAILING (Shanghai) TRADING CO., LTD	UNIQLO International store, etc.	Shanghai, PRC	-	-	1,445	2,578	264	353	4,641	395
FRL Korea Co., Ltd.	UNIQLO International store, etc.	Seoul, South Korea	-	-	2,439	2,056	3,545	653	8,696	1,357
FAST RETAILING (SINGAPORE) PTE. Ltd.	Office, etc.	Republic of Singapore	-	-	-	24	12	-	36	7
UNIQLO (THAILAND) COMPANY LIMITED	UNIQLO International store, etc.	Bangkok, Kingdom of Thailand	-	-	1,199	1,106	1,020	865	4,191	1,349
PT. Fast Retailing Indonesia	UNIQLO International store, etc.	Jakarta, Indonesia	-	-	1,858	1,946	344	1,109	5,259	1,613
UNIQLO Australia Pty Ltd.	UNIQLO International store, etc.	Melbourne, Australia	-	-	2,429	12,747	5	5,100	20,282	592
Fast Retailing USA, Inc.	Office, etc.	New York, U.S.A.	-	-	4,331	46,832	402	6,913	58,480	1,915
UNIQLO EUROPE LIMITED	UNIQLO International store	London, United Kingdom	-	-	12,532	30,270	477	3,735	47,015	2,408
UNIQLO VIETNAM CO., LTD	UNIQLO International store, etc.	Ho Chi Minh, Vietnam	-	-	1,638	872	94	724	3,330	728
UNIQLO INDIA PRIVATE LIMITED	UNIQLO International store, etc.	New Delhi, Republic of India	-	-	1,472	1,252	115	241	3,081	348
GU (Shanghai) Trading Co., Ltd.	International store, etc.	Shanghai, PRC	-	-	146	48	59	77	331	104
Fast Retailing France S.A.S.	Office, etc.	Paris, France	-	-	-	351	30	101	483	275
COMPTOIR DES COTONNIERS S.A.S.	International store, etc.	Paris, France	-	-	238	1,507	363	245	2,356	408
PRINCESSE TAM.TAM S.A.S.	International store, etc.	Paris, France	-	-	285	722	162	129	1,299	228

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

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

3. Monetary amounts are reported at book value. Also, the figures do not include consumption tax, etc.

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

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

C. Plans for new facility construction, old facility removal

The following are the important new facility construction and / or facility removal projects planned as at 31 August 2021. In addition, the investments in right-of-use assets relating to lease payments are not included.

(1) Important new facilities

The capital investment plans (new facility construction, expansion) for each segment in the year ending 31 August 2022 (1 September 2021 – 31 August 2022) are as follows.

Segment	Capital investment (Millions of yen)	Details of investment
UNIQLO Japan	35,092	New store openings, warehouses, etc. (approx. 30 stores)
UNIQLO International	30,776	New store openings, warehouses, etc. (approx. 170 stores)
GU	4,462	New store openings, etc. (approx. 36 stores)
Global Brand Business	2,156	New store openings, etc. (approx. 40 stores)
Others	23,488	IT-related investments, warehouses, etc.
Total	95,974	

(Notes) 1. It is expected that the Group will be able to meet its funding needs from equity capital, corporate bonds, borrowings, finance leases, etc.

2. The above figures do not include consumption tax, etc.

Also, the main new facility plans included in the plans described above are as follows.

Company name	Type of facility	Name of business	Location	Amount of planned investment		Construction commence	Construction completion	Planned sales floor area / occupied warehouse area (m^2)	Reference
				Total (Millions of yen)	Amount already disbursed (Millions of yen)				
UNIQLO CO., LTD.	UNIQLO Japan warehouses	Ibaraki DC Warehouses	Japan Osaka	5,640	4,791	January 2021	November 2021	70,080	Lease Hold
UNIQLO CO., LTD.	UNIQLO Japan warehouses	Kobe DC Warehouses	Japan Hyogo	5,734	4,860	August 2020	September 2021	33,637	Lease Hold
FAST RETAILING (CHINA) TRADING CO., LTD	UNIQLO International store	UNIQLO BEIJING SALITUN	China Beijing	914	294	October 2021	November 2021	3,289	Lease Hold
UNIQLO EUROPE LIMITED	UNIQLO International store	UNIQLO Rivoli	France Paris	750	537	August 2020	September 2021	2,972	Lease Hold
UNIQLO TAIWAN LTD.	UNIQLO International store	UNIQLO Taipei Global Flagship Store	Taiwan Taipei	970	339	June 2021	October 2021	3,419	Lease Hold

(Notes) 1. It is expected that the Group will be able to meet its funding needs from equity capital and finance leases.

2. The above figures do not include consumption tax, etc.

3. Assets are not allocated among business segments.

(2) Planned removals of important facilities

There were no planned removals of important facilities as at 31 August 2021.

6. Stock Information and Dividend Policy

A. Stock Information

(1) Number of Shares

(a) Total number of shares

Type	Total number of authorized shares (shares)
Common stock	300,000,000
Total	300,000,000

(b) Shares issued

Type	Shares issued as at 31 August 2021 (shares)	Number of shares issued as at submission date (shares) (26 November 2021)	Name of financial instrument exchange of listing or authorized financial instruments firms association	Details
Common stock	106,073,656	106,073,656	First section of the Tokyo Stock Exchange and the Main board of the Stock Exchange of Hong Kong Limited (Note)	100 shares as one unit
Total	106,073,656	106,073,656	-	-

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

(2) Share Subscription Rights

(a) Details of the Stock Option Program

The Company has instituted a stock option program that grants rights to acquire new shares pursuant to the Companies Act of Japan. Matters stated below are details of the program current as at the final day of the current fiscal year (31 August 2021). Details of changes made during the period from the final day of the current fiscal year until the end of the previous month (31 October 2021) on the submission date are shown in brackets [ ]. Details of the 12th share subscription rights on the submission date are stated.

(i) Share subscription rights A type

	2nd	3rd	4th
Resolution date	12 October 2011	11 October 2012	10 October 2013
Class and number of recipients	Employees of the Company: 14 Employees of the Group subsidiaries: 4	Employees of the Company: 18 Employees of the Group subsidiaries: 8	Employees of the Company: 19 Employees of the Group subsidiaries: 11
Number of stock options (Shares)	2,247 [0]	3,157 [2,556]	2,286 [2,286]
Type of shares to be issued upon exercise of share subscription rights	Common stock	Same as left	Same as left
Number of shares to be issued upon exercise of share subscription rights (Shares)	2,247 [0]	3,157 [2,556]	2,286 [2,286]
Amount to be paid upon exercise of share subscription rights (Yen)	Number of shares allocated times ¥1 exercise price per share for all shares to be obtained through exercise of the share subscription rights.	Same as left	Same as left
Exercise period of share subscription rights	From 15 November 2014 to 14 November 2021	From 13 November 2015 to 12 November 2022	From 3 December 2016 to 2 December 2023
Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen)	Issue price: 12,499 Paid-in capital: 6,250	Issue price: 15,222 Paid-in capital: 7,611	Issue price: 37,110 Paid-in capital: 18,555
Exercise conditions of share subscription rights	If a holder of share subscription rights waives the right to acquire shares, the share subscription rights shall be forfeited and may not be exercised.	Same as left	Same as left
Matters pertaining to transfer of share subscription rights	Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors.	Same as left	Same as left
Matters pertaining to issuing of share subscription rights in conjunction with reorganization	(Note)	Same as left	Same as left

	5th	6th	7th
Resolution date	9 October 2014	8 October 2015	13 October 2016
Class and number of recipients	Employees of the Company: 36 Employees of the Group subsidiaries: 16	Employees of the Company: 15 Employees of the Group subsidiaries: 19	Employees of the Company: 16 Employees of the Group subsidiaries: 23
Number of stock options (Shares)	8,034 [8,034]	941 [941]	1,041 [1,041]
Type of shares to be issued upon exercise of share subscription rights	Common stock	Same as left	Same as left
Number of shares to be issued upon exercise of share subscription rights (Shares)	8,034 [8,034]	941 [941]	1,041 [1,041]
Amount to be paid upon exercise of share subscription rights (Yen)	Number of shares allocated times ¥1 exercise price per share for all shares to be obtained through exercise of the share subscription rights.	Same as left	Same as left
Exercise period of share subscription rights	From 14 November 2017 to 13 November 2024	From 13 November 2018 to 12 November 2025	From 11 November 2019 to 10 November 2026
Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen)	Issue price: 42,377 Paid-in capital: 21,188	Issue price: 45,658 Paid-in capital: 22,829	Issue price: 34,684 Paid-in capital: 17,342
Exercise conditions of share subscription rights	If a holder of share subscription rights waives the right to acquire shares, the share subscription rights shall be forfeited and may not be exercised.	Same as left	Same as left
Matters pertaining to transfer of share subscription rights	Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors.	Same as left	Same as left
Matters pertaining to issuing of share subscription rights in conjunction with reorganization	(Note)	Same as left	Same as left

	8th	9th	10th
Resolution date	12 October 2017	11 October 2018	10 October 2019
Class and number of recipients	Employees of the Company: 19 Employees of the Group subsidiaries: 27	Employees of the Company: 17 Employees of the Group subsidiaries: 32	Employees of the Company: 11 Employees of the Group subsidiaries: 46
Number of stock options (Shares)	3,299 [3,299]	3,670 [3,670]	3,231 [3,231]
Type of shares to be issued upon exercise of share subscription rights	Common stock	Same as left	Same as left
Number of shares to be issued upon exercise of share subscription rights (Shares)	3,299 [3,299]	3,670 [3,670]	3,231 [3,231]
Amount to be paid upon exercise of share subscription rights (Yen)	Number of shares allocated times ¥1 exercise price per share for all shares to be obtained through exercise of the share subscription rights.	Same as left	Same as left
Exercise period of share subscription rights	From 10 November 2020 to 9 November 2027	From 9 November 2021 to 8 November 2028	From 8 November 2022 to 7 November 2029
Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen)	Issue price: 37,648 Paid-in capital: 18,824	Issue price: 58,276 Paid-in capital: 29,138	Issue price: 66,059 Paid-in capital: 33,030
Exercise conditions of share subscription rights	If a holder of share subscription rights waives the right to acquire shares, the share subscription rights shall be forfeited and may not be exercised.	Same as left	Same as left
Matters pertaining to transfer of share subscription rights	Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors.	Same as left	Same as left
Matters pertaining to issuing of share subscription rights in conjunction with reorganization	(Note)	Same as left	Same as left

	11th	12th
Resolution date	15 October 2020	14 October 2021
Class and number of recipients	Employees of the Company: 18 Employees of the Group subsidiaries: 47	Employees of the Company: 19 Employees of the Group subsidiaries: 47
Number of stock options (Shares)	1,999 [1,973]	2,907
Type of shares to be issued upon exercise of share subscription rights	Common stock	Same as left
Number of shares to be issued upon exercise of share subscription rights (Shares)	1,999 [1,973]	2,907
Amount to be paid upon exercise of share subscription rights (Yen)	Number of shares allocated times ¥1 exercise price per share for all shares to be obtained through exercise of the share subscription rights.	Same as left
Exercise period of share subscription rights	From 13 November 2023 to 12 November 2030	From 12 November 2024 to 11 November 2031
Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen)	Issue price: 77,560 Paid-in capital: 38,780	Issue price: 73,173 Paid-in capital: 36,587
Exercise conditions of share subscription rights	If a holder of share subscription rights waives the right to acquire shares, the share subscription rights shall be forfeited and may not be exercised.	Same as left
Matters pertaining to transfer of share subscription rights	Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors.	Same as left
Matters pertaining to issuing of share subscription rights in conjunction with reorganization	(Note)	Same as left

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

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

(ii) Share subscription rights B type

	2nd	3rd	4th
Resolution date	12 October 2011	11 October 2012	10 October 2013
Class and number of recipients	Employees of the Company: 139 Employees of the Group subsidiaries: 584	Employees of the Company: 136 Employees of the Group subsidiaries: 615	Employees of the Company: 180 Employees of the Group subsidiaries: 706
Number of stock options (Shares)	2,245 [361]	4,657 [4,340]	5,290 [5,147]
Type of shares to be issued upon exercise of share subscription rights	Common stock	Same as left	Same as left
Number of shares to be issued upon exercise of share subscription rights (Shares)	2,245 [361]	4,657 [4,340]	5,290 [5,147]
Amount to be paid upon exercise of share subscription rights (Yen)	Number of shares allocated times ¥1 exercise price per share for all shares to be obtained through exercise of the share subscription rights.	Same as left	Same as left
Exercise period of share subscription rights	From 15 December 2011 to 14 November 2021	From 13 December 2012 to 12 November 2022	From 3 January 2014 to 2 December 2023
Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen)	Issue price: 12,742 Paid-in capital: 6,371	Issue price: 15,569 Paid-in capital: 7,785	Issue price: 37,515 Paid-in capital: 18,757
Exercise conditions of share subscription rights	If a holder of share subscription rights waives the right to acquire shares, the share subscription rights shall be forfeited and may not be exercised.	Same as left	Same as left
Matters pertaining to transfer of share subscription rights	Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors.	Same as left	Same as left
Matters pertaining to issuing of share subscription rights in conjunction with reorganization	(Note)	Same as left	Same as left

	5th	6th	7th
Resolution date	9 October 2014	8 October 2015	13 October 2016
Class and number of recipients	Employees of the Company: 223 Employees of the Group subsidiaries: 785	Employees of the Company: 274 Employees of the Group subsidiaries: 921	Employees of the Company: 339 Employees of the Group subsidiaries: 1,096
Number of stock options (Shares)	7,946 [7,767]	8,088 [7,844]	11,191 [10,986]
Type of shares to be issued upon exercise of share subscription rights	Common stock	Same as left	Same as left
Number of shares to be issued upon exercise of share subscription rights (Shares)	7,946 [7,767]	8,088 [7,844]	11,191 [10,986]
Amount to be paid upon exercise of share subscription rights (Yen)	Number of shares allocated times ¥1 exercise price per share for all shares to be obtained through exercise of the share subscription rights.	Same as left	Same as left
Exercise period of share subscription rights	From 14 December 2014 to 13 November 2024	From 13 December 2015 to 12 November 2025	From 11 December 2016 to 10 November 2026
Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen)	Issue price: 42,799 Paid-in capital: 21,399	Issue price: 46,148 Paid-in capital: 23,074	Issue price: 35,168 Paid-in capital: 17,584
Exercise conditions of share subscription rights	If a holder of share subscription rights waives the right to acquire shares, the share subscription rights shall be forfeited and may not be exercised.	Same as left	Same as left
Matters pertaining to transfer of share subscription rights	Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors.	Same as left	Same as left
Matters pertaining to issuing of share subscription rights in conjunction with reorganization	(Note)	Same as left	Same as left

	8th	9th	10th
Resolution date	12 October 2017	11 October 2018	10 October 2019
Class and number of recipients	Employees of the Company: 395 Employees of the Group subsidiaries: 1,152	Employees of the Company: 419 Employees of the Group subsidiaries: 1,267	Employees of the Company: 528 Employees of the Group subsidiaries: 1,389
Number of stock options (Shares)	19,910 [19,586]	17,458 [17,099]	21,684 [21,075]
Type of shares to be issued upon exercise of share subscription rights	Common stock	Same as left	Same as left
Number of shares to be issued upon exercise of share subscription rights (Shares)	19,910 [19,586]	17,458 [17,099]	21,684 [21,075]
Amount to be paid upon exercise of share subscription rights (Yen)	Number of shares allocated times ¥1 exercise price per share for all shares to be obtained through exercise of the share subscription rights.	Same as left	Same as left
Exercise period of share subscription rights	From 10 December 2017 to 9 November 2027	From 9 December 2018 to 8 November 2028	From 8 December 2019 to 7 November 2029
Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen)	Issue price: 38,133 Paid-in capital: 19,066	Issue price: 58,892 Paid-in capital: 29,446	Issue price: 66,733 Paid-in capital: 33,367
Exercise conditions of share subscription rights	If a holder of share subscription rights waives the right to acquire shares, the share subscription rights shall be forfeited and may not be exercised.	Same as left	Same as left
Matters pertaining to transfer of share subscription rights	Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors.	Same as left	Same as left
Matters pertaining to issuing of share subscription rights in conjunction with reorganization	(Note)	Same as left	Same as left

	11th	12th
Resolution date	15 October 2020	14 October 2021
Class and number of recipients	Employees of the Company: 694 Employees of the Group subsidiaries: 1,435	Employees of the Company: 736 Employees of the Group subsidiaries: 1,521
Number of stock options (Shares)	15,878 [15,184]	30,757
Type of shares to be issued upon exercise of share subscription rights	Common stock	Same as left
Number of shares to be issued upon exercise of share subscription rights (Shares)	15,878 [15,184]	30,757
Amount to be paid upon exercise of share subscription rights (Yen)	Number of shares allocated times ¥1 exercise price per share for all shares to be obtained through exercise of the share subscription rights.	Same as left
Exercise period of share subscription rights	From 13 December 2020 to 12 November 2030	From 12 December 2021 to 11 November 2031
Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen)	Issue price: 78,237 Paid-in capital: 39,119	Issue price: 73,849 Paid-in capital: 36,925
Exercise conditions of share subscription rights	If a holder of share subscription rights waives the right to acquire shares, the share subscription rights shall be forfeited and may not be exercised.	Same as left
Matters pertaining to transfer of share subscription rights	Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors.	Same as left
Matters pertaining to issuing of share subscription rights in conjunction with reorganization	(Note)	Same as left

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

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

(iii) Share subscription rights C type

	9th	10th	11th
Resolution date	11 October 2018	10 October 2019	15 October 2020
Class and number of recipients	Employees of the Company: 40	Employees of the Company: 40	Employees of the Company: 41
Number of stock options (Shares)	4,045 [3,939]	3,380 [3,292]	3,690 [3,690]
Type of shares to be issued upon exercise of share subscription rights	Common stock	Same as left	Same as left
Number of shares to be issued upon exercise of share subscription rights (Shares)	4,045 [3,939]	3,380 [3,292]	3,690 [3,690]
Amount to be paid upon exercise of share subscription rights (Yen)	Number of shares allocated times ¥1 exercise price per share for all shares to be obtained through exercise of the share subscription rights.	Same as left	Same as left
Exercise period of share subscription rights	9 November 2021	8 November 2022	13 November 2023
Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen)	Issue price: 59,764 Paid-in capital: 29,882	Issue price: 67,685 Paid-in capital: 33,843	Issue price: 79,193 Paid-in capital: 39,597
Exercise conditions of share subscription rights	If a holder of share subscription rights waives the right to acquire shares, the share subscription rights shall be forfeited and may not be exercised.	Same as left	Same as left
Matters pertaining to transfer of share subscription rights	Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors.	Same as left	Same as left
Matters pertaining to issuing of share subscription rights in conjunction with reorganization	(Note)	Same as left	Same as left

	12th
Resolution date	14 October 2021
Class and number of recipients	Employees of the Company: 39
Number of stock options (Shares)	3,108
Type of shares to be issued upon exercise of share subscription rights	Common stock
Number of shares to be issued upon exercise of share subscription rights (Shares)	3,108
Amount to be paid upon exercise of share subscription rights (Yen)	Number of shares allocated times ¥1 exercise price per share for all shares to be obtained through exercise of the share subscription rights.
Exercise period of share subscription rights	12 November 2024
Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen)	Issue price: 74,804 Paid-in capital: 37,402
Exercise conditions of share subscription rights	If a holder of share subscription rights waives the right to acquire shares, the share subscription rights shall be forfeited and may not be exercised.
Matters pertaining to transfer of share subscription rights	Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors.
Matters pertaining to issuing of share subscription rights in conjunction with reorganization	(Note)

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

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

(b) Content of Rights Plan

Not applicable.

(c) Other Share Subscription Rights

Not applicable.

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

Not applicable.

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

Date	Increase / decrease in total number of shares issued (Shares)	Balance of total number of shares issued (Shares)	Increase / decrease in capital stock (Millions of yen)	Balance of capital stock (Millions of yen)	Increase / decrease in capital reserve (Millions of yen)	Balance of capital reserve (Millions of yen)
31 August 2004	-	106,073,656	7,000	10,273	(7,000)	4,578

(Note) This represents an addition to capital stock from capital reserve approved by resolution at a special meeting of the Board of Directors on 30 August 2004.

(5) Status by Type of Holder

As at 31 August 2021

Class	Shares (One unit = 100 shares)								Shares less than one unit (shares)
	Government, municipal entities	Financial institutions	Traders of financial products	Other corporations	Foreign corporations, etc.		Individuals & others	Total	
					Excl. individuals	Individuals			
Number of shareholders (persons)	-	65	57	172	823	10	6,057	7,184	-
Number of shares held (trading units)	-	359,594	23,391	85,303	197,495	13	394,126	1,059,922	81,456
Percentage of shares held (%)	-	33.93	2.21	8.05	18.63	0.00	37.18	100.00	-

(Notes) 1. The 3,928,985 shares of treasury stock include 39,289 units of shares held by individuals and others and 85 shares held by individuals and others of less than one unit.

2. Figures shown in the columns “Other corporations” and “Shares less than one unit” include 27 units of shares and 84 shares, respectively, in the name of Japan Securities Depository Center, Inc.

(6) Major Shareholders

As at 31 August 2021

Name or trade name	Address	Number of shares held (Thousand shares)	Percentage of total number of shares issued (%)
Tadashi Yanai	Shibuya-ku, Tokyo	22,037	21.57
The Master Trust Bank of Japan, Ltd.	2-11-3 Hamamatsu-cho, Minato-ku, Tokyo	21,262	20.82
Custody Bank of Japan, Ltd.	1-8-11 Harumi, Chuo-ku, Tokyo	13,808	13.52
TTY Management B.V.	De Entree 99, 1101HE Amsterdam, The Netherlands	5,310	5.20
Kazumi Yanai	New York, U.S.A.	4,781	4.68
Koji Yanai	Shibuya-ku, Tokyo	4,781	4.68
Fight & Step Co., Ltd.	1-4-3 Mita, Meguro-ku, Tokyo	4,750	4.65
MASTERMIND, LLC	1-4-3 Mita, Meguro-ku, Tokyo	3,610	3.53
Teruyo Yanai	Shibuya-ku, Tokyo	2,327	2.28
JP Morgan Chase Bank (Standing proxy Mizuho Bank, Ltd.)	5JP E14, 25 Bank Street, Canary Wharf, London, England (2-15-1, Konan, Minato-ku, Tokyo)	2,190	2.14
Total	-	84,856	83.07

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

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

3. According to the report of large shareholdings (report of change of composition) submitted on 15 December 2020 by Nomura Securities Co., Ltd. and NOMURA INTERNATIONAL PLC, and Nomura Asset Management Co., Ltd., which are all as joint holders, each party was holding the shares stated below as at 8 December 2020. However, since the Company has not been able to confirm the number of shares actually held as at 31 August 2021, of the end of the term, these shareholdings have not been included in the statement of principal shareholders above.

Name or trade name	Address	Number of shares held (Thousand shares)	Percentage of total number of shares issued (%)
Nomura Securities Co., Ltd.	1-13-1 Nihonbashi, Chuo-ku, Tokyo	73	0.07
NOMURA INTERNATIONAL PLC	1 Angel Lane, London EC4R 3AB, United Kingdom	41	0.04
Nomura Asset Management Co., Ltd.	2-2-1 Toyosu, Koto-ku, Tokyo	11,812	11.14

4. In addition to the above, 3,928,985 shares of treasury stock are held by the Company (3.70% of the total number of authorized shares).

(7) Voting Rights

(a) Shares issued

As at 31 August 2021

Class	Number of shares (Shares)	Number of voting rights (Number)	Details
Non-voting shares	-	-	-
Shares subject to restrictions on voting rights (treasury stock, etc.)	-	-	-
Shares subject to restrictions on voting rights (others)	-	-	-
Shares with full voting rights (treasury stock, etc.)	(Shares held as treasury stock) Common stock 3,928,900	-	-
Shares with full voting rights (others)	Common stock 102,063,300	1,020,633	(Note 1)
Shares less than one unit	Common stock 81,456	-	(Notes 1, 2)
Total number of shares issued	106,073,656	-	-
Total number of voting rights of all shareholders	-	1,020,633	-

(Notes) 1. The columns for the number of shares of "Shares with full voting rights (others)" and "Shares less than one unit" include, 2,700 shares and 84 shares, respectively, held in the name of Japan Securities Depository Center, Inc.

2. Common stock in the "Shares less than one unit" column includes 85 shares of treasury stock held by the Company.

(b) Treasury Stock

As at 31 August 2021

Name or trade name of holder	Holder's address	Number of shares held in own name (Shares)	Number of shares held in other's name (Shares)	Total number of shares held (Shares)	Percentage of total number of shares issued (%)
FAST RETAILING CO., LTD.	10717-1 Sayama, Yamaguchi-City, Yamaguchi	3,928,900	-	3,928,900	3.70
Total	-	3,928,900	-	3,928,900	3.70

B. Treasury Stock Information

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

(1) Purchases approved by General Meeting of Shareholders

Not applicable.

(2) Purchases approved by Board of Directors

Not applicable.

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

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

Class	Number of shares (Shares)	Total paid (Thousand yen)
Treasury stock purchased in the fiscal year ended 31 August 2021	160	12,775
Treasury stock purchased from 1 September 2021 to the submission date	41	3,209

(Note) "Treasury stock purchased from 1 September 2021 to the submission date" does not include shares of less than one unit purchased between 1 November 2021 and the submission date of this report.

(4) Status of treasury stock purchased

Class	Fiscal year ended 31 August 2021		From 1 September 2021 to the submission date	
	Number of shares (Shares)	Total disposal value (Thousands of yen)	Number of shares (Shares)	Total disposal value (Thousands of yen)
Treasury stock purchases for which subscribers were solicited	-	-	-	-
Treasury stock cancelled after purchase	-	-	-	-
Treasury stock transferred due to mergers, share exchange, share issuance, or company split	-	-	-	-
Other (Note)	44,288	168,694	7,636	29,104
Number of Treasury shares held	3,928,985	-	3,921,390	-

(Note) The breakdown of figures for the year ended 31 August 2021 reflects the exercise of 44,288 share subscription rights, a share disposal value of 168,694 thousand yen. The breakdown of figures for the current year reflects the exercise of share subscription rights, and does not include shares of less than one unit purchased between 1 November 2021 and the submission date of this report.

C. Dividend Policy

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

The year-end dividend was 240 yen per share and the interim dividend was 240 yen per share, so the annual dividend was 480 yen per share, the same amount as for the previous fiscal year. We intend to effectively utilize internal reserves and free cash flow for financial investment and loans to strengthen the operational base of the Group companies, and we will endeavor to achieve continual and stable growth.

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

Dividends for the current fiscal year are as follows:

Resolution date	Total dividends (Millions of yen)	Dividends per share (Yen)
Board of Directors resolution made at the meeting held on 8 April 2021	24,511	240
Board of Directors resolution made at the meeting held on 2 November 2021	24,514	240

D. Waiver from compliance with Rule 19B. 21

The Hong Kong Stock Exchange has granted us, subject to certain conditions, a waiver from Rule 19B. 21 of the Hong Kong Listing Rules regarding certain requirements for cancellation of HDRs upon a share repurchase. The Company has complied with the relevant conditions in the year ended 31 August 2021.

7. Corporate Governance Report

A. Basic Thinking on Corporate Governance

As part of our corporate statement of "Changing clothes. Changing conventional wisdom. Change the world," we aim to expand our business to become the world's number one apparel information, manufacturing and retail business. In addition, with our aim of resolving societal and environmental issues, we will contribute to building a better society through creating sustainable businesses not only for our company, but also throughout our supply chain.

B. Details of Company organization and internal control systems

(1) Details of company organization

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

Five of the nine members of the Board of Directors are External Directors, with the CEO acting as chairman of the Board of Directors. The External Directors have an abundance of knowledge and experience in corporate management. As the Company's main decision-making body for the performance of management and operations, the Board of Directors meets at least once a month to discuss and decide upon important management issues. The External Directors all participate actively in Board of Directors discussions, and offer their opinions without reservations.

The Board of Statutory Auditors consists of five auditors, including three external auditors, with a full-time corporate auditor acting as chairman. The Standing Statutory Auditor presides. The External Statutory Auditors are fully independent, and they have ample knowledge and experience as attorneys and certified public accountants. Through their participation in the Board of Directors, the Statutory Auditors are fully aware of the decision-making process of the Board of Directors, and able to fulfill their supervisory obligations. They also supervise the Directors' performance of their executive duties through regular conversations with the Directors, other executive officers, other employees, and auditors of subsidiary corporations. The Board of Statutory Auditors meets at least once a month to make decisions about audit policies and planning. It meets quarterly to receive briefings and reports from the independent auditor.

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

Human Resources Committee

The Human Resources Committee, chaired by external director, discusses important organizational changes and adjustments to human resource systems across the Group, and offers views and suggestions to the Board of Directors. The committee met twice during FY2021.

Sustainability Committee

The Sustainability Committee discusses and determines Fast Retailing's overall sustainability strategy, environmental protection, social responsibility, response to human rights issues, diversity, and other considerations. The head of the Sustainability Department chairs the committee and committee members are made up of outside experts, directors, statutory auditors, and executive officers. The committee met three times during FY2021.

Disclosure Committee

The Disclosure Committee, chaired by the Company official in charge of disclosing information to the Tokyo Stock Exchange (TSE), is tasked with boosting management transparency by "disclosing information that is timely, accurate, fair, and easy to understand." The Committee is responsible for both timely and voluntary disclosures to the TSE and the Stock Exchange of Hong Kong regarding matters that may materially impact investor and shareholder investment decisions. The committee met 12 times during FY2021.

IT Investment Committee

The IT Investment Committee debates and advises on the IT investments that will best achieve our targets for sweeping changes to our information systems and business operations. That means deliberating the efficacy of each individual investment, and reviewing whether IT investment budgets submitted by external specialist organizations are reasonable and appropriate. The IT Investment Committee is chaired by the President, and the members and observers include outside experts, external directors, and executives. The committee met six times during FY2021.

Code of Conduct Committee

The Code of Conduct Committee considers how best to resolve any violations of the Fast Retailing Group Code of Conduct, and when to make improvements to it. It offers guidance on educating executives and employees about the requirements of the CoC, and on operating the confidential hotline. The committee is chaired by the head of the Legal Department, and committee members include Statutory Auditors (including External Statutory Auditors) and executive officers. The committee met 13 times during FY2021.

Business Ethics Committee

This committee ensures the Group does not use an advantageous position to exert undue pressure on business counterparts such as partner factories and suppliers. The committee provides advice and counsel to departments based on external field inspections and partner company surveys. The committee is chaired by the head of the Sustainability Department, and includes Statutory Auditors (including External Statutory Auditors) and executive officers. The committee met 11 times during FY2021.

Risk Management Committee

In order to identify latent risks in business activities on a regular basis and to strengthen systems for detecting and managing material risks, this committee analyzes and assesses the impact and frequency of risks on business, and discusses countermeasures for high-risk business areas to prevent any risk before it occurs or ensure a swift response if a risk does materialize. The committee is chaired by the Group CFO and committee members include outside directors and executive officers. The committee met four times during FY2021.

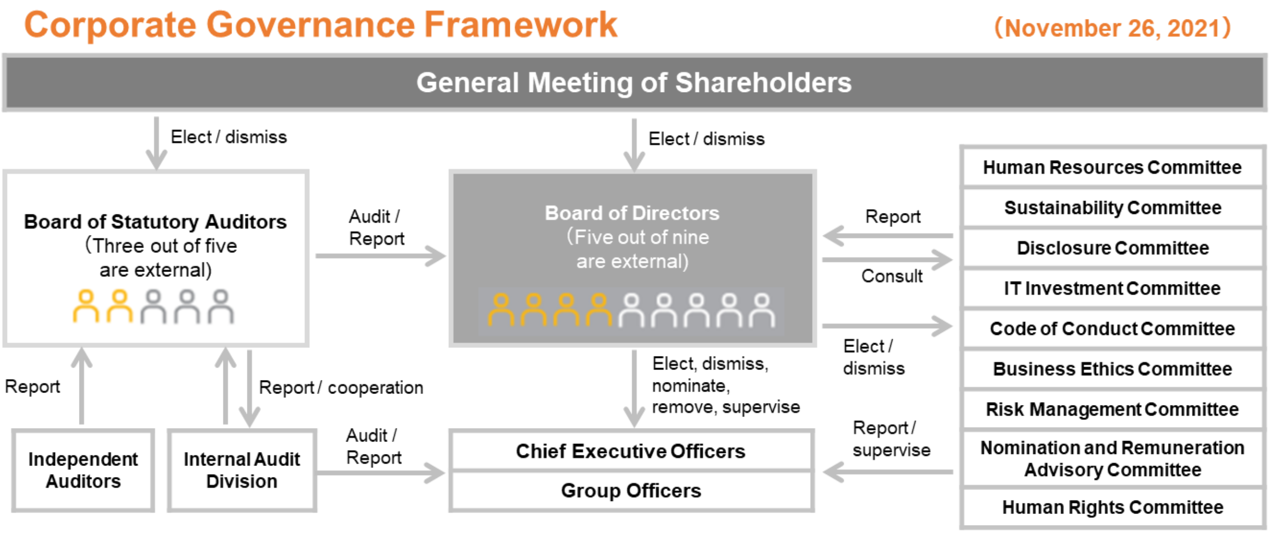
Nomination and Remuneration Advisory Committee

With the aim of strengthening Fast Retailing governance, the committee discusses and advises the Board of Directors on important items relating to Fast Retailing corporate governance, such as the requirements and nomination policy regarding candidates for director and auditor positions, the policy for determining director remuneration, requirements relating to the company’s chief executive officer, and smooth management succession planning. The committee is chaired by a director nominated by the Board of Directors, and the majority of committee members are independent external executives (both external directors and external statutory auditors). The committee met twice during FY2021.

Human Rights Committee

Chaired by an outside expert, this committee deliberates and advises on the execution of human rights due diligence. The committee also provides counselling and conducts education and awareness-raising activities for departments involved in the execution of business to ensure that we fulfil our obligations to respect human rights under the Fast Retailing Group Human Rights Policy established in 2018, and conduct business operations appropriately. In addition, the committee is responsible for providing recommendations and supervision as well as conducting investigations and taking remedial measures when a human rights violation occurs. The committee met five times during FY2021.

Below is a diagram of our corporate governance system.



The members and chairs of the Board of Directors, Board of Statutory Auditors and other committees are as follows:

Title	Name	Board of Directors	Board of Statutory Auditors	Human Resources Committee	Sustainability Committee	Disclosure Committee	IT Investment Committee	Code of Conduct Committee	Business Ethics Committee	Risk Management Committee	Nomination and Remuneration Advisory Committee	Human Rights Committee
Directors	Tadashi Yanai	Chairman		Chair	○	○	Chair				Chair	
	Takeshi Okazaki	○		△	○	Chair	○			Chair		○
	Kazumi Yanai	○			○							
	Koji Yanai	○			Chair							
External Directors	Nobumichi Hattori	○								○		
	Masaaki Shintaku	○		○			△				○	
	Takashi Nawa	○		○	○					○		○
	Naotake Ono	○									○	
	Kathy Matsui	○			○							
Statutory Auditors	Masaaki Shinjo	△	○	○		△	△		○		○	
	Masumi Mizusawa	△	○		○	△		○		△		○
External Statutory Auditors	Keiko Kaneko	△	○	○				○				○
	Takao Kashitani	△	○						○		○	
	Masakatsu Mori	△	○						△			
Senior Executive Directors	John C Jay			△	○							
	Noriaki Koyama	△		○	○			○		○		○
	Shuichi Nakajima				○				○	○		
	Takahiro Wakabayashi				○							
	Takao Kuwahara									○		○
Executive Directors	Hidetsugu Asada									○		○
	Makoto Hoketsu						○			○		
	Yukihiro Nitta				○			○	Chair	○		○
	Shimpei Otani						○					
	Takahiro Tambara						○					
	Dai Tanaka						○					
	Yasuyuki Terashi							○				
	Xiaozhou Wang									○		
	Miyuki Isozaki								○			
	Hiroyuki Uchida								○			

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

(Note) ○: Member △: Non-member attendee (including observers)

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

The Company has entered into agreements with the External Directors, External Statutory Auditors, and Independent Auditor, limiting their liabilities based on provisions in Article 427, Paragraph 1 of the Companies Act, which limits the liabilities for damages as provided for in Article 423, Paragraph 1 of the Companies Act.

These agreements state that liabilities for damages shall be limited to the higher amount of either 5 million yen or the amount stipulated by law. For Deloitte Touche Tohmatsu LLC, the limit of liabilities for damages shall be limited to the highest of the following amounts multiplied by two: the total economic benefits received or to be received from the Company as remuneration and payment received for performance of duties in each business year during its service as the Independent Auditor.

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

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

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

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

(4) Establishing internal control systems

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(d) Managing Risk of Losses to FR Group

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

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

(e) Ensuring Efficient Execution of Director Duties

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

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

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

(f) Ensuring Reliable FR Group Financial Reports

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

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

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

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

(h) Employee Assistants Requested by Statutory Auditors and Ensuring the Independence and Effectiveness of Statutory Auditors' Instructions to Employee Assistants

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

2. Assistants shall report directly to the Statutory Auditors and may not hold concurrent positions that involve the execution of Company business.

(i) Director and Employee Reporting to Statutory Auditors and Other Reports

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

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

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

4. Statutory Auditors communicate closely with the Independent Auditor, the Internal Audit Department, and Statutory Auditors at Group companies through regular meetings and information exchange.

(j) Policy on Prepayment or Reimbursement of Expenses for Statutory Auditors

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

(k) Other Matters Ensuring Efficient Audits by Statutory Auditors

1. Statutory Auditors attend Board of Directors meetings and other important meetings to observe the reporting and discussion of significant issues. They may voice opinions if necessary.

2. The President meets regularly with Statutory Auditors to consult on pressing issues, ensure appropriate auditing environments, and exchange views on significant issues highlighted in the auditing process.

(l) Eliminating Anti-social Forces

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

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

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

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

(a) Number of directors

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

(b) Election criteria for directors

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

(c) Procedure for deciding dividends from surplus

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

(d) Interim dividend

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

(e) Limitation of liabilities for Directors and Statutory Auditors

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

(f) Special resolutions of the General Meeting of Shareholders

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

8. Board of Directors

A. Board of Directors

Male: 11 persons Female: 3 persons (21.4% of officers are female)

Position	Responsibilities	Name	Date of birth	Brief biography		Term of office	Number of shares held (Thousand shares)
Representative director, chairman, and president	CEO	Tadashi Yanai	7 February 1949	August 1972 September 1972 August 1973 September 1984 June 2001 November 2002 September 2005 November 2005 September 2008 June 2009 November 2011 November 2018	Joined FAST RETAILING CO., LTD. Director, FAST RETAILING CO., LTD. Senior Managing Director, FAST RETAILING CO., LTD. President & CEO, FAST RETAILING CO., LTD. External Director, Softbank Corp. (currently SOFTBANK GROUP CORP.) Chairman and CEO, FAST RETAILING CO., LTD. Chairman, President, and CEO, FAST RETAILING CO., LTD. (current) Chairman, President, and CEO, UNIQLO CO., LTD. (current) Director and Chairman, GOV RETAILING CO., LTD. (currently G.U. CO., LTD.) (current) External Director, Nippon Venture Capital Co., Ltd. (current) Director, LINK THEORY JAPAN CO., LTD. (current) Representative Director, the Fast Retailing Foundation (current)	Note 4	22,037

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

Position	Responsibilities	Name	Date of birth	Brief biography		Term of office	Number of shares held (Thousand shares)
Director		Masaaki Shintaku	10 September 1954	April 1978 December 1991 August 2000 January 2001 April 2008 June 2008 November 2009 March 2019 June 2020 June 2021	Joined IBM Japan, Ltd. Joined Oracle Corporation Japan President & CEO, Oracle Corporation Japan Executive Vice President, Oracle Corporation Vice Chairman, Special Olympics Nippon (currently Special Olympics Nippon Foundation) Chairman, Oracle Corporation Japan External Director, FAST RETAILING CO., LTD. (current) Counselor, Special Olympics Nippon Foundation (current) External Director, NTT DOCOMO, INC. (current) External Director, NTT Communications Corporation (current)	Note 4	-
Director		Takashi Nawa	8 June 1957	April 1980 April 1991 June 2010 June 2010 June 2011 November 2012 June 2014 June 2015 April 2019 June 2020 April 2021	Joined Mitsubishi Corporation Joined McKinsey & Company Professor, The Graduate School of International Corporate Strategy, Hitotsubashi University President, Genesys Partners (current) External Director, NEC Capital Solutions (current) External Director, FAST RETAILING CO., LTD. (current) External Director, DENSO CORPORATION External Director, Ajinomoto Co., Inc. (current) Visiting Professor, The Graduate School of International Corporate Strategy, Hitotsubashi University (current) External Director, Sompo Holdings, Inc. (current) Visiting Professor, Kyoto University of Advanced Science (current)	Note 4	-

Position	Responsibilities	Name	Date of birth	Brief biography		Term of office	Number of shares held (Thousand shares)
Director		Naotake Ono	28 October 1948	April 1971	Joined Daiwa House Industry Co., Ltd.	Note 4	-
				June 2000	Director, Daiwa House Industry Co., Ltd .		
				April 2004	Senior Managing Director, Deputy Director, Sales Division, Daiwa House Industry Co., Ltd.		
				April 2007	Representative Director and Vice President, Director, Sales Division, Daiwa House Industry Co., Ltd.		
				April 2011	Representative Director and President, Daiwa House Industry Co., Ltd.		
				November 2017	Special Consultant, Daiwa House Industry Co., Ltd. (retired as of March 2021)		
				November 2018	External Director, FAST RETAILING CO., LTD. (current)		
Director		Kathy Matsui	2 February 1965	January 1990	Joined Barclays de Zoete Wedd, Limited (current Barclays Capital)	Note 4	-
				March 1994	Joined Goldman Sachs Japan Co., Ltd.		
				January 1998	Managing Director, Goldman Sachs Japan Co., Ltd.		
				January 2000	Partner, Goldman Sachs Japan Co., Ltd.		
				April 2015	Vice Chairman, Goldman Sachs Japan Co., Ltd. (retired as of December 2020)		
				November 2018	Director, the Fast Retailing Foundation		
				May 2021	General Partner, MPower Partners Fund L.P. (current)		
				July 2021	External Director, Paidy Inc.		
				November 2021	Council member, the Fast Retailing Foundation (current)		
				November 2021	External Director, FAST RETAILING CO., LTD. (current)		

Position	Responsibilities	Name	Date of birth	Brief biography		Term of office	Number of shares held (Thousand shares)
Director	CFO	Takeshi Okazaki	9 July 1965	April 1988 July 1998 January 2005 August 2011 August 2011 September 2012 November 2018 November 2018	Joined Long Term Credit Bank of Japan, Limited Joined McKinsey & Company Partner, McKinsey & Company Joined FAST RETAILING Co., Ltd. Group Executive Officer & CFO, Group Senior Executive Officer & CFO, FAST RETAILING Co., Ltd. (current) Council member, the Fast Retailing Foundation (current) Director, FAST RETAILING CO., LTD. (current)	Note 4	0
Director		Kazumi Yanai	23 April 1974	September 1997 July 2004 September 2009 January 2012 November 2012 November 2013 November 2015 July 2017 November 2018 June 2020	Joined Goldman Sachs and Company Joined Link Theory Holdings (US) Inc. (currently Theory LLC), Headquarters (New York) Joined FAST RETAILING Co., Ltd. Chairman, Theory LLC (current) Group Executive Director, FAST RETAILING Co., Ltd. UNIQLO USA LLC COO Chairman, UNIQLO USA LLC (current) CEO, Chairman and President, J BRAND HOLDINGS, LLC Director, FAST RETAILING CO., LTD (current) Executive Officer, FAST RETAILING CO., LTD (current)	Note 4	4,781
Director		Koji Yanai	19 May 1977	April 2001 April 2009 September 2012 May 2013 September 2013 November 2018 June 2020	Joined Mitsubishi Corporation Seconded to Princes Limited (food business subsidiary in Great Britain) Joined FAST RETAILING Co., Ltd., responsible for UNIQLO Sports Marketing Director, UNIQLO Global Marketing Group Executive Officer, FAST RETAILING Co., Ltd. Director, FAST RETAILING CO., LTD (current) Executive Officer, FAST RETAILING CO., LTD (current)	Note 4	4,781

Position	Responsibilities	Name	Date of birth	Brief biography		Term of office	Number of shares held (Thousand shares)
Standing Statutory Auditor		Masaaki Shinjo	28 January 1956	April 1983 February 1994 September 1998 September 2005 January 2008 March 2009 September 2009 January 2010 March 2011 November 2012	Joined ASAHIPEN CORPORATION Joined FAST RETAILING CO., LTD. Entrusted operating officer, manager of administration, FAST RETAILING CO., LTD. General Manager, Group Auditing, FAST RETAILING CO., LTD. Director, Onezone Corp (currently G.U. CO., LTD.) General Manager, Corporate Administration, FAST RETAILING CO., LTD. Statutory Auditor, GOV Retailing Co., Ltd. (currently G.U. CO., LTD.) General Manager, Sales Support Management Division, UNIQLO CO., LTD. General Manager, Corporate Planning & Management, FAST RETAILING CO., LTD. Statutory Auditor, FAST RETAILING CO., LTD. (current)	Note 6	-
Standing Statutory Auditor		Masumi Mizusawa	22 July 1959	November 1981 March 1988 October 2001 February 2004 November 2019 November 2020	Joined the International Department of Yamaichi Securities Co., Ltd. Joined the Research Department of Kleinwort Benson Securities (the Tokyo branch of Dresdner Kleinwort Wasserstein (Japan) Ltd.) Joined the Investor Relations Department of FAST RETAILING CO., LTD. General Manager, Global Corporate Management and Control Investor Relations Division, FAST RETAILING CO., LTD. Statutory Auditor, FAST RETAILING CO., LTD. (current) Statutory Auditor, LINK THEORY JAPAN CO., LTD. (current)	Note 7	0

Position	Responsibilities	Name	Date of birth	Brief biography		Term of office	Number of shares held (Thousand shares)
Statutory Auditor		Keiko Kaneko	11 November 1967	April 1991 April 1999 April 1999 January 2007 April 2007 November 2012 November 2012 June 2013 June 2019	Joined Mitsubishi Corporation Registered as a member of Japan Federation of Bar Associations Joined Anderson, Mori & Tomotsune (AM&T) law firm Partner, AM&T (current) Guest associate professor, Tokyo University Graduate School of Law External Statutory Auditor, FAST RETAILING CO., LTD. (current) External Statutory Auditor, UNIQLO CO., LTD. (current) External Statutory Auditor, The Asahi Shimbun Company (current) External Director, Daifuku Co., Ltd. (current)	Note 6	-
Statutory Auditor		Takao Kashitani	7 November 1948	February 1975 January 1986 April 1986 March 1989 April 2002 June 2012 June 2012 November 2018	Kashitani Public Accountant Office (current) Representative, CENTURY Audit Corporation (currently Ernst & Young ShinNihon LLC) Representative Director & CEO, Brain Core Co., Ltd. (current) Representative Director & CEO, F P Brain Co., Ltd. (current) Specially appointed professor, Chuo University Graduate School of International Accounting Department of Research (professional graduate school) External Director, Tokyo Electric Power Company (currently Tokyo Electric Power Company Holdings) External Director, Japan Freight Railway Company (current) External Statutory Auditor, FAST RETAILING CO., LTD. (current)	Note 5	-

Position	Responsibilities	Name	Date of birth	Brief biography		Term of office	Number of shares held (Thousand shares)
Statutory Auditor		Masakatsu Mori	22 January 1947	May 1972 February 1989 December 1995 April 2003 September 2007 October 2009 June 2010 June 2013 November 2013 April 2018 March 2019 November 2020	Acquired qualification as a certified public accountant Japan Country Manager, Anderson Consulting (currently Accenture) President, Anderson Consulting (currently Accenture) Chairman, Accenture Senior Advisor, Accenture President, International University of Japan (IUJ) External Director, Stanley Electric Co., Ltd. (current) External Director, YAMATO HOLDINGS CO., LTD. (current) Deputy Vice President, IUJ Special Advisor, IUJ (current) External Director, Kirin Holdings Company, Limited (current) External Statutory Auditor, FAST RETAILING CO., LTD. (current)	Note 6	-
Total							31,599

(Notes) 1. Directors Nobumichi Hattori, Masaaki Shintaku, Takashi Nawa, Naotake Ono and Kathy Matsui are External Directors as provided for in Article 2, Paragraph 15 of the Companies Act.

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

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

4. For a one-year term beginning at the conclusion of the Ordinary General Meeting of Shareholders on 25 November 2021.

5. For a four-year term beginning at the conclusion of the Ordinary General Meeting of Shareholders on 29 November 2018.

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

7. For a four-year term beginning at the conclusion of the Ordinary General Meeting of Shareholders on 28 November 2019.

B. External Directors and External Statutory Auditors

(1) Functions, roles and selection of External Directors and External Statutory Auditors

The Company has five External Directors and three External Statutory Auditors.

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

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

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

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

Statutory Auditor Masakatsu Mori also serves as an outside director for YAMATO HOLDINGS CO., LTD., a company with which Fast Retailing Co., Ltd. and Group subsidiaries conduct business relating to the delivery of e-commerce products.

Shares of the Company held by External Statutory Auditors are stated in the “Number of shares held” column under the section “Board of Directors.”

Aside from the above, there are no distinctive interests between the Company and other External Directors or External Statutory Auditors.

The External Directors and External Statutory Auditors receive reports at the Board of Directors meeting regarding internal audits, the operation of internal controls, audits by Statutory Auditors, and the results of accounting audits.

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

(2) Independent Directors

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

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

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

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

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

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

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

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

(3) Supervision or auditing by External Directors or External Statutory Auditors; mutual cooperation between internal auditing, Statutory Auditor auditing, and accounting audits; and relationship with the Internal Control Department

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

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

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

C. Status of Auditing

(1) Status of Statutory Auditor’s Audit

Statutory Auditors always attend Board of Directors meetings and audit the status of the execution of management. The Board of Statutory Auditors consists of two internal full-time Statutory Auditors and three external Statutory Auditors, and after receiving reports about important matters related to auditing on a regular and on-demand basis from the Internal Audit Department and accounting auditors, the Board of Statutory Auditors discusses those important matters and always maintains a state of cooperation. Both Statutory Auditor Takao Kashitani and Statutory Auditor Masakatsu Mori hold the qualification of certified public accountant and have substantial knowledge related to finance and accounting.

During the fiscal year ended August 2021, we held 12 meetings of the Board of Auditors. The attendance record for each Auditor is as follows.

Name	Number of meetings held	Attendance
Akira Tanaka	12	12
Masaaki Shinjo	12	12
Masumi Mizusawa	12	12
Keiko Kaneko	12	12
Takao Kashitani	12	11
Masakatsu Mori	10	10

Key matters discussed by the Board of Statutory auditors include the current situation and issues facing the Frontend Division, HR, and GU respectively.

In addition, the role of full-time Auditors includes the timely on-site auditing of key companies' new and existing stores, attending domestic and international store audit briefing sessions, and attending regular and extraordinary Board of Directors meetings and other employee meetings.

(2) Status of internal auditing

The Company has an Internal Audit Department that is independent from the executive departments, and, as at 31 August 2021, seven dedicated staff members regularly verify the appropriateness and effectiveness of internal control systems and audit the status of the execution of business.

(3) Accounting audits

(a) Name of audit firm

Deloitte Touche Tohmatsu LLC

(b) Continuous auditing period

4 years

(c) Name of Certified Public Accountants

Koichi Okubo, Hirofumi Otani

(d) Group of assistants to the independent auditor

Based on the audit plan formulated by Deloitte Touche Tohmatsu LLC, the group of assistants to the independent auditor consists of 12 CPAs, 4 successful Certified Public Accountant applicants and 29 others.

(e) Policy and reasons for selecting audit corporation

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

(f) Evaluation of the accounting auditor by Statutory Auditors and the Board of Statutory Auditors

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

D. Details of Independent Auditor's remuneration

(1) Details of remuneration for Independent Auditor

Class	Year ended 31 August 2020	Year ended 31 August 2021
	Remuneration for audit and certification duties (Millions of yen)	Remuneration for audit and certification duties (Millions of yen)
Reporting Entity	239	209
Consolidated subsidiaries	40	40
Total	279	249

(2) Details of remuneration for member firms of the Deloitte global network (except (1))

Class	Year ended 31 August 2020		Year ended 31 August 2021	
	Remuneration for audit and certification duties (Millions of yen)	Remuneration for duties other than audit (Millions of yen)	Remuneration for audit and certification duties (Millions of yen)	Remuneration for duties other than audit (Millions of yen)
Reporting Entity	-	463	-	475
Consolidated subsidiaries	266	100	292	95
Total	266	563	292	570

Year ended 31 August 2020 (1 September 2019 - 31 August 2020)
The non-audit services paid for by the Company and the Company's subsidiaries to organizations belonging to the same network as audit-certified public accountants, etc., comprise advisory services related to the e-commerce platform.

Year ended 31 August 2021 (1 September 2020 - 31 August 2021)
The non-audit services paid for by The Company and The Company's subsidiaries to organizations belonging to the same network as audit-certified public accountants, etc., comprise advisory services related to the e-commerce platform.

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

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

(5) Reasons for agreement of the Board of Statutory Auditors to the remuneration of the Independent Auditor
The Board of Statutory Auditors agreed to the remuneration of the independent auditor as stipulated in Article 399, Item 1 of the Companies Act, after checking auditing estimates versus actual performance in previous business years, including itemized auditing hours and remuneration, and investigating whether the estimates for the year ended 31 August 2021 were reasonable, based on the practical guidelines relating to independent auditor published by the Japan Audit & Supervisory Board Members Association.

E. Directors' Remuneration

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

The maximum annual remuneration for directors has been capped at the 2,000 million yen figure (including an annual figure of 200 million yen for external directors) determined by shareholder resolution at the 60th annual general meeting of shareholders held on November 25, 2021 (the resolution covers nine directors of which five are external directors). Meanwhile, the maximum annual remuneration for statutory auditors is capped at 100 million yen as determined by shareholder resolution at the 42nd annual general meeting of shareholders held on November 26, 2003 (the resolution covers five statutory auditors).

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

Remuneration for internal directors (i.e. directors who are not external directors) is made up of a basic compensation component, which is a fixed sum, and a performance-related compensation component, which takes into account the performance of the director in question as well as other factors. The basic remuneration component is calculated according to a predefined compensation table based on each individual's grade within the company determined with reference to various factors including the internal director's job description, level of responsibility, performance, and contribution to the company. The individual grade for each internal director is discussed in the Nomination and Remuneration Advisory Committee, which is made up primarily of external directors and external statutory auditors, and then decided by the Board of Directors.

The performance-related remuneration component consists of short-term and long-term performance-related compensation elements. Each element is calculated according to a predefined table based on an evaluation of each internal director's performance during a set period and is debated by the above-mentioned Nomination and Remuneration Advisory Committee. The final decision on remuneration is then made by company president, CEO and chairman Tadashi Yanai, who has the confidence of the Board of Directors, within the predetermined overall remuneration limits approved by the annual general meeting of shareholders.

External director remuneration is fixed at an annual figure of 15 million yen. Based on debated by the above-mentioned Nomination and Remuneration Advisory Committee, the fixed amount is decided by company president, CEO and chairman Tadashi Yanai, who has the confidence of the Board of Directors regarding the determination of individual director remuneration totals within the predetermined overall remuneration limits approved by the annual general meeting of shareholders.

As stated above, the Board of Directors delegates the determination of individual director remuneration, etc. to company president, CEO and chairman Tadashi Yanai. We believe that authority is appropriately exercised when determining remuneration etc. for individual directors given the fact that all decisions are made following discussions in the Nomination and Remuneration Advisory Committee, which comprises mainly external directors and external statutory auditors.

Individual director remuneration for the fiscal year ended August 31, 2021 was determined in accordance with the above-mentioned process. In addition, the Board of Directors judged the composition of director remuneration, etc. for the said fiscal year to have been determined according to the above-mentioned policy.

The remuneration for Statutory Auditors is determined through discussions by the Board of Statutory Auditors.

The compensation of the Company's internal directors, who are mainly officers in the Company's consolidated subsidiaries, is paid by the relevant consolidated subsidiaries.

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

Executive category	Entity category	Total amount of remuneration (Millions of yen)	Total amount of remuneration, by type (Millions of yen)			Number of executives (Persons)
			Basic Compensation	Short-term performance-linked remuneration	Long-term performance-linked remuneration	
Directors (excluding external directors)	the Company	612	379	220	13	4
	the subsidiaries	206	139	48	18	
External directors	the Company	50	50	-	-	5
Statutory Auditors (excluding External Statutory Auditors)	the Company	50	50	-	-	3
External Statutory Auditors	the Company	31	31	-	-	4
	the subsidiaries	4	4	-	-	

(a) The performance-related remuneration figures are provisional calculations made prior to the evaluation of results for the fiscal year ended August 31, 2021 after accounting for costs. The actual amounts paid are calculated and decided based on performance evaluations of individual directors.

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

Name	Total amount of remuneration (Millions of yen)	Entity category	Total amount of remuneration, by type (Millions of yen)		
			Basic Compensation	Short-term performance-linked remuneration	Long-term performance-linked remuneration
Executive Director Tadashi Yanai	400	the Company	240	160	-
Director Takeshi Okazaki	202	the Company	129	60	13
Director Kazumi Yanai	115	the Company	10	-	-
		Theory LLC, etc.	80	18	6
Director Koji Yanai	100	UNIQLO CO., LTD., etc.	59	30	11

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

(3) Salaries for key personnel serving concurrently as an employee and an officer
Not applicable.

(4) Details of methods for determining director remuneration amounts
(a) Remuneration for statutory auditors is calculated within the total amount approved by the general meeting of shareholders as explained above and then discussed and decided by statutory auditors.

(b) Based on debated by the above-mentioned Nomination and Remuneration Advisory Committee, the company president, CEO and chairman Tadashi Yanai decides a fixed annual remuneration for external directors within the above-mentioned total amount approved by the general meeting of shareholders.

(c) Remuneration for internal directors consists of two elements: (1) basic remuneration and (2) performance-related remuneration (short-term and long-term performance-related remuneration) as detailed below. Individual remuneration amounts are based on the totals calculated using the method detailed below and discussed in the Nomination and Remuneration Advisory Committee before being finally decided by the company president, CEO and chairman Tadashi Yanai within the above-mentioned total amount approved by the general meeting of shareholders.

<Basic remuneration>

Calculated using a predefined remuneration table based on the employment grade of each individual internal director and paid in even monthly installments.

<Short-term performance-related remuneration>

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

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

<Long-term performance-related remuneration>

The targeted long-term performance-related remuneration amount is determined according to a table of long-term performance-related remuneration per employee grade.

A) A total equivalent to one third of the targeted long-term performance-related remuneration amount is considered to relate to Fast Retailing’s corporate value and is therefore allocated in phantom stock which are tied to the company’s spot share price. Phantom stocks are a cash-based remuneration related to the company share price, which are automatically executed three years after they were granted as a cash payment based on the company’s share price on the day of execution. The company does not pay dividends or dividend-equivalent amounts.

B) A total equivalent to two thirds of the targeted long-term performance-related remuneration amount is paid in cash as an incentive to improve strategy and performance at the particular operational unit for which an individual director is responsible. The total is calculated based on a performance evaluation of the operational units directed by the individual over the three-year period following the setting of the initial targets.

B-1) 50% of the cash-allowance portion is determined based on quantitative targets. The total is determined by multiplying the targeted amount by an operational coefficient calculated based on a predefined table of standards that indicates the rate of attainment of planned operating profit totals over the preceding three years at each operational unit, and the unit’s operating profit margin.

B-2) The remaining 50% of the cash-allowance portion is determined based on qualitative targets. The total is calculated based on the below table of payment standards after evaluating the degree of attainment of medium-term (three-year) targets set out in the year that the remuneration was granted.

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

F. Status of share holdings

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

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

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

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

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

	Number of stocks	Amounts included in the balance sheet (Millions of yen)
Unlisted shares	3	199
Shares other than unlisted shares	1	808

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

No applicable matters

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

	Number of stocks	Amounts included in the balance sheet (Millions of yen)
Unlisted shares	-	-
Shares other than unlisted shares	2	883

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

Specified Investment Shares:

Stock	Current business year	Previous business year	Holding purpose, quantitative holding effect, and reason for increase in number of shares	Holding the Company’s shares
	Number of shares	Number of shares		
	Balance sheet amount (Millions of yen)	Balance sheet amount (Millions of yen)		
Matsuoka Corporation	-	286,500	-	-
	-	566		
Crystal International Group Ltd.	18,136,500	20,815,000	These shares are held to try to strengthen ties in the medium-term, as a strategic partner.	No
	808	591		

(Notes) 1. We are unable to disclose the quantitative effects of our holdings, as they include information such as transaction volumes with companies in which we have invested. See (a) for more information on how we tested the rationality behind our holdings.

2. A "-" indicates that the Company does not hold that particular stock.

Deemed Shares: Not applicable.

(3) Investment shares held for the investment purpose

Not applicable.

9. Financial Information

A. Preparation of consolidated financial statements

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

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

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

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

B. Audit and certification

The Company's consolidated and non-consolidated financial statements for the fiscal year from 1 September 2020 - 31 August 2021 have been audited by Deloitte Touche Tohmatsu LLC in accordance with auditing standards generally accepted in Japan pursuant to Article 193-2-1 of the Financial Instruments and Exchange Act. Deloitte Touche Tohmatsu LLC also conducted the audit of consolidated financial statements of the Company in accordance with International Standards on Auditing (ISA).

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

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

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

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

D. Consolidated Financial Statements

(1) Consolidated statement of financial position

(Millions of yen)

	Notes	As at 31 August 2020	As at 31 August 2021
ASSETS			
Current assets			
Cash and cash equivalents	8,30	1,093,531	1,177,736
Trade and other receivables	9,30	67,069	50,546
Other financial assets	11,30	49,890	56,157
Inventories	10	417,529	394,868
Derivative financial assets	30	14,413	27,103
Income taxes receivable		2,126	2,992
Other assets	12	10,629	15,270
Total current assets		1,655,191	1,724,674
Non-current assets			
Property, plant and equipment	13,15	136,123	168,177
Right-of-use assets	15,17	399,944	390,537
Goodwill	14	8,092	8,092
Intangible assets	14,15	66,833	66,939
Financial assets	11,30	67,770	67,122
Investments in associates accounted for using the equity method	16	14,221	18,236
Deferred tax assets	18	45,447	37,125
Derivative financial assets	30	10,983	22,552
Other assets	12,15	7,383	6,520
Total non-current assets		756,799	785,302
Total assets		2,411,990	2,509,976
Liabilities and equity			
LIABILITIES			
Current liabilities			
Trade and other payables	19,30	210,747	220,057
Other financial liabilities	11,28,30	213,301	104,969
Derivative financial liabilities	30	2,763	2,493
Lease liabilities	17,28,30	114,652	117,083
Current tax liabilities		22,602	38,606
Provisions	20	752	2,149
Other liabilities	12	82,636	95,652
Total current liabilities		647,455	581,012
Non-current liabilities			
Financial liabilities	11,28,30	370,780	370,799
Lease liabilities	17,28,30	351,526	343,574
Provisions	20	32,658	39,046
Deferred tax liabilities	18	7,760	9,860
Derivative financial liabilities	30	3,205	1,042
Other liabilities	12	2,524	2,342
Total non-current liabilities		768,455	766,665
Total liabilities		1,415,910	1,347,678

(continued)

(Millions of yen)

	Notes	As at 31 August 2020	As at 31 August 2021
EQUITY			
Capital stock	21	10,273	10,273
Capital surplus	21	23,365	25,360
Retained earnings	21	933,303	1,054,791
Treasury stock, at cost	21	(15,129)	(14,973)
Other components of equity	21	4,749	41,031
Equity attributable to owners of the Parent		956,562	1,116,484
Non-controlling interests		39,516	45,813
Total equity		996,079	1,162,298
Total liabilities and equity		2,411,990	2,509,976

(2) Consolidated statement of profit or loss

(Millions of yen)

	Notes	Year ended 31 August 2020	Year ended 31 August 2021
Revenue	22	2,008,846	2,132,992
Cost of sales		(1,033,000)	(1,059,036)
Gross profit		975,845	1,073,955
Selling, general and administrative expenses	23	(805,821)	(818,427)
Other income	24	7,954	18,238
Other expenses	15,24	(28,952)	(25,315)
Share of profit and loss of associates accounted for using the equity method	16	321	561
Operating profit		149,347	249,011
Finance income	25	11,228	23,859
Finance costs	25	(7,707)	(6,998)
Profit before income taxes		152,868	265,872
Income tax expense	18	(62,470)	(90,188)
Profit for the year		90,398	175,684
Profit for the year attributable to:			
Owners of the Parent		90,357	169,847
Non-controlling interests		40	5,836
Total		90,398	175,684
Earnings per share			
Basic (Yen)	27	885.15	1,663.12
Diluted (Yen)	27	883.62	1,660.44

(3) Consolidated statement of comprehensive income

(Millions of yen)

	Notes	Year ended 31 August 2020	Year ended 31 August 2021
Profit for the year		90,398	175,684
Other comprehensive income / (loss), net of income taxes			
Items that will not be reclassified subsequently to profit or loss			
Financial assets measured at fair value through other comprehensive income / (loss)	26	(630)	541
Total items that will not be reclassified subsequently to profit or loss		(630)	541
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations	26	5,227	20,266
Cash flow hedges	26	14,130	26,333
Share of other comprehensive income / (loss) of associates	26	(39)	65
Total items that may be reclassified subsequently to profit or loss		19,318	46,665
Other comprehensive income / (loss), net of Income tax		18,687	47,207
Total comprehensive income for the year		109,085	222,891
Attributable to:			
Owners of the Parent		110,134	215,309
Non-controlling interests		(1,049)	7,582
Total comprehensive income for the year		109,085	222,891

(4) Consolidated statement of changes in equity

For the year ended 31 August 2020

(Millions of yen)

	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 2019		10,273	20,603	928,748	(15,271)	(697)	(13,929)	8,906	(11)	(5,732)	938,621	44,913	983,534
Effect of change in accounting policy		-	-	(35,094)	-	-	-	-	-	-	(35,094)	(1,331)	(36,426)
Balance after adjustment		10,273	20,603	893,653	(15,271)	(697)	(13,929)	8,906	(11)	(5,732)	903,526	43,581	947,108
Net changes during the year													
Comprehensive income													
Profit for the year		-	-	90,357	-	-	-	-	-	-	90,357	40	90,398
Other comprehensive income / (loss)	26	-	-	-	-	(630)	5,440	15,007	(39)	19,776	19,776	(1,089)	18,687
Total comprehensive income / (loss)		-	-	90,357	-	(630)	5,440	15,007	(39)	19,776	110,134	(1,049)	109,085
Transactions with the owners of the Parent													
Acquisition of treasury stock	21	-	-	-	(5)	-	-	-	-	-	(5)	-	(5)
Disposal of treasury stock	21	-	1,496	-	148	-	-	-	-	-	1,644	-	1,644
Dividends	21	-	-	(48,994)	-	-	-	-	-	-	(48,994)	(2,038)	(51,032)
Share-based payments	21	-	1,265	-	-	-	-	-	-	-	1,265	-	1,265
Transfer to non-financial assets		-	-	-	-	-	-	(11,008)	-	(11,008)	(11,008)	(976)	(11,985)
Transfer to retained earnings		-	-	(1,713)	-	1,713	-	-	-	1,713	-	-	-
Total transactions with the owners of the Parent		-	2,761	(50,708)	142	1,713	-	(11,008)	-	(9,294)	(57,098)	(3,015)	(60,113)
Total net changes during the year		-	2,761	39,649	142	1,082	5,440	3,998	(39)	10,482	53,036	(4,064)	48,971
As at 31 August 2020		10,273	23,365	933,303	(15,129)	385	(8,489)	12,905	(51)	4,749	956,562	39,516	996,079

For the year ended 31 August 2021

(Millions of yen)

	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 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)	26	-	-	-	-	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	21	-	-	-	(12)	-	-	-	-	-	(12)	-	(12)
Disposal of treasury stock	21	-	1,836	-	168	-	-	-	-	-	2,005	-	2,005
Dividends	21	-	-	(49,015)	-	-	-	-	-	-	(49,015)	(1,867)	(50,882)
Share-based payments	21	-	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

(5) Consolidated statement of cash flows

(Millions of yen)

	Notes	Year ended 31 August 2020	Year ended 31 August 2021
Cash flows from operating activities			
Profit before income taxes		152,868	265,872
Depreciation and amortization		177,848	177,910
Impairment losses	15	23,074	16,908
Interest and dividend income		(9,724)	(4,628)
Interest expenses		7,706	6,990
Foreign exchange losses / (gains)		(1,503)	(19,222)
Share of profit and loss of associates accounted for using the equity method		(321)	(561)
Losses on disposal of property, plant and equipment		1,125	985
(Increase) / Decrease in trade and other receivables		(4,164)	15,334
(Increase) / Decrease in inventories		(2,665)	36,749
Increase / (Decrease) in trade and other payables		18,600	384
(Increase) / Decrease in other assets		10,686	3,494
Increase / (Decrease) in other liabilities		(44,567)	9,300
Others, net		8,776	153
Cash generated from operations		337,738	509,672
Interest and dividend income received		8,546	4,134
Interest paid		(6,783)	(6,101)
Income taxes paid		(75,460)	(80,555)
Income taxes refunded		827	1,818
Net cash generated by operating activities		264,868	428,968
Cash flows from investing activities			
Amounts deposited into bank deposits with original maturities of three months or longer		(88,714)	(102,307)
Amounts withdrawn from bank deposits with original maturities of three months or longer		83,502	99,943
Payments for property, plant and equipment		(46,500)	(56,500)
Payments for intangible assets		(21,008)	(19,624)
Payments for acquisition of right-of-use assets		(1,808)	(846)
Payments for lease and guarantee deposits		(7,171)	(3,979)
Proceeds from collection of lease and guarantee deposits		6,394	4,542
Payments for acquisition of investments in associates		-	(4,232)
Others, net		(673)	407
Net cash generated by / (used in) investing activities		(75,981)	(82,597)

(continued)

(Millions of yen)

	Notes	Year ended 31 August 2020	Year ended 31 August 2021
Cash flows from financing activities			
Proceeds from short-term loans payable	28	35,019	64,247
Repayment of short-term loans payable	28	(21,546)	(67,804)
Repayment of long-term loans payable	28	(4,343)	-
Repayment of redemption of bonds	28	-	(100,000)
Dividends paid to owners of the Parent	21	(48,995)	(48,993)
Dividends paid to non-controlling interests		(2,328)	(2,342)
Repayments of lease liabilities	28	(141,216)	(148,248)
Others, net		142	155
Net cash generated by / (used in) financing activities		(183,268)	(302,985)
Effect of exchange rate changes on the balance of cash held in foreign currencies		1,393	40,818
Net increase in cash and cash equivalents		7,011	84,204
Cash and cash equivalents at the beginning of year	8	1,086,519	1,093,531
Cash and cash equivalents at the end of year	8	1,093,531	1,177,736

(6) Notes to the consolidated financial statements

1. Reporting Entity

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

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

2. Basis of Preparation

A. Compliance with IFRS

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

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

B. Approval of the Consolidated Financial Statements

The consolidated financial statements were approved on 26 November 2021 by Tadashi Yanai, Chairman, President, and CEO, and Takeshi Okazaki, Group Senior Vice President and CFO.

C. Basis of Measurement

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

D. Functional Currency and Presentation Currency

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

E. Use of Estimates and Judgments

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

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

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

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

With the global spread of COVID-19, the Group's performance has been adversely affected due to temporarily closing stores, etc. Regarding impairment to our non-financial assets, in the previous consolidated fiscal year, we had assumed that the impact of the COVID-19 pandemic would continue to be felt through to the end of August 2021, on the basis of the assumption that business activities would gradually return to normal. However, in the current consolidated fiscal year, there continues to be uncertainty around the future economic outlook owing to concerns such as the spread of the virus, and the timing for the situation subsiding differs from region to region and on a case-by-case basis. As such, 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, with the situation taking longer to get under control for stores in certain other countries and regions.

3. Significant Accounting Policies

A. Basis of Consolidation

(1) Subsidiaries

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

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

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

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

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

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

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

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

The number of consolidated subsidiaries as at 31 August 2021 is 130.

(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 2021 is three.

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.

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

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

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

(d) Derecognition of financial assets

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

(2) Non-derivative financial liabilities

(a) Initial recognition and measurement

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

(b) Subsequent measurements

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

(c) Derecognition of financial liabilities

The Group derecognizes a financial liability when it is extinguished, that 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 and 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	3-30 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 CGU based on the geographical region where business takes place and the type of business conducted, and then tested for impairment each year or when there is an indication that it may be impaired. Impairment losses on goodwill are recognized in the consolidated statement of profit or loss and cannot be subsequently reversed in future periods.

(2) Intangible assets

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

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

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

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

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

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

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

I. Leases

(i) As Lessee

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

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

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

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

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

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

(ii) As Lessor

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

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

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

J. Impairment

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

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

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

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

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

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

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

K. Provisions

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

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

Provision is described below:

Asset retirement obligations

The obligations to restore property to its original state under real estate leasing agreements for offices, such as corporate headquarters and stores, are estimated and recorded as a provision. The expected length of use is estimated as the time from acquisition to the end of the useful life, and discount rates ranging between (0.32)-1.00% are generally used in calculations.

L. Employee benefits

(1) Defined contribution system

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

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

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

(2) Short-term employee benefits

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

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

(3) Share-based payments

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

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

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

M. Revenue recognition

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

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

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

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

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

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

N. Income taxes

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

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

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

- Temporary differences arising from goodwill;

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

- 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 consolidated taxation 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

The Group shall apply the written standards below, with effect from the current consolidated accounting year.

IFRS	Title	Summary
IFRS 16	Leases	Amendments to accounting treatment for COVID-19-related rent concessions

Application of amendments to IFRS 16 Leases

In accordance with the amendment to IFRS 16 Leases ("IFRS 16") issued in May 2020, rent concessions arising as a direct result of the COVID-19 pandemic were not being considered as lease modifications, and were accounted for as variable lease payments. In conjunction with the amendment to paragraph 46B(b) of IFRS 16 issued in March 2021, similar rent concessions are continued to be accounted in a same way if all of the following conditions are met

・The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change

・Any reduction in lease payments affects only payments originally due on or before 30 June 2022.

・There is no substantive change to other terms and conditions of the lease.

Any recognized gains or losses from rent concessions, that are not accounted for as lease modification, did not have a significant impact on the Group's consolidated financial statements.

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

New written standards and new interpretation to existing standards guidelines that were either newly established or revised by the date the consolidated financial statements were approved, the main standards that the Company has not applied, as of 31 August 2021, are stated below.

IFRS	Title	Mandatory adoption date (year beginning on)	The Group's adoption date	Summary
International Accounting Standards ("IAS") 12	Income Taxes	1 January 2023	Fiscal year ending 31 August 2024	Deferred tax related to assets and liabilities arising from a single transaction

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 reviewed regularly by 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 brand clothing business in Japan and overseas
Global Brands:	Theory, PLST, COMPTOIR DES COTONNIERS, PRINCESSE TAM.TAM, and J Brand clothing operations

J Brand Inc. has been excluded from the Fast Retailing Group consolidated scope following the completion of corporate liquidation proceedings on 5 August 2021.

B. Method of accounting for segment revenue and results

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

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

C. Segment information

Year ended 31 August 2020

(Millions of yen)

	Reportable segments				Total	Others (Note1)	Adjustments (Note2)	Consolidated Statement of Profit or Loss
	UNIQLO Japan	UNIQLO International	GU	Global Brands				
Revenue	806,887	843,937	246,091	109,633	2,006,550	2,295	-	2,008,846
Operating profit/(loss)	104,686	50,234	21,835	(12,743)	164,013	(81)	(14,585)	149,347
Segment income/(loss) (i.e., profit/(loss) before income taxes)	104,648	50,417	21,581	(13,226)	163,421	(79)	(10,473)	152,868
Other disclosure:								
Depreciation and amortization	52,997	70,524	21,574	10,473	155,569	11	22,267	177,848
Impairment losses (Note 3)	2,413	15,847	1,305	3,523	23,090	13	(28)	23,074

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

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

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

Year ended 31 August 2021

(Millions of yen)

	Reportable segments				Total	Others (Note1)	Adjustments (Note2)	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” primarily includes revenue and corporate expenses which are not allocated to individual reportable segments.

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

D. Geographic Information

Year ended 31 August 2020

(1) External revenue

(Millions of yen)

Japan	PRC	Overseas (Others)	Total
1,082,243	380,998	545,604	2,008,846

(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
343,489	82,468	192,418	618,376

Year ended 31 August 2021

(1) External revenue

(Millions of yen)

Japan	PRC	Overseas (Others)	Total
1,119,207	457,571	556,213	2,132,992

(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
351,808	69,547	218,910	640,266

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 2020	As at 31 August 2021
Cash and bank balances	947,566	1,031,286
Money market funds (MMF), negotiable certificates of deposits	145,965	146,449
Total	1,093,531	1,177,736

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 2020	As at 31 August 2021
Accounts receivable - trade	55,195	41,072
Other accounts receivable	10,919	8,405
Lease receivable	1,499	1,514
Allowance for doubtful accounts	(544)	(445)
Total	67,069	50,546

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 2020	As at 31 August 2021
Products	411,563	389,104
Materials and supplies	5,965	5,763
Total	417,529	394,868

(Note) As at 31 August 2020 and 31 August 2021, the Group had inventories attributable to UNIQLO Japan, UNIQLO International and GU business segments aggregated to 390,569 million yen and 374,595 million yen, respectively.

No inventories were pledged as collateral to secure debt.

Write-down of inventories to net realizable value is as follows:

(Millions of yen)

	Year ended 31 August 2020	Year ended 31 August 2021
Write-down of inventories to net realizable value	10,020	15,120

(Note) As at 31 August 2020 and 31 August 2021, the Group had write-down of inventories to net realizable value from UNIQLO Japan, UNIQLO International and GU business segments aggregated to 7,389 million yen and 13,038 million yen, respectively.

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 2020	As at 31 August 2021
Other financial assets:		
Financial assets measured at amortized cost		
Security deposits / guarantees	63,639	64,502
Bank deposits	45,916	50,516
Others	7,584	7,470
Allowance for doubtful accounts	(850)	(219)
Financial assets measured at fair value through other comprehensive income		
Stocks	1,370	1,008
Total	117,660	123,279
Other current financial assets total	49,890	56,157
Other non-current financial assets total	67,770	67,122

(Millions of yen)

	As at 31 August 2020	As at 31 August 2021
Other financial liabilities:		
Financial liabilities measured at amortized cost		
Interest-bearing bank and other borrowings (Note)	484,496	382,634
Deposits	98,156	91,805
Deposits / guarantees received	1,428	1,328
Total	584,082	475,768
Other current financial liabilities total	213,301	104,969
Other non-current financial liabilities total	370,780	370,799

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

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

(Millions of yen)

Issue(s)	As at 31 August 2020	As at 31 August 2021
Crystal International Group Ltd.	591	808
Matsuoka Corporation	566	-

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

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

(Millions of yen)

	As at 31 August 2020	As at 31 August 2021
Fair value	-	883
Cumulative gains / (losses)	-	739

(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 recognized in financial assets measured at fair value through other comprehensive income is as follows.

(Millions of yen)

	As at 31 August 2020	As at 31 August 2021
Derecognized financial assets	-	-
Financial assets held at the end of the fiscal year	50	39

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 2020	As at 31 August 2021
Other assets:		
Prepayments	8,246	8,683
Long-term prepayments	2,662	2,534
Others	7,104	10,572
Total	18,013	21,790
Current	10,629	15,270
Non-current	7,383	6,520

(Millions of yen)

	As at 31 August 2020	As at 31 August 2021
Other liabilities:		
Accruals	57,338	68,797
Employee benefits accruals	8,146	8,520
Suspense receipt / accrued consumption tax	1,396	9,861
Others	18,280	10,814
Total	85,160	97,994
Current	82,636	95,652
Non-current	2,524	2,342

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	Leased assets	Total
At 1 September 2019	265,885	20	57,501	1,962	10,404	57,409	393,184
Effect of change in accounting policy	-	-	-	-	-	(57,409)	(57,409)
At 1 September 2019 (After adjustment)	265,885	20	57,501	1,962	10,404	-	335,774
Additions	1,886	271	42	-	43,784	-	45,986
Disposals	(10,896)	-	(2,994)	-	(160)	-	(14,051)
Transfers	33,457	101	7,535	-	(41,094)	-	-
Effect of change in exchange rate	2,927	12	453	-	286	-	3,678
At 31 August 2020	293,259	405	62,539	1,962	13,220	-	371,388
Additions	6,946	341	106	-	57,305	-	64,700
Disposals	(14,373)	(5)	(5,206)	-	(1,086)	-	(20,672)
Transfers	29,803	10,717	11,681	-	(52,201)	-	-
Effect of change in exchange rate	8,941	173	3,593	-	1,120	-	13,829
At 31 August 2021	324,577	11,633	72,713	1,962	18,358	-	429,245

(Millions of yen)

Accumulated depreciation and impairment	Buildings and structures	Machinery and equipment	Furniture, fixtures and vehicles	Land	Construction in progress	Leased assets	Total
At 1 September 2019	(171,242)	(3)	(40,425)	(34)	-	(19,385)	(231,092)
Effect of change in accounting policy	-	-	-	-	-	19,385	19,385
At 1 September 2019 (After adjustment)	(171,242)	(3)	(40,425)	(34)	-	-	(211,706)
Depreciation provided during the year	(22,966)	(13)	(7,385)	-	-	-	(30,365)
Impairment losses	(3,715)	-	(655)	-	-	-	(4,370)
Disposals	9,938	-	2,735	-	-	-	12,674
Effect of change in exchange rate	(1,165)	-	(330)	-	-	-	(1,496)
At 31 August 2020	(189,150)	(17)	(46,061)	(34)	-	-	(235,265)
Depreciation provided during the year	(24,217)	(393)	(7,699)	-	-	-	(32,310)
Impairment losses	(1,895)	-	(417)	-	-	-	(2,313)
Disposals	13,243	2	4,865	-	-	-	18,112
Effect of change in exchange rate	(6,436)	(8)	(2,847)	-	-	-	(9,292)
At 31 August 2021	(208,457)	(416)	(52,159)	(34)	-	-	(261,068)

(Millions of yen)

Net carrying amount	Buildings and structures	Machinery and equipment	Furniture, fixtures and vehicles	Land	Construction in progress	Total
At 31 August 2020	104,108	388	16,477	1,927	13,220	136,123
At 31 August 2021	116,120	11,216	20,553	1,927	18,358	168,177

(Notes) 1. The Group had 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.
3. “Machinery and equipment” that was included in “Buildings and structures” and “Furniture, fixtures and vehicles” is separately presented from the current fiscal year due to its increased materiality. As a result, “Furniture, fixtures and vehicles” for the previous fiscal year was reclassified to “Machinery 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 2019	38,754	94,578	20,686	21,950	137,215	175,970
External purchases	-	21,349	33	1,693	23,076	23,076
Disposals	-	(626)	-	(118)	(744)	(744)
Effect of change in exchange rate	(231)	123	(202)	(412)	(491)	(723)
At 31 August 2020	38,522	115,426	20,517	23,112	159,056	197,578
External purchases	-	19,291	164	551	20,008	20,008
Disposals	(23,782)	(520)	(12,310)	(13,565)	(26,396)	(50,178)
Effect of change in exchange rate	1,144	81	808	(678)	211	1,356
At 31 August 2021	15,885	134,279	9,179	9,419	152,879	168,764

(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 2019	(30,661)	(48,649)	(13,113)	(15,335)	(77,097)	(107,759)
Amortization provided during the year	-	(13,976)	-	(49)	(14,025)	(14,025)
Impairment losses	-	(0)	(1,312)	(333)	(1,646)	(1,646)
Disposals	-	306	-	49	355	355
Effect of change in exchange rate	231	70	110	10	191	423
At 31 August 2020	(30,429)	(62,249)	(14,315)	(15,658)	(92,222)	(122,652)
Amortization provided during the year	-	(17,422)	-	(23)	(17,445)	(17,445)
Impairment losses	-	(108)	(383)	(686)	(1,178)	(1,178)
Disposals	23,348	413	12,145	13,447	26,007	49,355
Effect of change in exchange rate	(710)	(17)	(580)	(501)	(1,099)	(1,810)
At 31 August 2021	(7,792)	(79,384)	(3,133)	(3,422)	(85,939)	(93,732)

(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 2020	8,092	53,176	6,202	7,454	66,833	74,925
At 31 August 2021	8,092	54,894	6,046	5,997	66,939	75,031

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 2020	-	-	-	8,092	-	-	-	11,985
At 31 August 2021	-	-	-	8,092	-	-	-	11,348

15. 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 2020	Year ended 31 August 2021
Buildings and structures	3,715	1,895
Furniture, fixtures and vehicles	655	417
Subtotal impairment losses on property, plant and equipment	4,370	2,313
Software	0	108
Trademark (Note)	1,312	383
Other intangible assets	333	686
Subtotal impairment losses on intangible assets	1,646	1,178
Right-of-use assets	17,041	13,410
Other non-current assets (long-term prepayments)	15	6
Total impairment losses	23,074	16,908

(Note) For the year ended 31 August 2020, 612 million yen represented impairment losses on trademark of the Helmut Lang brand and 700 million yen represented impairment losses on trademark of the J Brand. 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 2021 amounted to 16,908 million yen, compared with 23,074 million yen during the year ended 31 August 2020, and are included in “Other expenses” on the consolidated statement of profit or loss.

Year ended 31 August 2020

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

Impairment losses amounting to 23,074 million yen, 21,411 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 stores, etc. We measured impairment losses on the assumption that the impact of COVID-19 pandemic will continue to be felt through to the end of August 2021.

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 compiled by management at a discount rate of mainly 7.1%. Theoretically, the projected cash flows cover a five-year period, and do not use a growth rate that exceeds the long-term average market growth rate. The pre-tax discount rate calculation is based on the weighted-average cost of capital.

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

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

(Note) The total of tangible assets and right-of-use assets associated with domestic UNIQLO stores, overseas UNIQLO stores, and GU stores for the fiscal year ended August 2020 are 120,354 million yen, 196,793 million yen, and 39,752 million yen, respectively.

Year ended 31 August 2021

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

Impairment losses amounting to 16,908 million yen, 15,723 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
UNIQLO International	UNIQLO USA, UNIQLO EUROPE LTD. etc., stores	Buildings, structures and Right-of-use assets
GU	G.U. CO., LTD. etc., stores	Buildings, structures and Right-of-use assets
Global Brands	COMPTOIR DES COTONNIERS S.A.S., etc., stores	Buildings, structures and Right-of-use assets

(Note) The total of tangible assets and right-of-use assets associated with domestic UNIQLO stores, overseas UNIQLO stores, and GU stores for the fiscal year ended August 2021 are 129,814 million yen, 205,036 million yen, and 31,599 million yen, respectively.

16. Investments in Associates Accounted for Using the Equity Method

A. Information on associates accounted for using the equity method

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

(Millions of yen)

	Year ended 31 August 2020	Year ended 31 August 2021
Share of profit and loss of associates accounted for using the equity method	321	561
Share of other comprehensive income / (loss) of investments in associates accounted for using the equity method	(39)	65
Share of comprehensive income / (loss) of investments in associates accounted for using the equity method	281	626
Carrying amount of investments in associates	14,221	18,236

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 13,138 million yen as at 31 August 2020 and 17,250 million yen as at 31 August 2021, respectively. The Group's share of profit and comprehensive income of the associates was 486 million yen during the year ended 31 August 2020 and 631 million yen during the year ended 31 August 2021, which was included in the consolidated statement of profit or loss and consolidated statement of comprehensive income, respectively.

Total assets of the associates amounted to 69,872 million yen as at 31 August 2020 and 90,622 million yen as at 31 August 2021 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 619 million yen during the year ended 31 August 2020 and 664 million yen during the year ended 31 August 2021, 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 2020		Year ended 31 August 2021	
	Remaining lease payments	Present value of remaining lease payments	Remaining lease payments	Present value of remaining lease payments
Lease liabilities				
Due within one year	115,222	114,652	120,492	117,083
Due after one year through two years	85,370	83,993	86,417	81,570
Due after two years through three years	60,865	59,130	61,489	59,061
Due after three years through four years	49,846	47,954	46,862	44,786
Due after four years through five years	38,523	36,724	28,000	26,660
Due after five years	130,932	123,722	137,705	131,495
Total	480,761	466,179	480,966	460,658

Interest expenses on lease liabilities

(Millions of yen)

	Year ended 31 August 2020	Year ended 31 August 2021
Interest expenses on lease liabilities	4,763	4,847

Cash outflow for leases

Cash outflow for leases is as follows:

(Millions of yen)

	Year ended 31 August 2020	Year ended 31 August 2021
Total Cash outflow for leases	200,483	219,331

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 2019	330,860	15,941	28,739	375,541
Additions due to new lease contracts, reassessment of lease liabilities, etc.	164,901	3,449	9,599	177,950
Depreciation	(120,862)	(3,135)	(9,459)	(133,457)
Impairment losses	(16,766)	-	(274)	(17,041)
Expiration, cancellation, etc.	(2,034)	-	(1,084)	(3,118)
Others	442	-	(372)	69
At 31 August 2020	356,539	16,255	27,148	399,944
Additions due to new lease contracts, reassessment of lease liabilities, etc.	116,494	18,079	2,955	137,528
Depreciation	(116,943)	(4,411)	(9,020)	(130,376)
Impairment losses	(13,260)	-	(149)	(13,410)
Expiration, cancellation, etc.	(10,931)	(148)	(1,229)	(12,310)
Others	6,656	-	2,504	9,161
At 31 August 2021	338,553	29,774	22,209	390,537

(Notes) “Machinery and equipment” that was included in “Furniture, fixtures and vehicles” is separately presented from the current fiscal year due to its increased materiality. As a result, “Furniture, fixtures and vehicles” for the previous fiscal year was reclassified to “Machinery and equipment”.

C. Expenses relating to Leases

A breakdown of expenses relating to Leases is as follows:

(Millions of yen)

	Year ended 31 August 2020	Year ended 31 August 2021
Expenses relating to variable lease payments not included in the measurement of lease liability	49,418	55,429
Expenses relating to short-term leases (excluding expenses relating to leases with lease term of no more than one month)	3,261	6,617
Expenses relating to leases of low value assets (excluding expenses relating to short-term leases)	33	149

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

D. Others

The future cash outflows to which the lessee is potentially exposed that are not yet commenced to which the lessee is committed during the year ended 31 August 2021 amounted to 40,109 million yen, compared with 11,071 million yen during the year ended 31 August 2020.

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 acts as a lessor under a finance lease, primarily for the subletting of road-side stores.

(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 2020	Year ended 31 August 2021
Carrying amounts at the beginning of period	4,824	4,474
Increases due to finance lease contracts	1,943	3,088
Decreases due to repayments	(2,294)	(2,020)
Others	0	(1,644)
Carrying amounts at the end of period	4,474	3,897

(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 2020	Year ended 31 August 2021
Undiscounted lease payments to be received		
Due within one year	1,499	1,514
Due after one year through two years	1,034	1,305
Due after two years through three years	792	443
Due after three years through four years	502	305
Due after four years through five years	370	171
Due after five years	345	207
Total	4,545	3,948
Unearned finance income	71	51
Net investment in the lease	4,474	3,897

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

(Millions of yen)

	Year ended 31 August 2020	Year ended 31 August 2021
Finance income from net investment in the lease	37	18

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 2020	Year ended 31 August 2021
Income on variable lease payments	120	88
Income on fixed lease payments	1,030	1,324

(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 2020	Year ended 31 August 2021
Undiscounted lease payments to be received		
Due within one year	1,009	1,212
Due after one year through two years	1,008	572
Due after two years through three years	533	236
Due after three years through four years	205	236
Due after four years through five years	205	236
Due after five years	530	236
Total	3,492	2,733

18. Deferred Taxes and Income Taxes

A. Deferred taxes

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

(Millions of yen)

	As at 31 August 2019	Effect of adoption of IFRS 16	As at 1 September 2019	Recognized in profit or loss (Note)	Recognized in other comprehensive income	Recognized directly in equity	As at 31 August 2020
Temporary differences							
Accrued business tax	1,819	-	1,819	(334)	-	-	1,484
Accrued for bonuses	4,642	-	4,642	(659)	-	-	3,982
Allowance for doubtful accounts	172	-	172	(166)	-	-	5
Impairment losses on non-current assets	3,864	-	3,864	(1,944)	-	-	1,919
Unrealized gains / (losses) on available-for-sale securities	186	-	186	-	(355)	-	(169)
Depreciation	7,402	-	7,402	238	-	-	7,640
Net gains / (losses) on revaluation of cash flow hedges	(1,889)	-	(1,889)	-	(6,899)	3,383	(5,405)
Temporary differences on shares of subsidiaries	(1,893)	-	(1,893)	-	-	-	(1,893)
Accelerated depreciation	(4,081)	-	(4,081)	4,081	-	-	-
Right-of-use assets / Lease liabilities	-	13,988	13,988	(3,117)	-	-	10,870
Others	10,061	-	10,061	4,140	-	-	14,202
Subtotal	20,283	13,988	34,272	2,236	(7,255)	3,383	32,636
Tax losses carried forward	4,056	-	4,056	993	-	-	5,049
Net deferred tax assets / (liabilities)	24,340	13,988	38,329	3,229	(7,255)	3,383	37,686

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

(Millions of yen)

	As at 1 September 2020	Recognized in profit or loss (Note)	Recognized in other comprehensive income	Recognized directly in equity	As at 31 August 2021
Temporary differences					
Accrued business tax	1,484	780	-	-	2,265
Accrued for bonuses	3,982	645	-	-	4,627
Allowance for doubtful accounts	5	5	-	-	11
Impairment losses on non-current assets	1,919	4,651	-	-	6,570
Unrealized gains / (losses) on available-for-sale securities	(169)	-	104	-	(64)
Depreciation	7,640	1,512	-	-	9,152
Net gains / (losses) on revaluation of cash flow hedges	(5,405)	-	(12,513)	4,221	(13,697)
Temporary differences on shares of subsidiaries	(1,893)	-	-	-	(1,893)
Accelerated depreciation	-	-	-	-	-
Right-of-use assets / Lease liabilities	10,870	1,455	-	-	12,326
Others	14,202	(9,351)	-	-	4,851
Subtotal	32,636	(299)	(12,408)	4,221	24,149
Tax losses carried forward	5,049	(1,934)	-	-	3,115
Net deferred tax assets / (liabilities)	37,686	(2,234)	(12,408)	4,221	27,265

(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 2020	As at 31 August 2021
Unrecognized tax losses carried forward	32,071	41,382
Deductible temporary differences	11,574	12,766
Total	43,646	54,148

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 2020	As at 31 August 2021
First year	340	167
Second year	239	289
Third year	608	266
Fourth year	333	3,183
Fifth year and thereafter	30,549	37,475
Total	32,071	41,382

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

The aggregate amounts of temporary differences associated with undistributed retained earnings of subsidiaries for which deferred tax liabilities have not been recognized as at 31 August 2020 and 31 August 2021 were 427,747 million yen and 430,902 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 2020	Year ended 31 August 2021
Current tax	68,263	87,800
Deferred tax	(5,793)	2,388
Total	62,470	90,188

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

	Year ended 31 August 2020	Year ended 31 August 2021
Statutory income tax rate	30.6%	30.6%
Unrecognized deferred tax assets	9.1%	4.0%
Difference in statutory income tax rates of subsidiaries	(2.5)%	(3.0)%
Undistributed earnings of foreign subsidiaries	0.9%	1.5%
Foreign withholding tax	3.8%	1.4%
Others	(1.0)%	(0.6)%
Effective tax rate	40.9%	33.9%

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 2020	As at 31 August 2021
Trade payables	150,749	179,988
Notes payables	12	13
Other payables	59,984	40,055
Total	210,747	220,057

20. Provisions

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

(Millions of yen)

	As at 31 August 2020	As at 31 August 2021
Asset retirement obligations	33,410	41,195
Total	33,410	41,195
Current liabilities	752	2,149
Non-current liabilities	32,658	39,046

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

(Millions of yen)

	Asset retirement obligations
Balances as at 31 August 2020	33,410
Additional provisions	8,487
Amounts utilized	(1,377)
Increase in discounted amounts arising from passage of time	272
Others	402
Balances as at 31 August 2021	41,195

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

21. Equity and Other Equity Items

A. Share Capital

	Number of authorized shares (Common stock with no par-value) (Shares)	Number of issued shares (Common stock with no par-value) (Shares)	Number of outstanding shares (Common stock with no par-value) (Shares)	Capital stock (Millions of yen)	Capital surplus (Millions of yen)
Balances as at 1 September 2019	300,000,000	106,073,656	102,061,735	10,273	20,603
Increase / (decrease) (Note)	-	-	38,808	-	2,761
Balances as at 31 August 2020	300,000,000	106,073,656	102,100,543	10,273	23,365
Increase / (decrease) (Note)	-	-	44,128	-	1,995
Balances as at 31 August 2021	300,000,000	106,073,656	102,144,671	10,273	25,360

(Note) The primarily factor for the increase / (decrease) in the number of shares in circulation was the increase / (decrease) in the number of treasury stock as indicated below.

B. Treasury Stock and Capital Surplus

(1) Treasury Stock

	Number of shares (Shares)	Amount (Millions of yen)
Balances as at 1 September 2019	4,011,921	15,271
Acquisition of treasury stock less than one unit	83	5
Exercise of stock options	(38,891)	(148)
Balances as at 31 August 2020	3,973,113	15,129
Acquisition of treasury stock less than one unit	160	12
Exercise of stock options	(44,288)	(168)
Balances as at 31 August 2021	3,928,985	14,973

(2) Capital surplus

(Millions of yen)

	Capital reserve	Gain / (loss) on disposal of treasury stock	Stock options	Others	Total
Balances as at 1 September 2019	4,578	6,483	5,981	3,559	20,603
Disposal of treasury stock	-	1,496	-	-	1,496
Share-based payments	-	-	1,265	-	1,265
Balances as at 31 August 2020	4,578	7,980	7,246	3,559	23,365
Disposal of treasury stock	-	1,836	-	-	1,836
Share-based payments	-	-	159	-	159
Balances as at 31 August 2021	4,578	9,816	7,405	3,559	25,360

Please refer to “29. Share-based Payments” for details of share-based payments (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 2020	Year ended 31 August 2021
Exchange differences on translation of foreign operations	(212)	1,921
Cash flow hedges	(877)	(175)
Other comprehensive income	(1,089)	1,745

D. Dividends

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

The total amount of dividends paid was as follows:

Year ended 31 August 2020

Resolutions	Amount of dividends (Millions of yen)	Dividends per share (Yen)
Board of Directors' meeting held on 5 November 2019	24,494	240
Board of Directors' meeting held on 9 April 2020	24,499	240

Year ended 31 August 2021

Resolutions	Amount of dividends (Millions of yen)	Dividends per share (Yen)
Board of Directors' meeting held on 4 November 2020	24,504	240
Board of Directors' meeting held on 8 April 2021	24,511	240

Dividend which effective date is after fiscal 2021 is as follow:

Resolutions	Amount of dividends (Millions of yen)	Dividends per share (Yen)
Board of Directors' meeting held on 2 November 2021	24,514	240

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 performs global retail 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 2020

	Revenue (Millions of yen)	Percent of Total (%)
Japan	806,887	40.2
Greater China	455,986	22.7
Other parts of Asia & Oceania	204,537	10.2
North America & Europe	183,412	9.1
UNIQLO (Note 1)	1,650,825	82.2
GU (Note 2)	246,091	12.3
Global Brands (Note 3)	109,633	5.5
Others (Note 4)	2,295	0.1
Total	2,008,846	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 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.

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

(Millions of yen)

	End of current consolidated fiscal year (31 August 2020)	End of current consolidated fiscal year (31 August 2021)
Contractual liabilities		
Advances received from customers	1,391	1,572
Refund liabilities	1,445	1,558

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 2020	Year ended 31 August 2021
Selling, general and administrative expenses		
Advertising and promotion	68,307	66,576
Lease expenses	53,617	62,494
Depreciation and amortization	177,848	177,910
Outsourcing	49,686	50,320
Salaries	277,556	285,361
Distribution	94,018	91,375
Others	84,787	84,389
Total	805,821	818,427

24. Other Income and Other Expenses

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

(Millions of yen)

	Year ended 31 August 2020	Year ended 31 August 2021
Other income		
Foreign exchange gains (Note 1)	1,576	2,912
Gain on reclassification of foreign exchange differences on translation of foreign operations (Note 2)	-	8,708
Others	6,378	6,617
Total	7,954	18,238

(Millions of yen)

	Year ended 31 August 2020	Year ended 31 August 2021
Other expenses		
Losses on retirement of property, plant and equipment	1,125	985
Impairment losses	23,074	16,908
Others	4,752	7,421
Total	28,952	25,315

(Note 1) Currency adjustments incurred in the course of operating transactions are included in “Other income”.

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

25. Finance Income and Finance Costs

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

(Millions of yen)

	Year ended 31 August 2020	Year ended 31 August 2021
Finance income		
Foreign exchange gains (Note)	1,503	19,222
Interest income	9,673	4,589
Others	50	47
Total	11,228	23,859

(Millions of yen)

	Year ended 31 August 2020	Year ended 31 August 2021
Finance costs		
Interest expenses	7,706	6,990
Others	1	7
Total	7,707	6,998

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

26. Other Comprehensive Income

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

Year ended 31 August 2020

(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)	(275)	-	(275)	(355)	(630)
Total	(275)	-	(275)	(355)	(630)
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations	5,227	-	5,227	-	5,227
Cash flow hedges	26,185	(5,155)	21,029	(6,899)	14,130
Share of other comprehensive income of associates	(39)	-	(39)	-	(39)
Total	31,373	(5,155)	26,217	(6,899)	19,318
Total comprehensive income for the year	31,098	(5,155)	25,942	(7,255)	18,687

(Note) The cash flow hedge reclassification adjustment of 5,155 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.
There is no transfer amount for the previous consolidated fiscal year.

Year ended 31 August 2021

(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)	436	-	436	104	541
Total	436	-	436	104	541
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations	28,975	(8,708)	20,266	-	20,266
Cash flow hedges	38,644	203	38,847	(12,513)	26,333
Share of other comprehensive income of associates	65	-	65	-	65
Total	67,684	(8,505)	59,179	(12,513)	46,665
Total comprehensive income for the year	68,121	(8,505)	59,616	(12,408)	47,207

(Note) The exchange differences on translation of foreign operations reclassification adjustment of (8,708) million yen is the amount transferred to profit or loss due to the liquidation of J Brand, Inc. during the year ended 31 August 2021.
In addition, the cash flow hedge reclassification adjustment of 203 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. There is no transfer amount for the previous consolidated fiscal year.

27. Earnings per Share

Year ended 31 August 2020		Year ended 31 August 2021	
Equity per share attributable to owners of the Parent (Yen)	9,368.83	Equity per share attributable to owners of the Parent (Yen)	10,930.42
Basic earnings per share for the year (Yen)	885.15	Basic earnings per share for the year (Yen)	1,663.12
Diluted earnings per share for the year (Yen)	883.62	Diluted earnings per share for the year (Yen)	1,660.44

(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 2020	Year ended 31 August 2021
Basic earnings per share for the year		
Profit for the year attributable to owners of the Parent (Millions of yen)	90,357	169,847
Profit not attributable to common shareholders (Millions of yen)	-	-
Profit attributable to common shareholders (Millions of yen)	90,357	169,847
Average number of common stock during the year (Shares)	102,081,609	102,125,851
Diluted earnings per share for the year		
Adjustment to profit (Millions of yen)	-	-
Increase in number of common stock (Shares)	177,082	164,744
(share subscription rights)	(177,082)	(164,744)

28. Cash Flow Information

A. Liabilities of financing activities

Liabilities of financing activities are as follows:

Year ended 31 August 2020

(Millions of yen)

	Balances as at 31 August 2019	Adjustment for adoption of IFRS16	Balances as at 1 September 2019	Variation with cash flow	Variation without cash flow			Balances as at 31 August 2020
					Foreign currency translation reserve	New lease contracts	Others	
Short-term borrowings	1,236	-	1,236	13,472	445	-	-	15,154
Long-term borrowings	4,258	-	4,258	(4,343)	84	-	-	-
Corporate bonds	469,183	-	469,183	-	-	-	158	469,342
Finance lease obligations	38,726	(38,726)	-	-	-	-	-	-
Lease liabilities	-	428,631	428,631	(141,216)	2,806	177,451	(1,493)	466,179
Total	513,405	389,904	903,309	(132,087)	3,336	177,451	(1,334)	950,675

Year ended 31 August 2021

(Millions of yen)

	Balances as at 1 September 2020	Variation with cash flow	Variation without cash flow			Balances as at 31 August 2021
			Foreign currency translation reserve	New lease contracts	Others	
Short-term borrowings	15,154	(3,556)	1,565	-	-	13,163
Corporate bonds	469,342	(100,000)	-	-	128	369,471
Lease liabilities	466,179	(148,248)	10,082	142,346	(9,700)	460,658
Total	950,675	(251,805)	11,648	142,346	(9,571)	843,292

(Note) 100,000 million yen in 2nd non-collateralized corporate bonds (interest rate: 0.291%; date of maturity: 18 December 2020) have been redeemed.

B. Important non-cash transactions

Year ended 31 August 2020

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

Year ended 31 August 2021

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 2020 and 2021 is as follows:

(Millions of yen)

Company name	Name of bonds	Date of issuance	As at 31 August 2020	As at 31 August 2021	Interest rate (%)	Date of maturity
FAST RETAILING CO., LTD.	2nd non-collateralized corporate bonds	18 December 2015	99,989	-	0.291	18 December 2020
FAST RETAILING CO., LTD.	3rd non-collateralized corporate bonds	18 December 2015	49,957	49,976	0.491	16 December 2022
FAST RETAILING CO., LTD.	4th non-collateralized corporate bonds	18 December 2015	69,895	69,915	0.749	18 December 2025
FAST RETAILING CO., LTD.	5th non-collateralized corporate bonds	6 June 2018	79,910	79,943	0.110	6 June 2023
FAST RETAILING CO., LTD.	6th non-collateralized corporate bonds	6 June 2018	29,943	29,955	0.220	6 June 2025
FAST RETAILING CO., LTD.	7th non-collateralized corporate bonds	6 June 2018	99,786	99,813	0.405	6 June 2028
FAST RETAILING CO., LTD.	8th non-collateralized corporate bonds	6 June 2018	39,859	39,867	0.880	4 June 2038
Total	-	-	469,342	369,471	-	-

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

	1st Share subscription rights A type	1st Share subscription rights B type
Category and number of grantees	Employees of the Company: 7 Employees of Group subsidiaries: 3	Employees of the Company: 266 Employees of Group subsidiaries: 413
Number of stock options by type of shares (Note)	Common stock: maximum 3,370 shares	Common stock: maximum 77,542 shares
Grant date	8 November 2010	8 November 2010
Vesting conditions	To serve continuously until the vesting date (7 November 2013) after the grant date (8 November 2010)	To serve continuously until the vesting date (7 December 2010) after the grant date (8 November 2010)
Eligible service period	From 8 November 2010 to 7 November 2013	From 8 November 2010 to 7 December 2010
Exercise period	From 8 November 2013 to 7 November 2020	From 8 December 2010 to 7 November 2020
Settlement	Equity settlement	Equity settlement

	2nd share subscription rights A type	2nd share subscription rights B type
Category and number of grantees	Employees of the Company: 14 Employees of Group subsidiaries: 4	Employees of the Company: 139 Employees of Group subsidiaries: 584
Number of stock options by type of shares (Note)	Common stock: maximum 13,894 shares	Common stock: maximum 51,422 shares
Grant date	15 November 2011	15 November 2011
Vesting conditions	To serve continuously until the vesting date (14 November 2014) after the grant date (15 November 2011)	To serve continuously until the vesting date (14 December 2011) after the grant date (15 November 2011)
Eligible service period	From 15 November 2011 to 14 November 2014	From 15 November 2011 to 14 December 2011
Exercise period	From 15 November 2014 to 14 November 2021	From 15 December 2011 to 14 November 2021
Settlement	Equity settlement	Equity settlement

	3rd share subscription rights A type	3rd share subscription rights B type
Category and number of grantees	Employees of the Company: 18 Employees of Group subsidiaries: 8	Employees of the Company: 136 Employees of Group subsidiaries: 615
Number of stock options by type of shares (Note)	Common stock: maximum 10,793 shares	Common stock: maximum 39,673 shares
Grant date	13 November 2012	13 November 2012
Vesting conditions	To serve continuously until the vesting date (12 November 2015) after the grant date (13 November 2012)	To serve continuously until the vesting date (12 December 2012) after the grant date (13 November 2012)
Eligible service period	From 13 November 2012 to 12 November 2015	From 13 November 2012 to 12 December 2012
Exercise period	From 13 November 2015 to 12 November 2022	From 13 December 2012 to 12 November 2022
Settlement	Equity settlement	Equity settlement

	4th share subscription rights A type	4th share subscription rights B type
Category and number of grantees	Employees of the Company: 19 Employees of Group subsidiaries: 11	Employees of the Company: 180 Employees of Group subsidiaries: 706
Number of stock options by type of shares (Note)	Common stock: maximum 7,564 shares	Common stock: maximum 29,803 shares
Grant date	3 December 2013	3 December 2013
Vesting conditions	To serve continuously until the vesting date (2 December 2016) after the grant date (3 December 2013)	To serve continuously until the vesting date (2 January 2014) after the grant date (3 December 2013)
Eligible service period	From 3 December 2013 to 2 December 2016	From 3 December 2013 to 2 January 2014
Exercise period	From 3 December 2016 to 2 December 2023	From 3 January 2014 to 2 December 2023
Settlement	Equity settlement	Equity settlement

	5th share subscription rights A type	5th share subscription rights B type
Category and number of grantees	Employees of the Company: 36 Employees of Group subsidiaries: 16	Employees of the Company: 223 Employees of Group subsidiaries: 785
Number of stock options by type of shares (Note)	Common stock: maximum 21,732 shares	Common stock: maximum 33,062 shares
Grant date	14 November 2014	14 November 2014
Vesting conditions	To serve continuously until the vesting date (13 November 2017) after the grant date (14 November 2014)	To serve continuously until the vesting date (13 December 2014) after the grant date (14 November 2014)
Eligible service period	From 14 November 2014 to 13 November 2017	From 14 November 2014 to 13 December 2014
Exercise period	From 14 November 2017 to 13 November 2024	From 14 December 2014 to 13 November 2024
Settlement	Equity settlement	Equity settlement

	6th share subscription rights A type	6th share subscription rights B type
Category and number of grantees	Employees of the Company: 15 Employees of Group subsidiaries: 19	Employees of the Company: 274 Employees of Group subsidiaries: 921
Number of stock options by type of shares (Note)	Common stock: maximum 2,847 shares	Common stock: maximum 25,389 shares
Grant date	13 November 2015	13 November 2015
Vesting conditions	To serve continuously until the vesting date (12 November 2018) after the grant date (13 November 2015)	To serve continuously until the vesting date (12 December 2015) after the grant date (13 November 2015)
Eligible service period	From 13 November 2015 to 12 November 2018	From 13 November 2015 to 12 December 2015
Exercise period	From 13 November 2018 to 12 November 2025	From 13 December 2015 to 12 November 2025
Settlement	Equity settlement	Equity settlement

	7th share subscription rights A type	7th share subscription rights B type
Category and number of grantees	Employees of the Company: 16 Employees of Group subsidiaries: 23	Employees of the Company: 339 Employees of Group subsidiaries: 1,096
Number of stock options by type of shares (Note)	Common stock: maximum 2,821 shares	Common stock: maximum 31,726 shares
Grant date	11 November 2016	11 November 2016
Vesting conditions	To serve continuously until the vesting date (10 November 2019) after the grant date (11 November 2016)	To serve continuously until the vesting date (10 December 2016) after the grant date (11 November 2016)
Eligible service period	From 11 November 2016 to 10 November 2019	From 11 November 2016 to 10 December 2016
Exercise period	From 11 November 2019 to 10 November 2026	From 11 December 2016 to 10 November 2026
Settlement	Equity settlement	Equity settlement

	8th share subscription rights A type	8th share subscription rights B type
Category and number of grantees	Employees of the Company: 19 Employees of Group subsidiaries: 27	Employees of the Company: 395 Employees of Group subsidiaries: 1,152
Number of stock options by type of shares (Note)	Common stock: maximum 5,454 shares	Common stock: maximum 48,178 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

	8th share subscription rights C type	9th share subscription rights A type
Category and number of grantees	Employees of the Company: 29	Employees of the Company: 17 Employees of Group subsidiaries: 32
Number of stock options by type of shares (Note)	Common stock: maximum 5,929 shares	Common stock: maximum 4,057 shares
Grant date	10 November 2017	9 November 2018
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 (8 November 2021) after the grant date (9 November 2018)
Eligible service period	From 10 November 2017 to 9 November 2020	From 9 November 2018 to 8 November 2021
Exercise period	10 November 2020	From 9 November 2021 to 8 November 2028
Settlement	Equity settlement	Equity settlement

	9th share subscription rights B type	9th share subscription rights C type
Category and number of grantees	Employees of the Company: 419 Employees of Group subsidiaries: 1,267	Employees of the Company: 40
Number of stock options by type of shares (Note)	Common stock: maximum 36,275 shares	Common stock: maximum 4,733 shares
Grant date	9 November 2018	9 November 2018
Vesting conditions	To serve continuously until the vesting date (8 December 2018) after the grant date (9 November 2018)	To serve continuously until the vesting date (8 November 2021) after the grant date (9 November 2018)
Eligible service period	From 9 November 2018 to 8 December 2018	From 9 November 2018 to 8 November 2021
Exercise period	From 9 December 2018 to 8 November 2028	9 November 2021
Settlement	Equity settlement	Equity settlement

	10th share subscription rights A type	10th share subscription rights B type
Category and number of grantees	Employees of the Company: 11 Employees of Group subsidiaries: 46	Employees of the Company: 528 Employees of Group subsidiaries: 1,389
Number of stock options by type of shares (Note)	Common stock: maximum 3,548 shares	Common stock: maximum 37,424 shares
Grant date	8 November 2019	8 November 2019
Vesting conditions	To serve continuously until the vesting date (7 November 2022) after the grant date (8 November 2019)	To serve continuously until the vesting date (7 December 2019) after the grant date (8 November 2019)
Eligible service period	From 8 November 2019 to 7 November 2022	From 8 November 2019 to 7 December 2019
Exercise period	From 8 November 2022 to 7 November 2029	From 8 December 2019 to 7 November 2029
Settlement	Equity settlement	Equity settlement

	10th share subscription rights C type	11th share subscription rights A type
Category and number of grantees	Employees of the Company: 40	Employees of the Company: 18 Employees of Group subsidiaries: 47
Number of stock options by type of shares (Note)	Common stock: maximum 3,666 shares	Common stock: maximum 2,175 shares
Grant date	8 November 2019	13 November 2020
Vesting conditions	To serve continuously until the vesting date (7 November 2022) after the grant date (8 November 2019)	To serve continuously until the vesting date (12 November 2023 after the grant date (13 November 2020)
Eligible service period	From 8 November 2019 to 7 November 2022	From 13 November 2020 to 12 November 2023
Exercise period	8 November 2022	From 13 November 2023 to 12 November 2030
Settlement	Equity settlement	Equity settlement

	11th share subscription rights B type	11th share subscription rights C type
Category and number of grantees	Employees of the Company: 694 Employees of Group subsidiaries: 1,435	Employees of the Company: 41
Number of stock options by type of shares (Note)	Common stock: maximum 22,306 shares	Common stock: maximum 3,777 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

(Note) The number of stock options is equivalent to the number of shares.

Expenses recognized as share-based payments are as follows:

(Millions of yen)

	Year ended 31 August 2020	Year ended 31 August 2021
Expenses recognized		
Share-based payments	2,915	2,179

(2) Scale of stock options program and changes

Outstanding balance of stock options are converted into equivalent number of shares.

(a) Number and weighted average exercise prices of stock options

Stock options

	Year ended 31 August 2020	Year ended 31 August 2021
	Number of shares (Shares)	Number of shares (Shares)
Non-vested		
Non-vested at beginning of the year	25,518	24,561
Granted	44,638	28,248
Forfeited	(1,196)	(815)
Vested	(44,399)	(31,979)
Non-vested at end of the year	24,561	20,015

	Year ended 31 August 2020	Year ended 31 August 2021
	Number of shares (Shares)	Number of shares (Shares)
Vested		
Outstanding at beginning of the year	143,233	148,450
Vested	44,399	31,979
Exercised	(38,891)	(44,288)
Forfeited	(291)	(789)
Outstanding at end of the year	148,450	135,352

All stock options are granted with an exercise price of 1 yen per share.

(b) Stock price on exercise date

Stock options exercised during the year ended 31 August 2021 are as follows:

Type	Number of shares (Shares)	Weighted-average stock price on exercise date (Yen)
Stock options	44,288	82,971

(c) Expected life of stock options

The weighted-average expected life of outstanding stock options as at 31 August 2021 was 5.52 years.

In addition, the weighted-average expected life of outstanding stock options as at 31 August 2020 was 5.80 years.

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

The methods of estimating fair value of 11th share subscription rights A type, B type, and C type granted during the year ended 31 August 2021, were as follows:

(1) Valuation model: Black-Scholes model

(2) The following table lists the inputs to the model used:

	11th share subscription rights A type	11th share subscription rights B type
Fair value	77,559 yen	78,236 yen
Share price	80,620 yen	80,620 yen
Exercise price	1 yen	1 yen
Stock price volatility (Note 1)	34%	35%
Expected life of options (Note 2)	6.5 years	5.04 years
Expected dividends (Note 3)	480 yen / share	480 yen / share
Risk-free interest rate (Note 4)	(0.0835%)	(0.09188%)

	11th share subscription rights C type
Fair value	79,192 yen
Share price	80,620 yen
Exercise price	1 yen
Stock price volatility (Note 1)	31%
Expected life of options (Note 2)	3 years
Expected dividends (Note 3)	480 yen / share
Risk-free interest rate (Note 4)	(0.13%)

Notes: 1. Stock price volatility is computed based on the actual results of 6.5 years for A type (from June 2014 to November 2020), 5.04 years for B type (from December 2015 to November 2020), and 3.0 years for C type (from December 2017 to November 2020).

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 method of estimating fair value for the 10th share subscription rights A type, B type, and C type granted during the year ended 31 August 2020 is as follows:

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

	10th share subscription rights A type	10th share subscription rights B type
Fair value	66,058 yen	66,732 yen
Share price	69,110 yen	69,110 yen
Exercise price	1 yen	1 yen
Stock price volatility (Note 1)	33%	34%
Expected life of options (Note 2)	6.5 years	5.04 years
Expected dividends (Note 3)	480 yen / share	480 yen / share
Risk-free interest rate (Note 4)	(0.2105%)	(0.21692%)

	10th share subscription rights C type
Fair value	67,684 yen
Share price	69,110 yen
Exercise price	1 yen
Stock price volatility (Note 1)	27%
Expected life of options (Note 2)	3 years
Expected dividends (Note 3)	480 yen / share
Risk-free interest rate (Note 4)	(0.203%)

Notes: 1. Stock price volatility is computed based on the actual results of 6.5 years for A type (from June 2013 to November 2019), 5.04 years for B type (from December 2014 to November 2019), and 3.0 years for C type (from December 2016 to November 2019).
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 2020	As at 31 August 2021
Interest-bearing borrowings	484,496	382,634
Lease liabilities	466,179	460,658
Cash and cash equivalents	1,093,531	1,177,736
Net interest-bearing borrowings	(142,856)	(334,443)
Equity	996,079	1,162,298

Interest-bearing borrowings includes corporate bonds and borrowings. As at 31 August 2020 and 2021, the Group maintained a position where the carrying amount of cash and cash equivalents exceeded the total amounts of interest-bearing borrowings and lease liabilities.

As at 31 August 2021, the Group is not subject to any externally imposed capital requirement.

B. Significant accounting policies

See Note “3. Significant Accounting Policies” for significant accounting policies regarding standards for recognizing financial assets, financial liabilities, equity financial instruments, as well as the fundamentals of measurement and recognition of profit or loss.

C. Categories of financial instruments

(Millions of yen)

	As at 31 August 2020	As at 31 August 2021
Financial assets		
Loans and receivables		
Trade and other receivables	67,069	50,546
Other current financial assets	49,890	56,157
Other non-current financial assets	66,399	66,113
Financial assets measured at fair value through other comprehensive income / (loss)	1,370	1,008
Derivatives		
Financial assets measured at fair value through profit or loss	1,619	209
Financial assets designated as hedging instruments	23,778	49,446
Financial liabilities		
Financial liabilities at amortized cost		
Trade and other payables	210,747	220,057
Other current financial liabilities	213,301	104,969
Current lease liabilities	114,652	117,083
Non-current financial liabilities	370,780	370,799
Non-current lease liabilities	351,526	343,574
Derivatives		
Financial liabilities measured at fair value through profit or loss	69	280
Financial liabilities designated as hedging instruments	5,899	3,256

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, available-for-sale investments are included under “non-current financial Assets.”

D. Financial risk management

In relation to cash management, the Group seeks to ensure effective utilization of Group funds through the Group’s Cash Management Service. The Group obtained credit facilities from financial institutions and issuance of bonds. Any temporary surplus funds are invested mainly in fixed interest rate-bearing instruments with minimal credit risk.

The Group entered 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 financial instruments.

(1) Foreign currency risk

(a) Foreign currency risk management

The Group conducts its business on a global scale, and is exposed to foreign currency risk in relation to purchases and sales transactions and financing denominated in currencies other than the local currencies of those countries in which the Group operates its business.

In regard to forecast transactions denominated in foreign currencies, for foreign currency exchange fluctuation risk by currency and on a monthly basis, the Group in principle hedges risk by using foreign currency forward contracts.

For imports, the Group endeavors to stabilize purchasing costs by concluding foreign currency forward contracts and standardizing import exchange rates. If the yen should weaken significantly against the US dollar in the future and this situation continued for an extended period, it could have a negative impact on the Group’s performance.

The Group enters into derivative transactions only with financial institutions evaluated as highly creditworthy by rating agencies to mitigate the counterparty risk.

The Group’s notional amount of foreign currency forward contracts was 1,284,423 million yen as at 31 August 2021.

(b) Foreign currency sensitivity analysis

With respect to companies that use yen as the functional currency in each reporting period, below is an analysis of the impact an 1% increase in the yen against the Euro (“EUR”) and the United States dollar (“USD”) would have on the Group’s profit before income taxes and other comprehensive income (before tax effects).

However, this analysis assumes that over variable factors are constant. Furthermore, this does not include the effect of conversion of financial instruments denominated the functional currencies, and revenue, expenses, assets, and liabilities of overseas sales entities into presentation currency.

	Year ended 31 August 2020	Year ended 31 August 2021
Average exchange rate (Yen)		
USD	108.04	106.96
EUR	120.06	128.01
Impact on profit before income taxes (Millions of yen)		
USD	(3,853)	(4,318)
EUR	(239)	(209)
Impact on other comprehensive income (Millions of yen)		
USD	(10,316)	(10,693)
EUR	(127)	(187)

(c) Currency derivatives and hedges

The Group uses foreign currency forward contract transactions to hedge against the risk of future fluctuations in exchange rates in regard to foreign currency transactions and applies hedge accounting to transactions that meet hedge requirements, and did not conduct any speculative trading in derivatives.

Cash flow hedges

A cash flow hedge is a hedge for avoiding risk of volatility in future cash flows. The Company uses foreign currency forward contracts to hedge cash flow fluctuations relating to forecast transactions.

The monetary value of ineffective hedges is immaterial.

The details of foreign currency forward contract are as follows:

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

	Average exchange		Foreign currencies (Millions of respective currency)		Contract principal (Millions of yen)		Fair value (Millions of yen)	
	31 August 2020	31 August 2021	31 August 2020	31 August 2021	31 August 2020	31 August 2021	31 August 2020	31 August 2021
Foreign currency forward contracts								
Over 1 year								
Buy USD (sell KRW)	1,137.61 (KRW/$)	- (KRW/$)	20	-	2,071	-	83	-
Buy KRW (sell USD)	0.00 ($/KRW)	- ($/KRW)	24,663	-	2,151	-	44	-
Within 1 year								
Buy USD (sell EUR)	0.85 (EUR/$)	0.84 (EUR/$)	8	27	855	2,932	(19)	24
Buy USD (sell GBP)	0.77 (£/$)	0.76 (£/$)	15	5	1,447	628	(38)	(25)
Buy USD (sell KRW)	1,124.35 (KRW/$)	1,147.18 (KRW/$)	154	43	15,463	4,725	830	69
Buy USD (sell TWD)	29.41 (TWD/$)	27.86 (TWD/$)	21	18	2,249	2,033	7	(6)
Buy USD (sell SGD)	- (SGD/$)	1.35 (SGD/$)	-	2	-	221	-	(1)
Buy USD (sell THB)	- (THB/$)	31.12 (THB/$)	-	1	-	166	-	6
Buy USD (sell HKD)	7.84 (HKD/$)	- (HKD/$)	7	-	789	-	(9)	-
Buy USD (sell VND)	- (VND/$)	23,142.72 (VND/$)	-	8	-	927	-	(11)
Buy EUR (sell USD)	1.14 ($/EUR)	1.22 ($/EUR)	7	22	843	2,967	45	(88)
Buy GBP (sell USD)	1.26 ($/£)	1.42 ($/£)	11	4	1,475	659	83	(17)
Buy KRW (sell USD)	0.00 ($/KRW)	0.00 ($/KRW)	188,516	50,620	16,249	4,800	519	(21)
Buy HKD (sell USD)	0.13 ($/HKD)	- ($/HKD)	57	-	779	-	1	-

(ii) Derivative transactions to which hedge accounting is applied

	Average exchange rates		Foreign currencies (Millions of respective currency)		Contract principal (Millions of yen)		Fair value (Millions of yen)	
	31 August 2020	31 August 2021	31 August 2020	31 August 2021	31 August 2020	31 August 2021	31 August 2020	31 August 2021
Foreign currency forward contracts								
Over 1 year								
Buy USD (sell JPY)	103.02 (¥/$)	105.09 (¥/$)	6,192	6,034	637,960	634,094	7,945	21,481
Buy USD (sell EUR)	0.85 (EUR/$)	0.82 (EUR/$)	103	324	10,958	34,579	(219)	(327)
Buy USD (sell GBP)	0.75 (£/$)	0.73 (£/$)	49	110	5,208	12,215	1	(306)
Buy USD (sell KRW)	1,158.56 (KRW/$)	1,116.47 (KRW/$)	107	108	11,077	11,423	223	502
Buy USD (sell SGD)	1.37 (SGD/$)	1.36 (SGD/$)	4	0	425	22	(3)	0
Buy USD (sell THB)	30.00 (THB/$)	32.46 (THB/$)	11	5	1,134	551	43	0
Buy USD (sell MYR)	4.43 (MYR/$)	4.25 (MYR/$)	2	6	224	674	(10)	(2)
Buy USD (sell AUD)	1.44 (AUD/$)	1.32 (AUD/$)	34	24	3,853	2,617	(207)	103
Buy USD (sell CAD)	1.38 (CAD/$)	1.25 (CAD/$)	0	6	89	652	(4)	7
Buy USD (sell PHP)	53.30 (PHP/$)	49.34 (PHP/$)	15	5	1,742	632	(116)	15
Buy EUR (sell USD)	- ($/EUR)	8.35 ($/EUR)	-	13	-	12,107	-	36

	Average exchange rates		Foreign currencies (Millions of respective currency)		Contract principal (Millions of yen)		Fair value (Millions of yen)	
	31 August 2020	31 August 2021	31 August 2020	31 August 2021	31 August 2020	31 August 2021	31 August 2020	31 August 2021
Within 1 year								
Buy USD (sell JPY)	102.26 (¥/$)	102.79 (¥/$)	3,443	3,756	352,183	386,147	10,115	25,643
Buy USD (sell EUR)	0.84 (EUR/$)	0.84 (EUR/$)	209	224	22,099	24,390	(132)	(17)
Buy USD (sell GBP)	0.77 (£/$)	0.74 (£/$)	86	96	9,422	10,815	(254)	(287)
Buy USD (sell KRW)	1,099.02 (KRW/$)	1,146.97 (KRW/$)	151	117	14,852	12,690	1,158	208
Buy USD (sell SGD)	1.39 (SGD/$)	1.34 (SGD/$)	84	56	9,126	6,150	(152)	7
Buy USD (sell THB)	30.17 (THB/$)	30.93 (THB/$)	88	49	9,030	5,142	278	244
Buy USD (sell MYR)	4.29 (MYR/$)	4.17 (MYR/$)	37	48	4,103	5,324	(96)	44
Buy USD (sell AUD)	1.45 (AUD/$)	1.37 (AUD/$)	70	89	7,974	9,843	(486)	0
Buy USD (sell RUB)	67.59 (RUB/$)	78.40 (RUB/$)	57	88	5,551	10,363	616	(387)
Buy USD (sell CAD)	1.32 (CAD/$)	1.29 (CAD/$)	36	52	3,885	5,926	(34)	(120)
Buy USD (sell IDR)	14,660.80 (IDR/$)	14,721.74 (IDR/$)	41	65	4,401	7,377	8	(131)
Buy USD (sell PHP)	52.03 (PHP/$)	50.23 (PHP/$)	69	57	7,883	6,375	(463)	(16)
Buy USD (sell INR)	75.71 (INR/$)	- (INR/$)	2	-	230	-	(5)	-
Buy USD (sell HKD)	7.82 (HKD/$)	7.76 (HKD/$)	70	95	7,504	10,427	(58)	21
Buy USD (sell CNY)	6.99 (CNY/$)	6.75 (CNY/$)	187	138	20,079	15,833	(248)	(544)
Buy EUR (sell USD)	1.18 ($/EUR)	2.30 ($/EUR)	20	24	2,529	6,070	30	16
Buy GBP (sell USD)	1.27 ($/£)	1.38 ($/£)	8	14	1,074	2,252	49	(7)
Buy IDR (sell USD)	0.00 ($/IDR)	0.00 ($/IDR)	444,011	72,826	3,056	549	(94)	9
Buy HKD (sell USD)	- ($/HKD)	0.13 ($/HKD)	-	23	-	329	-	0

(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 instruments

The Group is exposed to the risk of price volatility in equity financial instruments. The Group holds no equity 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.

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 2020

(Millions of yen)

Number of days elapsed after due date	Items recorded in an amount equivalent to 12 months of expected credit losses	Items measured in an amount equivalent to the expected credit losses for the entire period			Total
		Financial assets for which the allowance for doubtful accounts is always measured as an amount equivalent to expected losses for the whole period	Financial assets for which the credit risk has significantly increased since initial recognition	Credit-impaired financial assets	
Before due date has elapsed	124,302	59,019	47	-	183,368
Within 90 days	481	474	-	-	956
Over 90 days but within one year	156	25	2	-	184
Over one year	23	150	69	-	244
Term-end balance	124,965	59,669	119	-	184,754

Year ended 31 August 2021

(Millions of yen)

Number of days elapsed after due date	Items recorded in an amount equivalent to 12 months of expected credit losses	Items measured in an amount equivalent to the expected credit losses for the entire period			Total
		Financial assets for which the allowance for doubtful accounts is always measured as an amount equivalent to expected losses for the whole period	Financial assets for which the credit risk has significantly increased since initial recognition	Credit-impaired financial assets	
Before due date has elapsed	127,637	44,543	40	-	172,221
Within 90 days	51	180	0	-	232
Over 90 days but within one year	317	7	2	-	327
Over one year	386	237	46	28	697
Term-end balance	128,392	44,969	89	28	173,479

(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 2020

(Millions of yen)

Changes in allowances for doubtful accounts	Items recorded in an amount equivalent to 12 months of expected credit losses	Items measured in an amount equivalent to the expected credit losses for the entire period			Total
		Financial assets for which the allowance for doubtful accounts is always measured as an amount equivalent to expected losses for the whole period	Financial assets for which the credit risk has significantly increased since initial recognition	Credit-impaired financial assets	
Starting balance	117	471	40	241	871
Effect of adoption of IFRS 16	-	938	-	-	938
Balance after adjustment	117	1,409	40	241	1,809
Increase during period	35	224	5	-	265
Decrease during period (intended use)	(15)	(322)	-	(247)	(585)
Decrease during period (reversals)	(61)	(36)	-	-	(98)
Other changes	(11)	9	-	6	4
Term-end balance	64	1,284	46	-	1,395

Year ended 31 August 2021

(Millions of yen)

Changes in allowances for doubtful accounts	Items recorded in an amount equivalent to 12 months of expected credit losses	Items measured in an amount equivalent to the expected credit losses for the entire period			Total
		Financial assets for which the allowance for doubtful accounts is always measured as an amount equivalent to expected losses for the whole period	Financial assets for which the credit risk has significantly increased since initial recognition	Credit-impaired financial assets	
Starting balance	64	1,284	46	-	1,395
Increase during period	8	55	19	28	111
Decrease during period (intended use)	(0)	(699)	-	-	(699)
Decrease during period (reversals)	(28)	(106)	(46)	-	(181)
Other changes	15	22	-	-	37
Term-end balance	59	557	19	28	664

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.

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 2020								
Non-derivative financial liabilities								
Trade and other payables	210,747	210,747	210,747	-	-	-	-	-
Short-term borrowings	15,154	15,154	15,154	-	-	-	-	-
Corporate bonds	469,342	470,000	100,000	-	130,000	-	30,000	210,000
Long-term finance lease liabilities	351,526	365,539	-	85,370	60,865	49,846	38,523	130,932
Short-term finance lease liabilities	114,652	115,222	115,222	-	-	-	-	-
Deposits	98,156	98,156	98,156	-	-	-	-	-
Derivative financial liabilities								
Foreign currency forward contracts	5,968	5,968	2,763	1,348	1,757	99	-	-
Total	1,265,548	1,280,788	542,044	86,718	192,622	49,946	68,523	340,932
As at 31 August 2021								
Non-derivative financial liabilities								
Trade and other payables	220,057	220,057	220,057	-	-	-	-	-
Short-term borrowings	13,163	13,163	13,163	-	-	-	-	-
Corporate bonds	369,471	370,000	-	130,000	-	30,000	70,000	140,000
Long-term finance lease liabilities	343,574	360,474	-	86,417	61,489	46,862	28,000	137,705
Short-term finance lease liabilities	117,083	120,492	120,492	-	-	-	-	-
Deposits	91,805	91,805	91,805	-	-	-	-	-
Derivative financial liabilities								
Foreign currency forward contracts	3,536	3,536	2,493	553	489	-	-	-
Total	1,158,693	1,179,530	448,013	216,971	61,978	76,862	98,000	277,705

(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 2020		As at 31 August 2021	
	Carrying amounts	Fair value	Carrying amounts	Fair value
Financial assets				
Security deposits / guarantees	63,639	64,341	64,502	65,358
Total	63,639	64,341	64,502	65,358
Financial liabilities				
Corporate bonds	469,342	470,938	369,471	375,144
Total	469,342	470,938	369,471	375,144

(Note) The above includes the outstanding balance of corporate bonds due within one year.

Notes concerning financial assets and financial liabilities for which fair value approximates book value have been omitted.

The fair value of security deposits / guarantees is calculated on the basis of the current 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 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 2020	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income	1,158	-	212	1,370
Financial assets measured at fair value through profit or loss	-	1,550	-	1,550
Financial assets and financial liabilities designated as hedging instruments − Fair value	-	17,878	-	17,878
Net amount	1,158	19,428	212	20,799

As at 31 August 2021	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income	808	-	199	1,008
Financial assets measured at fair value through profit or loss	-	(71)	-	(71)
Financial assets and financial liabilities designated as hedging instruments − Fair value	-	46,190	-	46,190
Net amount	808	46,118	199	47,127

For the valuation of Level 2 derivative financial instruments for which a market value is available, 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 classified as Level 3 consist mainly of unlisted shares. The fair values of unlisted shares are measured by the division responsible in the Group according to the Group's accounting policy, etc., using the immediately preceding 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 2020	Year ended 31 August 2021
Short-term employee benefits	786	837
Share-based payments	13	31
Total	799	869

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

Year ended 31 August 2020 (from 1 September 2019 to 31 August 2020)

Type	Name of Company, etc., or personal name	Location	Capital Stock or Money Invested (Millions of yen)	Business Content or Occupation	Percentage of voting right, etc. held (being held)	Relation with Associated Party	Transaction Details	Transaction Amount (millions of yen)	Item	Term-end Balance (millions of yen)
Company in which officers and close relatives hold a majority of voting rights	TTY Management B.V.	Amsterdam, Netherlands	71,826	Assets holdings, managing, etc.	5.2% are directly held	Rent of store properties by our subsidiary Serves concurrently as an officer	Store renting	647	Lease liabilities	6,797

(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.

Current consolidated accounting year (From 1 September 2020, through 31 August 2021)

Type	Name of Company, etc., or personal name	Location	Capital Stock or Money Invested (Millions of yen)	Business Content or Occupation	Percentage of voting right, etc. held (being held)	Relation with Associated Party	Transaction Details	Transaction Amount (millions of yen)	Item	Term-end Balance (millions of yen)
Company in which officers and close relatives hold a majority of voting rights	TTY Management B.V.	Amsterdam, Netherlands	71,826	Assets holdings, managing, etc.	5.2% are directly held	Rent of store properties by our subsidiary Serves concurrently as an officer	Store renting	428	Lease liabilities	6,744
Company in which officers and close relatives hold a majority of voting rights	546 Broadway, LLC	New York	-	Assets holdings, managing, etc.	-	Rent of store properties by our subsidiary Serves concurrently as an officer	Store renting	109	Lease liabilities	3,971

(Notes) 1. Of the above-mentioned amounts, any trade amounts do not include consumption taxes and the like.
2. Trading conditions and policy for determining trading conditions, etc.
Related party transactions were made on terms equivalent to those that prevail in arm's length transactions.
3. Chairman of the Board of Directors and President Tadashi Yanai holds a majority of the voting rights of both companies.

32. Major Subsidiaries

The Group's major subsidiaries are as listed in "3. Corporate Profile 3. Subsidiaries and Associates." The liquidation of J Brand Inc., which was a major subsidiary at the end of the previous consolidated fiscal year, was completed in this current consolidated fiscal year.

33. Commitments

The Group had the following commitments at each reporting date:

(Millions of yen)

	As at 31 August 2020	As at 31 August 2021
Commitment for the acquisition of property, plant and equipment	24,942	21,492
Commitment for acquisition of intangible assets	2,139	1,487
Total	27,081	22,979

34. Contingent Liabilities

Year ended 31 August 2020

Not applicable

Year ended 31 August 2021

Not applicable

35. Subsequent Events

Not applicable

E. Others

Quarterly information for the year ended 31 August 2021

(Cumulative period)	First quarter	Second quarter	Third quarter	Fiscal year
Revenue (Millions of yen)	619,797	1,202,864	1,698,082	2,132,992
Quarterly income before income taxes and non-controlling interests (Millions of yen)	107,164	171,482	245,654	265,872
Quarterly net income (Millions of yen)	70,381	105,868	151,351	169,847
Earnings per share (Yen)	689.29	1,036.76	1,482.08	1,663.12

(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Quarterly earnings / (losses) per share (Yen)	689.29	347.49	445.33	181.08

10. Financial statements

(1) Balance Sheet

(Millions of yen)

	As at 31 August 2020	As at 31 August 2021
ASSETS		
Current assets		
Cash and deposits	569,322	589,833
Operating accounts receivable	※1 30,174	※1 40,936
Securities	145,965	146,449
Short-term loans receivable from subsidiaries and associates	58,624	38,039
Accounts receivable from subsidiaries and associates	18,863	24,778
Others	5,677	5,772
Allowance for doubtful accounts	(1)	(4,747)
Total current assets	828,625	841,061
Non-current assets		
Property, plant and equipment		
Buildings	21,590	30,762
Accumulated depreciation	※3 (8,661)	※3 (10,608)
Buildings, net	12,928	20,154
Structures	369	375
Accumulated depreciation	※3 (261)	※3 (273)
Structures, net	108	102
Tools, furniture and fixtures	2,646	3,204
Accumulated depreciation	※3 (1,698)	※3 (2,030)
Tools, furniture and fixtures, net	948	1,174
Land	1,123	1,123
Leased assets	1,801	1,306
Accumulated depreciation	※3 (922)	※3 (1,086)
Leased assets, net	878	219
Construction in progress	3,116	5
Total property, plant and equipment	19,104	22,779
Intangible assets		
Software	45,959	47,174
Software in progress	3,153	3,106
Others	14	10
Total intangible assets	49,126	50,291
Investments and other assets		
Investment securities	1,318	969
Shares of subsidiaries and associates	131,482	140,848
Investments in capital of subsidiaries and associates	9,251	9,251
Long-term loans receivable from subsidiaries and associates	18,414	14,779
Leases and guarantee deposits	6,300	6,202
Deferred tax assets	3,460	4,847
Lease receivables	-	15,587
Others	407	46
Allowance for doubtful accounts	(4,134)	(6,265)
Total investments and other assets	166,500	186,265
Total non-current assets	234,731	259,336
Total assets	1,063,356	1,100,398

(Millions of yen)

	As at 31 August 2020	As at 31 August 2021
LIABILITIES		
Current liabilities		
Current portion of corporate bonds	100,000	-
Accounts payable	10,290	6,335
Accrued expenses	2,005	5,463
Deposits received	※1 22,919	※1 21,156
Provision for bonuses	2,621	3,193
Income taxes payable	8,597	598
Others	1,217	2,548
Total current liabilities	147,652	39,295
Non-current liabilities		
Corporate bonds payable	370,000	370,000
Lease obligations	588	15,680
Guarantee deposits received	3,385	3,395
Provision for loss on guarantees	394	435
Provision for loss on business of subsidiaries and associates	466	341
Others	1,913	3,679
Total non-current liabilities	376,749	393,532
Total liabilities	524,402	432,828
NET ASSETS		
Shareholders' equity		
Capital stock	10,273	10,273
Capital surplus		
Legal capital surplus	4,578	4,578
Other capital surplus	7,786	9,587
Total capital surplus	12,364	14,166
Retained earnings		
Legal retained earnings	818	818
Other retained earnings		
General reserve	185,100	185,100
Retained earnings brought forward	338,851	465,122
Total retained earnings	524,769	651,040
Treasury stock	(15,129)	(14,973)
Total shareholders' equity	532,279	660,507
Valuation and translation adjustments		
Valuation differences on available-for-sale securities	(566)	(338)
Total valuation and translation adjustments	(566)	(338)
Share subscription rights	7,241	7,400
Total net assets	538,954	667,569
Total liabilities and net assets	1,063,356	1,100,398

(2) Statement of Income

(Millions of yen)

	Year ended 31 August 2020	Year ended 31 August 2021
Operating revenue		
Management income from operating companies	※1 64,815	※1 79,345
Dividends income from subsidiaries and associates	※1 91,540	※1 199,259
Total operating revenue	156,356	278,605
Operating expenses		
Selling, general and administrative expenses		
Salaries	10,798	11,360
Bonuses	1,658	1,584
Allowance for bonuses	1,988	2,141
Rental expenses	8,379	10,348
Depreciation	14,920	18,754
Outsourcing expenses	26,837	27,481
Others	16,455	15,490
Total operating expenses	※1 81,039	※1 87,162
Operating profit / (loss)	75,316	191,442
Non-operating income		
Interest income	4,592	1,054
Interest on securities	92	16
Foreign exchange gains	93	17,590
Others	196	115
Total non-operating income	4,975	18,776
Non-operating expenses		
Interest expenses	2,022	1,951
Others	57	46
Total non-operating expenses	※1 2,079	※1 1,997
Ordinary profit / (loss)	78,211	208,221
Extraordinary income		
Gain on sale of investment securities	-	739
Reversal of provision for loss on business of subsidiaries and associates	43	125
Total extraordinary income	43	864
Extraordinary losses		
Losses on retirement of non-current assets	※2 316	※2 4
Loss on valuation of shares of subsidiaries and associates	6,688	19,432
Provision of allowance for doubtful accounts for subsidiaries and associates	3,083	6,876
Loss on valuation of investment securities	1,713	330
Impairment losses	13	-
Transfer pricing adjustment	※1 1,065	-
Others	278	40
Total extraordinary losses	13,159	26,684
Income/(loss) before income taxes	65,096	182,401
Income taxes ― current	3,066	8,540
Income taxes ― deferred	(392)	(1,424)
Total income taxes	2,674	7,115
Profit / (loss)	62,422	175,286

(3) Statement of changes in net asset

Year ended 31 August 2020

(Millions of yen)

	Shareholders' equity							
		Capital surplus			Retained earnings			
						Other retained earnings		
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	General reserve	Retained earnings brought forward	Total retained earnings
Balance at the beginning of year	10,273	4,578	6,335	10,914	818	185,100	325,423	511,341
Changes during the year								
Dividends	-	-	-	-	-	-	(48,994)	(48,994)
Net income	-	-	-	-	-	-	62,422	62,422
Acquisition of treasury stock	-	-	-	-	-	-	-	-
Disposal of treasury stock	-	-	1,450	1,450	-	-	-	-
Net changes of items other than those in shareholders' equity	-	-	-	-	-	-	-	-
Net changes during the year	-	-	1,450	1,450	-	-	13,427	13,427
Balance at the end of year	10,273	4,578	7,786	12,364	818	185,100	338,851	524,769

	Shareholders' equity		Valuation and translation adjustments		Share subscription rights	Total net assets
	Treasury stock	Total shareholders' equity	Valuation differences on available-for sale securities	Total valuation and translation adjustments		
Balance at the beginning of year	(15,271)	517,258	(1,533)	(1,533)	5,981	521,706
Changes during the year						
Dividends	-	(48,994)	-	-	-	(48,994)
Net income	-	62,422	-	-	-	62,422
Acquisition of treasury stock	(5)	(5)	-	-	-	(5)
Disposal of treasury stock	148	1,598	-	-	-	1,598
Net changes of items other than those in shareholders' equity	-	-	967	967	1,260	2,228
Net changes during the year	142	15,020	967	967	1,260	17,248
Balance at the end of year	(15,129)	532,279	(566)	(566)	7,241	538,954

Year ended 31 August 2021

(Millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
						General reserve	Retained earnings brought forward	
Balance at the beginning of year	10,273	4,578	7,786	12,364	818	185,100	338,851	524,769
Changes during the year								
Dividends	-	-	-	-	-	-	(49,015)	(49,015)
Net income	-	-	-	-	-	-	175,286	175,286
Acquisition of treasury stock	-	-	-	-	-	-	-	-
Disposal of treasury stock	-	-	1,801	1,801	-	-	-	-
Net changes of items other than those in shareholders' equity	-	-	-	-	-	-	-	-
Net changes during the year	-	-	1,801	1,801	-	-	126,270	126,270
Balance at the end of year	10,273	4,578	9,587	14,166	818	185,100	465,122	651,040

	Shareholders' equity		Valuation and translation adjustments		Share subscription rights	Total net assets
	Treasury stock	Total shareholders' equity	Valuation differences on available-for sale securities	Total valuation and translation adjustments		
Balance at the beginning of year	(15,129)	532,279	(566)	(566)	7,241	538,954
Changes during the year						
Dividends	-	(49,015)	-	-	-	(49,015)
Net income	-	175,286	-	-	-	175,286
Acquisition of treasury stock	(12)	(12)	-	-	-	(12)
Disposal of treasury stock	168	1,970	-	-	-	1,970
Net changes of items other than those in shareholders' equity	-	-	227	227	159	386
Net changes during the year	155	128,228	227	227	159	128,614
Balance at the end of year	(14,973)	660,507	(338)	(338)	7,400	667,569

(4) Notes

(Significant accounting policies)

1. Valuation methods for securities

(a) Investments in subsidiaries and associates:

The Company's investments in subsidiaries and associates are stated at cost. The cost of securities sold is determined by the average method.

(b) Available-for-sale securities:

(i) Listed securities:

Listed securities are stated at fair value, with fair value gains and losses, net of applicable taxes, reported as "unrealized gains/(losses) on available-for-sale securities," a separate component of net assets. The cost of securities sold is determined based on the moving-average cost method.

(ii) Unlisted securities:

Unlisted securities are stated at cost, which is determined by the average method.

2. Depreciation method for non-current assets

(a) Property, plant and equipment (other than leased assets)

Depreciation of property, plant and equipment is calculated using the straight-line method. The principal ranges of estimated useful lives are as follows:

Buildings and structures	5-10 years
Tools, furniture, and fixtures	5 years

(b) Intangible assets (other than leased assets)

Amortization of intangible assets is calculated using the straight-line method. The principal range of estimated useful life is as follows:

Software for internal use	5 years

(c) Leased assets

Assets held under capitalized finance leases are depreciated using the straight-line method over the lease terms at zero residual value.

3. Accounting for deferred assets

Issuance expenses of corporate bonds

Issuance expenses of corporate bonds are expensed as incurred.

4. Provision basis for allowances

(a) Allowance for doubtful accounts

Provision for potential bad debts, loan loss ratios are recorded for general accounts receivable. Specified doubtful accounts receivable are reviewed individually to determine their recoverability, and an estimate for the non-recoverable portion is recorded.

(b) Provisions for bonuses

Bonuses to employees are accrued on the balance sheet date.

(c) Provisions for loss on guarantees

To prepare for losses related to loan guarantees for associated companies, the Company considers the financial position of the guarantee, and records an anticipated loss figure.

(d) Allowances for Affiliated Company Operating Losses

In order to prepare for losses pertaining to affiliated company operations, we take the financial position of our affiliated companies into consideration and list the estimate losses that may be incurred.

5. Other significant matters for the preparation basis of non-consolidated financial statements

(1) Accounting for consumption tax

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

(2) Application of consolidated taxation system

The consolidated taxation system is applied for the Company.

(Changes in presentation)

Balance sheet

“Lease liabilities” that was included in “Others” under non-current liabilities in the previous fiscal year is separately presented from the current fiscal year due to its increased materiality. As a result, “Others” under “Non-current liabilities” amounted 2,502 million yen for previous fiscal year was reclassified to “Lease obligations” amounted 588 Million yen and “Others” amounted 1,913 Million yen on the Balance sheet.

(Notes to balance sheet)

1. Breakdown of assets and liabilities related to subsidiaries and associates which were not separately presented are as follows:

(Millions of yen)

	As at 31 August 2020	As at 31 August 2021
Trade accounts receivable	30,131	40,926
Deposits received	22,525	20,777

2. Contingent liabilities

(Millions of yen)

	As at 31 August 2020	As at 31 August 2021
Guarantees for office and retail store leases	40,651	22,219
Guarantees on loans payable to financial institutions	6,558	5,089

3. Accumulated depreciation includes accumulated impairment losses.

(Notes to statement of income)

1. Transactions related to the subsidiaries and associates are as follows:

(Millions of yen)

	Year ended 31 August 2020	Year ended 31 August 2021
Ordinary revenue:		
Management income from operating companies	62,970	77,352
Dividends income from subsidiaries and associates	91,540	199,259
Ordinary expense	2,712	2,161
Non-operating expenses (including Extraordinary losses)	1,081	83

(Note) Non-operating expenses (including Extraordinary losses) for the previous fiscal year include 1,065 million yen of transfer pricing adjustments relating to the past periods between the Company and its U.S. subsidiaries based on Advance Pricing Agreement in relation to transfer pricing taxation.

2. The breakdown of losses on retirement of non-current assets is as follows:

(Millions of yen)

	Year ended 31 August 2020	Year ended 31 August 2021
Buildings	69	-
Other property, plant and equipment	0	1
Software	200	1
Other intangible assets	45	1

(Marketable securities)

As at 31 August 2020

The fair values of the shares of subsidiaries and associates (subsidiaries 117,215 million yen and associates 14,266 million yen on the balance sheet) are not described as they do not have a market price and the fair value is extremely difficult to determine.

As at 31 August 2021

The fair values of the shares of subsidiaries and associates (subsidiaries 122,881 million yen and associates 17,966 million yen on the balance sheet) are not described as they do not have a market price and the fair value is extremely difficult to determine.

(Note) The impairment of the shares of subsidiaries and associates without market price is determined by comparing the cost with the substantial value calculated based on the net assets per share of respective subsidiaries and associates. An impairment loss is recognized if the substantial value is less than 50% of the cost.

(Deferred taxes)

1. The breakdown of causes of deferred tax assets and deferred tax liabilities is as follows:

(Millions of yen)

	As at 31 August 2020	As at 31 August 2021
Deferred tax assets:		
Provisions for bonuses	799	982
Depreciation	890	957
Loss on shares of subsidiaries and associates	52,766	58,668
Impairment losses	282	259
Allowance for doubtful accounts	1,266	3,372
Valuation differences on available-for-sale securities	365	221
Unused tax losses carried forward	4,337	3,543
Software	2,872	3,632
Others	4,087	5,531
Subtotal	67,666	77,168
Valuation allowance pertaining to tax loss carried forward	(4,337)	(3,543)
Valuation allowance pertaining to total of future deductible temporary difference	(57,544)	(66,010)
Valuation allowance subtotal	(61,881)	(69,554)
Total deferred tax assets	5,785	7,614
Deferred tax liabilities:		
Temporary differences on shares of subsidiaries	(1,893)	(1,893)
Others	(431)	(873)
Total deferred tax liabilities	(2,325)	(2,766)
Net deferred tax liabilities	3,460	4,847

(Note) Deferred tax assets and deferred tax liabilities are recorded based on the provisions of the tax law before revision as allowed in the provisions of the "Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (ASBJ PITF No. 39, 31 March, 2020).

2. The differences between the effective tax rate after applying tax effect and the statutory income tax rate are as follows:

(Percentage)

	As at 31 August 2020	As at 31 August 2021
Statutory income tax rate	30.6%	30.6%
(adjustments)		
Non-taxable dividend income	(41.2)	(33.0)
Increase/(decrease) in valuation allowance	5.8	4.3
Foreign withholding tax	8.8	2.1
Others	0.1	(0.1)
Effective tax rates after applying tax effect accounting	4.1	3.9

(Business Combination)

Not applicable.

(Notes on Significant Subsequent Events)

Not applicable.

(5) Supplementary schedule

Details of fixed asset

(Millions of yen)

Types of assets	Balances as at 1 September 2020	Increase	Decrease	Depreciation, amortization during the year	Balances as at 31 August 2021	Accumulated depreciation or amortization as at 31 August 2021
Property, plant and equipment						
Buildings	12,928	9,457	27	2,204	20,154	10,608
Structures	108	5	-	12	102	273
Tools, furniture, and equipment	948	562	-	335	1,174	2,030
Land	1,123	-	-	-	1,123	34
Leased assets	878	0	344	315	219	1,086
Construction in progress	3,116	5,051	8,162	-	5	-
Total property, plant and equipment	19,104	15,078	8,533	2,869	22,779	14,033
Intangible assets						
Software	45,959	17,100	-	15,884	47,174	-
Software in progress	3,153	17,052	17,100	-	3,106	-
Others	14	-	3	0	10	-
Total intangible assets	49,126	34,152	17,103	15,885	50,291	-

(Notes) 1. The main factors listed as increase during the year are as follows:

Types of assets	Amount (Millions of yen)	Contents
Software	17,100	Construction cost for new system
Software in progress	17,052	Construction cost for new system

2. The main factors listed as decrease during the year are as follows:

Types of assets	Amount (Millions of yen)	Contents
Software in progress	17,100	Construction cost for new systems (transferred to software as the new system was launched)

Details of provisions

(Millions of yen)

Categories	Balance as at 1 September 2020	Increase	Decrease	Balance as at 31 August 2021
Allowance for doubtful accounts (current)	1	4,747	1	4,747
Allowance for doubtful accounts (non-current)	4,134	5,300	3,169	6,265
Provision for bonuses	2,621	3,193	2,621	3,193
Provision for loss on guarantees	394	40	-	435
Allowances for Affiliated Company Operating Losses	466	16	142	341

(Note) The increase in the Allowance for doubtful accounts for the current fiscal year is mainly for affiliated companies.

(6) Main details of assets and liabilities

Omitted because the consolidated financial statements are prepared.

(7) Others

Not applicable.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of FAST RETAILING CO., LTD.:

Opinion

We have audited the consolidated financial statements of FAST RETAILING CO., LTD. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 August 2021, consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 August 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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 as at 31 August 2021 were comprised of JPY374,595 million related to the UNIQLO Japan segment, the UNIQLO International segment and the GU segment, in the aggregate, representing 14.9% of the Group's total assets. In addition, the amount of write-down of inventories to net realizable value was JPY13,038 million for these segments. The sales pattern for inventories starts with establishing an initial price, and then subsequently adjusting the price based on the season, weather and customer tastes 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 an IT system. 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. Inventory management is therefore highly dependent on the IT systems. In addition, the accuracy of the inventory valuation reports is also dependent upon the IT system. As such, due to the potential impact it may have on the accounting for the write-down of inventories to net realizable value, there are increased risks around the appropriateness of the system configurations (e.g., calculation formula, report logic, parameters, etc.), in addition to the overall maintenance of the IT system. We identified this matter as a key audit matter given that the value of inventories is material and the valuation of inventories is highly IT system dependent.	Our audit procedures related to this key audit matter included the following, among others: • Evaluation of the cost measurement techniques and inventory valuation approaches established by management, including compliance with IFRSs. • Assessment of the design and operating effectiveness of relevant controls in place to address the accuracy and completeness of inputs for selling price and cost of inventories. • Involvement of our professionals with expertise in information technology ("IT experts") to evaluate the accuracy and completeness of inventory valuation reports by testing the system interface controls, the report logic and input parameters, as well as general IT controls over the IT system, including testing of user access controls, change management controls and IT operations controls. • Evaluation of the determination of net realizable value, the judgment regarding whether a write-down is required and the amount of write-down of inventories to net realizable value calculated within the inventory valuation report on a representative sample basis.

Assessment of impairment indicators on store assets and assumptions used in business plan under COVID-19 pandemic	
Key Audit Matter Description	**How the Key Audit Matter Was Addressed in the Audit**
As disclosed in Note 15 to the consolidated financial statements, the Group had store assets attributable to UNIQLO Japan, UNIQLO International and the GU segment amounting to JPY129,814 million, JPY205,036 million and JPY31,599 million, respectively, in the aggregate representing 14.5% of the Group's total assets as at 31 August 2021. In addition, as disclosed in Note 6 and 15 to the consolidated financial statements, the Group's impairment losses attributable to store assets were JPY15,723 million for the year ended 31 August 2021. Each segment operated 780, 1,502 and 439 stores as at 31 August 2021, respectively, and the performance results of each store are maintained in an IT system. In principle, each store is considered as an individual cash-generating unit ("CGU"). Management uses the performance results of stores (IT system-generated reports) as a key input when assessing whether there is any indication that store assets may be impaired ("Impairment Indicators"). As such, due to the potential impact it may have on the assessment of the Impairment Indicators, there are increased risks around the appropriateness of the system configurations (e.g., report logic, parameters, etc.), in addition to the overall maintenance of the IT system. In particular, stores were temporarily closed and the number of customer visits declined as people refrained from going out in response to the COVID-19 pandemic, which continuously worsened performance results of certain stores. As a result, there are potential risks around the existence of material impairment losses. In addition, there are risks that the assessments of the Impairment Indicator and the measurement or impairment losses may be misstated due to increased uncertainties on the recovery from COVID-19 pandemic in particular, with regards to business plans of each store used in management's assessment. We identified this matter as a key audit matter given that the value of store assets is material, the creation of information used in assessment of the impairment indicators is highly IT system dependent, there is the increased possibility that the impairment losses may be misstated due to COVID-19 and there is the increased inherent uncertainty in business plans of stores used in management's estimates and judgements.	Our audit procedures related to this key audit matter included the following, among others: • Evaluation of management's assessment of Impairment Indicators, identification of CGUs and allocation method of relevant headquarter costs to each CGU used by management, including compliance with IFRSs. • Involvement of our IT experts to evaluate the accuracy and completeness of the impairment indicators identification reports by testing source data of store performance results along with the report logic to allocate headquarter costs, report logic used to identify impairment indicators, and input parameters, as well as the general IT controls over the IT system, including testing of user access controls, change management controls and IT operations controls. • Examination of the Impairment Indicators identification report for the completeness of stores for proper inclusion. • Assessment of the design and operating effectiveness of the relevant controls in place to develop business plans of each store. • Evaluation of the reasonableness of assumptions used, in particular those relating to business plans of stores by performing inquiries with management, evaluating the historical accuracy of the management's estimates and comparing those assumptions with market forecasts and observable external information. • Involvement of our valuation experts to assess the discount rate used in management's impairment assessment. • Evaluation of the adequacy of disclosures relating to the uncertainties of COVID-19 impact under Note to the consolidated financial statements 2. (E) Use of Estimates and Judgments.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Statutory Auditors and the Board of Statutory Auditors for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements that gives a true and fair view in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Statutory Auditors and the Board of Statutory Auditors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Statutory Auditors and the Board of Statutory Auditors 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 Statutory Auditors and the Board of Statutory Auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Statutory Auditors and the Board of Statutory Auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditor’s report are Koichi Okubo and Hirofumi Otani.

Deloitte Touche Tohmatsu LLC
Tokyo, Japan
26 November 2021

(TRANSLATION)

INDEPENDENT AUDITOR’s REPORT

26 November 2021

To the Board of Directors of
FAST RETAILING CO., LTD. :

Deloitte Touche Tohmatsu LLC
Tokyo office
Designated Engagement Partner,
Certified Public Accountant:

Koichi Okubo

Designated Engagement Partner,
Certified Public Accountant:

Hirofumi Otani

Opinion

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited the nonconsolidated financial statements of FAST RETAILING CO., LTD. (the "Company") included in the Financial Section, namely, the nonconsolidated balance sheet as at 31 August 2021, and the nonconsolidated statement of income, and nonconsolidated statement of changes in net asset for the 60th fiscal year from 1 September 2020 to 31 August 2021, and a summary of significant accounting policies and other explanatory information, and the supplementary schedules.

In our opinion, the accompanying nonconsolidated financial statements present fairly, in all material respects, the financial position of the Company as at 31 August 2021, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Nonconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the nonconsolidated financial statements of the current period. The matter was addressed in the context of our audit of the nonconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Valuation of the shares of subsidiaries and associates	
Key Audit Matter Description	**How the Key Audit Matter Was Addressed in the Audit**
The Fast Retailing group consists of 130 consolidated subsidiaries and 3 associates accounted for using the equity method. The shares of subsidiaries and associates were 140,848 million, represented 12.7% of the Company’s total assets on the balance sheet as at 31 August 2021. The shares of subsidiaries and associates do not have a market price and the valuation method is described in "Notes (Marketable securities)". The impairment of the shares of subsidiaries and associates without market price is determined by comparing the cost with the substantial value calculated based on the net assets per share of respective subsidiaries and associates. An impairment loss is recognized if the substantial value is less than 50% of the cost. We identified this matter as a key audit matter given that the value of the shares of subsidiaries and associates without market price is material on the balance sheet.	Our audit procedures related to this key audit matter included the following, among others: • Assessment of the design and operating effectiveness of the relevant controls over the investments in subsidiaries and affiliates to address the appropriateness of the substantial value calculated by management in accordance with the internal policies, including review and approval. In addition, the assessment of accuracy and completeness of the financial information of significant subsidiaries used in the controls. • Valuation of the reliability regarding the financial information of significant subsidiaries used as a basis of calculating the net assets per share, by examining the audit procedures and audit results of respective subsidiaries performed by their auditors. • Examination of the appropriateness of management's valuation of the shares of subsidiaries and associates by comparing the cost with the substantial value of respective subsidiaries and associates.

Responsibilities of Management and Statutory Auditors and the Board of Statutory Auditors for the Nonconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the nonconsolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of nonconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the nonconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Statutory Auditors and the Board of Statutory Auditors are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Nonconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the nonconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these nonconsolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the nonconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the nonconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the nonconsolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the nonconsolidated financial statements, including the disclosures, and whether the nonconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Statutory Auditors and the Board of Statutory Auditors 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 Statutory Auditors and the Board of Statutory Auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

<u>Notes to the Readers of Independent Auditor's Report</u>

This is an English translation of the independent auditor's report as required by the Financial Instruments and Exchange Act of Japan for the conveniences of the reader.

Internal Control Report

1. Basic framework of internal control in connection with financial reporting

Chairman, President and CEO Tadashi Yanai and Chief Financial Officer Takeshi Okazaki hold responsibility for the preparation and management of internal controls in connection with financial reporting for the Company, its consolidated subsidiaries and associates (hereinafter, the "Group"). The preparation and management of internal controls in connection with financial reporting are conducted in accordance with the basic framework of internal controls described in the "On the Setting of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting - Council Opinions", published by the Business Accounting Council.

The basic elements of our internal controls are organically interconnected, and function as a single whole. Our aim is to achieve their purposes within a reasonable range. For this reason, these internal controls on financial reporting may not completely prevent or discover all misstatements in the financial reports.

2. Scope of evaluation, book-close dates, and evaluation procedures

The internal control evaluation of our financial reports was made on 31 August 2021, which was the last day of the fiscal year under review. This evaluation was made using generally accepted internal control evaluation standards for financial reports.

This evaluation was started with an evaluation of internal controls that have a significant influence on our consolidated financial reports as a whole (company-wide internal controls). The operational processes to be evaluated were selected on the basis of this evaluation. In the evaluation of these operational processes, the selected operational processes were analyzed, and the key points of internal controls that might have a significant influence on the credibility of financial reports were categorized. Then, the status of preparation and operation was evaluated in terms of these key points of internal controls to determine the effectiveness of the internal controls.

The scope of the evaluation of the internal controls on financial reporting is of great importance, both fiscally and qualitatively, for the credibility of the Group's financial reports. The methods and procedures employed are:

Based on the principle that the operational procedures for the entire Company's internal controls, accounts, and financial reports should best be evaluated from a company-wide perspective, these evaluations are performed for the Group as a whole. However, because some consolidated subsidiaries are very small, both fiscally and qualitatively, they are not included within the scope of the evaluation.

Regarding operational procedures, based on the results of the company-wide evaluation of internal controls, and as an indicator of sales (adjusted to exclude intra-group sales) for each of our businesses in the fiscal year under review, those businesses that make up roughly two-thirds of consolidated sales in the fiscal year under review are designated "important businesses. " The selected important businesses are evaluated in terms of broad indicators such as sales, accounts receivable, inventories and other operational procedures. Next, the impact on the Group's financial reports is calculated. Those operational procedures that are of particular importance are added to the evaluation process.

3. Results of evaluation

Based on the evaluation results discussed above, it was determined that the Group's internal controls on financial reports were effective as at the end of the fiscal year under review.

4. Additional items

None

5. Special items

None

Confirmation Note

1. The Company's Chairman, President and CEO Tadashi Yanai and Chief Financial Officer Takeshi Okazaki have reviewed the contents of the financial reports for the Company's 60th fiscal year (1 September 2020 – 31 August 2021), and confirm they are true, based on the Financial Instruments and Exchange Law.

2. Special items
   None