FAST RETAILING

FAST RETAILING CO., LTD.
迅 銷 有 限 公 司

Year-end Report 2021/22

2021.9.1-2022.8.31

Stock Code: 6288

Contents

1. Corporate Information

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

Executive Directors
Takeshi Okazaki
Kazumi Yanai
Koji Yanai

Independent Non-executive Directors
Nobumichi Hattori
Masaaki Shintaku
Takashi Nawa (retired on 24 November 2022)
Naotake Ono
Kathy Mitsuko Koll (aka Kathy Matsui)
Joji Kurumado (appointed on 24 November 2022)
Yutaka Kyoya (appointed on 24 November 2022)

Board of Statutory Auditors
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")				
	57th Year	58th Year	59th Year	60th Year	61st Year
Accounting Period	Year ended 31 August 2018	Year ended 31 August 2019	Year ended 31 August 2020	Year ended 31 August 2021	Year ended 31 August 2022
Revenue (Millions of yen)	2,130,060	2,290,548	2,008,846	2,132,992	2,301,122
Operating profit (Millions of yen)	236,212	257,636	149,347	249,011	297,325
Profit before income taxes (Millions of yen)	242,678	252,447	152,868	265,872	413,584
Profit attributable to owners of the Parent (Millions of yen)	154,811	162,578	90,357	169,847	273,335
Comprehensive income attributable to owners of the Parent (Millions of yen)	165,378	140,900	110,134	215,309	554,833
Equity attributable to owners of the Parent (Millions of yen)	862,936	938,621	956,562	1,116,484	1,561,652
Total assets (Millions of yen)	1,953,466	2,010,558	2,411,990	2,509,976	3,183,762
Equity per share attributable to owners of the Parent (Yen)	8,458.52	9,196.61	9,368.83	10,930.42	15,281.90
Basic earnings per share for the year (Yen)	1,517.71	1,593.20	885.15	1,663.12	2,675.30
Diluted earnings per share for the year (Yen)	1,515.23	1,590.55	883.62	1,660.44	2,671.29
Ratio of equity attributable to owners of the Parent to total assets (%)	44.2	46.7	39.7	44.5	49.1
Ratio of profit to equity attributable to owners of the Parent (%)	19.4	18.0	9.5	16.4	20.4
Price earnings ratio (times)	34.1	39.1	71.5	43.6	30.6
Net cash generated by operating activities (Millions of yen)	176,403	300,505	264,868	428,968	430,817
Net cash (used in) / generated by investing activities (Millions of yen)	(57,180)	(78,756)	(75,981)	(82,597)	(212,226)
Net cash (used in) / generated by financing activities (Millions of yen)	198,217	(102,429)	(183,268)	(302,985)	(213,050)
Cash and cash equivalents at end of year (Millions of yen)	999,697	1,086,519	1,093,531	1,177,736	1,358,292
Number of employees:	52,839	56,523	57,727	55,589	57,576
(Separate, average number of temporary employees)	(71,840)	(80,758)	(70,765)	(63,136)	(56,113)

(Notes) FAST RETAILING CO., LTD and its consolidated subsidiaries (the "Group") prepare the consolidated financial statements in accordance with IFRS.

B. Non-Consolidated Financial Summary

Term	57th Year	58th Year	59th Year	60th Year	61st Year
Accounting period	Year ended 31 August 2018	Year ended 31 August 2019	Year ended 31 August 2020	Year ended 31 August 2021	Year ended 31 August 2022
Operating revenue (Millions of yen)	193,044	184,910	156,356	278,605	283,165
Ordinary profit (Millions of yen)	139,660	106,000	78,211	208,221	295,957
Net profit (Millions of yen)	122,158	106,113	62,422	175,286	258,203
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)	463,229	521,706	538,954	667,569	877,273
Total assets (Millions of yen)	993,413	1,054,758	1,063,356	1,100,398	1,362,278
Equity per share (Yen)	4,489.50	5,053.07	5,207.74	6,463.08	8,508.57
Dividends per share (Figures in parentheses indicate interim dividends) (Yen)	440.00 (200.00)	480.00 (240.00)	480.00 (240.00)	480.00 (240.00)	620.00 (280.00)
Basic net profit per share (Yen)	1,197.59	1,039.87	611.50	1,716.37	2,527.19
Diluted net profit per share (Yen)	1,195.63	1,038.14	610.44	1,713.61	2,523.41
Equity ratio (%)	46.1	48.9	50.0	60.0	63.8
Earnings on equity (%)	29.4	21.8	11.9	29.4	33.8
Price earnings ratio (Times)	43.3	59.5	103.5	42.3	32.4
Dividend ratio (%)	36.7	46.2	78.5	28.0	24.5
Number of employees: (Separate, average number of temporary employees) (Persons)	1,345 (267)	1,389 (11)	1,589 (8)	1,617 (10)	1,698 (12)
Total shareholder return (%) (Compared with TOPIX Total Return Index) (%)	166.0 (109.6)	200.7 (97.8)	205.5 (107.3)	236.4 (132.8)	268.4 (136.2)
Highest share price (Yen)	54,510	70,230	70,180	110,500	88,230
Lowest share price (Yen)	30,000	47,040	39,910	62,860	54,310

(Notes) 1. 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.

2. The highest and lowest share prices were recorded on the Tokyo Stock Exchange (Prime Market) on and after April 4, 2022, and prior to that, on the Tokyo Stock Exchange (1st Section).

3. The Company has applied standards such as the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) from the beginning of the current fiscal year, and has applied relevant major management indices and other indicators for the current fiscal year after the aforementioned standards have been applied.

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.
March 2001	Fast Retailing establishes the Social Contribution Office.
September 2001	FAST RETAILING (U.K) LTD. opens first four UNIQLO stores in London.
December 2001	Starts providing clothing support to Afghan refugees.
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.
May 2004	Starts monitoring working environments at partner factories.
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.
December 2005	Fast Retailing Establishes Group CSR Department.
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.

Date	Summary
March 2006	Establishes G.U. CO., LTD. to manage a new brand of less expensive casual clothing to follow UNIQLO.
September 2006	Starts All-Product Recycling Campaign (which becomes RE.UNIQLO from 2020).
November 2006	UNIQLO Soho New York Store opens as the brand’s first global flagship store.
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 agrees to conclude a global partnership with the United Nations High Commissioner for Refugees (UNHCR) to strengthen All-Product Recycling Campaign and other activities.
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 (closed in 2021).
March 2012	UNIQLO Ginza Store opens in Tokyo as a global flagship store.
June 2012	First UNIQLO Philippines store opens in Manila.
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.
April 2014	First UNIQLO Australia store opens in Melbourne.
April 2014	First UNIQLO Germany store opens in Berlin, Tauenzienstrasse as a global flagship store.
October 2014	UNIQLO global flagship store, UNIQLO OSAKA, opens.
July 2015	Fast Retailing joins the Fair Labor Association (FLA).
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.
November 2016	Changes the name of the CSR Department to the Sustainability Department
February 2017	UNIQLO CITY TOKYO Ariake Office opens. UNIQLO product and commercial functions moved from Roppongi Office to Ariake Office.
February 2017	Publishes a list of major garment factories.
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.
November 2018	Signs the United Nations Global Compact.
November 2018	Publishes a list of major materials factories.
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.
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.
October 2021	Reopens the newly refurbished UNIQLO Mingyao global flagship store under the new name of UNIQLO TAIPEI store.
November 2021	UNIQLO global flagship store, UNIQLO Beijing Sanlitun, opens in Mainland China.
December 2021	Establishes FY2030 sustainability targets and action plan.
March 2022	Provides US$10 million and 200,000 items, including blankets and HEATTECH clothing, to UNHCR to help support humanitarian aid for evacuees in Ukraine and surrounding countries.
April 2022	Company listing moves to the Tokyo Stock Exchange Prime Market.

B. Our Business

The Group consists of FAST RETAILING CO., LTD. (the "Company", the "Parent", or the "Reporting entity"), 128 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."

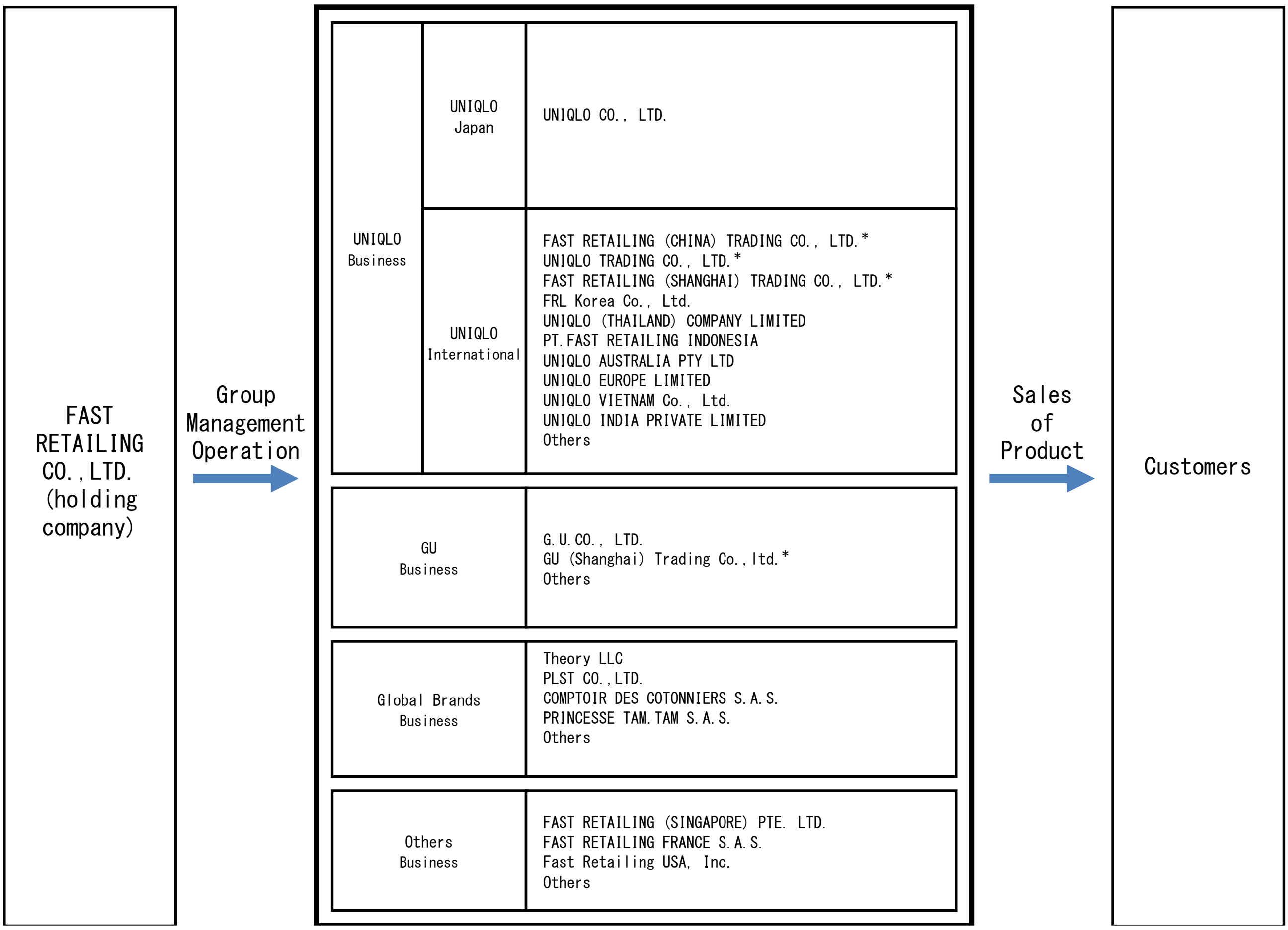
Category	Company name	Reportable Segment
Holding company	FAST RETAILING CO., LTD.	Others
Major Consolidated subsidiaries	UNIQLO CO., LTD.	UNIQLO Japan
	FAST RETAILING (CHINA) TRADING CO., LTD.*	UNIQLO International
	UNIQLO TRADING CO., LTD.*	UNIQLO International
	FAST RETAILING (SHANGHAI) TRADING CO., 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 (108 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 Loans
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	THB1,500,000	UNIQLO International	75.0% (75.0%)	-
PT. FAST RETAILING INDONESIA	Jakarta, Republic of Indonesia	IDR115,236,000	UNIQLO International	75.0% (75.0%)	Concurrent directorships
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	USD3,790,621	Others	100.0%	Concurrent directorships Loan guarantees
UNIQLO EUROPE LIMITED	London, United Kingdom	GBP40,000	UNIQLO International	100.0%	Concurrent directorships Loan guarantees
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 Loans
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 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%	Concurrent directorships 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 (108 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. and FAST RETAILING (CHINA) TRADING CO., LTD. are greater than 10% of consolidated revenue. Key elements of profit / loss and financial position for the year ended 31 August 2022 are as below.

UNIQLO CO., LTD.

(1) Revenue	810,261 million yen
(2) Profit before income taxes	133,844 million yen
(3) Profit for the year	91,161 million yen
(4) Total equity	264,918 million yen
(5) Total assets	892,420 million yen

FAST RETAILING (CHINA) TRADING CO., LTD.

(1) Revenue	399,863 million yen
(2) Profit before income taxes	61,286 million yen
(3) Profit for the year	46,114 million yen
(4) Total equity	216,335 million yen
(5) Total assets	331,057 million yen

D. Employees

(a) The Group

As at 31 August 2022

Name of segment	Number of employees	
UNIQLO Japan	12,698	(25,261)
UNIQLO International	33,424	(18,443)
GU	5,060	(11,633)
Global Brands	3,399	(605)
Total for reportable segments	54,581	(55,942)
Others	1,297	(159)
All companies (shared)	1,698	(12)
Total	57,576	(56,113)

(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 2022

Number of employees		Average age	Average number of years with the Company	Average annual wages (thousands of yen)
1,698	(12)	38 years old and 0 months	4 years and 9 months	9,594

(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 (25 November 2022).

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. Over the past one-two years, the structure of the global economy and people's values have changed considerably. Instead of demanding clothes for dressing up, customers are looking for 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.

We are convinced that pursuing clothes creation that prizes our LifeWear concepts will not only lead to further business growth but will help build a sustainable society. As part of the LifeWear creation process, we seek to realize manufacturing systems with low environmental impact by thoroughly eliminating greenhouse gas emissions and waste products from all processes spanning the production through to the transportation and sale of our clothes, and to build a supply chain that considers human rights so that our customers can feel reassured when buying our clothes. We are also developing new services and technologies that facilitate the continued utilization of LifeWear through reuse and recycling and enable us to take responsibility for clothes even after they are sold. We also intend to globally expand the social contribution we make through our business as well as our diversity initiatives so that we can help resolve increasingly complex social issues.

Our ultimate aim is to pursue these initiatives and become the world's No. 1 clothing brand that is loved by customers the world over. To achieve this goal, we intend to prioritize and focus management resources on responding to customer needs and creating new customers diversifying our global earnings pillars, and promoting sustainability in conjunction with our business.

Issues We Need to Address

(1) Responding to Customer Needs and Creating New Customers

Strengthen customer-oriented product manufacturing

We aim to become a true digital consumer retailing company that enables customers to immediately buy the clothes they really want when they want them. We intend to utilize our global app membership base and our store network to directly connect with customers worldwide so we can develop products based on customer feedback and build product ranges tailored to individual regions.

Promote supply chain reform

We collect and analyze customer feedback and refine our product planning, volume planning, and inventory control. We are working to further reduce lead times on additional production by stockpiling core materials and using charter flights. We are also pursuing overall supply chain reforms by introducing automated warehouses on a global scale and improving distribution efficiency.

Facilitate new purchasing experiences

We are building a new purchasing experience that fuses our physical stores and e-commerce network so that customers can buy all the things they want whenever and wherever they want, and can have those products delivered to their desired location. In addition to centrally managing all inventory, we are establishing a system to respond to various forms of purchase and delivery. We are also strengthening our e-commerce information conveyance systems to create a solid foundation for communicating with customers.

(2) Diversifying Our Global Earnings Pillars

Seeking rapid leap forward for UNIQLO on a global scale

UNIQLO International is the driver of Group growth. We intend to accelerate new store openings and maintain high levels of growth in the Greater China region and the Southeast Asia & Oceania region, where we are already building a strong brand position. We aim to expand our operations in North America and Europe by creating product lineups that suit local customer needs, accelerating new store openings, and expanding e-commerce.

Continued stable growth for UNIQLO business in Japan

We are aiming to ensure stable revenue growth at UNIQLO Japan by optimizing our store network through our scrap and build policy of replacing smaller, less profitable stores with better located ones, thoroughly pursuing community-focused local store management, and developing product lineups and services designed to satisfy local demand. We will maintain high profit margins by controlling discounting, appealing the value of our products, and improving operational efficiency.

Get GU back on a strong growth trajectory

We aim to renew GU's strong growth by refining the brand's power to provide fashion fun at amazingly low prices. We intend to focus on developing products that capture mass fashion trends, improving the accuracy of production planning, and establishing production systems that offer shorter lead times so that we can develop even more competitive products at even lower prices. We will accelerate new store openings in Japan while also opening stores in international markets.

(3) Promoting Sustainability in Conjunction With Our Business

Respect human rights across the supply chain

We will enhance efforts to address issues relating to human rights violations in the supply chain, working environments, and environmental protection. In addition to our garment and material partner factories, where we have already established regular monitoring mechanisms, we also expect to complete monitoring at spinning mills within the year. We publish a list of all garment and material factories with which we do continuous business, as well as factories to which garment factories outsource some of their processing (such as washing and printing) in order to increase transparency. Going forward, we intend to establish even greater traceability right back to the raw material level.

Promote more refugee support and other social contribution activities

In 2022, we donated 10 million US dollars (approximately 1.15 billion yen) to UNHCR, which is providing emergency humanitarian assistance in Ukraine and surrounding areas, and approximately 100,000 items of UNIQLO winter clothing and other products. Our operations in Germany and the Netherlands have also launched employment programs for displaced persons from Ukraine. We intend to continue actively supporting people in difficult situations in all countries and regions around the world.

Address climate change

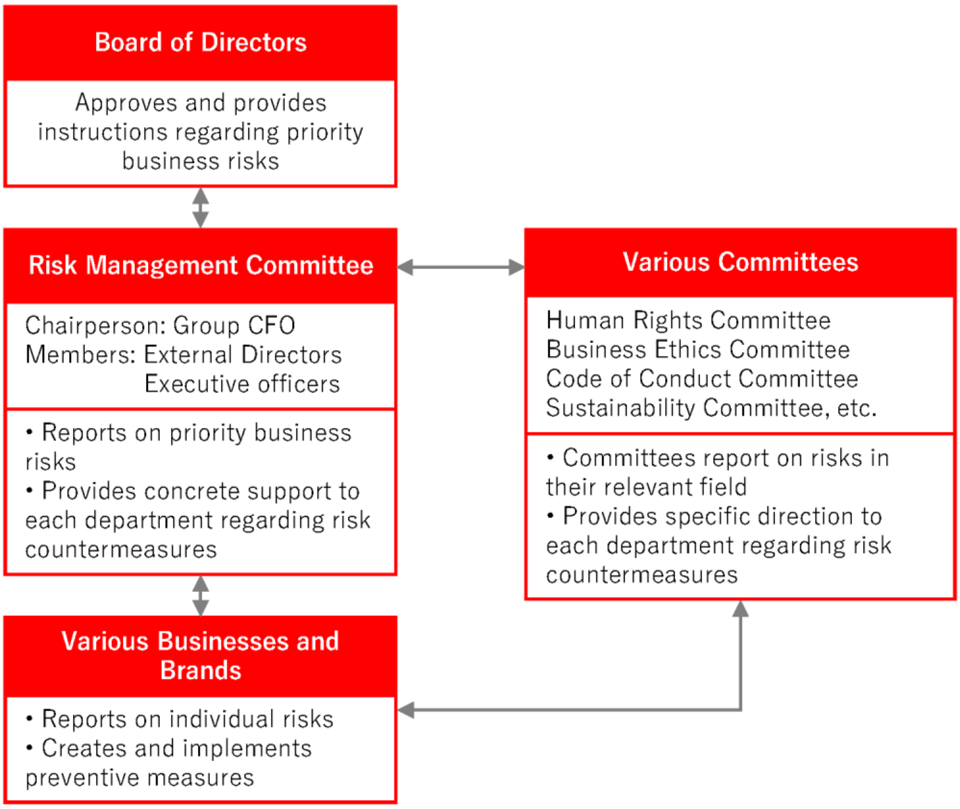
We have set FY2030 targets and are pursuing initiatives designed to help our overall mission to reduce GHG emissions to net zero by 2050. At our own facilities (stores and offices), we are accelerating the creation of environment-conscious stores by introducing renewable energy and installing solar panels, etc. Across the broader supply chain, we are expanding the number of products made from recycled materials with low CO2 emissions, and working with partner factors to reduce CO2 emissions.

B. Risk

(1) Policy

We believe that preventing and appropriately managing apparent and potential risks, in addition to anticipating unexpected risks such as large-scale disasters and leaks of customer information, is essential for sustainable business growth. Therefore, we regularly identify potential risks in our business activities, pinpoint critical risks, and constantly make improvements to our management system for said risks.

The Risk Management Committee has been established directly under the Board of Directors. Chaired by the Group CFO, the Risk Management Committee centrally manages risk for the entire company. The Risk Management Committee analyzes and evaluates how much and how often a risk impacts on business, and discusses countermeasures starting with the most significant risks with the aim of keeping them in check before they can occur. 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
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 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 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 in December 2021, we made disclosures in accordance with the TCFD proposals.

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.
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.
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 COVID19 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.
Information security risks	· If sensitive information such as customer	· In order to ensure that confidential

	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.	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.	・ Fast Retailing Group's human rights policy is based on our view that our most important responsibility is to respect the basic human rights of all people affected by the Group's 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 established a Human Rights Committee as an advisory and supervisory function, and we prevent human rights violations through implementing human rights due diligence, human rights training, and points of contact for reporting. ・ Led by our Sustainability Department, we are committed to maintaining and improving suitable working environments with regard to our supply chain, 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 procurement level 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 as necessary, 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
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

Analysis of Business Results for the year ended 31 August 2022

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

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

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

We are working especially hard at UNIQLO International, as the pillar operation of the Fast Retailing Group, to accelerate new store openings in all markets and to strengthen our e-commerce operations. We aim to continue to expand our operations in the Greater China region (Mainland China market, Hong Kong market, and Taiwan market) and the South Asia, Southeast Asia & Oceania region (Southeast Asia, Australia, and India), where we hope to further strengthen our already established brand position.

Our operations in the North America and Europe regions have moved into the black thanks to considerable improvements in earnings structures over the past year. Our aim going forward is to further expand operations in those regions by strengthening our marketing and inspiring deeper understanding and loyalty towards LifeWear clothing. We also intend to create clothes that prize LifeWear concepts in order to build a sustainable society. We will continue to pursue our ultimate goals of creating high-quality, long-lasting clothes, clothes with a low environmental impact that are produced in healthy and safe working environments, and clothes that can be further circulated, even after purchase, through recycling and reuse.

UNIQLO Japan

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

UNIQLO International

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

Breaking down the UNIQLO International performance into individual regions and markets, with the exception of the Greater China region, which was heavily impacted by COVID-19 restrictions on movement, all operations achieved significant increases in both revenue and profit for the year. The Greater China region reported revenue of 538.5 billion yen (+1.2% year-on-year) and operating profit of 83.4 billion yen (−16.8% year-on-year). However, sales recovered once the restrictions on movement were eased, resulting in higher revenue and a large increase in profit in the fourth quarter from June to August 2022. UNIQLO South Korea reported increases in full-year revenue and profit. UNIQLO S/SE Asia & Oceania reported large increases in both revenue and profit, with revenue rising by approximately 60% year-on-year to approximately 240.0 billion yen, the operating profit margin improving sharply to approximately 19%, and operating income more than tripling. A recovery in customers' going-out needs plus some proactive marketing on our part helped further boost support among for the UNIQLO brand among local customers and increase the number of new customers. UNIQLO North America achieved a large increase in revenue, a move into the black, and an operating profit margin just below 10% for fiscal 2022. We were able to gradually establish a firmer UNIQLO presence and greatly extend sales thanks to better conveyance of information about core products and stronger branding.

UNIQLO Europe (excluding Russia) achieved a large increase in revenue, a move into the black, and an operating profit margin of approximately 12% in fiscal 2022. The region is enjoying greater support for UNIQLO's LifeWear concept and a rise in the number of new customers, and sales are proving strong especially in the regional flagship stores that we are opening in major European cities. Our operation in Russia remains closed, resulting in a large decline in revenue and an operating loss for the year following the recording of impairment losses. However, the impact of this operation on consolidated results is limited.

GU

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

Global Brands

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

Sustainability

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

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

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

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

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

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

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

(b) Cash Flow Information

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

(Operating Cash Flows)

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

(Investing Cash Flows)

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

(Financing Cash Flows)

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

(2) Summary of Revenue and Purchasing

(a) Revenue by division

Division	Year ended 31 August 2021 (From 1 September 2020 to 31 August 2021)		Year ended 31 August 2022 (From 1 September 2021 to 31 August 2022)	
	Revenue (Millions of yen)	Percentage of total (%)	Revenue (Millions of yen)	Percentage of total (%)
Men's clothing	339,399	15.9	347,504	15.1
Women's clothing	353,774	16.6	349,723	15.2
Children's & babies' clothing	67,790	3.2	63,902	2.8
Goods and other items	51,858	2.4	31,629	1.4
Total sales of UNIQLO Japan	812,822	38.1	792,759	34.5
Franchise-related income & alteration charges	29,806	1.4	17,501	0.8
Total UNIQLO Japan operations	842,628	39.5	810,261	35.2
UNIQLO International operations	930,151	43.6	1,118,763	48.6
Total UNIQLO operations	1,772,780	83.1	1,929,024	83.8
GU operations	249,438	11.7	246,055	10.7
Global Brands operations	108,204	5.1	123,162	5.4
Other operations	2,569	0.1	2,880	0.1
Total	2,132,992	100.0	2,301,122	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), and PRINCESSE TAM. TAM operations (selling of the PRINCESSE TAM. TAM and other brands clothing). For J Brand Inc, which had been included in Global Brands operations for the year ended 31 August 2021, the corporate liquidation proceeding has been completed on 5 August 2021.

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

6. E-commerce revenue from UNIQLO Japan

Fiscal year ended 31 August 2021: 126,921 million yen;

Fiscal year ended 31 August 2022: 130,918 million yen.

(b) Sales per unit

Summary		Year ended 31 August 2022 (From 1 September 2021 to 31 August 2022)	Year-on-year change (%)
Revenue		1,780,604 million yen	110.2
Sales per m^2	Sales floor area (average)	2,763,018 m^2	106.3
	Sales per m^2 (yearly)	644 thousand yen	103.6
Sales per employee	Number of employees (average)	92,066 persons	93.9
	Sales per employee (yearly)	19,340 thousand yen	117.3

(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.

(c) Purchases

By product category	Year ended 31 August 2022 (From 1 September 2021 to 31 August 2022)		
	Purchases (Millions of yen)	Year-on-year change (%)	Percentage of total (%)
Men's clothing	196,304	111.5	16.6
Women's clothing	185,997	101.3	15.7
Children's & babies' clothing	34,769	93.9	2.9
Goods and other items	15,253	51.0	1.3
Total UNIQLO Japan operations	432,324	101.3	36.5
UNIQLO International operations	556,431	127.2	46.9
Total UNIQLO operations	988,756	114.4	83.4
GU operations	133,388	99.5	11.3
Global Brands operations	63,178	166.2	5.3
Total	1,185,323	114.4	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), and PRINCESSE TAM. TAM operations (selling of the PRINCESSE TAM. TAM and other brands clothing). For J Brand Inc, which had been included in Global Brands operations for the year ended 31 August 2021, the corporate liquidation proceeding has been completed 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.

(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 2022

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 1.3582 trillion yen at the end of the consolidated fiscal year under review, against revenue of 2.3011 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 and 370 billion yen of bonds as at 31 August 2022 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 ended August 2023, across the whole Group we plan to invest 41.9 billion yen in launching new stores, and 53.3 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. We have been able to ensure sufficient liquidity without the need for additional external funding due to 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.

D. Major Contracts

Not applicable.

E. Research and Development

Not applicable.

5. Capital Expenditures

A. Capital Expenditures

UNIQLO Japan opened 49 new stores. UNIQLO International opened 92 stores in the Greater China, 2 in South Korea, 2 in Singapore, 4 in Malaysia, 6 in Thailand, 8 in the Philippines, 9 in Indonesia, 1 in Australia, 4 in Vietnam, 1 in India, 2 in Canada, 1 in United Kingdom, 3 in France, and 6 in Russia. GU opened 24 new stores. In addition, Global Brands opened 27 new stores.

As a result, the Group's capital expenditure decreased by 14.1 billion yen year-on-year in fiscal 2022 to 86.5 billion yen. That figure can be broken down into 21.5 billion yen for UNIQLO Japan, 24.6 billion for UNIQLO International, 4.8 billion yen for GU, 1.3 billion yen for Global Brands, and 34.2 billion yen for systems, etc. We continue to invest in automated warehousing in addition to opening new stores.

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 2022, 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	707	−	−	135	1,890	44
	Commercial establishments	Chuo-ku, Fukuoka City, etc.	-	-	56	1,564	1,309	1,638	4,569	-
	Others		29,308.87	76	17,011	99,204	5,107	5,715	127,114	1,654

(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	16,904	65,367	26,966	2,637	112,325	9,221
	UNIQLO Japan, others		19,960.76	353	7,183	35,511	3,982	18,922	66,024	3,477
	Total for UNIQLO Japan		22,551.82	803	24,088	100,879	30,948	21,629	178,350	12,698
G.U. CO., LTD.	Stores in Japan, etc.	Yamaguchi City, Yamaguchi Prefecture, etc.	-	-	10,340	15,145	9,487	1,262	37,151	4,624
LINK THEORY JAPAN CO., LTD.	Stores in Japan, etc.	Yamaguchi City, Yamaguchi Prefecture, etc.	-	-	239	415	199	43	866	870
PLST CO., LTD.	Stores in Japan, etc.	Yamaguchi City, Yamaguchi Prefecture, etc.	-	-	423	593	890	64	1,932	670

(3) Overseas subsidiaries

Company name	Type of facility	Location	Area (m²)	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	-	-	23,269	14,852	5,292	11,826	55,190	13,784
UNIQLO TRADING CO., LTD.	UNIQLO International store, etc.	Shanghai, PRC	-	-	967	1,805	447	482	3,703	861
FAST RETAILING (Shanghai) TRADING CO., LTD	UNIQLO International store, etc.	Shanghai, PRC	-	-	1,385	2,049	326	359	4,121	465
FRL Korea Co., Ltd.	UNIQLO International store, etc.	Seoul, South Korea	-	-	2,028	2,034	4,575	641	8,353	1,336
FAST RETAILING (SINGAPORE) PTE. Ltd.	Office, etc.	Republic of Singapore	-	-	-	113	14	0	127	3
UNIQLO (THAILAND) COMPANY LIMITED	UNIQLO International store, etc.	Bangkok, Kingdom of Thailand	-	-	1,631	1,090	1,352	1,160	5,216	1,397
PT. Fast Retailing Indonesia	UNIQLO International store, etc.	Jakarta, Indonesia	-	-	2,436	1,902	519	1,267	6,126	1,852
UNIQLO Australia Pty Ltd.	UNIQLO International store, etc.	Melbourne, Australia	-	-	2,472	14,445	6	5,779	22,699	796
Fast Retailing USA, Inc.	Office, etc.	New York, U.S.A.	-	-	5,117	50,318	499	8,334	64,270	1,937
UNIQLO EUROPE LIMITED	UNIQLO International store	London, United Kingdom	-	-	13,822	27,091	513	2,867	44,262	2,961
UNIQLO VIETNAM CO., LTD.	UNIQLO International store, etc.	Ho Chi Minh, Vietnam	-	-	2,577	1,436	130	999	5,143	821
UNIQLO INDIA PRIVATE LIMITED	UNIQLO International store, etc.	New Delhi, Republic of India	-	-	1,523	1,360	212	359	3,445	302
GU (Shanghai) Trading Co., Ltd.	International store, etc.	Shanghai, PRC	-	-	141	217	86	36	469	90
Fast Retailing France S.A.S.	Office, etc.	Paris, France	-	-	-	96	27	603	727	258
COMPTOIR DES COTONNIERS S.A.S.	International store, etc.	Paris, France	-	-	266	720	270	60	1,317	282
PRINCESSE TAM.TAM S.A.S.	International store, etc.	Paris, France	-	-	166	540	153	71	931	193

(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.
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 2022. 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 for the year ending 31 August 2023 (1 September 2022 – 31 August 2023) are as follows.

Segment	Capital investment (Millions of yen)	Details of investment
UNIQLO Japan	21,931	New store openings, warehouses, etc. (approx. 40 stores)
UNIQLO International	34,796	New store openings, warehouses, etc. (approx. 195 stores)
GU	6,335	New store openings, etc. (approx. 50 stores)
Global Brand Business	1,691	New store openings, etc. (approx. 25 stores)
Others	30,517	IT-related investments, warehouses, etc.
Total	95,272	

(Notes) It is expected that the Group will be able to meet its funding needs from equity capital, corporate bonds, borrowings, finance leases, 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	Ichikawashiohama DC Warehouses	Japan Chiba	16,480	4,788	February 2022	September 2022	117,030	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. 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 2022.

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 2022 (shares)	Number of shares issued as at submission date (shares) (25 November 2022)	Name of financial instrument exchange of listing or authorized financial instruments firms association	Details
Common stock	106,073,656	106,073,656	Prime Market 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 2022). 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 2022) on the submission date are shown in brackets [ ].

(i) Share subscription rights A type

	3rd	4th	5th
Resolution date	11 October 2012	10 October 2013	9 October 2014
Class and number of recipients	Employees of the Company: 18 Employees of the Group subsidiaries: 8	Employees of the Company: 19 Employees of the Group subsidiaries: 11	Employees of the Company: 36 Employees of the Group subsidiaries: 16
Number of stock options (Shares)	1,584 [322]	1,392 [1,392]	6,791 [6,791]
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)	1,584 [322]	1,392 [1,392]	6,791 [6,791]
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 13 November 2015 to 12 November 2022	From 3 December 2016 to 2 December 2023	From 14 November 2017 to 13 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: 15,222 Paid-in capital: 7,611	Issue price: 37,110 Paid-in capital: 18,555	Issue price: 42,377 Paid-in capital: 21,188
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

	6th	7th	8th
Resolution date	8 October 2015	13 October 2016	12 October 2017
Class and number of recipients	Employees of the Company: 15 Employees of the Group subsidiaries: 19	Employees of the Company: 16 Employees of the Group subsidiaries: 23	Employees of the Company: 19 Employees of the Group subsidiaries: 27
Number of stock options (Shares)	848 [848]	968 [968]	2,905 [2,905]
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)	848 [848]	968 [968]	2,905 [2,905]
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 13 November 2018 to 12 November 2025	From 11 November 2019 to 10 November 2026	From 10 November 2020 to 9 November 2027
Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen)	Issue price: 45,658 Paid-in capital: 22,829	Issue price: 34,684 Paid-in capital: 17,342	Issue price: 37,648 Paid-in capital: 18,824
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

	9th	10th	11th
Resolution date	11 October 2018	10 October 2019	15 October 2020
Class and number of recipients	Employees of the Company: 17 Employees of the Group subsidiaries: 32	Employees of the Company: 11 Employees of the Group subsidiaries: 46	Employees of the Company: 18 Employees of the Group subsidiaries: 47
Number of stock options (Shares)	2,728 [2,485]	2,979 [2,864]	1,870 [1,803]
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)	2,728 [2,485]	2,979 [2,864]	1,870 [1,803]
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 9 November 2021 to 8 November 2028	From 8 November 2022 to 7 November 2029	From 13 November 2023 to 12 November 2030
Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen)	Issue price: 58,276 Paid-in capital: 29,138	Issue price: 66,059 Paid-in capital: 33,030	Issue price: 77,560 Paid-in capital: 38,780
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: 19 Employees of the Group subsidiaries: 47
Number of stock options (Shares)	2,715 [2,597]
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)	2,715 [2,597]
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	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: 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.
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 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

	3rd	4th	5th
Resolution date	11 October 2012	10 October 2013	9 October 2014
Class and number of recipients	Employees of the Company: 136 Employees of the Group subsidiaries: 615	Employees of the Company: 180 Employees of the Group subsidiaries: 706	Employees of the Company: 223 Employees of the Group subsidiaries: 785
Number of stock options (Shares)	2,039 [522]	3,545 [3,244]	6,218 [5,819]
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)	2,039 [522]	3,545 [3,244]	6,218 [5,819]
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 13 December 2012 to 12 November 2022	From 3 January 2014 to 2 December 2023	From 14 December 2014 to 13 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: 15,569 Paid-in capital: 7,785	Issue price: 37,515 Paid-in capital: 18,757	Issue price: 42,799 Paid-in capital: 21,399
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

	6th	7th	8th
Resolution date	8 October 2015	13 October 2016	12 October 2017
Class and number of recipients	Employees of the Company: 274 Employees of the Group subsidiaries: 921	Employees of the Company: 339 Employees of the Group subsidiaries: 1,096	Employees of the Company: 395 Employees of the Group subsidiaries: 1,152
Number of stock options (Shares)	6,533 [6,285]	9,378 [9,179]	16,343 [15,688]
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)	6,533 [6,285]	9,378 [9,179]	16,343 [15,688]
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 13 December 2015 to 12 November 2025	From 11 December 2016 to 10 November 2026	From 10 December 2017 to 9 November 2027
Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen)	Issue price: 46,148 Paid-in capital: 23,074	Issue price: 35,168 Paid-in capital: 17,584	Issue price: 38,133 Paid-in capital: 19,066
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

	9th	10th	11th
Resolution date	11 October 2018	10 October 2019	15 October 2020
Class and number of recipients	Employees of the Company: 419 Employees of the Group subsidiaries: 1,267	Employees of the Company: 528 Employees of the Group subsidiaries: 1,389	Employees of the Company: 694 Employees of the Group subsidiaries: 1,435
Number of stock options (Shares)	14,714 [14,260]	17,989 [17,472]	12,364 [11,880]
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)	14,714 [14,260]	17,989 [17,472]	12,364 [11,880]
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 9 December 2018 to 8 November 2028	From 8 December 2019 to 7 November 2029	From 13 December 2020 to 12 November 2030
Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen)	Issue price: 58,892 Paid-in capital: 29,446	Issue price: 66,733 Paid-in capital: 33,367	Issue price: 78,237 Paid-in capital: 39,119
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: 736 Employees of the Group subsidiaries: 1,521
Number of stock options (Shares)	21,765 [20,819]
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)	21,765 [20,819]
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	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: 73,849 Paid-in capital: 36,924
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 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

	10th	11th	12th
Resolution date	10 October 2019	15 October 2020	14 October 2021
Class and number of recipients	Employees of the Company: 40	Employees of the Company: 41	Employees of the Company: 39
Number of stock options (Shares)	3,292 [3,028]	3,603 [3,126]	3,032 [2,804]
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)	3,292 [3,028]	3,603 [3,126]	3,032 [2,804]
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	8 November 2022	13 November 2023	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: 67,685 Paid-in capital: 33,843	Issue price: 79,193 Paid-in capital: 39,597	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.	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

(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 2022

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)	-	51	35	159	852	14	5,309	6,420	-
Number of shares held (trading units)	-	348,730	36,169	84,874	198,666	17	391,327	1,059,783	95,356
Percentage of shares held (%)	-	32.91	3.41	8.01	18.75	0.00	36.93	100.00	-

(Notes) 1. The 3,883,973 shares of treasury stock include 38,839 units of shares held by individuals and others and 73 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 2022

Name or trade name	Address	Number of shares held (Thousand shares)	Percentage of total number of shares issued (%)
The Master Trust Bank of Japan, Ltd.	2-11-3 Hamamatsu-cho, Minato-ku, Tokyo	22,907	22.42
Tadashi Yanai	Shibuya-ku, Tokyo	22,037	21.57
Custody Bank of Japan, Ltd.	1-8-11 Harumi, Chuo-ku, Tokyo	11,108	10.87
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
STATE STREET BANK AND TRUST COMPANY (Standing proxy Mizuho Bank, Ltd.)	P.O. Box 351, Boston, Massachusetts, U.S.A., 02101 (2-15-1, Konan, Minato-ku, Tokyo)	2,148	2.10
Total	-	83,762	81.97

(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 13 April 2022 by Nomura Securities Co., Ltd. and Nomura Asset Management Co., Ltd., which are all as joint holders, each party was holding the shares stated below as at 7 April 2022. However, since the Company has not been able to confirm the number of shares actually held as at 31 August 2022, 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	74	0.07
Nomura Asset Management Co., Ltd.	2-2-1 Toyosu, Koto-ku, Tokyo	11,418	10.76

4. In addition to the above, 3,883,973 shares of treasury stock are held by the Company (3.66% of the total number of authorized shares).

(7) Voting Rights

(a) Shares issued

As at 31 August 2022

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 3,883,900	-	-
Shares with full voting rights (others)	Common stock 102,094,400	1,020,944	(Note 1)
Shares less than one unit	Common stock 95,356	-	(Notes 1, 2)
Total number of shares issued	106,073,656	-	-
Total number of voting rights of all Shareholders	-	1,020,944	-

(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 73 shares of treasury stock held by the Company.

(b) Treasury Stock

As at 31 August 2022

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	3,883,900	-	3,883,900	3.66
Total	-	3,883,900	-	3,883,900	3.66

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 2022	169	12,731
Treasury stock purchased from 1 September 2022 to the submission date	35	2,980

(Note) "Treasury stock purchased from 1 September 2022 to the submission date" does not include shares of less than one unit purchased between 1 November 2022 and the submission date of this report.

(4) Status of treasury stock purchased

Class	Fiscal year ended 31 August 2022		From 1 September 2022 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)	45,181	172,229	7,138	27,228
Number of Treasury shares held	3,883,973	-	3,876,870	-

(Note) The breakdown of figures for the year ended 31 August 2022 reflects the exercise of 45,181 share subscription rights, a share disposal value of 172,229 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 2022 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 340 yen per share and the interim dividend was 280 yen per share, so the annual dividend was 620 yen per share, which is an increase of 140 yen per share year on 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 14 April 2022	28,608	280
Board of Directors resolution made at the meeting held on 1 November 2022	34,744	340

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 for the year ended 31 August 2022.

7. Corporate Governance Report

A. Basic Thinking on Corporate Governance

In keeping with our corporate statement—Changing clothes. Changing conventional wisdom. Change the world—Fast Retailing is strengthening its business expansion and sustainability initiatives in tandem as it seeks to become a global No.1 brand. We strive to reduce environmental impact and ensure healthy and safe working environments when producing and selling LifeWear (ultimate everyday clothing), and to help solve various social issues. We are also focusing on expanding our e-commerce, UNIQLO International, and GU operation as key pillars for our business.

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.

Six of the ten 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 once during FY2022.

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 FY2022.

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 FY2022.

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 nine times during FY2022.

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 FY2022.

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 12 times during FY2022.

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 FY2022.

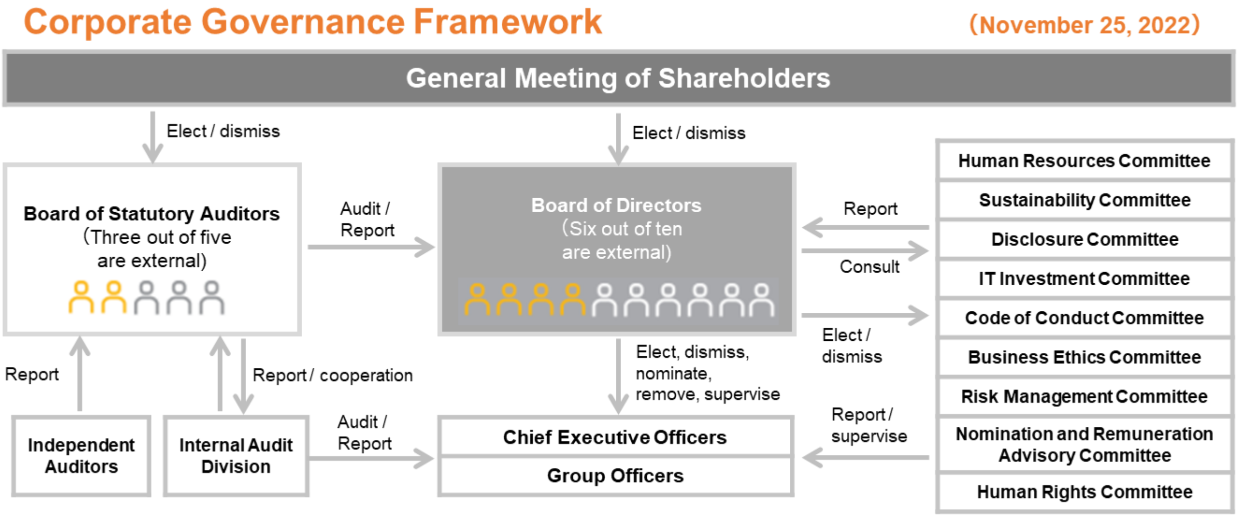
Nomination and Remuneration Advisory Committee

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 an external director appointed by the Board. All independent external directors and some independent statutory auditors participate as committee members. We believe it is important to pass on Fast Retailing's corporate philosophy and spirit as key sources of corporate growth, so the company president and representative director also participates as a committee member. The committee met twice during FY2022.

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 FY2022.

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
Executive Directors	Tadashi Yanai	Chairman		Chair	○	○	Chair				○	
	Takeshi Okazaki	○		△	○	Chair	○			Chair		○
	Kazumi Yanai	○			○							
	Koji Yanai	○			Chair							
Independent Non-executive Directors	Nobumichi Hattori	○								○	○	
	Masaaki Shintaku	○		○			△				Chair	
	Naotake Ono	○									○	
	Kathy Mitsuko Koll	○			○						○	
	Joji Kurumado	○									○	
	Yutaka Kyoya	○			○						○	
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									○		○
	Takahiro Kinoshita				○							
Executive Directors	Hidetsugu Asada									○		○
	Alisha											○
	Makoto Hoketsu						○			○		
	Yukihiro Nitta				○			○	Chair	○		○
	Shimpei Otani						○					
	Serena Peck											○
	Takahiro Tambara						○					
	Dai Tanaka						○					
	Yasuyuki Terashi							○				
	Xiaozhou Wang									○		
	Hiroyuki Uchida								○			
	Masahiro Yubisui								△			

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								○			
	Miyuki Isozaki								○			
Chairpersons of Internal Committee	General Manager of Legal Dept.					○		Chair	○	○		○
	General Manager of Public Relations Division					○						
	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 the Company and the 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: 12 persons Female: 3 persons (20.0% 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 June 1989 November 1998 October 2003 June 2005 November 2005 October 2006 April 2009 March 2015 June 2015 July 2016	Joined NISSAN MOTOR CO.,LTD. Joined Goldman Sachs and Company, Headquarters (New York) Managing Director of Goldman Sachs and Company, Headquarters (New York), and M&A Advisory of Goldman Sachs Japan Co., Ltd. Visiting Associate Professor, Graduate School of International Corporate Strategy, Hitotsubashi University External Director, Miraca Holdings Inc. (currently H.U. Group Holdings, Inc.) External Director, FAST RETAILING CO., LTD. (current) Visiting Professor, Graduate School of International Corporate Strategy, Hitotsubashi University Visiting Professor, Waseda Graduate School of Finance, Accounting and Law (current) External Auditor, Frontier Management Inc. (current) External Director, Hakuhodo DY Holdings Inc. (current) Visiting Professor, Graduate School of Business Administration, Keio University (current)	Note 4	-

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		Naotake Ono	28 October 1948	April 1971 June 2000 April 2004 April 2007 April 2011 November 2017 November 2018	Joined Daiwa House Industry Co., Ltd. Director, Daiwa House Industry Co., Ltd . Senior Managing Director, Deputy Director, Sales Division, Daiwa House Industry Co., Ltd. Representative Director and Vice President, Director, Sales Division, Daiwa House Industry Co., Ltd. Representative Director and President, Daiwa House Industry Co., Ltd. Special Consultant, Daiwa House Industry Co., Ltd. (retired as of March 2021) External Director, FAST RETAILING CO., LTD. (current)	Note 4	-

Position	Responsibilities	Name	Date of birth	Brief biography		Term of office	Number of shares held (Thousand shares)
Director		Kathy Mitsuko Koll	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)		
Director		Joji Kurumado	23 April 1956	April 1981	Joined TAKENAKA CORPORATION	Note 4	-
				January 1982	Registered, First-Class Architect		
				April 2012	General Manager of Design Division, TAKENAKA CORPORATION		
				April 2013	Executive Officer and General Manager of Design Division, TAKENAKA CORPORATION		
				May 2014	Director, Architectural Institute of Japan (AIJ Building Committee)		
				April 2015	Executive Officer in charge of design, TAKENAKA CORPORATION		
				April 2017	Managing Executive Officer, TAKENAKA CORPORATION		
				April 2022	Adviser, TAKENAKA CORPORATION (current)		
				September 2022	Adjunct and part-time teacher, Architecture Course of WASEDA UNIVERSITY (current)		
				November 2022	External Director, FAST RETAILING CO., LTD. (current)		
Director		Yutaka Kyoya	7 January 1962	April 1984	Joined Mitsubishi Corporation	Note 4	-
				April 2013	Division COO, Foods (Commodity) Division, Mitsubishi Corporation		
				May 2013	Director, Lawson		
				April 2014	Executive Officer, Division COO, Living Essential Resources Division,		

					Mitsubishi Corporation		
				November 2015	Director, OLAM INTERNATIONAL LIMITED		
				April 2016	Executive Vice President, Group CEO, Living Essential Group, Mitsubishi Corporation		
				April 2019	Executive Vice President, Group CEO, Consumer Industry Group, Mitsubishi Corporation (retired 31 March 2021)		
				June 2021	Representative Director, President and CSO, Mitsubishi Shokuhin		
				April 2022	Representative Director, President and CEO, CSO and CHO, Mitsubishi Shokuhin (current)		
				November 2022	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	1
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 August 2022	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) Chairman, President, and CEO, LINK THEORY JAPAN 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	Acquired qualification as a certified public accountant	Note 6	0
				February 1989	Japan Country Manager, Anderson Consulting (currently Accenture)		
				December 1995	President, Anderson Consulting (currently Accenture)		
				April 2003	Chairman, Accenture		
				September 2007	Senior Advisor, Accenture		
				October 2009	President, International University of Japan (IUJ)		
				June 2010	External Director, Stanley Electric Co., Ltd. (current)		
				June 2013	External Director, YAMATO HOLDINGS CO., LTD. (retired as of 23 June 2022)		
				November 2013	Deputy Vice President, IUJ		
				April 2018	Special Advisor, IUJ (current)		
				March 2019	External Director, Kirin Holdings Company, Limited (current)		
				November 2020	External Statutory Auditor, FAST RETAILING CO., LTD. (current)		
Total							31,602

(Notes) 1. Directors Nobumichi Hattori, Masaaki Shintaku, Naotake Ono, Kathy Mitsuko Koll, Joji Kurumado and Yutaka Kyoya 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 24 November 2022.

5. For a four-year term beginning at the conclusion of the Ordinary General Meeting of Shareholders on 24 November 2022.

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 six 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 Mitsuko Koll 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.

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

Six of the ten members of the Fast Retailing Board are external directors, and all of those six 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 2022, we held 14 meetings of the Board of Statutory Auditors. The attendance record for each Auditor is as follows.

Name	Number of meetings held	Attendance
Masaaki Shinjo	14	14
Masumi Mizusawa	14	14
Keiko Kaneko	14	14
Takao Kashitani	14	14
Masakatsu Mori	14	14

Key matters discussed by the Board of Statutory auditors include the current state of business and issues at UNIQLO Japan, current circumstances and issues in the production arena, and reports on the results of employee satisfaction surveys.

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 2022, six 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

5 years

(c) Name of Certified Public Accountants

Hirofumi Otani, Akira Kimotsuki

(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 21 CPAs, 6 successful Certified Public Accountant applicants and 56 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 2021 Remuneration for audit and certification duties (Millions of yen)	Year ended 31 August 2022 Remuneration for audit and certification duties (Millions of yen)
Reporting Entity	209	211
Consolidated subsidiaries	40	41
Total	249	252

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

Class	Year ended 31 August 2021		Year ended 31 August 2022	
	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	-	475	-	627
Consolidated subsidiaries	292	95	351	66
Total	292	570	351	694

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.

Year ended 31 August 2022 (1 September 2021 - 31 August 2022)
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 2022 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 25 November 2021 (the resolution covers ten directors of which six 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 26 November 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.

The amount of individual remuneration for internal directors (meaning directors who are not external directors; and the same shall apply hereinafter) shall be deliberated by the Nomination and Remuneration Advisory Committee, which consists of all external directors, based on the amount calculated in accordance with their respective prescribed calculation method. After said deliberations, the Chairman, President & CEO Tadashi Yanai shall be entrusted by the Board of Directors to make the final decision within the framework of the total amount of remuneration approved by the General Meeting of Shareholders.

The remuneration of external Directors shall be a fixed amount, and said fixed amount shall be determined by the Board of Directors.

The Board of Directors entrusts Chairman, President & CEO Tadashi Yanai with the determination of the amount of individual remuneration for each internal director. Individual remuneration is determined based on the discussions of the Nomination and Remuneration Advisory Committee, which consists of all external directors, and the Company believes that its authority is exercised appropriately.

The amount of remuneration for auditors is determined via discussion among the auditors within the confines of the maximum amount of remuneration for auditors approved at the aforementioned General Meeting of Shareholders.

(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	602	361	220	20	4
	the subsidiaries	212	140	40	31	
External directors	the Company	70	70	-	-	6
Statutory Auditors (excluding External Statutory Auditors)	the Company	36	36	-	-	3
External Statutory Auditors	the Company	40	40	-	-	3
	the subsidiaries	3	3	-	-	

(a) The performance-related remuneration figures are provisional calculations made prior to the evaluation of results for the fiscal year ended 31 August 2022 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	200	the Company	120	60	20
Director Kazumi Yanai	115	the Company	1	-	-
		Theory LLC, etc.	90	10	13

(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) The remuneration of external Directors shall be a fixed amount, and said fixed amount shall be determined by the Board of Directors.

(c) Remuneration for internal directors is made up of (1) a basic compensation component, and (2) a performance-related compensation component (short-term and long-term performance-related compensation), the details of which are described below. The method of calculation and the timing of payment of each remuneration type is discussed in the above-mentioned Nomination and Remuneration Advisory Committee and then decided by the Board of Directors.

<Basic remuneration>
The basic remuneration component is calculated according to a predefined compensation table based on each individual's grade within the Company and split into equal monthly payments. The individual grade for each internal director is discussed in the Nomination and Remuneration Advisory Committee and then decided by the Board of Directors.

<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 shareholdings 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	189
Shares other than unlisted shares	1	301

(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	1	487

(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)		
Crystal International Group Ltd.	6,465,000	18,136,500	These shares are held to try to strengthen ties in the medium-term, as a strategic partner.	No
	301	808		

(Notes) 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.

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 2021 - 31 August 2022 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 the 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 2021	As at 31 August 2022
ASSETS			
Current assets			
Cash and cash equivalents	8,30	1,177,736	1,358,292
Trade and other receivables	9,30	50,546	60,184
Other financial assets	11,30	56,157	123,446
Inventories	10	394,868	485,928
Derivative financial assets	30	27,103	124,551
Income taxes receivable		2,992	2,612
Other assets	12	15,270	23,835
Total current assets		1,724,674	2,178,851
Non-current assets			
Property, plant and equipment	13,15	168,177	195,226
Right-of-use assets	15,17	390,537	395,634
Goodwill	14	8,092	8,092
Intangible assets	14,15	66,939	76,621
Financial assets	11,30	67,122	164,340
Investments in associates accounted for using the equity method	16	18,236	18,557
Deferred tax assets	18	37,125	8,506
Derivative financial assets	30	22,552	134,240
Other assets	12,15	6,520	3,690
Total non-current assets		785,302	1,004,911
Total assets		2,509,976	3,183,762
Liabilities and equity			
LIABILITIES			
Current liabilities			
Trade and other payables	19, 30	220,057	350,294
Other financial liabilities	11,28,30	104,969	209,286
Derivative financial liabilities	30	2,493	1,513
Lease liabilities	17,28,30	117,083	123,885
Current tax liabilities		38,606	77,162
Provisions	20	2,149	2,581
Other liabilities	12	95,652	111,519
Total current liabilities		581,012	876,242
Non-current liabilities			
Financial liabilities	11,28,30	370,799	241,022
Lease liabilities	17,28,30	343,574	356,840
Provisions	20	39,046	47,780
Deferred tax liabilities	18	9,860	44,258
Derivative financial liabilities	30	1,042	44
Other liabilities	12	2,342	2,171
Total non-current liabilities		766,665	692,117
Total liabilities		1,347,678	1,568,360

(continued)

(Millions of yen)

	Notes	As at 31 August 2021	As at 31 August 2022
EQUITY			
Capital stock	21	10,273	10,273
Capital surplus	21	25,360	27,834
Retained earnings	21	1,054,791	1,275,102
Treasury stock, at cost	21	(14,973)	(14,813)
Other components of equity	21	41,031	263,255
Equity attributable to owners of the Parent		1,116,484	1,561,652
Non-controlling interests		45,813	53,750
Total equity		1,162,298	1,615,402
Total liabilities and equity		2,509,976	3,183,762

(2) Consolidated statement of profit or loss

(Millions of yen)

	Notes	Year ended 31 August 2021	Year ended 31 August 2022
Revenue	22	2,132,992	2,301,122
Cost of sales		(1,059,036)	(1,094,263)
Gross profit		1,073,955	1,206,859
Selling, general and administrative expenses	23	(818,427)	(900,154)
Other income	24	18,238	16,951
Other expenses	15,24	(25,315)	(27,391)
Share of profit and loss of associates accounted for using the equity method	16	561	1,059
Operating profit		249,011	297,325
Finance income	25	23,859	123,820
Finance costs	25	(6,998)	(7,560)
Profit before income taxes		265,872	413,584
Income tax expense	18	(90,188)	(128,834)
Profit for the year		175,684	284,750
Profit for the year attributable to:			
Owners of the Parent		169,847	273,335
Non-controlling interests		5,836	11,415
Total		175,684	284,750
Earnings per share			
Basic (Yen)	27	1,663.12	2,675.30
Diluted (Yen)	27	1,660.44	2,671.29

(3) Consolidated statement of comprehensive income

(Millions of yen)

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

(4) Consolidated statement of changes in equity

For the year ended 31 August 2021

(Millions of yen)

						Other components of equity							
	Notes	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Financial assets measured at fair value through other comprehensive income / (loss)	Foreign currency translation reserve	Cash-flow hedge reserve	Share of other comprehensive income of associates	Total	Equity attributable to owners of the Parent	Non-controlling interests	Total equity
As at 1 September 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

For the year ended 31 August 2022

(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 2021		10,273	25,360	1,054,791	(14,973)	271	9,855	30,890	13	41,031	1,116,484	45,813	1,162,298
Net changes during the year													
Comprehensive income													
Profit for the year		-	-	273,335	-	-	-	-	-	-	273,335	11,415	284,750
Other comprehensive income / (loss)	26	-	-	-	-	(41)	90,731	190,691	116	281,497	281,497	9,999	291,497
Total comprehensive income / (loss)		-	-	273,335	-	(41)	90,731	190,691	116	281,497	554,833	21,414	576,247
Transactions with the owners of the Parent													
Acquisition of treasury stock	21	-	-	-	(12)	-	-	-	-	-	(12)	-	(12)
Disposal of treasury stock	21	-	2,089	-	172	-	-	-	-	-	2,261	-	2,261
Dividends	21	-	-	(53,123)	-	-	-	-	-	-	(53,123)	(13,152)	(66,275)
Share-based payments	21	-	384	-	-	-	-	-	-	-	384	-	384
Transfer to non-financial assets		-	-	-	-	-	-	(59,174)	-	(59,174)	(59,174)	(727)	(59,902)
Transfer to retained earnings		-	-	99	-	(99)	-	-	-	(99)	-	-	-
Changes in ownership interests in subsidiaries		-	-	-	-	-	-	-	-	-	-	402	402
Total transactions with the owners of the Parent		-	2,473	(53,024)	159	(99)	-	(59,174)	-	(59,273)	(109,665)	(13,478)	(123,143)
Total net changes during the year		-	2,473	220,310	159	(140)	90,731	131,516	116	222,223	445,167	7,936	453,103
As at 31 August 2022		10,273	27,834	1,275,102	(14,813)	131	100,587	162,407	129	263,255	1,561,652	53,750	1,615,402

(5) Consolidated statement of cash flows

(Millions of yen)

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

(continued)

(Millions of yen)

	Notes	Year ended 31 August 2021	Year ended 31 August 2022
Cash flows from financing activities			
Proceeds from short-term loans payable	28	64,247	14,059
Repayment of short-term loans payable	28	(67,804)	(26,210)
Repayment of redemption of bonds	28	(100,000)	-
Dividends paid to owners of the Parent	21	(48,993)	(53,091)
Dividends paid to non-controlling interests		(2,342)	(11,623)
Repayments of lease liabilities	28	(148,248)	(136,889)
Others, net		155	705
Net cash generated by / (used in) financing activities		(302,985)	(213,050)
Effect of exchange rate changes on the balance of cash held in foreign currencies		40,818	175,015
Net increase in cash and cash equivalents		84,204	180,556
Cash and cash equivalents at the beginning of year	8	1,093,531	1,177,736
Cash and cash equivalents at the end of year	8	1,177,736	1,358,292

(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 25 November 2022 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)

We made accounting estimates involving the assumption that the impact of the global spread of COVID-19 will continue to recover for most countries and regions, including Japan. For other countries and regions, the impact may continue for mid to long term.

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 2022 is 128.

(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 2022 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, in principle, if the contractual payment due date has passed then, 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, which is when the obligation specified in the contract is either discharged, cancelled, or expired.

(3) Presentation of financial assets and financial liabilities

The balance of financial assets and financial liabilities is offset on the consolidated statement of financial position and the net amount is presented only in cases in which the Group has the right to legally enforce offsetting the balances and also intends to settle the net amount, or realize assets and settle liabilities, at the same time.

(4) Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in other comprehensive income and later reclassified to profit or loss when the hedge item affects profit or loss.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objectives and strategy for undertaking the hedge. The documentation includes identification of the specific hedging instrument, the hedged item or transaction, the nature of the risk being hedged, and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The Group has designated forward currency contracts as cash flow hedges and are accounted for as described below:

Cash flow hedges

For gains and losses on hedges, effective portions are recognized as other comprehensive income, and non-effective portions are immediately recognized as profit or loss on the Consolidated Statement of Profit or Loss.

Amounts pertaining to hedges that are included as other comprehensive income are transferred to profit or loss at the point in time when the hedged trades have an impact on profit or loss. If a transaction is planned that will generate recognition of hedged assets or liabilities of a non-financial nature, then the amount that is recognized as other comprehensive income is processed as a correction of the initial book value for the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, cumulative profit or loss amounts previously recognized in equity through other comprehensive income are reclassified as profits or losses. If the hedging instrument expires or is sold, is terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, the amounts previously recognized in equity through other comprehensive income are recorded as equity until the forecast transaction occurs or firm commitment is met.

E. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank deposits available for withdrawal on demand, and short-term, highly liquid investments due with a maturity of three months of the acquisition date or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value.

F. Inventories

Inventories are valued at the lower of cost or net realizable value; the weighted average method is principally used to determine cost. Net realizable value is based on the estimated selling price in the ordinary course of business less any estimated costs to sell.

G. Property, plant and equipment

(1) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

(2) Depreciation

Assets other than land and construction in progress are depreciated using the straight-line method over the estimated useful lives shown below:

Buildings and structures	3-35 years
Machinery and equipment	10 years
Furniture, fixtures and vehicles	5 years

The useful lives, residual values, and depreciation methods are reviewed at each reporting date, with the effect of any changes in estimates being accounted for on a prospective basis.

H. Goodwill and intangible assets

(1) Goodwill

Goodwill is stated at the carrying amount, which is the acquisition cost after deducting accumulated impairment losses. Goodwill represents the excess amount of the historical cost of an interest acquired by the Group over the net amount of the fair value of the identifiable assets acquired and liabilities assumed.

Goodwill is not amortized but is allocated to identifiable cash-generating units ("CGU") based on the geographical region where business takes place and the type of business conducted, and then tested for impairment each year or when there is an indication that it may be impaired. Impairment losses on goodwill are recognized in the consolidated statement of profit or loss and cannot be subsequently reversed in future periods.

(2) Intangible assets

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

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

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

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

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

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

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

I. Leases

(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 useful life.

L. Employee benefits

(1) Defined contribution system

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

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

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

(2) Short-term employee benefits

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

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

(3) Share-based payments

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

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

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

M. Revenue recognition

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

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

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

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

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

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

N. Income taxes

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

Current taxes are measured at the amount expected to be paid to (or recovered from) taxation authorities on taxable income or loss for the current 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

Not applicable

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 2022, 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 which are reviewed regularly by the Board of Directors (the "Board") to make decisions about the allocation of resources and to assess performance.

The Group's main retail clothing business is divided into four reportable operating segments: UNIQLO Japan, UNIQLO International, GU and Global Brands, each of which is used to frame and form the Group's strategy.

The main businesses covered by each reportable segment are as follows:

UNIQLO Japan:	UNIQLO clothing business within Japan
UNIQLO International:	UNIQLO clothing business outside of Japan
GU:	GU clothing business in Japan and overseas
Global Brands:	Theory, PLST, COMPTOIR DES COTONNIERS, and PRINCESSE TAM.TAM clothing operations

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

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 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".

Year ended 31 August 2022

(Millions of yen)

	Reportable segments				Total	Others (Note1)	Adjustments (Note2)	Consolidated Statement of Profit or Loss
	UNIQLO Japan	UNIQLO International	GU	Global Brands				
Revenue	810,261	1,118,763	246,055	123,162	2,298,242	2,880	-	2,301,122
Operating profit / (loss)	124,044	158,364	16,667	(792)	298,284	(797)	(162)	297,325
Segment income / (loss) (i.e., profit / (loss) before income taxes)	133,844	156,503	18,492	(1,212)	307,627	(867)	106,824	413,584
Other disclosure:								
Depreciation and amortization	53,555	71,358	17,940	8,361	151,217	183	28,874	180,275
Impairment losses (Note 3)	4,322	13,402	2,237	1,389	21,351	1,363	434	23,150

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

(Note 2) “Adjustments” 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 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

Year ended 31 August 2022

(1) External revenue

(Millions of yen)

Japan	PRC	Overseas (Others)	Total
1,080,807	446,063	774,251	2,301,122

(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
365,435	77,250	236,580	679,266

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 2021	As at 31 August 2022
Cash and bank balances	1,031,286	1,059,343
Money market funds (MMF), negotiable certificates of deposits	146,449	298,948
Total	1,177,736	1,358,292

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 2021	As at 31 August 2022
Accounts receivable - trade	41,072	47,405
Other accounts receivable	8,405	12,334
Lease receivable	1,514	863
Allowance for doubtful accounts	(445)	(418)
Total	50,546	60,184

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 2021	As at 31 August 2022
Products	389,104	479,824
Materials and supplies	5,763	6,103
Total	394,868	485,928

(Note) As at 31 August 2021 and 31 August 2022, the Group had inventories attributable to UNIQLO Japan, UNIQLO International and GU business segments aggregated to 374,595 million yen and 453,258 million yen, respectively.

No inventories were pledged as collateral to secure debt.

Write-down of inventories to their net realizable values recognized in expenses is as follows:

(Millions of yen)

	Year ended 31 August 2021	Year ended 31 August 2022
Write-down of inventories to net realizable value	15,120	9,099

(Note) As at 31 August 2021 and 31 August 2022, the Group had write-down of inventories to net realizable value from UNIQLO Japan, UNIQLO International and GU business segments aggregated to 13,038 million yen and 8,283 million yen, respectively. As the valuation of inventories may be affected by external environments such as economic conditions, weather or trends of competitors, if these factors may be differed from the estimates, it may have a significant impact on the valuation of financial assets in the consolidated financial statements for the next consolidated fiscal year.

11. Other Financial Assets and Other Financial Liabilities

The breakdowns of other financial assets and other financial liabilities as at each year end are as follows:

(Millions of yen)

	As at 31 August 2021	As at 31 August 2022
Other financial assets:		
Financial assets measured at amortized cost		
Bonds	-	135,214
Security deposits / guarantees	64,502	68,626
Bank deposits	50,516	74,535
Others	7,470	9,167
Allowance for doubtful accounts	(219)	(247)
Financial assets measured at fair value through other comprehensive income		
Stocks	1,008	490
Total	123,279	287,787
Other current financial assets total	56,157	123,446
Other non-current financial assets total	67,122	164,340

(Millions of yen)

	As at 31 August 2021	As at 31 August 2022
Other financial liabilities:		
Financial liabilities measured at amortized cost		
Interest-bearing bank and other borrowings (Note)	382,634	371,496
Deposits	91,805	77,550
Deposits / guarantees received	1,328	1,260
Total	475,768	450,308
Other current financial liabilities total	104,969	209,286
Other non-current financial liabilities total	370,799	241,022

(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 2021	As at 31 August 2022
Crystal International Group Ltd.	808	301

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 2021	As at 31 August 2022
Fair value	883	487
Cumulative gains / (losses)	739	159

(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 2021	As at 31 August 2022
Derecognized financial assets	-	-
Financial assets held at the end of the fiscal year	39	26

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 2021	As at 31 August 2022
Other assets:		
Prepayments	8,683	10,002
Long-term prepayments	2,534	2,024
Prepaid consumption tax	4,355	5,188
Others	6,216	10,311
Total	21,790	27,526
Current	15,270	23,835
Non-current	6,520	3,690

(Millions of yen)

	As at 31 August 2021	As at 31 August 2022
Other liabilities:		
Accruals	68,797	87,568
Employee benefits accruals	8,520	9,382
Suspense receipt / accrued consumption tax	9,861	3,740
Others	10,814	12,999
Total	97,994	113,690
Current	95,652	111,519
Non-current	2,342	2,171

13. Property, Plant and Equipment

Increase / (decrease) in acquisition costs, accumulated depreciation and impairment of property, plant and equipment are as follows:

(Millions of yen)

Acquisition costs	Buildings and structures	Machinery and equipment	Furniture, fixtures and vehicles	Land	Construction in progress	Total
At 1 September 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
Additions	7,802	861	5,152	-	43,171	56,988
Disposals	(11,552)	-	(3,595)	-	(287)	(15,435)
Transfers	23,976	18,623	7,790	-	(50,390)	-
Effect of change in exchange rate	28,598	2,552	11,394	-	724	43,270
At 31 August 2022	373,403	33,671	93,455	1,962	11,575	514,069

(Millions of yen)

Accumulated depreciation and impairment	Buildings and structures	Machinery and equipment	Furniture, fixtures and vehicles	Land	Construction in progress	Total
At 1 September 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)
Depreciation provided during the year	(26,969)	(2,856)	(9,049)	-	-	(38,875)
Impairment losses	(4,461)	(434)	(1,387)	-	-	(6,283)
Disposals	10,633	-	3,235	-	-	13,869
Effect of change in exchange rate	(18,201)	(252)	(8,029)	-	-	(26,483)
At 31 August 2022	(247,456)	(3,960)	(67,390)	(34)	-	(318,842)

(Millions of yen)

Net carrying amount	Buildings and structures	Machinery and equipment	Furniture, fixtures and vehicles	Land	Construction in Progress	Total
At 31 August 2021	116,120	11,216	20,553	1,927	18,358	168,177
At 31 August 2022	125,947	29,710	26,064	1,927	11,575	195,226

(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.

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 2020	38,522	115,426	20,517	23,112	159,056	197,578
Acquisitions	-	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
Acquisitions	-	28,080	-	122	28,203	28,203
Disposals	-	(823)	(33)	(408)	(1,265)	(1,265)
Effect of change in exchange rate	-	(737)	2,240	972	2,474	2,474
At 31 August 2022	15,885	160,798	11,387	10,106	182,291	198,176

(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 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)
Amortization provided during the year	-	(19,845)	-	(30)	(19,875)	(19,875)
Impairment losses	-	(269)	-	(353)	(622)	(622)
Disposals	-	643	33	269	946	946
Effect of change in exchange rate	-	1,002	(668)	(511)	(177)	(177)
At 31 August 2022	(7,792)	(97,852)	(3,768)	(4,048)	(105,670)	(113,462)

(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 2021	8,092	54,894	6,046	5,997	66,939	75,031
At 31 August 2022	8,092	62,945	7,618	6,057	76,621	84,714

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 2021	-	-	-	8,092	-	-	-	11,348
At 31 August 2022	-	-	-	8,092	-	-	-	12,803

15. Impairment Losses

The Group recognized impairment losses on certain store assets etc., due to reductions in profitability of the respective cash-generating unit ("CGU").

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

(Millions of yen)

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

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

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

Year ended 31 August 2021

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

Impairment losses amounting to 16,908 million yen, 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.

Year ended 31 August 2022

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

Impairment losses amounting to 23,150 million yen, 21,842 million yen represented write downs of the carrying amounts of store assets to the recoverable amounts, primarily due to a reduction in profitability of certain stores, including flagship stores. We made accounting estimates involving the assumption that the impact of the global spread of COVID-19 will continue to recover for most countries and regions, including Japan. For other countries and regions, the impact may continue for mid to long term. These assumptions are subject to considerable uncertainty and may have a significant impact on the Group’s valuation of property, plant, and equipment and right-of-use assets in the next consolidated fiscal year.

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 16.5 %. Theoretically, the projected cash flows cover a five-year period, and do not use a growth rate that exceeds the long-term average market growth rate. The pre-tax discount rate calculation is based on the weighted-average cost of capital.

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

Operating segment	CGU	Type
UNIQLO Japan	UNIQLO CO., LTD. stores	Buildings, structures and Right-of-use assets
UNIQLO International	FAST RETAILING (CHINA) TRADING CO., LTD., LLC UNIQLO (RUS), UNIQLO USA LLC 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 2022 are 114,710 million yen, 245,459 million yen, and 29,116 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 2021	Year ended 31 August 2022
Share of profit and loss of associates accounted for using the equity method	561	1,059
Share of other comprehensive income / (loss) of investments in associates accounted for using the equity method	65	116
Share of comprehensive income / (loss) of investments in associates accounted for using the equity method	626	1,176
Carrying amount of investments in associates	18,236	18,557

B. Determination regarding significant influence and financial information on important associates

In June 2016, the Company invested in a domestic real estate investment trust aiming to own a distribution facility. The Company has significant influence over the financial and operating policy.

The Company's maximum exposure to losses due to its investments in the associates is limited to the amount of the investments by the Company and is included in the consolidated statement of financial position as "Investments in associates," which amounted to 17,250 million yen as at 31 August 2021 and 17,268 million yen as at 31 August 2022, respectively. The Group's share of profit and comprehensive income of the associates was 631 million yen during the year ended 31 August 2021 and 873 million yen during the year ended 31 August 2022, 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 90,622 million yen as at 31 August 2021 and 89,582 million yen as at 31 August 2022 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 664 million yen during the year ended 31 August 2021 and 769 million yen during the year ended 31 August 2022, 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 2021		Year ended 31 August 2022	
	Remaining lease payments	Present value of remaining lease payments	Remaining lease payments	Present value of remaining lease payments
Lease liabilities				
Due within one year	120,492	117,083	127,767	123,885
Due after one year through two years	86,417	81,570	89,926	85,652
Due after two years through three years	61,489	59,061	66,990	63,982
Due after three years through four years	46,862	44,786	49,004	46,752
Due after four years through five years	28,000	26,660	34,410	32,519
Due after five years	137,705	131,495	132,714	127,932
Total	480,966	460,658	500,814	480,725

Interest expenses on lease liabilities

(Millions of yen)

	Year ended 31 August 2021	Year ended 31 August 2022
Interest expenses on lease liabilities	4,847	4,757

Cash outflow for leases

Cash outflow for leases is as follows:

(Millions of yen)

	Year ended 31 August 2021	Year ended 31 August 2022
Total Cash outflow for leases	219,331	219,052

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 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
Additions due to new lease contracts, reassessment of lease liabilities, etc.	116,923	403	520	117,846
Depreciation	(112,900)	(4,806)	(8,121)	(125,827)
Impairment losses	(15,399)	(64)	(59)	(15,522)
Expiration, cancellation, etc.	(1,897)	-	(1,032)	(2,930)
Others	30,431	14	1,085	31,531
At 31 August 2022	355,711	25,321	14,601	395,634

C. Expenses relating to Leases

A breakdown of expenses relating to Leases is as follows:

(Millions of yen)

	Year ended 31 August 2021	Year ended 31 August 2022
Expenses relating to variable lease payments not included in the measurement of lease liability	55,429	61,453
Expenses relating to short-term leases (excluding expenses relating to leases with lease term of no more than one month)	6,617	15,418
Expenses relating to leases of low value assets (excluding expenses relating to short-term leases)	149	90

(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 2022 amounted to 6,353 million yen, compared with 40,109 million yen during the year ended 31 August 2021.

The Group's leased properties are granted a termination option for the purposes of flexible decision-making regarding store closures. This is mainly in relation to store lease agreements, most of which have the option of early termination provided that written notice is given to the other party six months in advance. In light of the possibility for the termination option to be exercised, the lease term is determined by setting a non-cancellable lease term as a minimum and taking a target period for return on investment for each segment into consideration. We continually review this assessment, should any event arise that would impact this assessment, as well as any occurrence or situation that would cause significant changes.

(2) Lessor

The Group subleases some real estate as part of promoting its store-opening strategy. The Group receives security deposits from lessee to collateralize risks such as non-restitution of defaults on lease payments liabilities and non-implementation of asset retirement obligation.

A. Finance leases

The Group leases closed roadside stores or some spaces housed within commercial facilities as a lender through financing leases.

(i)Analysis of changes of lease receivables

An analysis of changes in lease receivables in relation to finance leases is as follows;

(Millions of yen)

	Year ended 31 August 2021	Year ended 31 August 2022
Carrying amounts at the beginning of period	4,474	3,897
Increases due to finance lease contracts	3,088	2,362
Decreases due to repayments	(2,020)	(1,389)
Others	(1,644)	(823)
Carrying amounts at the end of period	3,897	4,046

(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 2021	Year ended 31 August 2022
Undiscounted lease payments to be received		
Due within one year	1,514	863
Due after one year through two years	1,305	815
Due after two years through three years	443	660
Due after three years through four years	305	544
Due after four years through five years	171	407
Due after five years	207	814
Total	3,948	4,106
Unearned finance income	51	59
Net investment in the lease	3,897	4,046

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

(Millions of yen)

	Year ended 31 August 2021	Year ended 31 August 2022
Finance income from net investment in the lease	18	22

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 2021	Year ended 31 August 2022
Income on variable lease payments	88	96
Income on fixed lease payments	1,324	1,281

(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 2021	Year ended 31 August 2022
Undiscounted lease payments to be received		
Due within one year	1,212	635
Due after one year through two years	572	519
Due after two years through three years	236	383
Due after three years through four years	236	309
Due after four years through five years	236	205
Due after five years	236	120
Total	2,733	2,174

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 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)
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.

(Millions of yen)

	As at 1 September 2021	Recognized in profit or loss (Note)	Recognized in other comprehensive income	Recognized directly in equity	As at 31 August 2022
Temporary differences					
Accrued business tax	2,265	285	-	-	2,551
Accrued for bonuses	4,627	440	-	-	5,068
Allowance for doubtful accounts	11	(4)	-	-	6
Impairment losses on non-current assets	6,570	(4,455)	-	-	2,115
Unrealized gains / (losses) on available-for-sale securities	(64)	-	49	-	(15)
Depreciation	9,152	42	-	-	9,195
Net gains / (losses) on revaluation of cash flow hedges	(13,697)	-	(86,522)	27,243	(72,976)
Temporary differences on shares of subsidiaries	(1,893)	-	-	-	(1,893)
Right-of-use assets / Lease liabilities	12,326	(3,875)	-	-	8,450
Others	4,851	1,930	-	-	6,781
Subtotal	24,149	(5,635)	(86,472)	27,243	(40,714)
Tax losses carried forward	3,115	1,847	-	-	4,962
Net deferred tax assets / (liabilities)	27,265	(3,788)	(86,472)	27,243	(35,751)

(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 2021	As at 31 August 2022
Unrecognized tax losses carried forward	41,382	43,636
Deductible temporary differences	12,766	21,705
Total	54,148	65,342

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 2021	As at 31 August 2022
First year	167	229
Second year	289	283
Third year	266	958
Fourth year	3,183	1,167
Fifth year and thereafter	37,475	40,999
Total	41,382	43,636

Differed tax assets may be affected by uncertain future economic conditions and other factors, and if the forecast of future taxable incomes is revised, the total amount of deferred tax assets may be significantly affected in the consolidated financial statement for the next consolidated fiscal year.

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

The aggregate amounts of temporary differences associated with undistributed retained earnings of subsidiaries for which deferred tax liabilities have not been recognized as at 31 August 2021 and 31 August 2022 were 430,902 million yen and 595,819 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 2021	Year ended 31 August 2022
Current tax	87,800	126,502
Deferred tax	2,388	2,331
Total	90,188	128,834

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 2021	Year ended 31 August 2022
Statutory income tax rate	30.6%	30.6%
Unrecognized deferred tax assets	4.0%	2.7%
Difference in statutory income tax rates of subsidiaries	(3.0)%	(3.7)%
Undistributed earnings of foreign subsidiaries	1.5%	0.7%
Foreign withholding tax	1.4%	1.7%
Others	(0.6)%	(0.8)%
Effective tax rate	33.9%	31.2%

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 2021	As at 31 August 2022
Trade payables	179,988	299,917
Notes payables	13	15
Other payables	40,055	50,360
Total	220,057	350,294

20. Provisions

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

(Millions of yen)

	As at 31 August 2021	As at 31 August 2022
Asset retirement obligations	41,195	50,362
Total	41,195	50,362
Current liabilities	2,149	2,581
Non-current liabilities	39,046	47,780

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

(Millions of yen)

	Asset retirement obligations
Balances as at 31 August 2021	41,195
Additional provisions	8,567
Amounts utilized	(1,988)
Increase in discounted amounts arising from passage of time	685
Others	1,901
Balances as at 31 August 2022	50,362

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

The estimates of provisions may be affected by uncertain future operating conditions and changes in the external environment, and if expenses related to lease contracts of offices or stores are revised, it may be significantly affected in the consolidated financial statements for the coming consolidated fiscal year.

21. Equity and Other Equity Items

A. Share Capital

	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 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
Increase / (decrease) (Note)			45,012	-	2,473
Balances as at 31 August 2022	300,000,000	106,073,656	102,189,683	10,273	27,834

(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 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
Acquisition of treasury stock less than one unit	169	12
Exercise of stock options	(45,181)	(172)
Balances as at 31 August 2022	3,883,973	14,813

(2) Capital surplus

(Millions of yen)

	Capital reserve	Gain / (loss) on disposal of treasury stock	Stock options	Others	Total
Balances as at 1 September 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
Disposal of treasury stock	-	2,089	-	-	2,089
Share-based payments	-	-	384	-	384
Balances as at 31 August 2022	4,578	11,906	7,789	3,559	27,834

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 2021	Year ended 31 August 2022
Exchange differences on translation of foreign operations	1,921	7,386
Cash flow hedges	(175)	2,612
Other comprehensive income	1,745	9,999

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 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

Year ended 31 August 2022

Resolutions	Amount of dividends (Millions of yen)	Dividends per share (Yen)
Board of Directors' meeting held on 2 November 2021	24,514	240
Board of Directors' meeting held on 14 April 2022	28,608	280

Dividend which effective date is after fiscal 2022 is as follow:

Resolutions	Amount of dividends (Millions of yen)	Dividends per share (Yen)
Board of Directors' meeting held on 1 November 2022	34,744	340

Regarding the proposed dividends per common stock, the Board has approved the proposal subsequent to the year-end date, and it is not recognized as a liability at year end.

22. Revenue

A. The breakdown of revenue for each year is as follows:

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

Year ended 31 August 2021

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

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

The designated countries and regions are classified as follows:

Greater China:	Mainland China, Hong Kong, Taiwan
Other parts of Asia & Oceania:	South Korea, Singapore, Malaysia, Thailand, the Philippines, Indonesia, Australia, Vietnam, India
North America & Europe:	United States of America, Canada, United Kingdom, France, Russia, Germany, Belgium, Spain, Sweden, the Netherlands, Denmark, Italy

(Note 2) Main national and regional market: Japan

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

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

Year ended 31 August 2022

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

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

The designated countries and regions are classified as follows:

Greater China:	Mainland China, Hong Kong, Taiwan
Other parts of Asia & Oceania:	South Korea, Singapore, Malaysia, Thailand, the Philippines, Indonesia, Australia, Vietnam, India
North America & Europe:	United States of America, Canada, United Kingdom, France, Russia, Germany, Belgium, Spain, Sweden, the Netherlands, Denmark, Italy

(Note 2) Main national and regional market: Japan

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

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

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

(Millions of yen)

	Year ended 31 August 2021	Year ended 31 August 2022
Contractual liabilities		
Advances received from customers	1,572	2,152
Refund liabilities	1,558	1,882

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

24. Other Income and Other Expenses

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

(Millions of yen)

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

(Millions of yen)

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

(Note 1) Currency 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 breakdown of finance income and finance costs for each year are as follows:

(Millions of yen)

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

(Millions of yen)

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

(Note) Currency 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 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.

Year ended 31 August 2022

(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)	(90)	-	(90)	49	(41)
Total	(90)	-	(90)	49	(41)
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations	98,118	-	98,118	-	98,118
Cash flow hedges	279,815	10	279,825	(86,522)	193,303
Share of other comprehensive income of associates	116	-	116	-	116
Total	378,050	10	378,060	(86,522)	291,538
Total comprehensive income for the year	377,959	10	377,969	(86,472)	291,497

(Note) The cash flow hedge reclassification adjustment of 10 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 2021		Year ended 31 August 2022	
Equity per share attributable to owners of the Parent (Yen)	10,930.42	Equity per share attributable to owners of the Parent (Yen)	15,281.90
Basic earnings per share for the year (Yen)	1,663.12	Basic earnings per share for the year (Yen)	2,675.30
Diluted earnings per share for the year (Yen)	1,660.44	Diluted earnings per share for the year (Yen)	2,671.29

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

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

28. Cash Flow Information

A. Liabilities of financing activities

Liabilities of financing activities are as follows:

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.

Year ended 31 August 2022

(Millions of yen)

	Balances as at 1 September 2021	Variation with cash flow	Variation without cash flow			Balances as at 31 August 2022
			Foreign currency translation reserve	New lease contracts	Others	
Short-term borrowings	13,163	(12,150)	750	-	-	1,764
Corporate bonds	369,471	-	-	-	118	369,589
Lease liabilities	460,658	(136,889)	41,952	119,158	(4,154)	480,725
Total	843,292	(149,039)	42,703	119,158	(4,035)	852,079

B. Important non-cash transactions

Year ended 31 August 2021

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

Year ended 31 August 2022

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 2021 and 2022 is as follows:

(Millions of yen)

Company name	Name of bonds	Date of issuance	As at 31 August 2021	As at 31 August 2022	Interest rate (%)	Date of maturity
FAST RETAILING CO., LTD.	3rd non-collateralized corporate bonds	18 December 2015	49,976	49,995	0.491	16 December 2022
FAST RETAILING CO., LTD.	4th non-collateralized corporate bonds	18 December 2015	69,915	69,935	0.749	18 December 2025
FAST RETAILING CO., LTD.	5th non-collateralized corporate bonds	6 June 2018	79,943	79,975	0.110	6 June 2023
FAST RETAILING CO., LTD.	6th non-collateralized corporate bonds	6 June 2018	29,955	29,967	0.220	6 June 2025
FAST RETAILING CO., LTD.	7th non-collateralized corporate bonds	6 June 2018	99,813	99,841	0.405	6 June 2028
FAST RETAILING CO., LTD.	8th non-collateralized corporate bonds	6 June 2018	39,867	39,875	0.880	4 June 2038
Total	-	-	369,471	369,589	-	-

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

	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

	9th share subscription rights A type	9th share subscription rights B type
Category and number of grantees	Employees of the Company: 17 Employees of Group subsidiaries: 32	Employees of the Company: 419 Employees of Group subsidiaries: 1,267
Number of stock options by type of shares (Note)	Common stock: maximum 4,057 shares	Common stock: maximum 36,275 shares
Grant date	9 November 2018	9 November 2018
Vesting conditions	To serve continuously until the vesting date (8 November 2021) after the grant date (9 November 2018)	To serve continuously until the vesting date (8 December 2018) after the grant date (9 November 2018)
Eligible service period	From 9 November 2018 to 8 November 2021	From 9 November 2018 to 8 December 2018
Exercise period	From 9 November 2021 to 8 November 2028	From 9 December 2018 to 8 November 2028
Settlement	Equity settlement	Equity settlement

	9th share subscription rights C type	10th share subscription rights A type
Category and number of grantees	Employees of the Company: 40	Employees of the Company: 11 Employees of Group subsidiaries: 46
Number of stock options by type of shares (Note)	Common stock: maximum 4,733 shares	Common stock: maximum 3,548 shares
Grant date	9 November 2018	8 November 2019
Vesting conditions	To serve continuously until the vesting date (8 November 2021) after the grant date (9 November 2018)	To serve continuously until the vesting date (7 November 2022) after the grant date (8 November 2019)
Eligible service period	From 9 November 2018 to 8 November 2021	From 8 November 2019 to 7 November 2022
Exercise period	9 November 2021	From 8 November 2022 to 7 November 2029
Settlement	Equity settlement	Equity settlement

	10th share subscription rights B type	10th share subscription rights C type
Category and number of grantees	Employees of the Company: 528 Employees of Group subsidiaries: 1,389	Employees of the Company: 40
Number of stock options by type of shares (Note)	Common stock: maximum 37,424 shares	Common stock: maximum 3,666 shares
Grant date	8 November 2019	8 November 2019
Vesting conditions	To serve continuously until the vesting date (7 December 2019) after the grant date (8 November 2019)	To serve continuously until the vesting date (7 November 2022) after the grant date (8 November 2019)
Eligible service period	From 8 November 2019 to 7 December 2019	From 8 November 2019 to 7 November 2022
Exercise period	From 8 December 2019 to 7 November 2029	8 November 2022
Settlement	Equity settlement	Equity settlement

	11th share subscription rights A type	11th share subscription rights B type
Category and number of grantees	Employees of the Company: 18 Employees of Group subsidiaries: 47	Employees of the Company: 694 Employees of Group subsidiaries: 1,435
Number of stock options by type of shares (Note)	Common stock: maximum 2,175 shares	Common stock: maximum 22,306 shares
Grant date	13 November 2020	13 November 2020
Vesting conditions	To serve continuously until the vesting date (12 November 2023 after the grant date (13 November 2020)	To serve continuously until the vesting date (12 December 2020) after the grant date (13 November 2020)
Eligible service period	From 13 November 2020 to 12 November 2023	From 13 November 2020 to 12 December 2020
Exercise period	From 13 November 2023 to 12 November 2030	From 13 December 2020 to 12 November 2030
Settlement	Equity settlement	Equity settlement

	11th share subscription rights C type	12th share subscription rights A type
Category and number of grantees	Employees of the Company: 41	Employees of the Company: 19 Employees of Group subsidiaries: 47
Number of stock options by type of shares (Note)	Common stock: maximum 3,777 shares	Common stock: maximum 2,907 shares
Grant date	13 November 2020	12 November 2021
Vesting conditions	To serve continuously until the vesting date (12 November 2023) after the grant date (13 November 2020)	To serve continuously until the vesting date (11 November 2024) after the grant date (12 November 2021)
Eligible service period	From 13 November 2020 to 12 November 2023	From 12 November 2021 to 11 November 2024
Exercise period	13 November 2023	From 12 November 2024 to 11 November 2031
Settlement	Equity settlement	Equity settlement

	12th share subscription rights B type	12th share subscription rights C type
Category and number of grantees	Employees of the Company: 736 Employees of Group subsidiaries: 1,521	Employees of the Company: 39
Number of stock options by type of shares (Note)	Common stock: maximum 30,757 shares	Common stock: maximum 3,108 shares
Grant date	12 November 2021	12 November 2021
Vesting conditions	To serve continuously until the vesting date (11 December 2021) after the grant date (12 November 2021)	To serve continuously until the vesting date (11 November 2024) after the grant date (12 November 2021)
Eligible service period	From 12 November 2021 to 11 December 2021	From 12 November 2021 to 11 November 2024
Exercise period	From 12 December 2021 to 11 November 2031	12 November 2024
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 2021	Year ended 31 August 2022
Expenses recognized		
Share-based payments	2,179	2,703

(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 2021	Year ended 31 August 2022
	Number of shares (Shares)	Number of shares (Shares)
Non-vested		
Non-vested at beginning of the year	24,561	20,015
Granted	28,248	36,751
Forfeited	(815)	(930)
Vested	(31,979)	(38,345)
Non-vested at end of the year	20,015	17,491

	Year ended 31 August 2021	Year ended 31 August 2022
	Number of shares (Shares)	Number of shares (Shares)
Vested		
Outstanding at beginning of the year	148,450	135,352
Vested	31,979	38,345
Exercised	(44,288)	(45,181)
Forfeited	(789)	(412)
Outstanding at end of the year	135,352	128,104

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 2022 are as follows:

Type	Number of shares (Shares)	Weighted-average stock price on exercise date (Yen)
Stock options	45,181	69,342

(c) Expected life of stock options

The weighted-average expected life of outstanding stock options as at 31 August 2022 was 5.60 years.

In addition, the weighted-average expected life of outstanding stock options as at 31 August 2021 was 5.52 years.

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

The methods of estimating fair value of 12th share subscription rights A type, B type, and C type granted during the year ended 31 August 2022, were as follows:

(1) Valuation model: Black-Scholes model

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

	12th share subscription rights A type	12th share subscription rights B type
Fair value	73,172 yen	73,848 yen
Share price	76,230 yen	76,230 yen
Exercise price	1 yen	1 yen
Stock price volatility (Note 1)	36 %	32 %
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)	(0.092%)	(0.09228%)

	12th share subscription rights C type
Fair value	74,803 yen
Share price	76,230 yen
Exercise price	1 yen
Stock price volatility (Note 1)	34 %
Expected life of options (Note 2)	3 years
Expected dividends (Note 3)	480 yen / share
Risk-free interest rate (Note 4)	(0.119%)

Notes: 1. Stock price volatility is computed based on the actual results of 6.5 years for A type (from June 2015 to November 2021), 5.04 years for B type (from December 2016 to November 2021), and 3.0 years for C type (from December 2018 to November 2021).

2. Expected life of options is estimated to be the reasonable period from the grant date until the exercise date.

3. Expected dividends are projected with reference to the historical actual dividends declared in prior years.

4. Risk-free interest rate refers to the yield of Japanese government bonds corresponding to the expected life of options.

5. The variables and assumptions used in computing the fair value of the share options are based on the Group's best estimate. The value of an option varies with different variables of certain subjective assumptions.

Also, the methods of estimating fair value of 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.

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 2021	As at 31 August 2022
Interest-bearing borrowings	382,634	371,496
Lease liabilities	460,658	480,725
Cash and cash equivalents	1,177,736	1,358,292
Net interest-bearing borrowings	(334,443)	(506,069)
Equity	1,162,298	1,615,402

Interest-bearing borrowings includes corporate bonds and borrowings. As at 31 August 2021 and 2022, 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 2022, 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.

As there are uncertainties on the valuation of financial assets, the estimates relating to financial assets may be affected by the unexpected changes in assumptions etc., and it may have a significant impact on the valuation of financial assets in the consolidated financial statements for the next fiscal year.

C. Categories of financial instruments

(Millions of yen)

	As at 31 August 2021	As at 31 August 2022
Financial assets		
Loans and receivables		
Trade and other receivables	50,546	60,184
Other current financial assets	56,157	123,446
Other non-current financial assets	66,113	163,849
Financial assets measured at fair value through other comprehensive income / (loss)	1,008	490
Derivatives		
Financial assets measured at fair value through profit or loss	209	94
Financial assets designated as hedging instruments	49,446	258,697
Financial liabilities		
Financial liabilities at amortized cost		
Trade and other payables	220,057	350,294
Other current financial liabilities	104,969	209,286
Current lease liabilities	117,083	123,885
Non-current financial liabilities	370,799	241,022
Non-current lease liabilities	343,574	356,840
Derivatives		
Financial liabilities measured at fair value through profit or loss	280	1,204
Financial liabilities designated as hedging instruments	3,256	353

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 and debt financial instruments.

(1) Foreign currency risk

(a) Foreign currency risk management

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

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

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

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

The Group's notional amount of foreign currency forward contracts was 1,631,305 million yen as at 31 August 2022.

(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 2021	Year ended 31 August 2022
Average exchange rate (Yen)		
USD	106.96	120.52
EUR	128.01	133.29
Impact on profit before income taxes (Millions of yen)		
USD	(4,318)	(3,762)
EUR	(209)	(189)
Impact on other comprehensive income (Millions of yen)		
USD	(10,693)	(16,751)
EUR	(187)	(242)

(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 2021	31 August 2022	31 August 2021	31 August 2022	31 August 2021	31 August 2022	31 August 2021	31 August 2022
Foreign currency forward contracts								
Within 1 year								
Buy USD (sell JPY)	- (EUR/$)	125.57 (EUR/$)	-	4	-	577	-	58
Buy USD (sell EUR)	0.84 (EUR/$)	- (EUR/$)	27	-	2,932	-	24	-
Buy USD (sell GBP)	0.76 (£/$)	- (£/$)	5	-	628	-	(25)	-
Buy USD (sell KRW)	1,147.18 (KRW/$)	- (KRW/$)	43	-	4,725	-	69	-
Buy USD (sell TWD)	27.86 (TWD/$)	29.98 (TWD/$)	18	20	2,033	2,730	(6)	36
Buy USD (sell SGD)	1.35 (SGD/$)	- (SGD/$)	2	-	221	-	(1)	-
Buy USD (sell THB)	31.12 (THB/$)	- (THB/$)	1	-	166	-	6	-
Buy USD (sell RUB)	- (RUB/$)	77.93 (RUB/$)	-	51	-	9,183	-	(1,204)
Buy USD (sell VND)	23,142.72 (VND/$)	- (VND/$)	8	-	927	-	(11)	-
Buy EUR (sell USD)	1.22 ($/EUR)	- ($/EUR)	22	-	2,967	-	(88)	-
Buy GBP (sell USD)	1.42 ($/£)	- ($/£)	4	-	659	-	(17)	-
Buy KRW (sell USD)	0.00 ($/KRW)	- ($/KRW)	50,620	-	4,800	-	(21)	-

(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 2021	31 August 2022	31 August 2021	31 August 2022	31 August 2021	31 August 2022	31 August 2021	31 August 2022
Foreign currency forward contracts								
Over 1 year								
Buy USD (sell JPY)	105.09 (¥/$)	111.87 (¥/$)	6,034	8,094	634,094	905,578	21,481	126,083
Buy USD (sell EUR)	0.82 (EUR/$)	0.83 (EUR/$)	324	210	34,579	24,319	(327)	3,876
Buy USD (sell GBP)	0.73 (£/$)	0.72 (£/$)	110	72	12,215	7,330	(306)	1,474
Buy USD (sell KRW)	1,116.47 (KRW/$)	1,243.00 (KRW/$)	108	281	11,423	35,884	502	2,379
Buy USD (sell SGD)	1.36 (SGD/$)	1.39 (SGD/$)	0	5	22	701	0	(0)
Buy USD (sell THB)	32.46 (THB/$)	34.43 (THB/$)	5	11	551	1,444	0	40
Buy USD (sell MYR)	4.25 (MYR/$)	4.41 (MYR/$)	6	8	674	1,162	(2)	2
Buy USD (sell AUD)	1.32 (AUD/$)	1.43 (AUD/$)	24	37	2,617	5,148	103	72
Buy USD (sell CAD)	1.25 (CAD/$)	1.29 (CAD/$)	6	11	652	1,499	7	28
Buy USD (sell PHP)	49.34 (PHP/$)	55.46 (PHP/$)	5	21	632	2,876	15	59
Buy USD (sell SEK)	- (SEK/$)	8.75 (SEK/$)	-	8	-	10,704	-	191
Buy EUR (sell USD)	8.35 ($/EUR)	- ($/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 2021	31 August 2022	31 August 2021	31 August 2022	31 August 2021	31 August 2022	31 August 2021	31 August 2022
Within 1 year								
Buy USD (sell JPY)	102.79 (¥/$)	108.33 (¥/$)	3,756	4,124	386,147	446,764	25,643	111,043
Buy USD (sell EUR)	0.84 (EUR/$)	0.83 (EUR/$)	224	233	24,390	26,983	(17)	5,025
Buy USD (sell GBP)	0.74 (£/$)	0.77 (£/$)	96	112	10,815	12,087	(287)	1,578
Buy USD (sell KRW)	1,146.97 (KRW/$)	1,199.99 (KRW/$)	117	241	12,690	29,700	208	3,302
Buy USD (sell SGD)	1.34 (SGD/$)	1.37 (SGD/$)	56	73	6,150	10,016	7	199
Buy USD (sell THB)	30.93 (THB/$)	33.98 (THB/$)	49	107	5,142	13,869	244	844
Buy USD (sell MYR)	4.17 (MYR/$)	4.36 (MYR/$)	48	100	5,324	13,524	44	310
Buy USD (sell AUD)	1.37 (AUD/$)	1.38 (AUD/$)	89	105	9,843	13,890	0	591
Buy USD (sell RUB)	78.40 (RUB/$)	- (RUB/$)	88	-	10,363	-	(387)	-
Buy USD (sell CAD)	1.29 (CAD/$)	1.27 (CAD/$)	52	67	5,926	9,100	(120)	286
Buy USD (sell IDR)	14,721.74 (IDR/$)	14,889.75 (IDR/$)	65	98	7,377	13,605	(131)	12
Buy USD (sell PHP)	50.23 (PHP/$)	53.61 (PHP/$)	57	110	6,375	14,644	(16)	749
Buy USD (sell HKD)	7.76 (HKD/$)	- (HKD/$)	95	-	10,427	-	21	-
Buy USD (sell CNY)	6.75 (CNY/$)	- (CNY/$)	138	-	15,833	-	(544)	-
Buy USD (sell SEK)	- (SEK/$)	8.43 (SEK/$)	-	9	-	11,603	-	273
Buy EUR (sell USD)	2.30 ($/EUR)	1.06 ($/EUR)	24	11	6,070	1,663	16	(80)
Buy GBP (sell USD)	1.38 ($/£)	1.18 ($/£)	14	9	2,252	1,636	(7)	(20)
Buy KRW (sell USD)	- ($/KRW)	0.00 ($/KRW)	-	4,226	-	482	-	16
Buy IDR (sell USD)	0.00 ($/IDR)	0.00 ($/IDR)	72,826	272,672	549	2,537	9	6
Buy HKD (sell USD)	0.13 ($/HKD)	- ($/HKD)	23	-	329	-	0	-
Buy SEK (sell USD)	- ($/SEK)	0.10 ($/SEK)	-	4	-	55	-	(2)

(2) Interest rate risk management

The Group’s interest-bearing borrowings are mainly bonds with fixed interest rates, and the Group maintains positions in cash and cash equivalents that exceed the outstanding balance of its interest-bearing borrowings.

At present, the impact of interest payments on the Group is quite small. Consequently, the Group's current level of interest rate risk is minor, and the Group has not performed any interest rate sensitivity analysis.

(3) Price risk management in equity and debt instruments

The Group is exposed to the risk of price volatility in equity and debt financial instruments. The Group holds no equity and debt financial instruments for short-term trading purposes.

The Group makes regular periodic checks of the market value of the equity financial instruments it holds, as well as the financial health of the issuers.

(4) Risk management in debt instruments

The Group does hold debt instruments, but all are held-to-maturity, and what is more, investments are restricted to bonds that either meet or exceed a fixed rating, with the aim of mitigating risks arising from losses due to a default or similar events.

F. Credit risk management

When the Group initiates ongoing transactions where receivables are generated on an ongoing basis, the finance department manages the Group's risk exposure by setting credit limits and credit periods, as needed.

Trade receivables encompass many customers spanning a wide range of industries and geographic regions. The Group conducts regular credit checks of the companies it does business with, and when necessary takes appropriate protective measures, such as requiring collateral.

The Group does not have excessively concentrated credit risk exposure to any single company or corporate group.

As for deposits and guarantees, the Group mitigates risk by conducting regular monitoring of the companies with which it does business for early detection of any worsening of their financial health.

Financial assets and other credit risk exposure

The carrying amounts after adjustment for impairment shown in the consolidated financial statements represent the Group's maximum exposure to credit risk before consideration of collateral assets.

(1) Credit risk exposure

Time-frame analysis for trade receivables and other financial assets is as stated below.

Year ended 31 August 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

Year ended 31 August 2022

(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	161,186	51,114	5	-	212,037
Within 90 days	70	86	0	-	157
Over 90 days but within one year	106	105	1	-	213
Over one year	25	145	53	28	252
Term-end balance	161,389	51,452	61	28	212,931

(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 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

Year ended 31 August 2022

(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	59	557	19	28	664
Increase during period	0	196	4	-	201
Decrease during period (intended use)	(0)	(11)	(3)	0	(15)
Decrease during period (reversals)	(19)	(258)	(7)	(1)	(287)
Other changes	60	42	0	-	102
Term-end balance	99	526	13	26	666

The Group continually monitors the credit standing of trading partners if there is a concern about recoverability, including receivables for which the due date has changed.

Based on the monitoring of the credit standing, the recoverability of accounts receivable, etc., is examined and the allowance for doubtful accounts is set.

In relation to the Group’s global business expansion, there is little reliance on any specific trading partners and exposure is dispersed, so the impact of any sequential credit risk due to the poor credit standing of any specific trading partner is minimal.

As a result, we have no exposure to excessively concentrated credit risk.

With reference to bonds, we limit any investment in bonds to entities with a minimum specific credit rating in accordance with our internal management regulations, so any credit risk relating to bond investments is minimal and consequently is not included in the above table.

G. Liquidity risk management

The Group manages liquidity risk by formulating and revising its funding plans on a timely basis and maintains an appropriate level of liquidity on hand.

The ultimate responsibility for management of liquidity risk lies with the CFO appointed by the Board of Directors. The finance department, under the direction of the CFO, performs the day-to-day aspects of liquidity risk management by maintaining appropriate levels of surplus funds and bank loans, and by monitoring budgets and cash flows.

(Millions of yen)

	Carrying amount	Contractual cash flows	Less than 1 year	1 to 2 years	More than 2 years but within 3 years	More than 3 years but within 4 years	More than 4 years but within 5 years	Over 5 years
As at 31 August 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
As at 31 August 2022								
Non-derivative financial Liabilities								
Trade and other payables	350,294	350,294	350,294	-	-	-	-	-
Short-term borrowings	1,764	1,764	1,764	-	-	-	-	-
Corporate bonds	369,589	370,000	130,000	-	30,000	70,000	-	140,000
Long-term finance lease Liabilities	356,840	373,047	-	89,926	66,990	49,004	34,410	132,714
Short-term finance lease Liabilities	123,885	127,767	127,767	-	-	-	-	-
Deposits	77,550	77,550	77,550	-	-	-	-	-
Derivative financial liabilities								
Foreign currency forward contracts	1,557	1,557	1,513	43	1	-	-	-
Total	1,281,482	1,301,981	668,890	89,969	96,991	119,004	34,410	272,714

(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 2021		As at 31 August 2022	
	Carrying amounts	Fair value	Carrying amounts	Fair value
Financial assets				
Bonds	-	-	135,214	134,264
Security deposits / guarantees	64,502	65,358	68,626	69,093
Total	64,502	65,358	203,840	203,357
Financial liabilities				
Corporate bonds	369,471	375,144	369,589	370,513
Total	369,471	375,144	369,589	370,513

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

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

The fair value of bonds is calculated with reference to publicly available market prices.

The fair value of security deposits and guarantees is calculated on the basis of the present value, applying the current market interest rate.

The fair value of corporate bonds is calculated with reference to publicly available market prices.

The fair value measurements of bonds, security deposits / guarantees, and corporate bonds are classified as level 2.

I. Fair value hierarchy of financial instruments

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

When multiple inputs are used to measure fair value, the fair value level is determined based on the input with the lowest level classification in the overall fair value assessment.

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

(Millions of yen)

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

As at 31 August 2022	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income	301	-	189	490
Net financial assets and financial liabilities measured at fair value through profit or loss	-	(1,109)	-	(1,109)
Net financial assets and financial liabilities designated as hedging instruments − Fair value	-	258,344	-	258,344
Net amount	301	257,234	189	257,725

For the valuation of Level 2 derivative financial instruments, we use a valuation model that uses observable data on the measurement date using inputs such as interest rates, yield curves, currency rates, and volatility in comparable instruments.

Financial instruments categorized as Level 3 consist mainly of unlisted shares. The fair values of unlisted shares are measured by the division responsible in 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 2021	Year ended 31 August 2022
Short-term employee benefits	837	833
Share-based payments	31	52
Total	869	885

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

Year ended 31 August 2021 (from 1 September 2020 to 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.

Current consolidated accounting year (From 1 September 2021, through 31 August 2022)

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	746	Lease liabilities	6,349

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	482	Lease liabilities	4,644

(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."

33. Commitments for Expenditures
The Group had the following commitments at each reporting date:

(Millions of yen)

	As at 31 August 2021	As at 31 August 2022
Commitment for the acquisition of property, plant and equipment	21,492	32,926
Commitment for acquisition of intangible assets	1,487	2,202
Total	22,979	35,128

34. Contingent Liabilities
Year ended 31 August 2021
Not applicable

Year ended 31 August 2022
Not applicable

35. Subsequent Events
Not applicable

E. Others
Quarterly information for the year ended 31 August 2022

(Cumulative period)	First quarter	Second quarter	Third quarter	Fiscal year
Revenue (Millions of yen)	627,391	1,218,977	1,765,106	2,301,122
Quarterly income before income taxes and non-controlling interests (Millions of yen)	134,208	212,566	349,255	413,584
Quarterly net income (Millions of yen)	93,592	146,844	237,836	273,335
Earnings per share (Yen)	916.21	1,437.41	2,327.96	2,675.30

(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Quarterly earnings / (losses) per share (Yen)	916.21	521.23	890.52	347.40

10. Financial statements

(1) Balance Sheet

(Millions of yen)

	As at 31 August 2021	As at 31 August 2022
ASSETS		
Current assets		
Cash and deposits	589,833	543,933
Operating accounts receivable	※1 40,936	※1 38,363
Securities	146,449	149,496
Short-term loans receivable from subsidiaries and associates	38,039	65,664
Accounts receivable from subsidiaries and associates	24,778	22,368
Others	5,772	7,624
Allowance for doubtful accounts	(4,747)	(7,552)
Total current assets	841,061	819,900
Non-current assets		
Property, plant and equipment		
Buildings	30,762	30,754
Accumulated depreciation	※3 (10,608)	※3 (12,978)
Buildings, net	20,154	17,776
Structures	375	389
Accumulated depreciation	※3 (273)	※3 (288)
Structures, net	102	100
Machinery, vehicle, furniture and fixtures	3,204	9,057
Accumulated depreciation	※3 (2,030)	※3 (2,670)
Machinery, vehicle, furniture and fixtures, net	1,174	6,387
Land	1,123	1,123
Leased assets	1,306	379
Accumulated depreciation	※3 (1,086)	※3 (290)
Leased assets, net	219	88
Construction in progress	5	26
Total property, plant and equipment	22,779	25,503
Intangible assets		
Software	47,174	47,949
Software in progress	3,106	10,669
Others	10	10
Total intangible assets	50,291	58,629
Investments and other assets		
Investment securities	969	450
Shares of subsidiaries and associates	140,848	420,362
Investments in capital of subsidiaries and associates	9,251	9,251
Long-term loans receivable from subsidiaries and associates	14,779	7,213
Leases and guarantee deposits	6,202	5,732
Deferred tax assets	4,847	4,997
Lease receivables	15,587	14,136
Others	46	1
Allowance for doubtful accounts	(6,265)	(3,900)
Total investments and other assets	186,265	458,244
Total non-current assets	259,336	542,378
Total assets	1,100,398	1,362,278

(Millions of yen)

	As at 31 August 2021	As at 31 August 2022
LIABILITIES		
Current liabilities		
Current portion of corporate bonds	-	130,000
Accounts payable	6,335	7,063
Accrued expenses	5,463	6,380
Deposits received	※1 21,156	※1 33,004
Provision for bonuses	3,193	3,501
Income taxes payable	598	40,012
Others	2,548	2,344
Total current liabilities	39,295	222,306
Non-current liabilities		
Corporate bonds payable	370,000	240,000
Lease obligations	15,680	14,186
Guarantee deposits received	3,395	3,385
Provision for loss on guarantees	435	-
Provision for loss on business of subsidiaries and associates	341	1,324
Others	3,679	3,801
Total non-current liabilities	393,532	262,698
Total liabilities	432,828	485,005
NET ASSETS		
Shareholders' equity		
Capital stock	10,273	10,273
Capital surplus		
Legal capital surplus	4,578	4,578
Other capital surplus	9,587	11,668
Total capital surplus	14,166	16,247
Retained earnings		
Legal retained earnings	818	818
Other retained earnings		
General reserve	185,100	185,100
Retained earnings brought forward	465,122	670,202
Total retained earnings	651,040	856,120
Treasury stock	(14,973)	(14,813)
Total shareholders' equity	660,507	867,828
Valuation and translation adjustments		
Valuation differences on available-for-sale securities	(338)	1,660
Total valuation and translation adjustments	(338)	1,660
Share subscription rights	7,400	7,784
Total net assets	667,569	877,273
Total liabilities and net assets	1,100,398	1,362,278

(2) Statement of Income

(Millions of yen)

	Year ended 31 August 2021	Year ended 31 August 2022
Operating revenue		
Management income from operating companies	※1 79,345	※1 82,428
Dividends income from subsidiaries and associates	※1 199,259	※1 200,737
Total operating revenue	278,605	283,165
Operating expenses		
Selling, general and administrative expenses		
Salaries	11,360	9,430
Bonuses	1,584	1,677
Allowance for bonuses	2,141	3,269
Rental expenses	10,348	10,093
Depreciation	18,754	21,301
Outsourcing expenses	27,481	32,155
Others	15,490	18,409
Total operating expenses	※1 87,162	※1 96,337
Operating profit / (loss)	191,442	186,828
Non-operating income		
Interest income	1,054	2,877
Interest on securities	16	57
Foreign exchange gains	17,590	108,106
Others	115	178
Total non-operating income	※1 18,776	※1 111,220
Non-operating expenses		
Interest expenses	1,951	1,988
Others	46	102
Total non-operating expenses	※1 1,997	※1 2,091
Ordinary profit / (loss)	208,221	295,957
Extraordinary income		
Gain on sale of investment securities	739	159
Reversal of provision for loss on business of subsidiaries and associates	125	-
Reversal of provisions for loss on guarantees	-	435
Total extraordinary income	864	594
Extraordinary losses		
Losses on retirement of non-current assets	4	112
Loss on valuation of shares of subsidiaries and associates	19,432	1,651
Provision of allowance for doubtful accounts for subsidiaries and associates	6,876	1,721
Loss on valuation of investment securities	330	11
Provision for loss on business of subsidiaries and associates	-	983
Others	40	-
Total extraordinary losses	26,684	4,479
Income/(loss) before income taxes	182,401	292,072
Income taxes — current	8,540	34,839
Income taxes — deferred	(1,424)	(970)
Total income taxes	7,115	33,868
Profit / (loss)	175,286	258,203

(3) Statement of changes in net asset

Year ended 31 August 2021

(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	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

Year ended 31 August 2022

(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	9,587	14,166	818	185,100	465,122	651,040
Changes during the year								
Dividends	-	-	-	-	-	-	(53,123)	(53,123)
Net income	-	-	-	-	-	-	258,203	258,203
Acquisition of treasury stock	-	-	-	-	-	-	-	-
Disposal of treasury stock	-	-	2,081	2,081	-	-	-	-
Net changes of items other than those in shareholders' equity	-	-	-	-	-	-	-	-
Net changes during the year	-	-	2,081	2,081	-	-	205,079	205,079
Balance at the end of year	10,273	4,578	11,668	16,247	818	185,100	670,202	856,120

	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	(14,973)	660,507	(338)	(338)	7,400	667,569
Changes during the year						
Dividends	-	(53,123)	-	-	-	(53,123)
Net income	-	258,203	-	-	-	258,203
Acquisition of treasury stock	(12)	(12)	-	-	-	(12)
Disposal of treasury stock	172	2,253	-	-	-	2,253
Net changes of items other than those in shareholders' equity	-	-	1,999	1,999	384	2,383
Net changes during the year	159	207,320	1,999	1,999	384	209,703
Balance at the end of year	(14,813)	867,828	1,660	1,660	7,784	877,273

(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
Machinery, vehicle, 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. Basis of revenue and expense recognition

(a) Service Fee Income

The Company has an obligation to provide administrative support services to its subsidiaries. As the performance obligation shall be satisfied by providing the services to its subsidiaries over time, revenue is recognized depending on providing the services.

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

(a) Application of the consolidated taxation system

The consolidated taxation system is applied for the Company.

(b) Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System

Effective from the next fiscal year and onward, the Company will transition from the Consolidated Taxation System to the Group Tax Sharing System. However, with regard to the transition to the Group Tax Sharing System as established in the Act for Partial Revision of the Income Tax Act, etc. (Act No. 8 of 2020) and items for which the non-consolidated taxation system was revised in conjunction with the transition to the Group Tax Sharing System, the amounts of deferred tax assets and deferred tax liabilities are recorded based on the provisions of the tax law before revision, without applying of the provisions of Paragraph 44 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, February 16, 2018) pursuant to Paragraph 3 of the Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System (ASBJ PITF No. 39, March 31, 2020). Furthermore, effective from the beginning of the next fiscal year, the Company plans to apply the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (ASBJ PITF No. 42, August 12, 2021), which provides for the treatment of accounting and disclosures regarding income taxes, local income taxes and tax effect accounting when applying the Group Tax Sharing System.

(Changes in accounting policy)

(a) Application of the Accounting Standards for Revenue Recognition, etc.

The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020. Hereinafter, the "Revenue Recognition Accounting Standard") was adopted in the beginning of the current fiscal year, and the Company has been recognizing revenue as the amount expected to be received in exchange for promised goods or services at the point in time when control of said goods or services is transferred to the customer.

The application of the Revenue Recognition Accounting Standard, etc. is in accordance with the transitional treatment set forth in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard. However, the application of said accounting standard has no effect on neither profit and loss nor retained earnings at the beginning of the current fiscal year.

(b) Application of the Accounting Standard for Fair Value Measurement

Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019. Hereinafter, the "Fair Value Measurement Standard") was adopted in the beginning of the current fiscal year and has been applied in accordance with the transitional treatment set forth in the provisions of Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). As such the Company will adopt the new accounting policies set forth in the Fair Value Measurement Standard for the future.

This will have no impact on the financial statement.

(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 2021	As at 31 August 2022
Trade accounts receivable	40,926	38,349
Deposits received	20,777	32,673

2. Contingent liabilities

(Millions of yen)

	As at 31 August 2021	As at 31 August 2022
Guarantees for office and retail store leases	22,219	22,619
Guarantees on loans payable to financial institutions	5,089	1,792

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 2021	Year ended 31 August 2022
Ordinary revenue:		
Management income from operating companies	77,352	80,402
Dividends income from subsidiaries and associates	199,259	200,740
Ordinary expense	2,161	2,859
Non-operating income	545	532
Non-operating expenses (including Extraordinary losses)	83	90

(Marketable securities)

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.

As at 31 August 2022

The fair values of the shares of subsidiaries and associates (subsidiaries 402,481 million yen and associates 17,880 million yen on the balance sheet) are not described as they do not have a market price.

(Note) The impairment of the shares of subsidiaries and associates without market price is determined by comparing the cost with the net realizable value calculated based on the net assets per share of respective subsidiaries and associates. An impairment loss is recognized if the net realizable 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 2021	As at 31 August 2022
Deferred tax assets:		
Provisions for bonuses	982	1,127
Depreciation	957	1,201
Loss on shares of subsidiaries and associates	58,668	57,395
Impairment losses	259	259
Allowance for doubtful accounts	3,372	3,506
Valuation differences on available-for-sale securities	221	-
Unused tax losses carried forward	3,543	651
Software	3,632	2,982
Others	5,531	7,054
Subtotal	77,168	74,178
Valuation allowance pertaining to tax loss carried forward	(3,543)	(651)
Valuation allowance pertaining to total of future deductible temporary difference	(66,010)	(65,167)
Valuation allowance subtotal	(69,554)	(65,818)
Total deferred tax assets	7,614	8,359
Deferred tax liabilities:		
Temporary differences on shares of subsidiaries	(1,893)	(1,893)
Others	(873)	(1,468)
Total deferred tax liabilities	(2,766)	(3,361)
Net deferred tax liabilities	4,847	4,997

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 2021	As at 31 August 2022
Statutory income tax rate	30.6%	30.6%
(adjustments)		
Non-taxable dividend income	(33.0)	(20.4)
Increase/(decrease) in valuation allowance	4.3	(1.3)
Foreign withholding tax	2.1	2.4
Others	(0.1)	0.3
Effective tax rates after applying tax effect accounting	3.9	11.6

(Revenue recognition)

The information that forms the basis for understanding revenue generated from contracts with customers is as provided in Significant accounting policies: 5. Basis of revenue and expense recognition.

(Business Combination)

Not applicable.

(Notes on Significant Subsequent Events)

Capital Increase of a Subsidiary Company

Based on a resolution of the Board of Directors meeting held on 14 July 2022, the Company completed a capital increase payment to Fast Retailing USA, Inc., a consolidated subsidiary of the Company, on 16 September 2022.

(1) Rationale for the Capital Increase

The aim is to achieve long-term growth of the US business through investing by the consolidated subsidiary.

(2) Corporate Information

Name:	Fast Retailing USA, Inc.
Location:	New York, USA
Capital stock:	USD 3,790,621 thousand (before capital increase)
Capital contribution ratio:	100% (before capital increase)

(3) Summary of Capital Increase

Capital stock after capital increase:	USD 4,741,621 thousand
Payment amount:	USD 951,000 thousand
Payment date:	16 September 2022
Capital contribution ratio after capital increase:	100%Not applicable

(5) Supplementary schedule

Details of fixed asset

(Millions of yen)

Types of assets	Balances as at 1 September 2021	Increase	Decrease	Depreciation, amortization during the year	Balances as at 31 August 2022	Accumulated depreciation or amortization as at 31 August 2022
Property, plant and equipment						
Buildings	20,154	130	36	2,471	17,776	12,978
Structures	102	13	-	14	100	288
Tools, furniture, and equipment	1,174	5,853	-	640	6,387	2,670
Land	1,123	-	-	-	1,123	34
Leased assets	219	-	-	130	88	290
Construction in progress	5	282	260	-	26	-
Total property, plant and equipment	22,779	6,279	297	3,257	25,503	16,261
Intangible assets						
Software	47,174	18,828	10	18,043	47,949	-
Software in progress	3,106	25,830	18,267	-	10,669	-
Others	10	-	-	0	10	-
Total intangible assets	50,291	44,659	18,277	18,043	58,629	-

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

Types of assets	Amount (Millions of yen)	Contents
Software	18,828	Construction cost for new system
Software in progress	25,830	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	18,267	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 2021	Increase	Decrease	Balance as at 31 August 2022
Allowance for doubtful accounts (current)	4,747	7,552	4,747	7,552
Allowance for doubtful accounts (non-current)	6,265	1,076	3,442	3,900
Provision for bonuses	3,193	3,501	3,193	3,501
Provision for loss on guarantees	435	-	435	-
Allowances for Affiliated Company Operating Losses	341	1,029	46	1,324

(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 2022, 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 2022, 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 2022 were JPY 453,258 million, which related to the UNIQLO Japan segment, the UNIQLO International segment and the GU segment, in the aggregate, representing 14.2% of the Group's total assets. In addition, the amount of write-down of inventories to net realizable value was JPY 8,283 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 preferences and demand. Inventories are valued at the lower of cost or net realizable value. Selling price, a component of net realizable value, is frequently adjusted in response to fast-changing market conditions, economic conditions and fashion trends. The adjusted selling price is reflected and maintained in IT systems. 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 dependent on the IT system.	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 addressing the accuracy and completeness of inputs for selling price and cost of inventories. • Involvement of our professionals with expertise in information technology ("IT experts") to evaluate the accuracy and completeness of inventory valuation reports by testing the system interface controls, the report logic and input parameters, as well as general IT controls over the IT 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 JPY 114,710 million, JPY 245,459 million and JPY 29,116 million, respectively, which in the aggregate represents 12.2% of the Group's total assets as at 31 August 2022. In addition, as disclosed in Note 6 and 15 to the consolidated financial statements, the Group's impairment losses attributable to store assets were JPY 21,842 million for the year ended 31 August 2022. Each segment operated 799, 1,585 and 449 stores as at 31 August 2022, 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 the 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 dependent on the IT system, the increased possibility that the impairment losses may be misstated due to COVID-19 and 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 Year-end 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 Hirofumi Otani and Akira Kimotsuki.

Deloitte Touche Tohmatsu LLC

Tokyo, Japan

25 November 2022

(TRANSLATION)

INDEPENDENT AUDITOR's REPORT

25 November 2022

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

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

Hirofumi Otani

Designated Engagement Partner,
Certified Public Accountant:

Akira Kimotsuki

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 2022, and the nonconsolidated statement of income, and nonconsolidated statement of changes in net asset for the 61st fiscal year from 1 September 2021 to 31 August 2022, 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 2022, 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 Matter

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 128 consolidated subsidiaries and 3 associates accounted for using the equity method. The shares of subsidiaries and associates were JPY 420,362 million, represented 30.8% of the Company's total assets on the balance sheet as at 31 August 2022. 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 net realizable value calculated based on the net assets per share of respective subsidiaries and associates. An impairment loss is recognized if the net realizable 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 associates to address the appropriateness of the net realizable value calculated by management in accordance with the internal policies, including review and approval. In addition, the testing 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 net realizable value of respective subsidiaries and associates.

Other Information

Management is responsible for the other information. 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 other information. The other information comprises the information included in the Year-end Report, but does not include the nonconsolidated financial statements and our auditor's report thereon.

Our opinion on the nonconsolidated 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 nonconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the nonconsolidated 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 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 2022, 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 61st fiscal year (1 September 2021 – 31 August 2022), and confirm they are true, based on the Financial Instruments and Exchange Law.

2. Special items
   None